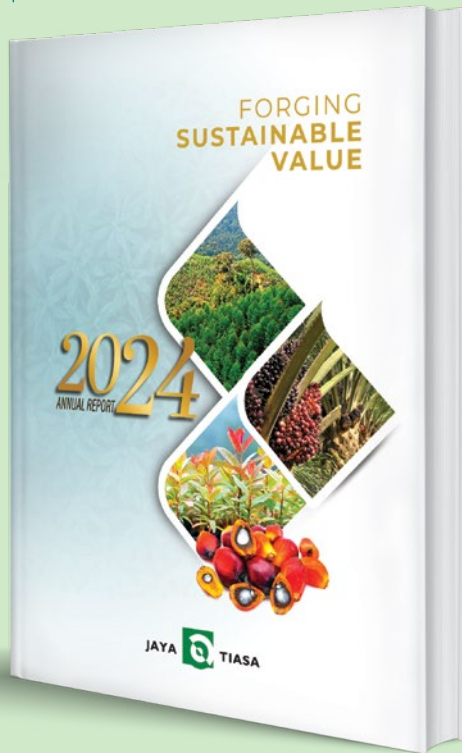


FORGING SUSTAINABLE VALUE

2024
ANNUAL REPORT





ANNUAL REPORT 2024

► FORGING **SUSTAINABLE VALUE**

Jaya Tiasa is resolute to reach greater heights as we forge ahead sustainably in tandem with our vision and goals. We focus on what we do best and uphold our responsibilities towards environment, society and economy by inculcating best practices in all our business pursuits ultimately growing value for all our stakeholders contributing to a sustainable society.

► The digital version of

Jaya Tiasa Holdings Berhad Annual Report 2024

is available at our website.

Go to www.jayatiasa.net or scan the QR code to view.



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Proxy Form

64th
**ANNUAL
GENERAL
MEETING**

DATE & TIME

Thursday
28 November 2024
10.00 a.m.

VENUE

The Auditorium
Ground Floor, No.62,
Lorong Upper Lanang 10A,
96000 Sibul, Sarawak.





VISION

To be Malaysia's
acclaimed enterprise
in sustainable palm
oil and wood based
industry

MISSION

To cultivate a
responsible business
culture with deeply imbued
conscience towards the
environment, society and
corporate accountability
contributing to the
growth of the
nation

CORE VALUES

At Jaya Tiasa, we are guided by a set of core values in everything we do. These values form an integral part of our culture and are the key drivers towards delivering long-term success.



Integrity

Embed professionalism, accountability, transparency and corporate ethics in all levels of our business operations



Innovation

Being resilient in adopting sustainable solutions to meet the evolving economy



Team work

Strong and highly motivated collaborative spirit in pursuing our goals with due recognition for achievement



Commitment

Uphold responsibility towards our stakeholders, environment and society by inculcating best practices in all our business pursuits

CORPORATE INFORMATION

BOARD OF DIRECTOR



TAN SRI DATO' SRI MOHAMAD FUZI BIN HARUN

Independent Non-Executive Chairman

DATO' JIN KEE MOU

Chief Executive Officer

MR TIONG CHIONG HEE

Executive Director

MS CLARA TIONG SIEW EE

Executive Director

DATO' SRI DR TIONG IK KING

Non-Independent Non-Executive Director

MDM TIONG CHOON

Non-Independent Non-Executive Director

DATO' WONG LEE YUN

Non-Independent Non-Executive Director

MR YONG VOON KAR

Independent Non-Executive Director

TUAN HAJI IKHWAN BIN ZAIDEL

Independent Non-Executive Director

AUDIT COMMITTEE

MR YONG VOON KAR* (Chairman)

DATO' WONG LEE YUN

TUAN HAJI IKHWAN BIN ZAIDEL*

NOMINATION COMMITTEE

MR YONG VOON KAR* (Chairman)

MDM TIONG CHOON

TUAN HAJI IKHWAN BIN ZAIDEL*

REMUNERATION COMMITTEE

DATO' WONG LEE YUN (Chairperson)

MR YONG VOON KAR*

TUAN HAJI IKHWAN BIN ZAIDEL*

* Independent Non-Executive Director

COMPANY SECRETARY

MS NGU UNG HUONG

MAICSA 7010077

SSM PC No. 201908002438

REGISTERED OFFICE

No.1-9, Pusat Suria Permata

Lorong Upper Lanang 10A

96000 Sibu, Sarawak

Tel : 084-213255

Fax : 084-213855

Email : inquiry@jayatiasa.net

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd

11th Floor, Menara Symphony

No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13

46200 Petaling Jaya

Selangor Darul Ehsan

Tel : 03-7890 4700

Fax : 03-7890 4670

Email : brs.helpdesk@boardroomlimited.com

AUDITORS

Messrs Ernst & Young PLT

202006000003 (LLP0022760-LCA) & AF 0039

STOCK EXCHANGE LISTING

Main Market

Bursa Malaysia Securities Berhad

Stock Name : JTIASA

Stock Code : 4383

WEBSITE

www.jayatiasa.net

CORPORATE STRUCTURE



OIL PALM

OIL PALM PLANTATION

- 100% Eastern Eden Sdn Bhd
- 100% Erajaya Synergy Sdn Bhd
- 100% Poh Zhen Sdn Bhd
- 100% Simalau Plantation Sdn Bhd
- 55% Wealth Houses Development Sdn Bhd

PALM OIL MILL

- 100% Hariyama Sdn Bhd
(Plantation & Palm Oil Mill)
- 100% JT Oil Palm Development Sdn Bhd
- 100% Maujaya Sdn Bhd
- 100% Maxiwealth Holdings Sdn Bhd



TIMBER

LOGGING

- 88.9% Curiah Sdn Bhd
- 100% Mantan Sdn Bhd

WOOD MANUFACTURING

- 100% Jaya Tiasa Plywood Sdn Bhd

MARKETING

- 100% Jaya Tiasa Timber Products Sdn Bhd
- 100% Hak Jaya Sdn Bhd

REFORESTATION

- 100% Jaya Tiasa Forest Plantation Sdn Bhd



OTHERS

- 100% Rimbunan Hijau Plywood Sdn Bhd
- 100% Jaya Tiasa R&D Sdn Bhd
- 100% Multi Greenview Sdn Bhd
- 100% Guanaco Sdn Bhd
- 100% Jaya Tiasa Aviation Sdn Bhd
- 100% Jaya Tiasa Agriculture Sdn Bhd
(Formerly known as JT Logging Sdn Bhd)
- 100% Kunari Sdn Bhd
(Formerly known as Kunari Timber Sdn Bhd)

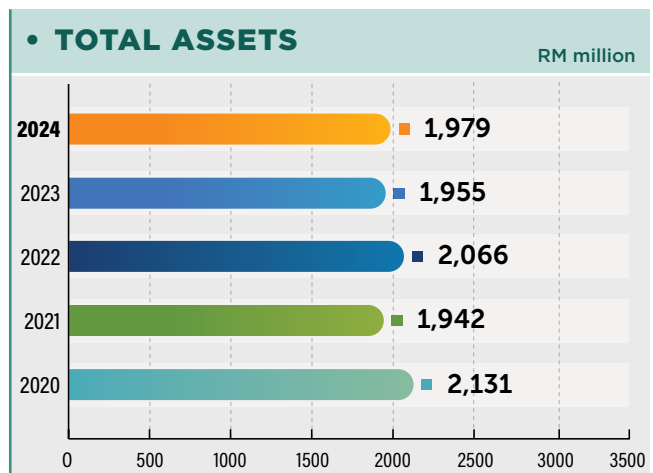
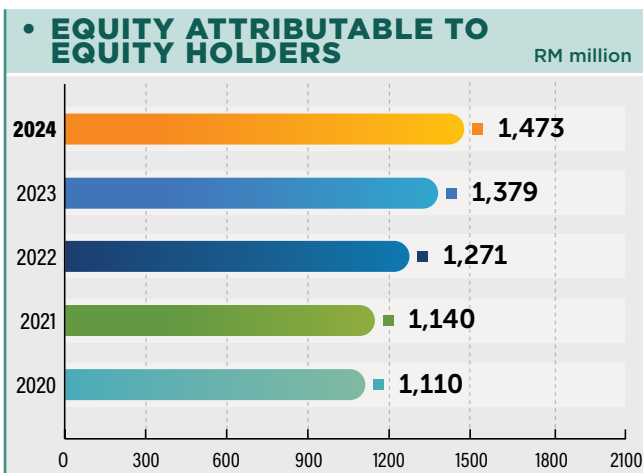
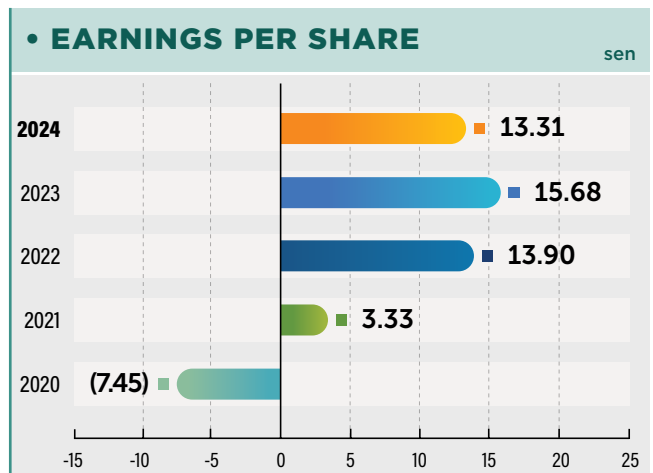
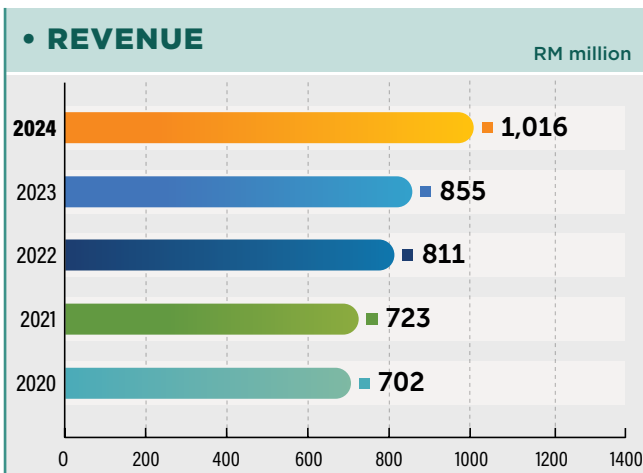
Note: Non-operating or dormant companies are not included.

FINANCIAL HIGHLIGHTS

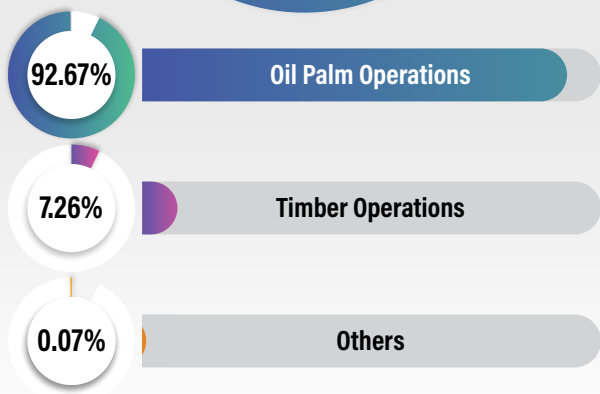
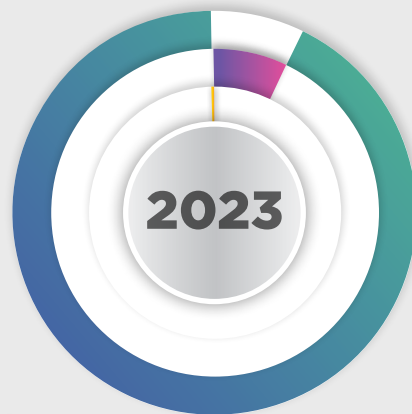
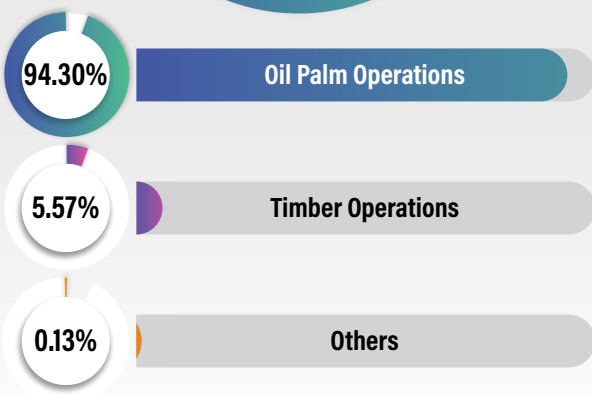
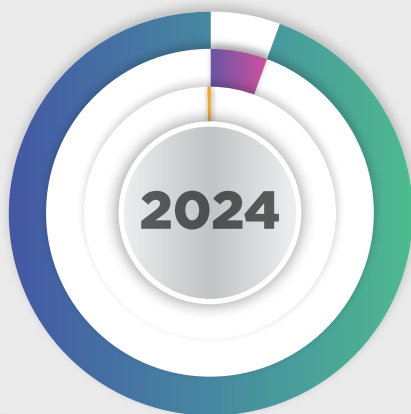
| FINANCIAL STATISTICS | 2024 RM'000 | 2023 RM'000 | 2022 RM'000 | 2021 RM'000 | 2020 RM'000 |
|--|----------------|----------------|----------------|----------------|----------------|
| PERFORMANCE | | | | | |
| Revenue | 1,015,867 | 854,952 | 810,770 | 723,407 | 701,883 |
| Profit Before Taxation | 200,256 | 166,797 | 200,558 | 76,129 | (129,572) |
| Profit After Taxation | 128,966 | 151,802 | 134,413 | 32,181 | (71,950) |
| Profit Attributable to Equity Holders | 128,867 | 151,791 | 134,556 | 32,246 | (72,092) |
| EBITDA | 356,544 | 326,017 | 382,072 | 265,109 | 97,622 |
| Equity Attributable to Equity Holders | 1,472,781 | 1,379,011 | 1,270,930 | 1,140,200 | 1,109,847 |
| CORPORATE RATIOS | | | | | |
| Net Earnings Per Share (sen) | 13.31 | 15.68 | 13.90 | 3.33 | (7.45) |
| Net Assets Per Share Attributable to Equity Holders (RM) | 1.52 | 1.42 | 1.31 | 1.18 | 1.15 |
| Net Tangible Assets Per Share (RM) | 1.52 | 1.42 | 1.31 | 1.18 | 1.15 |
| Return on Equity (%) | 8.7 | 11.0 | 10.6 | 2.8 | (6.5) |
| Return on Total Assets (%) | 6.5 | 7.8 | 6.5 | 1.7 | (3.4) |
| Gross Dividend (sen) | 6.0 | 3.2 | 2.8 | - | - |
| Gearing Ratio (%) | N/A | 8 | 20 | 36 | 42 |
| PROFIT/(LOSS) BEFORE TAX BY BUSINESS SEGMENT | | | | | |
| | 2024 RM'000 | 2023 RM'000 | 2022 RM'000 | 2021 RM'000 | 2020 RM'000 |
| Timber Operations and Reforestation | (52,303) | (5,441) | (12,704) | (21,768) | (160,553) |
| Oil Palm Operations | 278,875 | 190,973 | 223,457 | 107,869 | 47,493 |
| Others | (26,316) | (18,735) | (10,195) | (9,972) | (16,512) |
| | 200,256 | 166,797 | 200,558 | 76,129 | (129,572) |



FINANCIAL HIGHLIGHTS



BREAKDOWN OF REVENUE BY SEGMENT



CHAIRMAN'S STATEMENT



Dear Shareholders,

In line with the global economic regimes for a more fraternal and sustainable world, I am pleased to announce that we are consistently making noteworthy progress in our Environment, Social, and Governance (ESG) commitments and delivering performance across the many facets of our business operations. It is therefore my pleasure to present on behalf of the Board of Directors of Jaya Tiasa Holdings Berhad, the Annual Report and Audited Financial Statements of the Group for the Financial Year ended 30 June 2024 (FY2024).



ECONOMY OVERVIEW

The International Monetary Fund forecasts global economic growth (GDP) at approximately 3.2% for the year 2024, with a slight increase to 3.3% for the year 2025. This anticipated recovery is supported by the resilience observed in major economies, improvement in global trade and gradual resolution of supply chain disruptions. Nevertheless, this outlook is tempered by potential risks including inflationary pressures and potential volatility in financial markets which post significant impact on these projections.

Malaysia's economic outlook as reported by Bank Negara Malaysia, shows sign of improvement with GDP growth of 5.9% in the second quarter of 2024 driven by strong domestic expenditure, increased investment and positive market sentiment. Looking ahead, while growth is expected to gain momentum, challenges such as inflationary duress, geopolitical disruptions and global uncertainties remain.

The production and export of Malaysia's palm oil industry are expected to rise in the year 2024, with the average Crude Palm Oil (CPO) price anticipated to be hovering between RM3,600 to RM4,400.

FINANCIAL PERFORMANCE REVIEW

Building on last year's performance, we are pleased to report another set of positive results for this financial year for the Group. We closed the year with a revenue of RM1,016 million, a 19% increase from last year on the back of higher production for palm oil. Profit before tax grew by 20% to RM200 million and net profit was

RM129 million. Earnings per share dropped 15% to 13.31 sen from 15.68 sen recorded in the last financial year. The significant drop in earnings after tax was mainly due to the recognition of additional tax resulting from the reversal of the deferred tax asset as disclosed under Note 17 of the Notes to the Financial Statements. With profitability achieved over the last few financial years, the gearing ratio had steadily reduced, and we are pleased to report that the Group is in a net cash position this year. The shareholders' funds had also improved to RM1,473 million compared to RM1,379 million achieved in the preceding financial year with the net tangible assets per share registering at RM1.52 for FY2024.

Oil palm division remained the key catalyst for the Group's profitability. The division contributed 94% of the Group's revenue while the timber division contributed 6%.

Further details on the Group's financial performance can be found in the Management Discussion & Analysis section from page 10 to 15.

DIVIDEND

The Board of Directors had declared a total dividend of 6.0 sen per ordinary share for FY2024 comprising a first interim single-tier dividend of 2.5 sen and a second interim single-tier dividend of 3.5 sen versus 3.2 sen per ordinary share for FY2023.

This represents a total dividend payout of RM58.08 million for FY2024 which is an increase of 87% when compare with the last financial year and equivalent to a total paid-out ratio of 45% of the profit for the year.

CHAIRMAN'S STATEMENT

SUSTAINABILITY

Guided by our core values, the Group remains dedicated to maximizing business potential in aligning sustainability strategies with deeply imbued conscience towards the environment, society and corporate accountability to drive our mission to fuel our vision. We are committed to adopt sustainability policies that prioritize efficiency and foster a culture deeply conscious of delivering the ESG goals.

Our Sustainability team remains focus on ensuring that the sustainability principles are in place and proactive efforts are taken on implementing and monitoring measures that address sustainable development and long-term growth for the Group. We also recognize the importance of the integration of sustainability in our pursuit of meeting our core values through managing risks and opportunities and to be resilient to all related changes, developments and uncertainties across the growth of the Group.

An overview of our sustainability initiatives is covered under the “Sustainability Statement” section in this annual report from page 24 to 69.

GOING FORWARD

The outlook for the global economy remains cautiously optimistic, with underlying vulnerabilities persisting which include elevated interest rates, on-going geopolitical tensions and the increasingly erratic weather patterns.

As the most widely consumed vegetable oil in the world, palm oil consumption is expected to increase and thus this industry is anticipated to experience growth, driven by the recovery in labour supply, favourable projection for palm oil prices and increase demand from export

market. Despite this optimism, our Group is determined to remain vigilant, recognizing that several intertwined challenges could arise including the growing impact of climate-related risks, potential shifts in global trade policies, more stringent ESG standards and various unpredictable disruptions and risks.

Given the aforementioned factors, the strategic steps taken this far should propel the Group in the right direction to attain the sustainable outcomes to bolster better performance in the upcoming year and maximize value.

APPRECIATION

On behalf of the Board of Directors, I would like to extend our sincere gratitude and appreciation to all our valued shareholders for their unwavering support and trust over the years. We are also deeply thankful to all our stakeholders, from the customers, vendors, business partners, bankers to the regulatory bodies and government agencies for their continued collaboration and steadfast support of our Group.

I would also like to express my deepest thanks to my fellow directors for their insightful guidance, dedication and significant contribution throughout the year. I acknowledge with pride, the staunch and unwavering commitment of our entire management team and staff in their work towards achieving the aspirations of the Group.

As we move forward, we stay committed to work hand-in-hand to bring the Group to greater heights.

Thank you.

TAN SRI DATO' SRI MOHAMMAD FUZI BIN HARUN
Independent Non-Executive Chairman



STATEMENT ON MANAGEMENT DISCUSSION AND ANALYSIS

BACKGROUND

From its humble venture into downstream wood processing business 41 years ago to its eventual public listing as Jaya Tiasa on the Main Market of Bursa Malaysia in February 1995, the Group has successfully transformed itself from a predominantly wood based producer into one of Malaysia’s leading oil palm enterprises with operations spanning across the state of Sarawak.

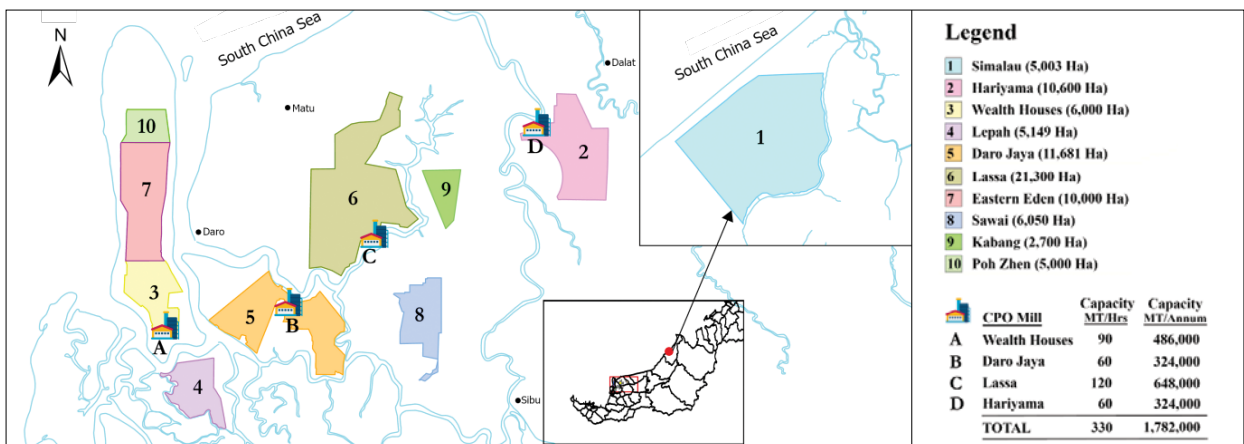
Jaya Tiasa’s foray into the oil palm sector began in 2002 when it embarked on the oil palm plantation business. In 2009, the Group expanded further by establishing its first Crude Palm Oil (CPO) mill. Since then, oil palm plantation and milling operations have been established as the Group’s core business while the timber division continues to be involved in forest plantation operations as well as the extraction and trading of logs in compliance with the requirements of the sustainable forest management certifications.

BUSINESS OVERVIEW

(A) OIL PALM DIVISION

As of 30 June 2024, the Group’s total land bank for oil palm plantations stood at 83,483 hectares over ten plantations in the state of Sarawak, with a total planted and mature area of 68,569 hectares, 1,020 hectares down from the 69,589 hectares reported previously as we have embarked on our replanting cycle during the year. The Group also owns and operates four CPO mills within the vicinity of our oil palm plantations, with a total annual processing capacity of 1,782,000 metric tonne (MT) of Fresh Fruit Bunch (FFB).

All of our plantations and CPO mills have received the Malaysian Sustainable Palm Oil (MSPO) certification and MSPO Supply Chain Certification Standard (MSPO SCCS). These certifications also declare our oil palm products as sustainable. With the oil palm plantation and milling being our major activities, the Group, guided by a clear vision and driven by our core values strives to continuously manage our operations in an ethical and responsible manner to ensure sustainability in our oil palm business.



(B) TIMBER DIVISION

The timber division covers the upstream Industrial Tree Planting (ITP) development activities and the selective Reduced Impact Logging operations under the Sustainable Forest Management requirements in the respective reforestation (LPF) and timber concession areas in the state of Sarawak.

Under the reforestation sector (LPFs), the Group is currently managing a total reforestation area of 120,395 hectares out of which 75,622 hectares are

plantable. All our tree planting operations adhere to the Tree Planting Plans approved by Forest Department Sarawak.

Similarly, for the logging sector, the Group is presently operating in the timber concession areas spreading over a total of 413,801 hectares. All our logging operations within our three Forest Management Units (FMUs) are being managed according to the Forest Management Certification standards.

STATEMENT ON MANAGEMENT DISCUSSION AND ANALYSIS

OBJECTIVES AND STRATEGIES

The Group understands that reducing our carbon footprint is crucial for transforming our operations towards sustainability and is thus determined to adapt and uphold the quality and sustainability of our oil palm and timber businesses to generate growth, create business opportunities and long-term returns for our shareholders and stakeholders. Sustainability is not only a moral obligation but it is a commitment and an investment as it requires concerted efforts to genuinely achieve the intended goals of ESG and move towards building a cleaner future. Underpinning this holistic business approach, we focus not solely on commercial objectives, but also on balancing our commercial success with social obligations through our ESG initiatives.

(A) OIL PALM DIVISION

We will continue to ensure our oil palm operations adopt ethical standards and continue to be fully certified with the MSPO and MSPO SCCS certifications to be a sustainable producer. Our priority remains unchanged to protect the environment we operate in, improve our agricultural practices and yields, and align our oil palm operations to globally accepted sustainability practices to enhance the Group's branding and image.

In line with this strategy, we have increased the transitioning to low-emission sustainable energy. Apart from installing solar-powered in-field lightings, some of our other Renewable Energy (RE) initiatives involve using solar power for our new

workers' quarters and security posts, as we gradually increase the RE share in the energy mix, which will eventually be extended to larger-scale solar projects for other consumptions in the future as we plan to achieve a 50% adoption of RE in all plantations by 2030.

Pertaining to our efforts to control air pollution, we are pleased to announce that the two Electrostatic Precipitators reported in the last annual report have been installed.

Enhancing our existing Biogas plant at all our CPO mills is another effort undertaken to steer our energy transition towards cleaner energy alternatives to utilize the waste from our mills to produce energy which in turn, powers the mills and the biogas plant itself.

(B) TIMBER DIVISION

(i) LOGGING

For our logging division, the Group has transitioned from an era of conventional logging-based operations to sustainable management of forests for more effective conservation and development of forest diversity to preserve a balanced ecosystem to ensure the long-term viability of our logging operations while protecting the environment in our FMUs.

Apart from the two FMUs that had been awarded the Malaysia Criteria and Indicators for Sustainable Forest Management Certification (MC&I SFM) under the Malaysian Timber Certification Scheme (MTCS), our third FMU, namely, Mengiong-Entulu FMU was also awarded the same certification on 1 December 2023, which reaffirms that our forest management practices meet the requirements of prescribed forest management certification standards and that our log products are sourced from sustainably managed forests.



STATEMENT ON MANAGEMENT DISCUSSION AND ANALYSIS

(ii) REFORESTATION

The key objective of our Reforestation division is to ensure continuity and sustainability of our timber product flow for our logging division, while at the same time, also conserving the ecosystems of the forests in which we operate

and maintaining the rich and varied flora and fauna in the forests. This is what we hope to achieve as we develop our forest plantations to maintain a sustainable supply of logs while also adhering to governmental policies and achieving economies of scale.

FINANCIAL PERFORMANCE REVIEW

The Group registered a revenue of RM1,015.9 million for the financial year ended 30 June 2024 (“FY2024”), which improved by 19% year-on-year, attributable to strong CPO prices and higher FFB production during the year. In tandem with an improved revenue, the profit before tax also increased by 20% to RM200.3 million, compared to the previous year.

The Group is in a sound financial health, with cash flow from operating activities reported at RM361.4 million, an improvement of 22% from RM297.2 million reported in the previous year. The gearing ratio has steadily reduced in the last five years and the Group is in a net cash position for this reporting year. This enhanced liquidity enables the Group to finance our capital requirements such as replanting activities without relying heavily on borrowing, and further strengthening our financial position that will allow us the flexibility and readiness for more growth and to make strategic business investments in the next financial year and beyond. Selling and distribution costs increased by 34%, corresponding to the higher production and sales volume of our palm products. The net asset per share also improved by 7% to RM1.52 from RM1.42 in FY2023.

(A) OIL PALM DIVISION

The oil palm division reported an increased revenue of RM958.0 million for FY2024, against RM792.3 million in FY2023, which was a notable improvement of 21%, contributing 94% to the Group’s total revenue.

Throughout FY2024, the CPO prices stayed strong, fluctuating between RM3,600 to RM4,300 per MT. Our average realized CPO price was RM3,771 per MT (FY2023: RM3,852 per MT), while the PK price was RM1,993 per MT (FY2023: RM2,026 per MT), representing a slight decrease of about 2% as compared to the previous year. The average FFB selling price was RM742 per MT in FY2024, which was 4% lower than RM772 per MT in FY2023.

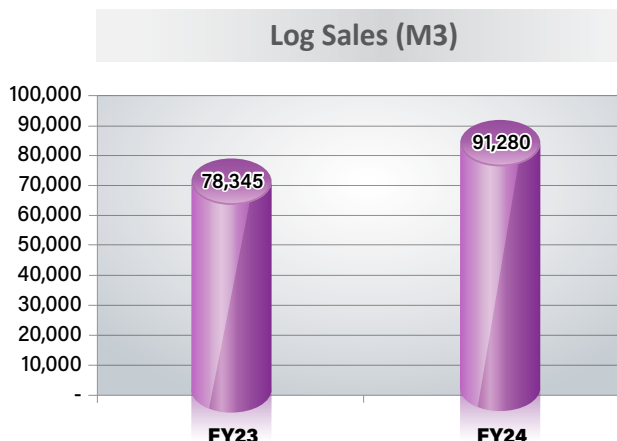
Despite pressure from higher labour and material costs due to inflation and weaker currency, we were able to attain a lower unit cost mainly due to higher production and better operational efficiency. Various financial rewards were distributed to our workforce to acknowledge their dedicated contribution throughout the year and to reinforce a positive and motivated work environment in line with the Group’s core value.

| Product | Average Selling Price (RM/MT) | |
|---------|-------------------------------|--------|
| | FY2023 | FY2024 |
| CPO | 3,852 | 3,771 |
| PK | 2,026 | 1,993 |
| FFB | 772 | 742 |

(B) TIMBER DIVISION

Log sales decreased 9%, contributing 6% to the Group’s total revenue. The division made a loss of RM52.3 million in this reporting period primarily due to impairment and changes in the fair value of our biological assets.

The average price for logs dipped 22% to RM617 per M3, compared to RM789 per M3 in the previous financial year due to weak demand arising from slow global economic growth.



STATEMENT ON MANAGEMENT DISCUSSION AND ANALYSIS

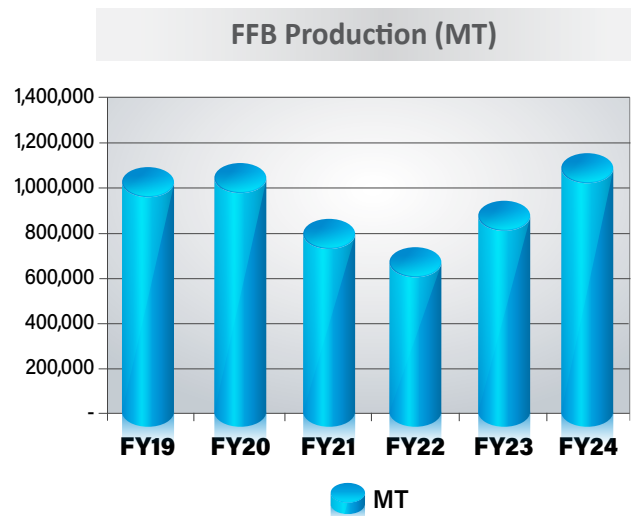
OPERATIONAL REVIEW

(A) OIL PALM DIVISION

As at 30 June 2024, the Group's palm trees have all matured. The total planted area stood at 68,569 hectares, while around 1,020 hectares have been cleared in preparation for replanting to normalise the palm age profile of the group. The replanting activities will continue into FY2025.

| No. | Plantation | Planted Area (Ha) | |
|-----|---------------|-------------------|---------------|
| | | FY2023 | FY2024 |
| 1 | Simalau | 4,866 | 3,846 |
| 2 | Hariyama | 9,645 | 9,645 |
| 3 | Wealth Houses | 5,757 | 5,757 |
| 4 | Lepah | 4,099 | 4,099 |
| 5 | Daro Jaya | 9,841 | 9,841 |
| 6 | Lassa | 16,287 | 16,287 |
| 7 | Eastern Eden | 8,580 | 8,580 |
| 8 | Sawai | 5,448 | 5,448 |
| 9 | Kabang | 2,133 | 2,133 |
| 10 | Poh Zhen | 2,933 | 2,933 |
| | Total | 69,589 | 68,569 |

We achieved a record-high FFB production of 1,155,478 MT in FY2024 which was an improvement of 22% compared to 943,924 MT in the previous year, in spite of a slightly reduced mature area due to our replanting activities that started in this reporting period. The strong performance of the division that stemmed from the concerted efforts of the management in delivering efficient and effective supervision contributed to optimizing our production levels. We also strategically leveraged



our internally generated funds to invest in machinery replacement and upgrades to improve field activities. Overall, all these improvements positively impacted our production and compensated the loss from the area cleared for replanting.

The Milling Division registered an improvement in FY2024 with a total production of 228,631 MT of CPO (FY2023: 182,309 MT) and 52,399 MT of PK (FY2023: 42,109 MT), which was an increase of 25% and 24% respectively from the previous year, whilst our OER and KER stood at 18.9% and 4.3% (FY2023: OER 19.1%, KER 4.4%).

Our mill utilization improved from 54% in the previous year to 68% in FY2024. This was attributed to an increased volume of FFB received from our own estates due to higher FFB production. We were also able to source more FFB from external planters in the year. As a result, the processing cost per MT was reduced.

| CPO Mill | FY2023 | | FY2024 | |
|---------------|----------------|---------------|------------------|---------------|
| | FFB Input (MT) | Utilization % | FFB Input (MT) | Utilization % |
| Wealth Houses | 254,666 | 52% | 306,669 | 63% |
| Daro Jaya | 189,556 | 59% | 228,966 | 71% |
| Lassa | 326,086 | 50% | 409,972 | 63% |
| Hariyama | 185,357 | 57% | 263,836 | 81% |
| Total | 955,665 | 54% | 1,209,443 | 68% |

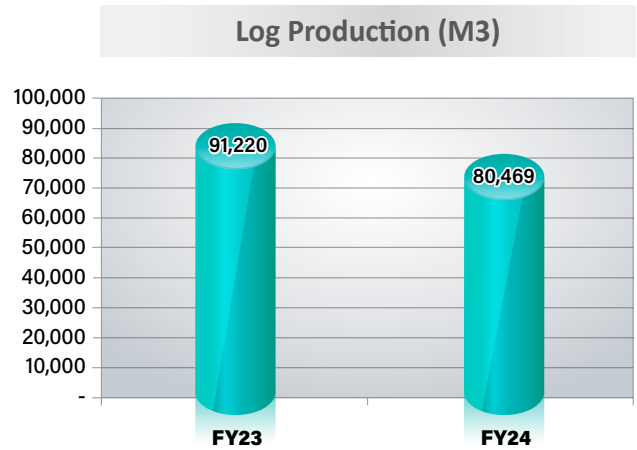
STATEMENT ON MANAGEMENT DISCUSSION AND ANALYSIS

(B) TIMBER DIVISION

(i) LOGGING

Our logs were fully exported to India in FY2024. These long and loyal relationships are built on the trust in the Group’s product quality to maintain our market share and stability in the log exports.

Log production dropped to 80,469 M3 from 91,220 M3 in the previous year, due to inclement weather and prolonged weakness in external demand caused by a slow global recovery and stricter environmental certification and protection requirements, thus driving up competitiveness within the industry.



(ii) REFORESTATION

Manpower shortage continued to be an existential issue in this division. Despite this, in FY2024, the Group planted a total of 6,821 hectares in our LPFs bringing the total planted area to 45,966 hectares and the total number of planted trees to 4,065,071. A total of 21,735 trees were also planted in our FMUs under the enrichment planting program. Additionally, we also planted 10,004 trees in one of our oil palm plantations.

The table below summarises the number of trees planted under the ITP in the LPFs and the enrichment planting program in the FMUs.

| Area | No. of Trees Planted |
|---------------------|----------------------|
| LPFs | 4,065,071 |
| FMUs | 21,735 |
| Oil Palm Plantation | 10,004 |
| Total | 4,096,810 |

ANTICIPATED OR KNOWN RISK

The Malaysian Palm Oil Council projected that CPO prices are expected to hover between RM3,600 and RM4,400 per MT in 2024 mainly due to insufficient supplies of palm oil production globally.

Fundamentally, despite expectations of firm CPO prices, there are still concerns on the pressure of inflation and increased energy prices due to the ongoing geopolitical conflict and global economic uncertainties which could cause a surge in the production costs for oil palm plantations due to elevated prices of fuel and fertilizers. Competition from rival oils like sun seed or rapeseed could also hinder the performance of the palm oil market.

The increased focus on added compliance obligations in reducing and managing carbon footprint along with sustainability certifications, human rights, biodiversity and environmental conservation issues have continued to gain greater prominence in global trends, causing the oil palm industry to face greater and more stringent scrutiny which would certainly impact our operational landscape. The Group also expects to face challenges in the timber sector, including the scarcity of logs, reduced demands for tropical logs, and the imperative of adhering

to ESG requirements as well as shortage of experienced workers in the Reforestation division.

Operating primarily in the plantation industry, inclement weather changes remain a concern that may have a material effect on the Group’s performance as it affects the fluctuation in FFB production due to its seasonal cyclical pattern, as well as the challenges posed by droughts or prolonged rainy seasons that can adversely affect FFB yield.



STATEMENT ON MANAGEMENT DISCUSSION AND ANALYSIS

FORWARD LOOKING

Malaysia's economy is forecast to grow stronger at 4.7% in 2024 after a moderate expansion of 3.7% in 2023. With the demand for CPO continuing to outgrow supply worldwide, the prospect of our Group's performance remains bright with CPO prices projected to stay firm at RM3,600 to RM4,400 per MT over 2024 - 2025.

Mechanisation and automation play a crucial role in the oil palm plantation operations in assisting field works such as harvesting, manuring and pests and diseases controls, essentially to reduce our reliance on foreign labour as well as to improve our crop recovery efficiency as we continue to intensify efforts and investment in mechanisation in our operations. Following the successful pilot running of our drone deployment in the reporting year, we will extend the integration of the drone technology with high resolution cameras to obtain evidence-based ground information especially those hard-to-access areas for better decision-making and produce ground analysis based on accurate data collected to enable prioritizing and rehabilitating areas that require special attention thus optimizing efficiency and improving productivity.

We expect the labour issue to be a persistent challenge in our business particularly in our reforestation operations. Nevertheless, the Group will continue to strengthen our labour force with competitive remunerations, attractive welfare facilities as well as enhancing human capital development by providing comprehensive training to all employees and key operation workers.

Amidst the effects of global headwinds, we expect the log prices to remain challenging due to weakening in the demand for timber exports and competition from alternative materials that could potentially reduce the demand for tropical logs. To support our role play in climate change, we will look into carbon offsetting potentials and prioritize our reforestation efforts to ensure sustainability of our timber division.

Indonesia's plan for the mandatory use of B40 biodiesel in 2025 to replace the current B35 blending to boost its domestic biodiesel consumption is expected to curb exports by the top palm exporter. This expansion of biodiesel by Indonesia is seen to be favourable to our Group as the B40 mandate is expected to cause the global palm oil supply to decline and thus likely to support the price of CPO.

Palm oil is the most widely consumed vegetable oil with its natural versatility. Hence, the market demands for palm oil product continues to look bright. Given the current well-being of our financial position, further supported by effective budgetary and cost control system to safeguard our financial stability as well as enhance operational efficiency, we are confident of staying relevant and competitive to embrace the challenges ahead. The Group will also focus on prioritizing environmental stewardship alongside growth and stakeholder value creation to positively contribute to sustainable development and enhance the Group's reputation to become more sustainable and resilient.

DATO' JIN KEE MOU
Chief Executive Officer



DIRECTORS' PROFILE

TAN SRI DATO' SRI MOHAMAD FUZI BIN HARUN

Independent Non-Executive Chairman

Age / 65 • Nationality / Malaysian • Gender / Male

Tan Sri Dato' Sri Mohamad Fuzi Bin Harun was appointed to the Board on 2 March 2020 and re-designated as Non-Executive Chairman on 7 January 2021.

He holds a degree in Bachelor of Arts (Honours) from the University of Malaya, obtained his Master in Anthropology and Sociology from University Kebangsaan Malaysia and completed the Advance Management and Leadership Programmes from the SAID Business School at Oxford University, United Kingdom.

Tan Sri Dato' Sri Mohamad Fuzi Bin Harun is a retired Inspector-General of the Royal Malaysia Police (IGP) who had served the Police Force for 35 years.

He joined the Royal Malaysia Police in 1984. He was attached to the Special Branch Department from 1986 to 2014 and served in various capacities, including Deputy Director of the Special Branch and Director of Special Task Force on operation and counter terrorism. He had also served as the Director of the Management Department for more than a year and was subsequently promoted as the Director of Special Branch in July 2015. In September 2017, he was further promoted to IGP, the highest ranking position in the Royal Malaysia Police, until his retirement in May 2019.

Currently, he serves as an Independent Non-Executive Chairman of Tropicana Corporation Berhad, Siab Holdings Berhad and Hiap Teck Venture Berhad. He is also an Independent Non-Executive Director of Ancom Nylex Berhad.

Tan Sri has no family relationship with any Director and/or major shareholders of the Company.



DATO' JIN KEE MOU

Chief Executive Officer

Age / 59 • Nationality / Malaysian • Gender / Male

Dato' Jin Kee Mou was appointed as the Chief Executive Officer (CEO) (Principal Officer) on 1 July 2021 and joined the Board on 22 September 2021.

Prior to his appointment as CEO of the Company, Dato' Jin was the CEO of Rimbunan Sawit Berhad from July 2015 until the end of 2018 and thereafter, the Chief Operations Officer of Rimbunan Hijau Group based in Sibu Headquarter.

He graduated with a Bachelor of Engineering in Applied, Civil and Computing degree from Monash University, Australia in 1990 and obtained his professional qualification (P.E.) in 1996. He was conferred Darjah Indera Mahkota Pahang (DIMP) which carries the title "Dato'" by the Sultan of Pahang, Malaysia on 24 October 2011.

He has extensive experience and in-depth knowledge in oil palm industries and the engineering profession. He joined the Company as an engineer in 1995 and facilitated the engineering and project development. When the Group began diversifying into the oil palm business in 2002, he was entrusted to lead the establishment, development, and operation of the plantations and CPO mills. He had served in various senior positions during which he had acquired extensive experience in the running of the Group's operations.

With the rich experience and familiarity of the many facets of the Group's operations under his belt, Dato' Jin is well-equipped to manage the Group.

Dato' Jin has no family relationship with any Director and/or major shareholders of the Company.



DIRECTORS' PROFILE

MR TIONG CHIONG HEE

Executive Director

Age / 51 • Nationality / Malaysian • Gender / Male

Mr Tiong Chiong Hee was appointed to the Board on 14 May 1999 and re-designated as Executive Director on 7 January 2021.

He holds a Bachelor of Commerce degree from University of Melbourne, Australia.

Mr Tiong Chiong Hee has vast experience and exposure in the oil palm and timber industries.

He has been the Managing Director of a group of private limited companies involve in oil palm and timber operations both in Malaysia and overseas since the past 20-plus years.

His extensive experience and invaluable knowledge gained over time and familiarity with the regulatory policies and market position has enabled him to address strategic issues relating to the Group's businesses.

He is the nephew of Tan Sri Datuk Sir Tiong Hiew King, a major shareholder of the Company. His uncle, Dato' Sri Dr Tiong Ik King, cousin, Mdm Tiong Choon and niece, Ms Clara Tiong Siew Ee, are Directors of the Company.



CLARA TIONG SIEW EE

Executive Director cum Chief Risk Officer

Age / 33 • Nationality / Malaysian • Gender / Female

Ms Clara Tiong Siew Ee was appointed to the Board on 7 January 2021 and designated as the Chief Risk Officer of the Group.

She holds a Bachelor of Marketing degree and a Master's degree in Commerce from the Royal Melbourne Institute of Technology, Australia.

Ms Clara Tiong Siew Ee has served in various managerial and senior positions in Oriental Evermore Group of Companies principally engaged in logistics, hospitality and real estate business since 2015. She had also been a Personal Assistant to the Executive Chairman of the Company for the period from 2017 to 2020 handling a wide range of administrative and executive support related tasks.

She is currently an Independent Non-Executive Director of Pacific Century Regional Developments Limited, a listed company in Singapore. She also sits on the Board of a group of private limited companies.

Ms Clara Tiong Siew Ee is the granddaughter of Tan Sri Datuk Sir Tiong Hiew King, a major shareholder of the Company. Her granduncle, Dato' Sri Dr Tiong Ik King, aunt, Mdm Tiong Choon and uncle, Mr Tiong Chiong Hee, are Directors of the Company.



DIRECTORS' PROFILE

DATO' SRI DR TIONG IK KING

Non-Independent Non-Executive Director

Age / 74 • Nationality / Malaysian • Gender / Male

Dato' Sri Dr Tiong Ik King joined the Board on 27 March 1995.

He graduated with an M.B.B.S degree from the National University of Singapore in 1975 and subsequently obtained his M.R.C.P. from the Royal College of Physicians, UK in 1977. He was conferred Sri Sultan Ahmad Shah Pahang (SSAP) which carries the title "Dato' Sri" by the Sultan of Pahang, Malaysia on 24 October 2008.

Dato' Sri Dr Tiong Ik King has extensive experience in many industries including media and publishing, information technology, timber, plantation and manufacturing industries.

He currently serves as a Non-Executive Chairman of RH Petrogas Limited, a listed company in Singapore.

Dato' Sri Dr Tiong is the brother of Tan Sri Datuk Sir Tiong Hiew King, a major shareholder of the Company. His nephew, Mr Tiong Chiong Hee, niece, Mdm Tiong Choon and grandniece, Ms Clara Tiong Siew Ee, are Directors of the Company.



MDM TIONG CHOON

Non-Independent Non-Executive Director

Age / 55 • Nationality / Malaysian • Gender / Female

Mdm Tiong Choon was appointed to the Board on 3 May 1999. She is a member of the Nomination Committee of the Company.

She holds a Bachelor of Economics degree from Monash University, Australia.

Mdm Tiong Choon has been with the Rimbunan Hijau Group since 1991 and has served in various managerial and senior positions in the plantation and hospitality sectors.

She is the Non-Executive Chairman of both Media Chinese International Limited (a listed company in Hong Kong and Malaysia) and One Media Group Limited (a company listed in Hong Kong). She is a Trustee of Yayasan Sin Chew, a foundation that carries out charitable activities and also serves on the Board of Sin Chew Media Corporation Berhad.

She is the daughter of Tan Sri Datuk Sir Tiong Hiew King, a major shareholder of the Company. Her uncle, Dato' Sri Dr Tiong Ik King, cousin, Mr Tiong Chiong Hee and niece, Ms Clara Tiong Siew Ee, are Directors of the Company.



DIRECTORS' PROFILE

DATO' WONG LEE YUN

Non-Independent Non-Executive Director

Age / 71 • Nationality / Malaysian • Gender / Female

Dato' Wong Lee Yun was appointed to the Board on 21 June 2007 as an Independent Non-Executive Director and re-designated as a Non-Independent Non-Executive Director on 1 March 2023.

She is the Chairperson of the Remuneration Committee and a member of the Audit Committee.

Dato' Wong Lee Yun qualified as an accountant with Ernst and Young in 1978 and is a Life Member of the Malaysian Institute of Certified Public Accountants.

She has extensive experience in investment banking, finance and strategic planning for large investment projects, acquisition of strategic businesses, fund raising and investor relations. In her 10 years in investment banking, she was a Corporate Finance Manager at Permata Chartered Merchant Bank, and subsequently went on to head the investment banking for Malaysia at Chase Manhattan Bank, now known as JP Morgan. From 1991 to 1996, she was the Director of Finance and Strategy for the Renong Group of Companies. Dato' Wong became the Chief Executive of Jaya Tiasa Holdings Berhad from 1997 to 2000. She was also a Director of Sin Chew Media Corporation Bhd from 2004 to early 2008 and the Chairman for Malaysia for TC Capital, a regional investment bank based in Singapore from 2007 to 2020.

Dato' Wong Lee Yun was also an Independent Non-Executive Director of Export-Import Bank of Malaysia Berhad (EXIM Bank) from 15 July 2020 and retired recently in July 2024. During her tenure with EXIM Bank, she was the Chairman of the Audit Committee and the Nomination and Remuneration Committee, as well as a member of the Risk Committee of the Bank.

She also actively invests in businesses and holds directorships in several private limited companies which she founded.

She has no family relationship with any Directors and/or major shareholders of the Company.



MR YONG VOON KAR

Independent Non-Executive Director

Age / 66 • Nationality / Malaysian • Gender / Male

Mr Yong Voon Kar was appointed to the Board on 2 January 2020.

He is the Chairman of both the Audit and Nomination Committees and a member of the Remuneration Committee.

He holds a Bachelor of Business Studies degree majoring in Accounting from the Royal Melbourne Institute of Technology, Australia. He has been a Member of the Institute of Chartered Accountants, Australia and New Zealand and is a Member of the Malaysia Institute of Accountants since 1984.

Mr Yong is a Chartered Accountant by profession.

He joined Ernst & Young (EY) Malaysia in 1984 and was admitted as a Partner in 1996 before becoming the Managing Partner of EY East Malaysia office from 2002 until his retirement in 2018. With an extensive experience in assurance, corporate recovery and corporate finance, he had been the lead audit partner of major East and West Malaysia public and non-public listed companies covering a wide range of industries.

Mr Yong Voon Kar had served in various governance and advisory roles in the EY global and regional network from 2008 to 2015. He had also served at EY's highest governance level - the Global Governance/Advisory Council from 2013 to 2015.

Currently, Mr Yong Voon Kar is an Independent Non-Executive Director of KKB Engineering Berhad. He is also a Trustee of Yayasan Sin Chew, a foundation carrying out charitable activities and a director of Global Shepherds Berhad, a company limited by guarantee dedicated to social and charitable causes.

He has no family relationship with any Directors and/or major shareholders of the Company.



DIRECTORS' PROFILE



TUAN HAJI IKHWAN BIN ZAIDEL

Independent Non-Executive Director

Age / 64 ▪ Nationality / Malaysian ▪ Gender / Male

Tuan Haji Ikhwan Bin Zaidel was appointed to the Board on 1 March 2023.

He is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company.

He holds a Bachelor of Science (Honours) degree majoring in Mathematics and Management Science from the University of Manchester, England.

Tuan Haji Ikhwan Bin Zaidel had served in various senior executive positions in the State Government for more than 20 years before venturing into the private sector. He has extensive knowledge and vast experience in multiple industries including construction, finance, banking, education, aviation and oil and gas.

Currently, he is a Non-Independent Non-Executive Chairman of Hubline Berhad and sits on the Board of several private limited companies.

He has no family relationship with any Directors and/or major shareholders of the Company.

ADDITIONAL INFORMATION ON DIRECTORS:

(i) Attendance of Directors at Board Meetings

There were five (5) Board Meetings held during the financial year ended 30 June 2024. Details of attendance of each Director at Board Meetings are as set out in the Corporate Governance Overview Statement on page 72 of this Annual Report.

(ii) Securities holdings in the Company and its subsidiaries

The Directors' shareholdings as at 30 September 2024 are as disclosed on page 181 of this Annual Report.

(iii) Conflict of Interest

Save as disclosed hereunder, none of our other Directors have any conflict of interest with Jaya Tiasa Holdings Berhad ("the Company") and its subsidiaries.

The interest of the Directors in companies carrying on similar business as the Company and its subsidiaries are as follows:

| Director | Interest in competing business |
|----------------------------|--|
| Dato' Sri Dr Tiong Ik King | A Director of Tiong Toh Siong Holdings Sdn Bhd which is a major shareholder of Subur Tiasa Holdings Berhad and Rimbunan Sawit Berhad whose principal activities include sale of crude palm oil ("CPO"). Subur Tiasa Holdings Berhad is also involved in the sale of logs. |
| Tiong Choon | |
| Tiong Chiong Hee | A Director of Palmgroup Holdings Sdn Bhd and its subsidiaries whose principal activities include sale of CPO. |

(iv) Convictions of Offences

None of the Directors has been convicted for any offence, other than traffic offences within the past five (5) years and there was no public sanction of penalty imposed by the relevant regulatory bodies during the financial year under review.

KEY SENIOR MANAGEMENT

JAYA TIASA HOLDINGS BERHAD

DATO' JIN KEE MOU

Chief Executive Officer

Profile on page 16 of this Annual Report

MR TIONG CHIONG HEE

Executive Director

Profile on page 17 of this Annual Report

CLARA TIONG SIEW EE

Executive Director

Profile on page 17 of this Annual Report

DATO' WONG PACK

Chief Operations Officer

Profile on page 22 of this Annual Report

THOMAS HII KHING SIEW

Chief Financial Officer

Profile on page 22 of this Annual Report

MR TEOH KHENG HOCK

Chief Operations Officer

Profile on page 23 of this Annual Report

JENNY WONG NANG HUNG

General Manager

Profile on page 23 of this Annual Report

KEY SENIOR MANAGEMENT

DATO' WONG PACK

Chief Operations Officer, Timber Operations

Age / 64 ▪ Nationality / Malaysian ▪ Gender / Male

Dato' Wong Pack graduated with a Bachelor of Economics degree from Monash University in 1984.

Dato' Wong Pack worked in the banking sector prior to joining the Company in August 1989. He served as a Factory Operations Manager before his appointment as Chief Operations Officer, Wood Manufacturing Operations of the Group on 1 June 2001. He oversees the timber operations of the Group since 2019.

He does not hold any directorship in public companies. He is not related to any director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted for any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.



THOMAS HII KHING SIEW

Chief Financial Officer

Age / 59 ▪ Nationality / Malaysian ▪ Gender / Male

Thomas Hii is a Chartered Accountant and holds a Master of Business Administration (Finance) from University of Leicester, UK. He is also an ASEAN Chartered Professional Accountant, CPA Australia and a Fellow member of the Chartered Tax Institute of Malaysia.

Thomas Hii was trained in an international audit firm prior to joining the Company in 1995, and was responsible for the setting up of the internal audit department. Thereafter, he had served in various capacities and functions in the Group, including financial reporting, corporate taxation and finance, risk management and investor relations before his appointment as Chief Financial Officer on 1 January 2011.

He does not hold any directorship in public companies. He is not related to any director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted for any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.



KEY SENIOR MANAGEMENT

MR TEOH KHENG HOCK

Chief Operations Officer, Oil Milling Operations

Age / 66 ▪ Nationality / Malaysian ▪ Gender / Male



Teoh Kheng Hock was appointed as Chief Operations Officer, Oil Palm Milling Operations of the Group on 6 October 2016.

Teoh Kheng Hock graduated with a Diploma in Rubber Research Institute of Malaysia and a Diploma in Palm Oil Milling Technology and Management from the Palm Oil Research Institute of Malaysia. He is a competent Steam Engineer and obtained the 1st Grade Steam Engineer Certificate in the year 2003.

He started his career in rubber and latex industry from 1985 to 1996. Subsequently, he joined the palm oil mill industry and held various senior positions in several big companies in Kuala Lumpur and Sabah. He has more than 20 years of experience in palm oil milling operations.

He does not hold any directorship in public companies. He is not related to any director and/or major shareholder of the Company and does not have any conflict of interest with the Company. He has not been convicted for any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

JENNY WONG NANG HUNG

General Manager

Age / 60 ▪ Nationality / Malaysian ▪ Gender / Female



Jenny Wong Nang Hung graduated with a Bachelor of Science degree in Computer Science from University of New South Wales in 1986.

Prior to joining the Company in March 1999, Jenny Wong worked in two other companies in various capacities including Head of Computer Department and Deputy Registrar. She served in various senior positions in the Group, from a System Analyst Manager to an Assistant General Manager in the Managing Director's Office before her appointment as General Manager in the Chief Executive Officer's Office on 1 January 2015.

She does not hold any directorship in public companies. She is not related to any director and/or major shareholder of the Company and does not have any conflict of interest with the Company. She has not been convicted for any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

SUSTAINABILITY STATEMENT

Managing Sustainability

Jaya Tiasa Group (“The Group”) remains committed to deliver the sustainability transformation as prescribed in our vision and mission statements. We consistently place Environmental, Social and Governance (“ESG”) considerations as our ultimate goal to protect the land and the ecosystems in our operations and to build a sustainable future for our businesses. Our sustainability framework is anchored on the three pillars of sustainability – Economic, Environment and Social (“EES”) as we incorporate ESG considerations in our business operations and include definitive ESG performance and accountability in how we measure and disclose the Group’s performance, while also managing our operations in an ethical and responsible manner to create value and ensure business continuity.

The Group strives to address and manage the following ESG matters under each pillar:



Scope and Reporting Framework of Sustainability Statement

The scope of this Sustainability Report (SR) encompasses the Group’s oil palm plantation operations, palm oil mill operations and timber operations, and focuses on the things that are most material to both our organization and stakeholders for the financial year ended 30 June 2024 (“FY2024”).

This SR has been prepared with reference to the Bursa Malaysia Securities Main Market Listing Requirements and the Bursa Malaysia’s Sustainability Reporting Guide (3rd Edition). In line with Bursa Malaysia’s recommendations on Sustainability Requirements, this SR is also reported with reference to international sustainability guidelines, the Global Reporting Initiative (GRI) Standards.

Assurance

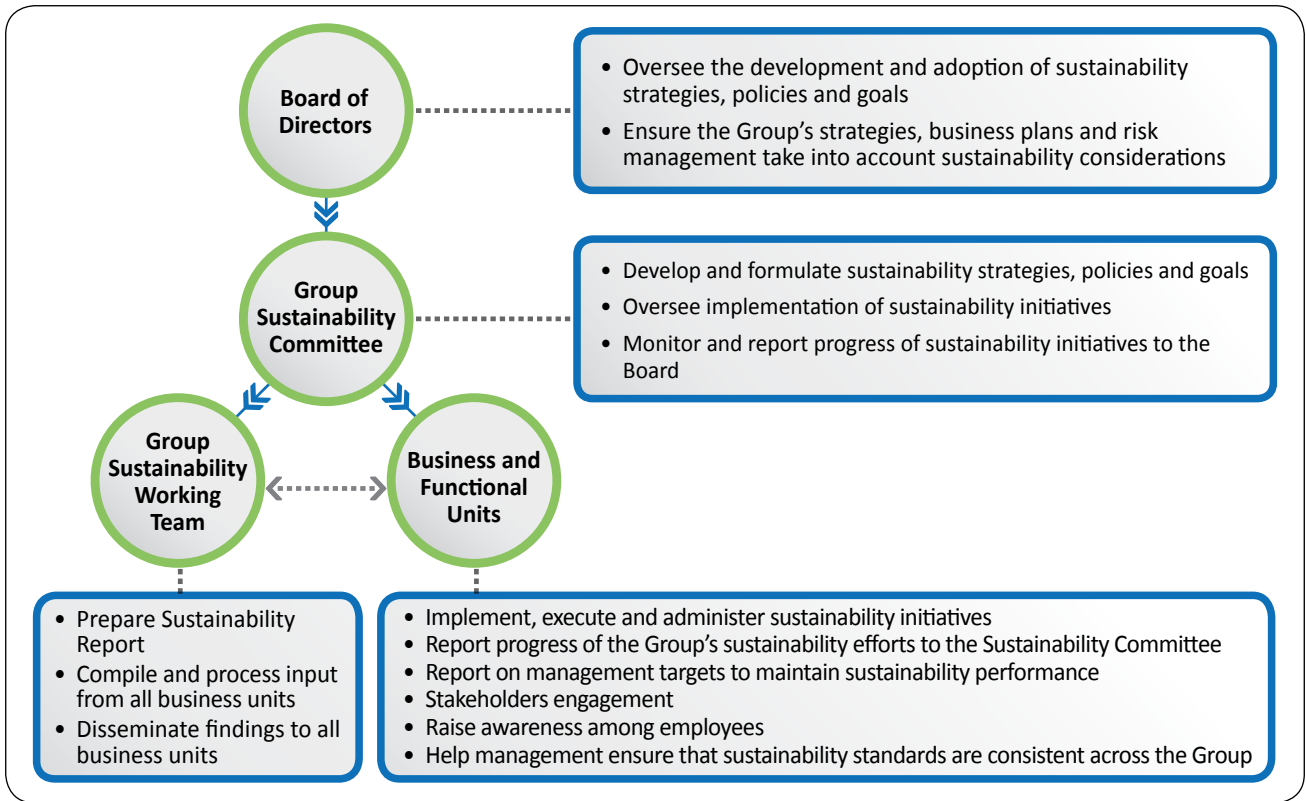
The Group’s Internal Audit has, to the best of its ability, conducted an audit and review of this SR to provide a reasonable assurance that the information reported is accurate, consistent and reliable. We have not at this point engaged in an independent third-party assurance. This SR has also been reviewed by our Group Sustainability Committee and approved by our Board of Directors.

Sustainability Governance Management Structure

Effective governance for sustainable development and robust risk management policies and procedures combined with our core values are keys for achieving long term success. The Board of Directors oversees the development and adoption of sustainability strategies, policies and goals and ensures the Group’s strategies, business plans and risk management take into account sustainability considerations. The Board of Directors has delegated responsibility to the Group Sustainability Committee headed by the Group’s Chief Executive Officer and supported by the Executive Directors to formulate sustainability strategies, policies and goals as well as to oversee the implementation of sustainability initiatives. The Group Sustainability Working Team works closely with the Group Sustainability Committee to deliberate on the current sustainability challenges and manages the Group’s sustainability performance and reporting. The business and the functional units shall implement, execute and administer the sustainability initiatives and report the sustainability performances to the Group Sustainability Committee via the Group Sustainability Working Team.

SUSTAINABILITY STATEMENT

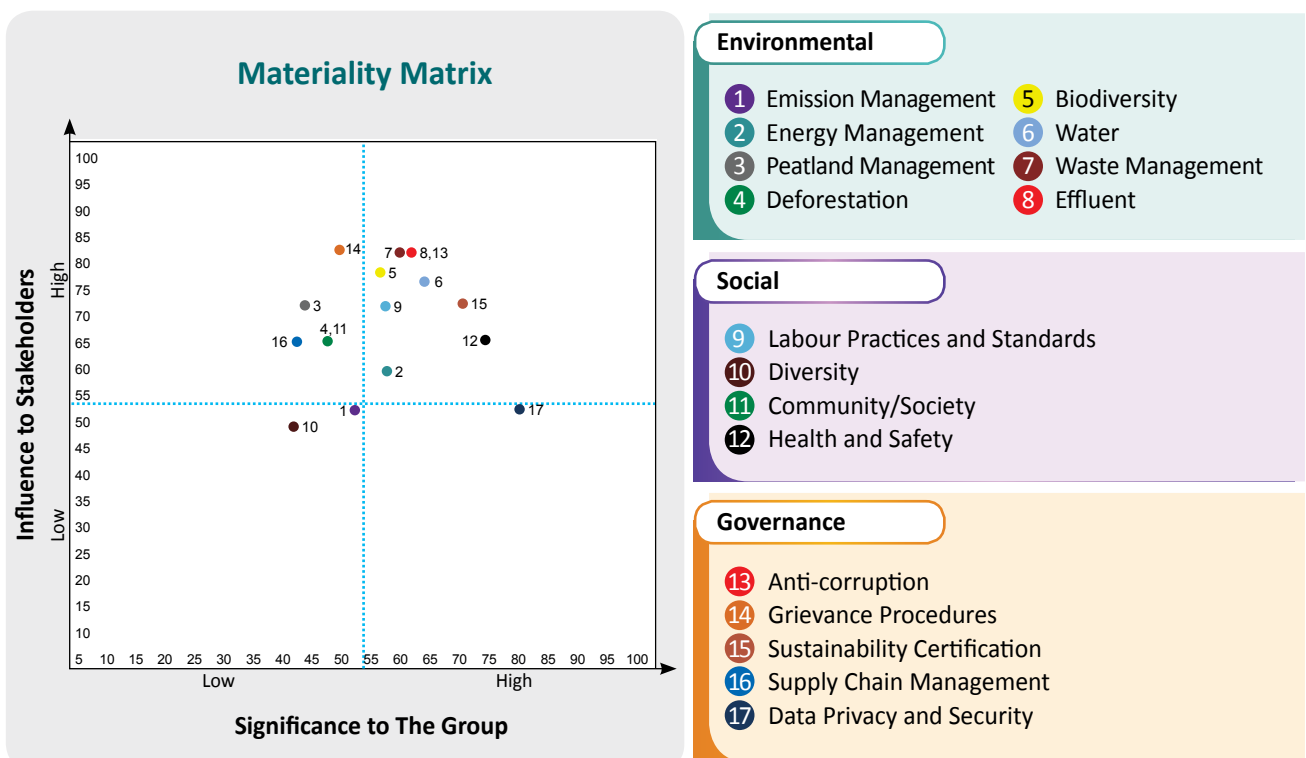
Sustainability Governance Management Structure



Materiality Matrix

The Group monitors and reviews our material matters on an on-going basis through stakeholder discussions and carries out a yearly materiality assessment process from which the assessment results are used to guide our areas of focus as we drive sustainability and implement the Group’s strategies and plans.

The key FY2024 Sustainability Material Matters are presented in the Materiality Matrix below:



SUSTAINABILITY STATEMENT

Targets and Achievements

| Objectives | Targets | Status of Targets | Address by Specific Material Sustainability Matter | Page Reference |
|---|---|---|--|----------------|
| Target 1: Environmental | | | | |
| Measurement of GHG emissions per year for the Group | All plantations, CPO mills and FMUs | Ongoing | Emission Management | 32 |
| Set up methane capture plant in the CPO mills | Selected CPO mills | Achieved | Emission Management | 32 |
| Set up air pollution control system – Wet Scrubber | Selected CPO mill | Achieved | Emission Management | 32 |
| Set up air pollution control system – Electrostatic Precipitator (ESP) | At remaining CPO mills | Completed for 2 CPO mills Ongoing for the remaining mill | Emission Management | 32 |
| Installation of Biomass boilers for energy generation | All CPO mills | Achieved | Emission Management, Energy Management, Waste Management | 33, 34, 36 |
| No new developments carried out on peatlands | All plantations | Achieved | Emission Management, Peatland Management, Deforestation, Supply Chain Management | 34, 35 |
| Flora and Fauna Biodiversity Assessment | All plantations and FMUs | Achieved | Biodiversity | 37-44 |
| Management of effluent discharge | Within requirement (<20mg/L) | Achieved | Emission Management, Effluent, Water Resource Management | 47 |
| Implement 3R initiative (Reduce, Reuse and Recycle) in waste management | All plantations, CPO mills and FMUs | Ongoing | Waste Management | 46, 47 |
| Target 2: Social | | | | |
| No child labour | No breaches of laws and regulations | Achieved | Labour Practices and Standards | 48 |
| No forced labour | No breaches of laws and regulations | Achieved | Labour Practices and Standards | 48 |
| Human Capital Development | Continuous improvement | Ongoing | Labour Practices and Standards | 49-53 |
| Improve livelihood of smallholders & local communities | Continuous improvement | Ongoing | Community/Society | 55, 56 |
| Prevention of work-related injuries and diseases | Zero fatality and continuous reduction in accident rate | Continuous Improvement | Health and Safety | 56-59 |

SUSTAINABILITY STATEMENT

| Objectives | Targets | Status of Targets | Address by Specific Material Sustainability Matter | Page Reference |
|---------------------------------|--|-------------------|--|----------------|
| Target 3: Governance | | | | |
| Prevent bribery and corruption | Zero-tolerance | Achieved | Anti-corruption | 59, 60 |
| | Train all employees on anti-corruption | Ongoing | | |
| MSPO certification | All plantations and CPO mills | Achieved | Sustainability Certification | 60 |
| MSPO SCCS | All CPO mills | Achieved | Sustainability Certification | 61 |
| Forest management certification | All FMUs | Achieved | Sustainability Certification | 62-64 |

How our Material Issues Relate to the UN Sustainable Development Goals (SDGs)

The United Nations (UN) adopted 17 Sustainable Development Goals (SDGs) with the aim to call for actions to end poverty, protect the planet, tackle climate change, improve health and education, reduce inequality and ensure that all people enjoy peace and prosperity. With our strong commitment towards sustainable development, we have performed a review and evaluated on how our diverse businesses can contribute to SDGs and have since prioritized twelve SDGs that are considered most relevant to the Group and incorporated them into our Sustainability Framework.


SUSTAINABLE DEVELOPMENT GOALS



SUSTAINABILITY STATEMENT

Material Sustainability Matters

The Group Sustainability Committee has reviewed the key Economic, Environment, Social and Governance issues for potential financial, operational and reputational impacts on the Group. We have identified numerous key material issues that are of high concern to stakeholders and of high significance for our Group in FY2024. These material issues have been prioritized through our materiality assessment process. Material issues identified are then assessed to establish if proper policies and procedures are implemented to manage and monitor these issues.

| Key Issue | Material Sustainability Matters | Link to UN SDG |
|---------------|---|--|
| ENVIRONMENTAL | <ul style="list-style-type: none"> Emission Management Energy Management Peatland Management Deforestation Biodiversity Water Waste Management Effluent | <p>SDG 3, 6, 7, 12, 13, 15</p>  |
| SOCIAL | <ul style="list-style-type: none"> Labour Practices and Standards Diversity Community/Society Health and Safety | <p>SDG 1, 3, 5, 8, 10, 11, 16</p>  |
| GOVERNANCE | <ul style="list-style-type: none"> Anti-corruption Grievance Procedures Sustainability Certification Supply Chain Management Data Privacy and Security | <p>SDG 12, 16</p>  |
| ECONOMIC | <ul style="list-style-type: none"> Product Quality Economic Performance | <p>SDG 8, 12</p>  |

Stakeholders Engagement

The stakeholder groups which have significant influence and impact on the Group's businesses are carefully identified and engaged at various platforms and intervals throughout the year. We prioritize honest and open communications with our internal and external stakeholders to fully understand their sustainability concerns and issues with a view to ensuring that their key interests are aligned with those of the Group.

SUSTAINABILITY STATEMENT

Overview of Stakeholder Engagement conducted in FY2024

| Stakeholder Group | Area of interest | Method | Outcome |
|--|--|--|--|
| <i>Investors and Financial Institutions</i> | <ul style="list-style-type: none"> Economic performance Future plans Progress and compliance with sustainability standards | <ul style="list-style-type: none"> Annual general meeting Bursa announcements Company website Engagement surveys | <ul style="list-style-type: none"> Good relationship with stakeholders Assurance of Jaya Tiasa's commitment to sustainability |
| <i>Local Communities</i> | <ul style="list-style-type: none"> Opportunity for employment Complaints and grievances Smallholders Community development Waste management | <ul style="list-style-type: none"> Complaints and grievances channel Formal and informal meetings Social impact assessments Corporate social responsibility programs | <ul style="list-style-type: none"> Increased in local employment Improved infrastructure for the local communities Maintaining good relationship with local communities |
| <i>Employees</i> | <ul style="list-style-type: none"> Health and Safety Job satisfaction, development and remuneration Complaints and grievances Employee social and welfare care | <ul style="list-style-type: none"> OSH committee meetings Annual appraisals Complaints and grievances channel Sports and recreation club Company intranet Trainings Orientation | <ul style="list-style-type: none"> Safer working environment Employee retention |
| <i>Government and regulatory authorities</i> | <ul style="list-style-type: none"> Compliance with legal requirements Support government transformation policies and initiatives | <ul style="list-style-type: none"> Formal dialogues and meetings Annual reports Site visits Engagement surveys Letters and emails | <ul style="list-style-type: none"> Contribution to the achievement of the Government's policies and initiatives Positive reputation amongst investors |
| <i>Suppliers / Smallholders</i> | <ul style="list-style-type: none"> Compliance with sustainability requirements Product quality On time delivery | <ul style="list-style-type: none"> Formal and informal meetings Site visits Trainings and briefings | <ul style="list-style-type: none"> Development of long term relationships with suppliers to reduce disruptions to the supply chain |
| <i>Customers</i> | <ul style="list-style-type: none"> Quality of products Compliance with sustainability standards Supply chain and traceability of product | <ul style="list-style-type: none"> Networking sessions One on one meetings Annual reports Company website Visit to estates and mills | <ul style="list-style-type: none"> Positive reputation Customer retention Increased market share |
| <i>Certification bodies</i> | <ul style="list-style-type: none"> Sustainability certification requirements | <ul style="list-style-type: none"> Engagement surveys and dialogues Site visits and inspections | <ul style="list-style-type: none"> Regulatory compliances Positive reputation and to showcase Jaya Tiasa's sustainability status |

SUSTAINABILITY STATEMENT

Stakeholder Engagement conducted in FY2024



Stakeholders Engagement carried out around Hariyama Plantation

SUSTAINABILITY STATEMENT

Stakeholder Engagement conducted in FY2024



Stakeholders Engagement carried out around Simalau Plantation



Awareness briefing on Forest Management and Certification



Social Impact Assessment on Local Communities Residing at Long Jawe and Sang Anau

SUSTAINABILITY STATEMENT



Stakeholders meeting (FMU T/3371 and T/3370)

Environmental

Given the severity of climate change affecting mother earth, we recognize the gravity of practicing responsible stewardship of the environment. To this end, environmental protection measures and considerations have long been embedded in our manufacturing processes and day-to-day operations and we will continue to strive to incorporate enhanced steps to protect the environment we operate in.

Emission Management

Greenhouse Gas (GHG) Management

Our biggest source of emissions comes from Palm Oil Mill Effluent (POME). The discharged water produces methane gas which has 21 times more Global Warming Potential compared to other gases. To reduce methane gas emissions, the Group has constructed biogas plants in the mills. These biogas plants help to trap the methane gas.

The key to successful climate protection is the capacity to manage and monitor the GHG emissions along the whole production supply chain from the various stages of Fresh Fruit Bunch (FFB) production to Crude Palm Oil (CPO) production and the transportation of the products. The Group will disclose its GHG emissions from FY2025.

Air Pollution Control

The operation of our CPO mills produces harmful particulate matter from the waste gases produced by the mills. To reduce the dust emissions according to the requirements of the Environmental Quality (Clean Air Regulations) 2014, the Group has completed the installation of the air pollution control system, Electrostatic Precipitator (ESP) in two of our three mills, while the fourth CPO mill is already equipped with the wet scrubber technology since its commissioning.



Anaerobic Digester Tanks (Maujaya CPO Mill)



Biogas Flare Stack (Maujaya CPO Mill)

SUSTAINABILITY STATEMENT

Energy Management

Energy Consumption

To be sustainable, our management is committed to energy conservation and the reduction of fossil fuel usage. We recycle oil palm and oil mill by-products such as press fiber and palm kernel shells for use as biomass fuel in the mills boiler. For FY2024, the boilers in our mills generated 105,723 GJ of electricity from those by-products which is equivalent to electricity generated from burning 10.15 million litres of diesel. The use of these biomass fuels significantly reduces the consumption of non-renewable fossil fuels and generates greater cost savings as those are cheaper.

Diesel Consumption Reduction Project at CPO Mills

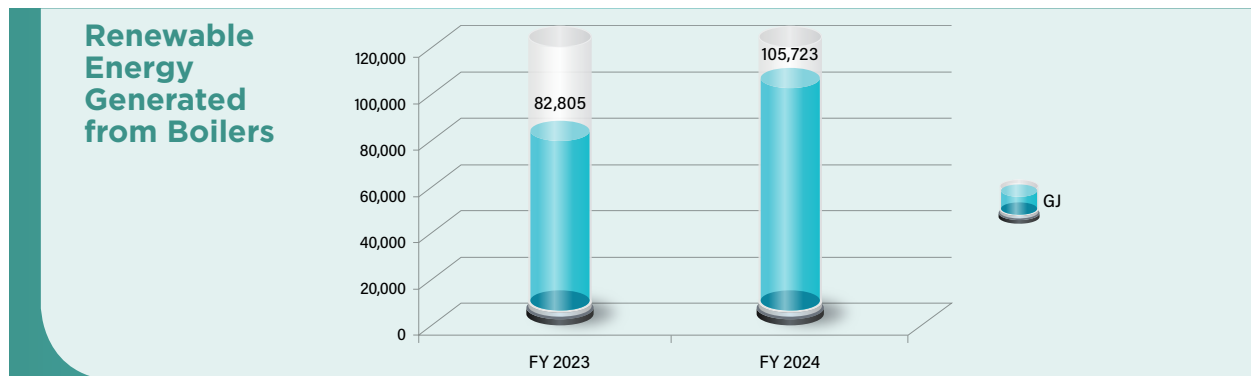
To increase the efficiency of the steam turbines at the CPO mills, the Group carried out improvement works by replacing EFB presses and installing conveyors to transport pressed and shredded EFB from the press station to the boiler station. By promoting the usage of renewable energy from the steam turbines, our four CPO mills were able to reduce the consumption of diesel by about 12% in FY2024. In terms of Litres of Diesel per MT FFB processed, the four mills reduced the usage from 1.39 litre per MT FFB in FY2023 to 0.97 litre per MT FFB in FY2024, which was about 30% reduction. The reduction in diesel consumption is equivalent to a reduction of about 500 MT GHG per year.



Scrubber system (Hariyama CPO Mill)



ESP system (Wealth Houses CPO Mill)

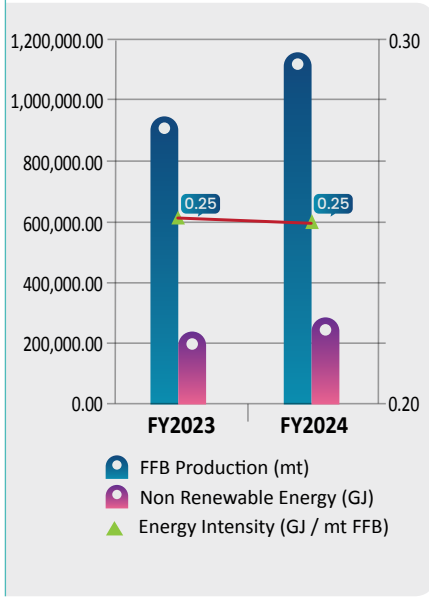


Energy consumption for the Group:

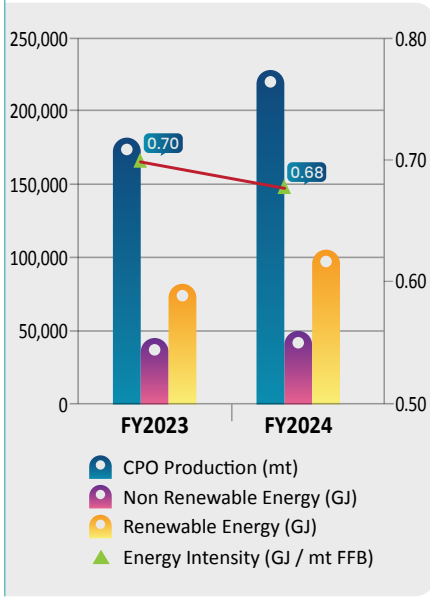
| Energy Type | Operation | Unit of Measurement (UoM) | FY2022 | FY2023 | FY2024 |
|--------------------------|-----------|---------------------------|--------------|-------------------|-------------------|
| 1) Non-renewable energy | OPP | GJ | Not recorded | 236,995.00 | 287,643.00 |
| | CPO Mill | | | 44,469.00 | 48,979.75 |
| | FMU | | | 131,067.00 | 109,970.07 |
| | LPF | | | 3,965.00 | 3,779.26 |
| 2) Renewable energy | CPO Mill | | 82,805.00 | 105,723.00 | |
| 3) Purchased electricity | OPP | | 913.33 | 854.32 | |
| Total | | | | 500,214.33 | 556,949.38 |
| Energy Intensity | OPP | GJ/MT Product | | 0.25 | 0.25 |
| | CPO Mill | | | 0.70 | 0.68 |

SUSTAINABILITY STATEMENT

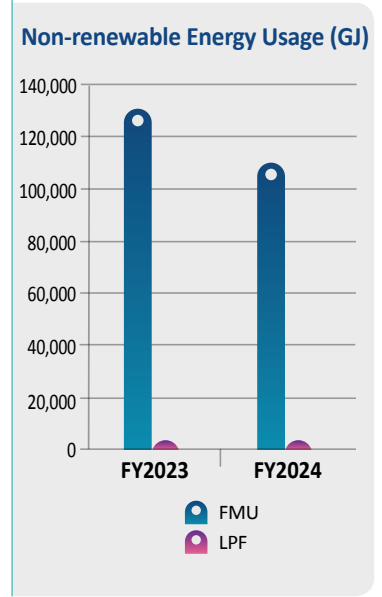
Oil Palm Plantation (OPP) Energy Consumption and Intensity:



CPO Mill Energy Consumption and Intensity:



FMU and LPF Energy Consumption:



Peatland Management

The Group ensures implementation of the best management practices to maintain the stability of the ecosystem in the environment in which we operate and that our agricultural operations comply with the following:-

- No planting on land with high biodiversity value;
- No planting on protected and forest reserve land;
- No new development on peatland regardless of depth; and
- No development in high carbon stock forest.

In line with our Sustainability Policy, the Group is strictly adhering to the principles of No Deforestation, No Peat and No Exploitation (NDPE). Since 2015, the Group did not clear any land for new development.

In FY2024, we report a total of 125,908,000 m2 of buffer zones area in our oil palm plantation and the setup of 44 peat monitoring stations for more effective monitoring of the peatland conditions throughout our oil palm plantations, including the fixing of piezometers and subsidence post to monitor water levels and subsidence rates of the peat land.

As in the preceding financial year, there was no occurrence of field fire for FY2024.



Riparian Buffer Zone

SUSTAINABILITY STATEMENT



Buffer Zone (Wealth Houses Plantation)



Peat Subsidence Station (Eastern Eden Plantation)

Fire and Haze Prevention

The impacts of fire can be catastrophic, including commercial loss, loss of life, air pollution and loss of biodiversity. Fires possess long-term commercial risk and the potential losses from any such outbreak to the Group are high. Wider risks of fire include threats to climate change goals that could easily derail the Group from achieving economic and environmental sustainability.



Fire-fighting equipment (Hariyama Plantation)

SUSTAINABILITY STATEMENT

The Group has established an Emergency Response Team (ERT) in all plantations and mills and they are regularly trained to ensure their readiness to respond in times of emergency. A standardized Emergency Response and Preparedness Procedure (ERPP) was adopted throughout the Group to ensure everybody would be on the same page in regards to handling different types of emergency. The Group had also invested in fire-fighting equipment like diesel water pump in the plantations and fire hydrant system in the mills.



Fire-fighting equipment (Hariyama Plantation)



Fire-fighting drill by BOMBA (Wealth Houses CPO Mill)

Zero Burning Policy

In compliance with environmentally friendly practices as well as the requirements set out in the Natural Resources and Environment Ordinance (NREO) and the sustainability certification standards, the Group adheres to a strict zero burning policy and enforces it without exception.

The Group also prohibits open burning during replanting. The biomass produced from the clearing of old palms would be left on the fields to decompose to provide natural nutrients to the soil.



Deboling & Chipping process for replanting preparation (Simalau Plantation)

SUSTAINABILITY STATEMENT

Monitoring

During the dry seasons, employees in all our plantations and FMUs are directed to vigilantly lookout for any fire breakouts in the surrounding vicinity. Employees are continuously trained (extensive mock fire drills are conducted regularly) on how to control and manage fires. We have setup weather stations throughout the plantations to gather micro-climate information for regular fire safety risk assessment and ensure that adequate fire safety measures are put in place. Our continuous efforts have proven to be fruitful as there were no reported fire related incidents for seven consecutive years.



Fire Tower (FMU T/3370)

Deforestation

As a pledge to ensure we adhere to our sustainability commitments, sourcing from responsible and traceable third-party is a priority as it allows better visibility and transparency to identify risk areas, diagnose problems and resolve issues within our supply chains. It is vital to know where our FFB comes from and ensure the sources are not linked to deforestation and labour exploitation. In other words, our supplier must also be committed to No Deforestation, No Peat, and No Exploitation (NDPE).

| No. | Description | UoM | FY2022 | FY2023 | FY2024 |
|-----|--|-----|--------------|--------|--------|
| 1 | Percentage of FFB from sustainable sources | % | Not recorded | 99.71 | 99.68 |
| 2 | Percentage of FFB traceable to plantation | | | 100.00 | 99.68 |

Biodiversity

Wildlife Survey and Monitoring

The Group has implemented guidelines to identify and protect “Rare, Threatened and Endangered” (RTE) species of forest flora and fauna, including features of special biological interest such as seed trees, salt licks, nesting and feeding areas in the FMUs. The Group continues to invest in additional camera traps to enable improved in-house wildlife surveys and monitoring. These activities ensure that sustainability practices are implemented accordingly in our FMUs. We also have an internal assessment team that assesses and works on reducing the impact of logging towards the population of the mammals in the operation coupes, before and after logging.



Setup camera trap in Apan Bangat salt lick



Apan Entelit salt lick



Camera traps setup at Apan Lubang

SUSTAINABILITY STATEMENT

Photos captured by the camera traps in the FMUs



Great Argus Pheasant (*Argusianus argus*)



Blyth's Hawk (*Spizaetus alboniger*)



Red-billed Malkoha (*Phaenicophaeus javanicus*)



Bornean Red Muntjac (*Muntiacus muntjak*)



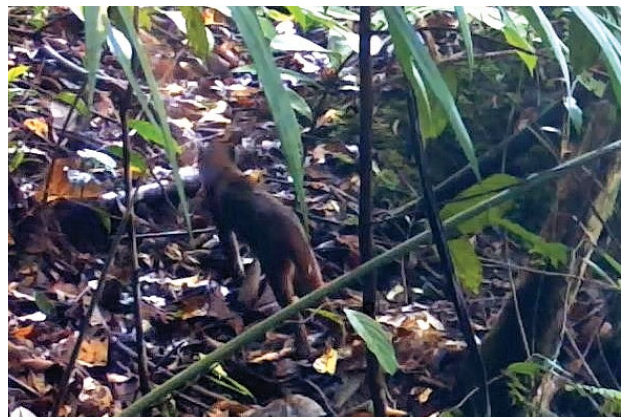
Pig-tailed Macaque (*Macaca nemestrina*)



Bornean Sun Bear (*Helarctos malayanus*)



A rare encounter with the Roughneck Monitor Lizard (*Varanus rudicollis*)



Bornean Bay Cat (*Catopuma badia*)

SUSTAINABILITY STATEMENT

Wildlife Protection Patrolling Team

The patrolling team conducts ground checking in the base-camps, along logging roads and logging skid house area to monitor and prevent unauthorized activities such as hunting and poaching, wildlife trading and rearing of RTE birds and animals by the FMU workers.



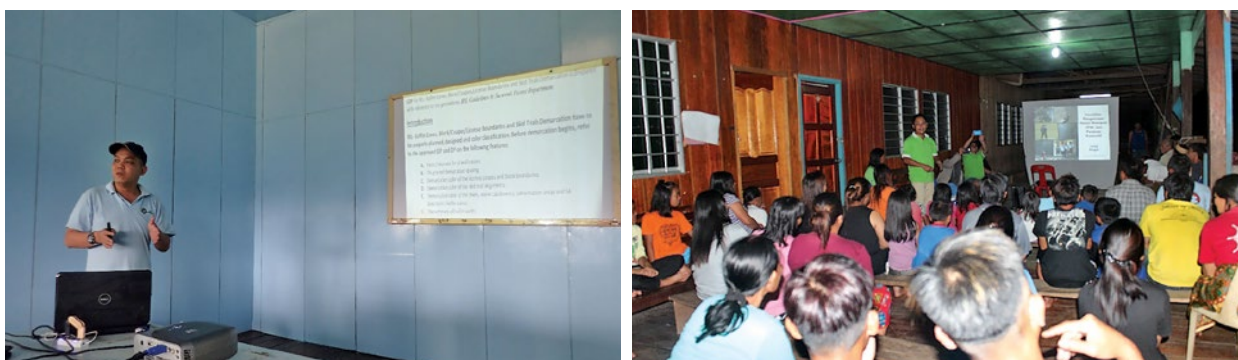
Wildlife protection briefing with communities residents around FMU T/3370 and T/3371



Explanation of protected animals and protected plants from Wildlife Ranger to workers and their families



In-house Training - explanation of protected animals and plants



Briefing to workers and villagers about the importance of protected areas for protected animals and plants

SUSTAINABILITY STATEMENT

Buffer Zones Demarcation and Signboards

One of the measures the Group has implemented to protect the riparian buffer zones and other High Conservation Value Area (HCVA) is to demarcate those areas. The Group has also set up signboards at various locations such as at the entrance to licensed boundaries, High Conservation Value Areas (HCVA), rivers and junctions to villages and logging base camps to emphasize on the severity of hunting, poaching and unauthorized activities.



Fieldwork on painting the boundary of the buffer zone in the Penuan-Lebuwai FMU (T/3370)

Baleh Watershed Wildlife Connectivity Project

The Baleh Watershed Wildlife Connectivity Project was to establish a wildlife corridor connecting Baleh National Park and Hose Mountain National Park in Sarawak and Kayan Mentarang in Indonesia. This significant biodiversity conservation project was a collaboration between the Group and the Forest Department Sarawak, World Wildlife Fund (WWF), UNIMAS and Sarawak Energy. The conclusion of this project in 2023 culminated with the publication of a pictorial book titled “Caught on Camera! WWF – Malaysia’s Camera Trap Photos in Sarawak” by WWF-Malaysia in 2024.



Recce Survey Team for Baleh Watershed Wildlife Connectivity Project

High Conservation Value and Biodiversity Assessments

A High Conservation Value (HCV) is a biological, ecological, social or cultural value of outstanding significance or critical importance. HCV areas which are more relevant to the Group encompass natural habitats that are either rich in biodiversity and are home to endangered flora and fauna species; or that are fundamental to the needs of local communities or to preserving their cultural identity. Global discourse on palm oil and logging activities is often tied to heavy biodiversity loss as well as significant changes in land composition and ecosystems. To mitigate such loss and damages, we have the responsibility to uphold and practise sustainable business operation to prevent any undue risks on the environment for the benefit of the present and future generations.

The Group had conducted the Biodiversity Assessment for all of our oil palm estates covering a total land bank of 83,483 ha and with buffer zones of 125,908,000 m2. We also conducted the High Conservation Value (HCVs) Assessment for our FMUs and LPFs. The findings from these assessments would help to determine the most effective in-depth research required for an effective HCV monitoring and management. We further imposed a policy of “zero tolerance” towards killing, harming any of the endangered/protected species listed under the International Union for Conservation of Nature (IUCN) and Protected Animals from Wild Life Protection Ordinance, 1988.

SUSTAINABILITY STATEMENT

Flora and Fauna Species from the Oil Palm Plantations (OPP) and FMUs



Cat Gecko (*Aeluroscalabotes felinus*)



Bornean Anglehead Lizard (*Gonocephalus borneensis*)



Pulchrana picturata is a species that can be commonly found along small river banks in the FMU



Poisonous Rock Frog (*Odorrana hosii*) can be found along streams in the FMU



Black Flying Squirrel (*Aeromys tephromelas*)



Masked Palm Civet (*Paguma larvata*)



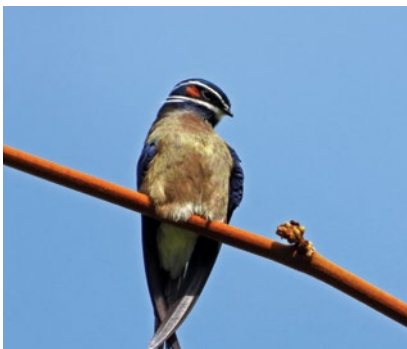
Long-tailed Macaque (T/3370)



Crested Serpent Eagle (T/3371)



Rhinoceros Hornbill (T/3371)



Whiskered Treeswift (T/3370)



Pitcher plants (*Nepenthes ampullaria*) can be found abundant in the Green belt area (Daro Jaya Plantation)



Pedada (*Sonneratia alba*), a protected species can be found in Mangrove forest along the coast of Pulau Bruit

SUSTAINABILITY STATEMENT

Biodiversity Indicators:

| No. | Conservation Status | Operation | UoM | FY2022 | FY2023 | FY 2024 | | |
|-----|---|-----------|--------|--------------|-------------|-------------|---|---|
| 1) | Percentage of existing operations assessed for biodiversity risks | FMU | % | Not recorded | 100 | 100 | | |
| | | OPP | % | | 100 | 100 | | |
| 2) | Size of all habitat areas protected | FMU | M2 | | 385,710,000 | 464,600,000 | | |
| | | OPP | M2 | | 125,908,000 | 125,908,000 | | |
| 3) | Size of all habitat areas restored | FMU | M2 | | 377,732,000 | 377,732,000 | | |
| 4) | IUCN Red List and National Conservation List | | | | | | | |
| a) | Critical endangered species – Flora | FMU | Number | | 21 | 21 | | |
| | Critical endangered species – Fauna | | | | 6 | 4 | | |
| b) | Endangered – Flora | | | | 16 | 16 | | |
| | Endangered – Fauna | | | | 12 | 10 | | |
| c) | Vulnerable – Flora | | | | 7 | 7 | | |
| | Vulnerable – Fauna | | | | 20 | 17 | | |
| d) | Near threatened – Flora | | | | 0 | 0 | | |
| | Near threatened – Fauna | | | | 22 | 20 | | |
| e) | Critical endangered species – Flora | | | | OPP | Number | 5 | 5 |
| | Critical endangered species – Fauna | | | | | | 1 | 1 |
| f) | Endangered – Flora | 3 | 3 | | | | | |
| | Endangered – Fauna | 2 | 2 | | | | | |
| g) | Vulnerable – Flora | 5 | 5 | | | | | |
| | Vulnerable – Fauna | 6 | 6 | | | | | |
| h) | Near threatened – Flora | 0 | 0 | | | | | |
| | Near threatened – Fauna | 7 | 7 | | | | | |

Assessment Plot Establishment for Rare, Threatened and Endangered (RTE) Flora Species

Wildlife Survey and Monitoring

The main objective of this project is to determine the availability of RTE flora species in the conserved Water Catchment Area of Camp Mantan (Baleh-Balui FMU T/3371). We are also establishing an assessment plot to become a “Training Forest” for tree identification training and to expose our Forest Surveyors with the knowledge of RTE flora species; including specimens collection and tree identification techniques.



Sap or resin used for tree identification



Tree diameter measurement

SUSTAINABILITY STATEMENT



Tree tagging works



Leaves of Marsawa Jala (*Anisoptera reticulata*)



Data collection



Group photo of committee team at the Water Catchment Area at Camp Mantan (T/3371)



Tagged trees attached with aluminium tags



Mersawa Jala (*Anisoptera reticulata*) tree



Selangan Merah (*Shorea kuntsleri*) specimen



The majestic Meranti Sarang Punai (*Shorea parvifolia*) tree

SUSTAINABILITY STATEMENT



Flowering twigs of Bintangor (*Calophyllum* sp.)



Explaining some of the key identification features of Selangan Merah (*Shorea kuntsleri*)

Pesticides, Chemical and Fertilizer Usage

In recent years, driven by increasing awareness of the adverse environmental effects and health concerns associated with excessive use of chemical inputs such as pesticides, herbicides and fertilizers in agriculture, we have shifted and reduced our reliance on such usage.

One significant development is the use of Bunch Ash as fertilizer. Bunch Ash is a 100% organic by-product produced from Empty Fruit Bunches (EFB). In FY2024, the application of Bunch Ash amounted to 9,637.21 MT, marking a substantial increase of 55.31% usage compared to FY2023. This increase reflects a commitment by our Group to sustainable agricultural practices that enhance resource efficiency to mitigate the environmental impact of palm oil production.



Workers packing bunch ash before delivery to estate



Bunch ash produced from EFB

Biological Insecticides and Pheromones

Our approach to pest management integrates sustainable methods, notably through the application of biological insecticides rather than the conventional chemical pesticides. For instance, we utilize JQ-BT, a biological insecticide containing *Bacillus thuringiensis*. This product is effective in targeting the larvae of *Lepidoptera* pests, including Tirathaba, caterpillars, and bagworms, thus supporting biodiversity and reducing reliance on harmful chemicals. Another use of bio-pesticide, BREVA, also serves as an environmentally friendly alternative for managing significant pests like Tirathaba and bagworms, further reinforcing our commitment to sustainable pest control.

SUSTAINABILITY STATEMENT

Natural Predator and Ecosystem Services

In addition to biological insecticides, we incorporate natural predators as part of our Integrated Pest Management (IPM) strategy. Beneficial plants such as *Cassia cobanensis*, *Turnera subulata*, and *Antigonon leptopus* are extensively cultivated to provide habitat and nectar for natural predators. These plants help maintain ecological balance by supporting predators like *Sycanus*, which naturally regulate the pest populations. This method not only enhances biodiversity but also stabilizes ecosystems within the plantation.



Beneficial plant *Antigonon Leptopus*

Elaeidobius kamerunicus, a type of weevil, plays a crucial role in pollinating oil palm plantations, which directly impacts fruit production. To address challenges related to declining fruit-set and oil yield, we implement the hatch-and-carry technique. This technique involves relocating weevils from replanting areas to other parts of the estate to ensure effective pollination. By managing habitats that support *Elaeidobius kamerunicus*, we maintain consistent pollination and sustainable oil palm production, aligning with the objectives of High Conservation Value (HCV).



Elaeidobius kamerunicus found on oil palm's male flower



Oil palm's male flower inflorescence placed in weevil box

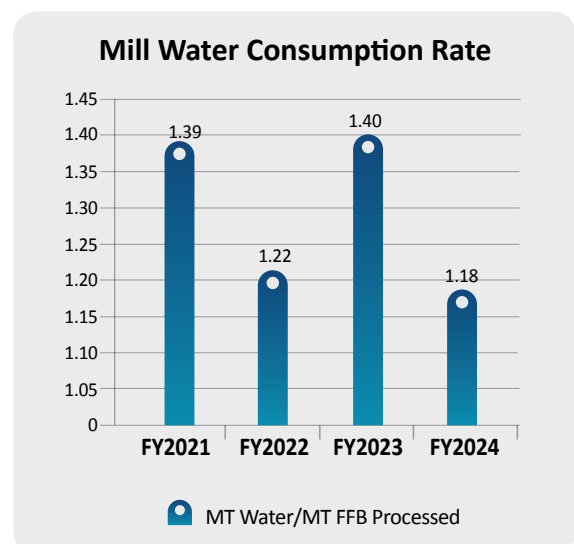
Water Resource Management

The Group's water management strategies are centered on the optimization of water usage, increasing the number of water sources, the reduction of water consumption and the identification of water pollution sources.

In accordance with the water management strategies, the following measures are put in place:

- The installation of water gates to control and maintain water levels for palm tree irrigations. In addition, water level is maintained at an optimum level in anticipation of potential shortfall of rain and to counter the risk of fire;
- The establishment of ponds, water catchment and water tanks at worker's housing area to store rain water;
- The setting up of water treatment plant for milling usage and daily consumption while maintaining strict water efficiency;
- The strict prohibition of the discharge of chemicals, solid wastes and used lubricants into the waterways;
- The practice of water sampling twice a year to monitor water quality in line with EIA measures and to ascertain it is potable (safe for drinking) and for other daily usages; and
- The maintenance of buffer zones along the natural waterways where spraying and manuring operations are strictly prohibited.

The Group monitors the usage of water, for domestic use as well as water consumed for FFB processing. In FY2024, 1.18 MT of water was used to process one MT of FFB, a contracted usage of 18.6% compared to the preceding financial year.



SUSTAINABILITY STATEMENT



Water Treatment Plant (Poh Zhen Plantation)



Water Treatment Plant (Sawai Plantation)

| No. | Description | Operation | UoM | FY2022 | FY2023 | FY 2024 |
|-----|---|-----------|-----|--------------|--------------|----------|
| 1 | Total volume of water used | OPP | ML | Not recorded | Not recorded | 399.29 |
| | | CPO Mill | | | | 39.24 |
| 2 | Total volume of water used for processing | CPO Mill | | | 1,339.56 | 1,432.54 |

Waste Management

The Group strictly observes the best practices in the handling and managing of waste at our sites. We take full precaution in disposing all waste products including domestic waste, agricultural waste, biomass or by-products generated by our oil palm plantations or oil palm milling sectors.

Biomass fuels such as press fibre and palm kernel shell are burnt in the boiler to generate electricity. Recycling of nutrient rich biomass such as EFB and POME sludge is a common practice within the Group. These EFB and sludge can be further processed to become bio-fertilizers thus reducing the need to acquire expensive agrochemicals which in turn save costs. Another useful by-product of EFB is Bunch Ash. As peat soil is highly deficient in potassium (K), external application of high amounts of K is required. Using bunch ash as a source of K is more advantageous and preferable since it helps to neutralize soil acidity (*Gurmit et al. Mohd Tayeb, 2002*).

By-products generated and recycled from milling operations:

| By-product | Total Quantity Generated and Recycled (MT) | | Method of Recycling |
|-------------------|--|---------|---------------------------------|
| | FY2023 | FY2024 | |
| EFB | 219,803 | 278,054 | Mulching and organic fertilizer |
| Bunch Ash | 6,205 | 9,637 | Organic fertilizer |
| Press Fiber | 129,015 | 163,205 | Biomass fuel for boiler |
| Palm Kernel Shell | 19,113 | 24,179 | Biomass fuel for boiler |

Scheduled wastes generated from the operations and biohazard wastes are stored, labelled and disposed of by licensed contractors in adherence to the government regulations.



Scheduled Waste Store

SUSTAINABILITY STATEMENT

Waste management Indicators:

| No. | Description | UoM | FY2022 | FY2023 | FY 2024 |
|-----|------------------------------|-----|--------------|------------|------------|
| 1 | Waste diverted from disposal | MT | Not recorded | 374,505.21 | 476,416.63 |
| 2 | Waste directed to disposal | | | 182.71 | 892.33 |

Effluent Management

POME is the waste water discharged from the processing of FFB. POME has high acidity, high biological oxygen demand (BOD) and high levels of organic matters which can pollute the waterways if left untreated. By using the aerobic and anaerobic ponding system, the treated water can be discharged safely into the environment. In FY2024, 100% of the 1,176.88 ML of POME discharged from our mills was treated to meet local regulatory requirements (<20mg/L) prior to discharge. There is no incident where our POME discharge and BOD levels were over the limit and harming the waterways.

| Description | UoM | FY2022 | FY2023 | FY2024 |
|---|-----|--------------|--------|----------|
| Total volume of water (effluent) discharged | ML | Not recorded | 863.65 | 1,176.88 |



Water discharge point for Effluent Waste Water Treatment



DOE inspection and record for the discharge point



Water discharge sampling by DOE



Water samples taken for external lab analysis

The Prestigious “Premier of Sarawak Environmental Award” (PSEA)

The Group participated in the 11th PSEA 2023-2024 themed “Incorporating Environmental Sustainability into Practices” and submitted our Self-Evaluated Environmental Performance Report in April 2024, the result of which would only be released six months later. Our participation further demonstrated our keenness towards environmental stewardship and sustainability.

SUSTAINABILITY STATEMENT



Site inspection by NREB (Wealth Houses Plantation)



Site inspection by NREB (Sawai Plantation)

Social

The responsibility to manage the key relationships with our workforce and the societies we operate in is central to our business. We believe our employees are our greatest asset. The health of our employees is directly linked to their productivity and satisfaction at work. Clear engagement with employees coupled with career development opportunities will improve personal performance, business productivity and product quality. We recognise the potential in each employee and the benefits of a diverse workforce. We are also convinced in contributing back to society.

Labour Practices and Standards

The Group is committed to ensuring the dignity and rights of our workers are respected in line with the Malaysian Labour Law and the United Nations' guiding principles on human rights. These commitments are outlined below:

- Practice of non-discrimination during recruitment, employment, dismissal or promotion regardless of gender, race, religion, marital status and political affiliation;
- Strict prohibition of any form of harsh and inhumane treatment, including sexual harassment, sexual abuse, corporal punishment, mental and physical coercion;
- Strengthening of mutual cooperation between worker and employer;
- Encourage open discussion and recognition;
- Improvement of workers' health and safety levels;
- Respect the rights of the community in accordance with the UN Declaration on the Rights of Indigenous Peoples. Social Impact Assessments are conducted on local communities that are directly or indirectly affected by our business operations;
- Practice of zero tolerance on the use of child or forced labour, slavery or human trafficking in any of our operation sites and facilities; and
- Adherence to our core values by our contractors and suppliers.

No incidence of substantiated complaints concerning human rights violations was reported in FY2024.

SUSTAINABILITY STATEMENT

Recruitment and Retention

To meet future challenges and remain competitive, we strive to be an attractive employer with the ability to retain the best people. With the competition for talents growing more intense, the following safeguarding measures are put in place:

- The conduct of road shows and placements of advertisements in local newspapers to encourage the local communities to be part of the Group;
- New recruits are given orientation and training;
- Employment and development of employees are based on individual skills, talent, experience and the behavioral attributes of a person;
- Remuneration pay package is tailored according to employee's level of performance; and
- Same career progression opportunity for everyone who is competent and contribute to the success of the Group.



Karnival Kerjaya MYFuture Jobs

| Category | No. of Employee | | |
|---|-----------------|------------|------------|
| | FY2022 | FY2023 | FY2024 |
| Total number of employee turnover by category: | | | |
| Manager | Not recorded | 3 | 8 |
| Executive | | 15 | 27 |
| Non-Executive | | 84 | 148 |
| Total | | 102 | 183 |
| Percentage of contractors/temporary staff: | | | |
| Contractor | Not recorded | 0.77 | 0.63 |
| Temporary | | 0.08 | 0.21 |

Foreign workers

The oil palm and timber operations are largely dependent on foreign workers (mainly from Indonesia) to take over the physically demanding works.

- All workers are covered under the purview of "Workers Minimum Standards of Housing and Amenities Act 1990";
- All levy fees, visa applications and transportation costs are borne by the Group to reduce their financial burden;
- Only foreign workers with valid work permits are hired; and all statutory payments and just wages are made in a timely manner; and
- All foreign workers are covered under SOCSO or SKKPHA.

SUSTAINABILITY STATEMENT

Health, Social Care and Workers Welfare

Continuous improvement of the health and well-being of our employees is certainly one of our top priorities. Through our Sports and Recreation Club (SPARC), recreational events, sports activities and company functions are regularly organised throughout the year for our employees with the aim of promoting and fostering teamwork and rapport among employees as well as encouraging work-life balance and healthy living. We always encourage all our employees to participate in all SPARC programmes which include the annual dinner, festive gatherings, sports competitions, donation drives and more.

We fully recognise the right of children to education. We have set up a few nursery centres and kindergartens in our plantations to provide care and early learning for the children.

| Oil Palm Plantation (OPP) | Centre | No. of Student |
|---------------------------|--------------------------|----------------|
| Lassa | Tabika KEMAS | 23 |
| Lassa | Nursery Centre (6 units) | 81 |
| Daro | Nursery Centre (4 units) | 75 |
| Hariyama | Nursery Centre (3 units) | 44 |
| Sawai | Nursery Centre (3 units) | 24 |
| Kabang | Nursery Centre (2 units) | 16 |
| Eastern Eden | Nursery Centre (3 units) | 67 |
| Poh Zhen | Nursery Centre (1 unit) | 43 |
| Simalau | Nursery Centre (1 unit) | 11 |



Tabika KEMAS (Lassa Plantation Estate 2)

In addition, the welfare of our workforce is of utmost importance to us. We provide quality quarters, playgrounds, recreational and medical facilities among others. We have also set up clinics to provide basic healthcare for our workforce as well as the local communities.



Weekend walk

SUSTAINABILITY STATEMENT

Fair Pay and Performance Oriented Culture

We have been compliant with the National Minimum Wages Order since it was first introduced by the Malaysian government in 2012. We ensure that all employees are adequately compensated for their work and that wage payments are made in a timely manner and are clearly acknowledged by the workers. We also provide annual bonuses, medical and insurance coverage to eligible employees. Regular performance appraisals and evaluations are carried out to ensure high performing employees are rewarded and also, to promote motivation and performance upgrading for the rest.

Human Capital Development

The education and training system is the main platform for human capital development intervention. To sustain and achieve goals, the workforce is optimized through comprehensive human capital development interventions to provide the necessary knowledge, skills and competencies needed to work effectively.

Enhancement of employees' skills and knowledge through online and physical training courses remain our priority. Field training is also frequently organized to upgrade the technical and functional skills of workers at the operating units.

Total hours of training by employee category:

| Position | Training Hours | | |
|---------------|----------------|------------------|------------------|
| | FY2022 | FY2023 | FY2024 |
| Manager | Not recorded | 3,796.00 | 4,639.00 |
| Executive | | 8,532.00 | 8,442.00 |
| Non-Executive | | 7,947.00 | 9,196.00 |
| Total | | 20,275.00 | 22,277.00 |

Examples of seminar/workshop related to sustainability certification, environmental protection awareness, safety and health, good agricultural practices, E-invoicing, corporate governance, cyber security, greenhouse gas protocol, firefighting and general topics useful for company staff include the following:

| Date | Workshop/Seminar | No. of Participant |
|---------------------------|--|--------------------|
| 14.07.2023 | Seminar on Introduction of Forest Carbon Activities in Sarawak | 9 |
| 17.07.2023 | Premier of Sarawak Environmental (PSEA) Training | 50 |
| 28.07.2023 | Strategic Tax Planning for Salaried Employees | 10 |
| 04.08.2023 | Corporate Governance in Compliance with Section 17A of MACC Act | 18 |
| 08-09.08.2023 | Palm Oil Milling Technology Exhibition & Conference (POMtec2023) | 11 |
| 24.08.2023 | Mental Wellness for Corporate Wellbeing | 8 |
| 25.09.2023 | Greenhouse Gas Protocol | 37 |
| 07-09.11.2023 | MPOB International Palm Oil Congress and Exhibition (PIPOC 2023) | 12 |
| 21-24.09.2023 | World Coconut Day Course 2023 | 3 |
| 30.11.2023, 05.12.2023 | Getting Ready for E- Invoicing in Malaysia | 52 |
| 11-12.12.2023 | ESG Framework for Timber Companies and How to Set Up: Strategy and Management | 7 |
| 11.01.2024 | Cyber Security Awareness | 186 |
| 19-22.02.2024 | In House Training: Developing The Leader In You | 149 |
| 22.02.2024 | Safety In Handling Agrochemical | 20 |
| 20-23.04.2024 | Team Building For Excellence (Batch 1 and 2) | 376 |
| 30.04.2024 | Program Keselamatan and Kesihatan Pekerjaan Dan Dialog Bersama Persatuan/ Stakeholder | 8 |
| 15-19.05.2024 | Internal Combustion Engine Course for Engineer & Driver | 36 |
| 12.06.2024 | Fire Drill Training | 50 |
| 27.06.2024 | Critical Thinking & Problem Solving | 11 |
| 27.06.2024 | Latest Legal & Obligation of Compliance in HSE | 4 |
| 28.06.2024 | Anti-Sexual Harassment & Anti-Harassment in the Workplace | 21 |

SUSTAINABILITY STATEMENT

Team Building Training

In 2024, the Training & Development Department organised a series of team-building sessions themed “One Team, One Dream”, aimed at fostering camaraderie, enhancing communication, and improving collaboration among employees. These events are crucial in strengthening interpersonal connections and motivating teams to achieve higher performance while aligning with the company’s overarching corporate values and philosophies.



Team building in Bintulu and Sibul, Sarawak



MPOB International Palm Oil Congress and Exhibition (PIPOC 2023)

SUSTAINABILITY STATEMENT



PSEA Training conducted by NREB



Loading and Safety Training



Triple Rinsing and Safety Training



Weeding and Safety Training

SUSTAINABILITY STATEMENT

Diversity

Diversity brings strength and cultural understanding to an organization. In accordance with our Code of Conduct, equal employment opportunity is given to every employee regardless of religion, ethnicity, gender and other discriminatory factors. We value, respect and leverage the unique contributions of people with diverse backgrounds, experiences and perspectives to provide exceptional services to an equally diverse community.

There were no incidences of discrimination and corrective action taken for the reporting year.

Diversity:

| Diversity | FY2022 | FY2023 | FY2024 |
|---|--------------|--------|--------|
| Percentage breakdown of employee by gender, for each employee and category | | % | % |
| Manager (Male) | Not recorded | 88.14 | 86.67 |
| Manager (Female) | | 11.86 | 13.33 |
| Executive (Male) | | 66.17 | 66.04 |
| Executive (Female) | | 33.83 | 33.96 |
| Non-executive (Male) | | 82.92 | 83.92 |
| Non-executive (Female) | | 17.08 | 16.08 |
| | | | |
| Percentage breakdown of employee by gender, for each employee and category | | % | % |
| Manager (Below 30) | Not recorded | 0.00 | 0.00 |
| Manager (30 – 50) | | 50.00 | 48.33 |
| Manager (Over 50) | | 50.00 | 51.67 |
| Executive (Below 30) | | 15.92 | 15.09 |
| Executive (30 – 50) | | 62.94 | 63.45 |
| Executive (Over 50) | | 21.14 | 21.46 |
| Non-Executive (Below 30) | | 24.72 | 23.28 |
| Non-Executive (30 - 50) | | 57.87 | 58.95 |
| Non-Executive (Over 50) | | 17.41 | 17.77 |
| | | | |
| Percentage of director by gender | Not recorded | | |
| Male | | 62.50 | 66.67 |
| Female | | 37.50 | 33.33 |
| | | | |
| Percentage of director by age group | Not recorded | | |
| Under 50 | | 25.00 | 11.11 |
| 50 - 60 | | 25.00 | 33.33 |
| Over 60 | | 50.00 | 55.56 |

SUSTAINABILITY STATEMENT

Community/Society

The Group continues to support the local communities associated with our operations through the offering of job opportunities, fair pay and by minimising all environmental and social impacts. We help to create direct employment for the local people. Currently about 50% of the Malaysian staff at our mills and plantations are from the local communities. Our employees are also encouraged to take part in community and charitable activities.

Over the last 12 months, our efforts included road maintenance for the local communities living around our operations, contributions to social activities during festive periods and special school activities, donations to old folk’s home and orphanage, schools, churches and mosques, and providing amenities like water tanks to local communities and organizing blood donations to contribute to the local blood bank.

The Group has contributed funding in cash and kinds towards enhancing the social well-being of the community through supporting initiatives related to educations, health care, arts and culture, sports, community development, the underprivileged, disability groups and more.

| Community / Society | UoM | FY2022 | FY2023 | FY2024 |
|--|--------|--------------|--------------|------------|
| Total amount invested in the community | RM | Not recorded | Not recorded | 912,372.91 |
| Number of beneficiaries of investment in the community | Number | | | 17,869 |



Sibu Blood Donation Competition



Donation to Balai Polis Daro

SUSTAINABILITY STATEMENT



Donation to Sibul Kidney Foundation



Fire-fighting Training by BOMBA at SMK Semop

Health and Safety

Health and safety have always been our utmost priority. To safeguard the health, well-being and safety of our employees, the following precautions and measures have been established.

- Promotion of a safe working culture through the conduct of safety briefings and safety awareness campaigns for both employees and contractors;
- Personal Protective Equipment (PPE) is provided for those working in environments exposed to hazards and risks. Full compliance with the use of PPE is mandatory and strictly monitored;
- Implementation of standardised health and safety program and policies across all the Group's operations. These programs and policies are continuously reviewed, monitored and fully implemented;
- Having safety and health committee in place and holding regular committee meetings and to encourage active employees' participation in the meetings;
- All of our foreign workers are registered and covered by SOCSO or SKKPHA;

SUSTAINABILITY STATEMENT

- Regular safety education programs are conducted to enable employees to understand the requirements of the Occupational Safety and Health Administration (OSHA) and to boost safety and health awareness and knowledge to work safely;
- Safety and warning signs are displayed everywhere on the sites to ensure staff and workers are well aware of the possible dangers and hazards in the working environment;
- Regular workplace safety inspections are carried out to ensure potential hazards are identified and corrected to prevent incidents, injuries and illnesses;
- Third party service recognised by Department of Occupational Safety & Health (DOSH) is engaged to perform workplace assessments on:
 - a) Chemical Health Risk Assessment (CHRA);
 - b) Noise Risk Assessment (NRA); and
 - c) Local Exhaust Ventilation (LEV) Inspection.
- All our CPO mills have clinics where workers can receive free healthcare;
- Medical and physical checkups and audiometric tests are regularly conducted for employees exposed to dangerous chemicals, pesticides and high noise levels; and
- Regular inspections of the employees' housing and welfare facilities are carried out to ensure that sanitation, health and drainage standards are maintained according to the Group's policy.



Mobile Audiometric Clinic



Safety Monitoring – NRA

SUSTAINABILITY STATEMENT

Health and Safety (H&S) Performance

The Group devotes continuous efforts in accident prevention by conducting “Hazard Identification, Risk Assessment and Risk Control (HIRARC)” on all our operations. With HIRARC, we are able to identify, assess/measure and minimize the hazards and risks of any workplace and its activities.

Every accident is formally investigated to determine the root cause and to prevent the recurrence of such incidents. The details and conclusion of the investigation are included in the Accident Investigation Report (AIR). All the occupational injuries, diseases and poisoning in the workplace will be reported to the nearest Department of Occupational Safety & Health (DOSH) office within seven (7) working days.

| No. | KPI | Operation | UoM | FY2022 | FY2023 | FY2024 |
|-----|--|-----------|--------|--------------|--------|--------|
| 1 | Number of Work-related Fatalities | Group | Number | 0 | 0 | 1 |
| 2 | Number of Work-related Accidents | | Number | Not recorded | 22 | 15 |
| 3 | Number of Employees Trained on H&S standards | | Number | | 1,106 | 1,416 |
| 4 | Lost Time Incident Rate (LTIR) | OPP | Rate | | 0.27 | 0.18 |
| | | Timber | Rate | | 0.42 | 0.20 |

Health and Safety Committee in FY2024:

| No. | Location | No. of Committee in Total | No. of Health & Safety Committee Member |
|-----|---------------------|---------------------------|---|
| 1 | Oil Palm Operations | 28 | 397 |
| 2 | Timber Operations | 4 | 41 |

Apart from all the control measures the management has put in place, various SOP, trainings and refresher courses such as firefighting skills, fire drills, first aid, emergency response plan, chemical handling and so forth are being introduced to the employees on a regular basis.

Governance

Integrity is the first of our four underpinning Core Values. Our corporate culture prioritizes the practice and upholding of high standards of corporate conduct. We strive to ensure that all business and operational affairs are carried out not just in full compliance with the letter of the law but also ethically, transparently, with integrity and accountability.

Anti-corruption

The Group adopts a zero-tolerance approach against all forms of bribery and corruption as set out in the Anti-Bribery and Corruption Policy, which states the Group’s commitment to:

- comply with the provisions of Section 17A Corporate Liability of Malaysian Anti-Corruption Commission (MACC) and the applicable law by inculcating integrity, transparency and accountability in all aspects of its business; conduct business with integrity, honesty and transparency;
- prohibit employees from soliciting, accepting, and offering bribes and any form of corruption;
- ensure all employees and business associates adhere to the Anti-Bribery and Corruption Policy and the related procedures; and
- promote a culture of integrity by providing channels set out under the Group’s Whistle Blowing Policy for the reporting of any suspected acts of corruption and improper conduct.

SUSTAINABILITY STATEMENT

| Anti-Corruption | | UoM | FY2022 | FY2023 | FY2024 |
|-----------------|--|--------|--------------|--------|--------|
| 1) | Employees trained on anti-corruption by employee category | | Not recorded | | |
| | Manager | % | | 96.84 | 98.55 |
| | Executive | | | 32.99 | 57.66 |
| | Non-Executive | | | 33.33 | 48.33 |
| 2) | Percentage of operations assessed for corruption related risks | % | | 100.00 | 100.00 |
| 3) | Confirmed incidents of corruption and action taken | Number | | 0 | 0 |

Grievance Procedures

At Jaya Tiasa, the established grievance mechanisms are the Whistle-Blowing Policy and Complaint and Grievance Procedures. To ensure their effectiveness, the mechanisms are transparent, impartial, confidential and accessible.

The Whistle-Blowing Policy was established in 2014 to enable any party to raise genuine concerns about improper conducts committed by an employee within the Group through formal procedures and confidential channels provided, without risk of reprisal.

The Complaint and Grievance Procedures was set up in 2017 and is made available to all business units. The mechanism allows anyone to lodge a complaint or grievance which will be escalated to the management level for intervention and timely resolution.



MACC posters are put at strategic locations to raise awareness of corruption

| Grievance Procedures | Operation | UoM | FY2022 | FY2023 | FY2024 |
|-------------------------------------|-----------|--------|--------------|--------|--------|
| Number of complaints and grievances | Group | Number | Not recorded | 0 | 16 |

Sustainability Certifications

i) Malaysian Sustainable Palm Oil (MSPO)

MSPO is a national sustainability scheme created by the Malaysian government and developed for oil palm plantations, smallholders and downstream facilities. The standards include: -

- the production of safe, high quality oil palm fruits;
- the protection of the environment;
- the safeguarding of social and economic conditions of owners;
- supporting the surrounding community;
- enforcing workplace health and safety excellence; and
- the implementation of best practices.

All of the Group’s plantations and mills have undergone the MSPO certification and are fully certified.

SUSTAINABILITY STATEMENT

ii) MSPO Supply Chain Certification Standard (MSPO SCCS)

MSPO SCCS is a related national sustainability scheme for the sustainable production of palm oil throughout its supply chain. MSPO SCCS covers management requirements and traceability of its products from raw materials to processing and manufacturing of palm oil and palm oil-based products and aims to deliver confidence and credibility that the palm oil raw material originates from sustainably-managed oil palm planted areas. The requirements include:-

- Sustainability Policy;
- management representative;
- record-keeping;
- operating procedures;
- internal audits and management reviews;
- resource management;
- traceability; and
- claims, complaints and grievances.

All of the Group's CPO mills have attained the MSPO SCCS.



SUSTAINABILITY STATEMENT

MSPO Certification



MSPO Audit (Lassa Plantation)

iii) Forest Management Certification

Forest Management Certification (FMC) by third party verification is an internationally recognized system to ensure responsible forest management. The Sarawak State Government has made it mandatory for all long-term forest timber licenses to obtain FMC by 2022. All three of our FMUs have been awarded the Malaysia Criteria and Indicators for Sustainable Forest Management Certification (MC&I SFM) under the Malaysian Timber Certification Scheme (MTSC).

Forest Management Certification (MC&I & SFM)



Surveillance Audit (T/3370)

SUSTAINABILITY STATEMENT

Forest Management Certification (MC&I & SFM)



Surveillance Audit (T/3371)



Verification Audit (T/3370)

SUSTAINABILITY STATEMENT

Forest Management Certification (MC&I & SFM)



FMU Certificates

| Sustainability Certification | UoM | FY2023 | FY2024 |
|---------------------------------|--------|--------|--------|
| Maintain MC&I SFM Certification | Number | 2 | 3 |
| Maintain MSPO Certification | | 14 | 14 |

Supply Chain Management

The Group focuses on sourcing locally and supporting local small and medium sized enterprises (SMEs) to boost the nation's economic development where possible and applicable, and to share the best practices with local companies while taking ESG-related matters into consideration as well as create more employment opportunities and wealth generation among the local communities.

| Supply Chain Management | UoM | FY2022 | FY2023 | FY2024 |
|---|-----|--------|--------|--------|
| Proportion of spending on local suppliers | % | 100.00 | 99.99 | 99.97 |

Data Privacy and Security

Personal Data Privacy and Security Notice was established to guide the Group and all employees on the safeguarding of confidential information obtained during the course of their work to prevent potential breach of data privacy and leakage of confidential data that might lead to financial loss, business interruptions or tarnished reputation of the Group.

There were no substantiated complaints concerning breaches of customer privacy and losses of customer data received since FY2022.



Cyber Security Awareness Training

SUSTAINABILITY STATEMENT

Economic

Our economic sustainability strives not just to maintain financial stability and growth but more importantly to ensure our businesses are carried out not at the expense of the environment or society in and around us.

Product Quality

It is the policy of the Group to produce quality palm oil products to the satisfaction of our valued customers.

Our quality focus starts from every aspect of our best agricultural practices and milling activities right until our products are delivered to the satisfaction of our valued customers. We continue to invest in the latest technology and high-end machineries to ensure higher efficiency and produce high quality products for our customers. In each of our mills, we have fully-equipped laboratory to monitor the quality of our finished products.

Economic Performance

In the reporting year, our employees (through their various services in the Group) were recipients of RM111.8 million in employee benefits. The Group also contributed over RM60.6 million to the government through various taxes, including windfall tax, cesses and logs royalty.

From the total revenue of RM1,015.9 million, 36% or RM367.2 million was channeled to the purchase of spare parts, diesel, vehicles, fertilizers and chemicals, repair and maintenance and payment of utilities and office supplies to meet the needs of the overall business. This has helped the local economy both directly and indirectly. The Group also actively purchased FFB from surrounding plantations and smallholders to the tune of RM73.4 million during the year.

MOVING FORWARD

The Group will continue to uphold our commitment towards sustainability in our policies and business practices and address any new emerging concern on ESG. The interest of all stakeholders will also be adequately dealt with to ensure everyone will mutually benefit from the sustainability initiatives implemented.

SUSTAINABILITY STATEMENT

PERFORMANCE DATA TABLE

| Indicator | Measurement Unit | 2024 |
|---|------------------|--------------|
| Bursa (Anti-corruption) | | |
| Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category | | |
| Management | Percentage | 98.55 |
| Executive | Percentage | 57.66 |
| Non-executive/Technical Staff | Percentage | 48.33 |
| 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 | 912,372.91 |
| Bursa C2(b) Total number of beneficiaries of the investment in communities | Number | 17,869 |
| 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 | 48.33 |
| Management Above 50 | Percentage | 51.67 |
| Executive Under 30 | Percentage | 15.09 |
| Executive Between 30-50 | Percentage | 63.45 |
| Executive Above 50 | Percentage | 21.46 |
| Non-executive/Technical Staff Under 30 | Percentage | 23.28 |
| Non-executive/Technical Staff Between 30-50 | Percentage | 58.95 |
| Non-executive/Technical Staff Above 50 | Percentage | 17.77 |
| Gender Group by Employee Category | | |
| Management Male | Percentage | 86.67 |
| Management Female | Percentage | 13.33 |
| Executive Male | Percentage | 66.04 |
| Executive Female | Percentage | 33.96 |
| Non-executive/Technical Staff Male | Percentage | 83.92 |
| Non-executive/Technical Staff Female | Percentage | 16.08 |
| Bursa C3(b) Percentage of directors by gender and age group | | |
| Male | Percentage | 66.67 |
| Female | Percentage | 33.33 |
| Under 30 | Percentage | 0.00 |
| Between 30-50 | Percentage | 11.11 |
| Above 50 | Percentage | 88.89 |
| Bursa (Energy management) | | |
| Bursa C4(a) Total energy consumption | Megawatt | 154,681.16 |
| Bursa (Health and safety) | | |
| Bursa C5(a) Number of work-related fatalities | Number | 1 |
| Bursa C5(b) Lost time incident rate ("LTIR") | Rate | 0.18 |
| Bursa C5(c) Number of employees trained on health and safety standards | Number | 1,416 |
| Bursa (Labour practices and standards) | | |
| Bursa C6(a) Total hours of training by employee category | | |
| Management | Hours | 4,639 |
| Executive | Hours | 8,442 |
| Non-executive/Technical Staff | Hours | 9,196 |
| Bursa C6(b) Percentage of employees that are contractors or temporary staff | Percentage | 0.84 |
| Bursa C6(c) Total number of employee turnover by employee category | | |
| Management | Number | 8 |
| Executive | Number | 27 |
| Non-executive/Technical Staff | Number | 148 |
| 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 | 99.97 |
| Bursa (Data privacy and security) | | |
| Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data | Number | 0 |
| Bursa (Water) | | |
| Bursa C9(a) Total volume of water used | Megalitres | 1,871.060000 |
| Bursa (Waste management) | | |
| Bursa C10(a) Total waste generated | Metric tonnes | 477,308.96 |
| Bursa C10(a)(i) Total waste diverted from disposal | Metric tonnes | 476,416.63 |
| Bursa C10(a)(ii) Total waste directed to disposal | Metric tonnes | 892.33 |

SUSTAINABILITY STATEMENT

| GRI CONTENT INDEX | |
|-------------------|--|
| Statement of use | Jaya Tiasa Holdings Berhad had reported the information cited in this GRI content index for the period 1 st July 2023 - 30 th June 2024 with reference to GRI Standards. |
| GRI used | GRI 1: Foundation 2021 |

| GRI Standard | Disclosure | | Location (Page Number) |
|---------------------------------|------------|---|--|
| General Disclosures | | | |
| GRI 2: General Disclosures 2021 | 2-1 | Organizational details | 4, Back cover |
| | 2-2 | Entities included in the organization's sustainability reporting | 24 |
| | 2-3 | Reporting period, frequency and contact point | 24, Back cover |
| | 2-4 | Restatements of information | - |
| | 2-5 | External assurance | 24 |
| | 2-6 | Activities, value chain and other business relationships | 24 |
| | 2-7 | Employees | 54 |
| | 2-8 | Worker who are not employees | 49 |
| | 2-9 | Governance structure and composition | 71-77 |
| | 2-10 | Nomination and selection of the highest governance body | 74 |
| | 2-11 | Chair of the highest governance body | 71 |
| | 2-12 | Role of the highest governance body in overseeing the management of impacts | 24-25 |
| | 2-13 | Delegation of responsibility for managing impacts | 24-25 |
| | 2-14 | Role of the highest governance body in sustainability reporting | 24-25 |
| | 2-15 | Conflicts of interest | 20 |
| | 2-16 | Communication of critical concerns | 59,79 |
| | 2-17 | Collective knowledge of the highest governance body | 73-74 |
| | 2-18 | Evaluation of the performance of the highest governance body | 74 |
| | 2-19 | Remuneration policies | 75 |
| | 2-20 | Process to determine remuneration | 75 |
| | 2-21 | Annual total compensation ratio | - |
| | 2-22 | Statement on sustainable development strategy | 8-9 |
| | 2-23 | Policy commitments | www.jayatiasa.net |
| | 2-24 | Embedding policy commitments | 24-25 |
| | 2-25 | Processes to remediate negative impacts | 29,60 |
| | 2-26 | Mechanisms for seeking advice and raising concerns | 71 |
| | 2-27 | Compliance with laws and regulations | - |
| | 2-28 | Membership associations | - |
| | 2-29 | Approach to stakeholder engagement | 28-32 |
| | 2-30 | Collective bargaining agreements | - |
| Material Topics | | | |
| GRI 3: Material Topics 2021 | 3-1 | Process to determine material topics | 25 |
| | 3-2 | List of material topics | 24-25 |
| | 3-3 | Management of material topics | 26-27 |

SUSTAINABILITY STATEMENT

| Economic Performance | | | |
|---|--------|--|--------------|
| GRI 201: Economic Performance 2016 | 201-1 | Direct economic value generated and distributed | 6-7 |
| Community / Society | | | |
| GRI 203: Indirect Economic Impacts 2016 | 203-1 | Infrastructure investments and services supported | 55-56 |
| | 203-2 | Significant indirect economic impacts | 55-56 |
| GRI 413: Local Communities 2016 | 413-1 | Operations with local community engagement, impact assessments, and development programs | 28-32, 55-56 |
| 55-56 Supply Chain Management | | | |
| GRI 204: Procurement Practices 2016 | 204-1 | Proportion of spending on local suppliers | 64 |
| Anti-corruption | | | |
| GRI 205: Anti-corruption 2016 | 205-1 | Operations assessed for risks related to corruption | 60 |
| | 205-2 | Communication and training about anti-corruption policies and procedures | 60 |
| | 205-3 | Confirmed incidents of corruption and actions taken | 60 |
| Energy Management | | | |
| GRI 302: Energy 2016 | 302-1 | Energy consumption within the organization | 33-34 |
| | 302-3 | Energy intensity | 33-34 |
| | 302-4 | Reduction of energy consumption | 33 |
| Water Management | | | |
| GRI 303: Water and Effluents 2018 | 303-1 | Interactions with water as a shared resource | 45 |
| | 303-2 | Management of water discharge-related impacts | 45 |
| | 303-3 | Water withdrawal | 46 |
| | 303-4 | Water discharge | 47 |
| | 303-5 | Water consumption | 46 |
| GRI 13.6: Pesticides Use | 13.6.1 | Pest Management plan and actions taken to prevent, minimise and remediate negative impacts, and plans to switch to less hazardous pesticides | 44-45 |
| Biodiversity | | | |
| GRI 304: Biodiversity 2016 | 304-1 | Operational sites in or near areas of high biodiversity value | 40,42 |
| | 304-2 | Significant impacts of activities on biodiversity | - |
| | 304-3 | Habitats protected or restored | 42 |
| | 304-4 | IUCN Red List species and national conservation list species with habitats in areas affected by operations | 42 |
| Emissions Management | | | |
| GRI 305: Emissions 2016 | 305-1 | Direct (Scope 1) GHG emissions | - |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | - |
| | 305-3 | Other indirect (Scope 3) GHG emissions | - |
| | 305-4 | GHG emissions intensity | - |
| | 305-5 | Reduction of GHG emissions | - |

SUSTAINABILITY STATEMENT

| Waste Management | | | |
|---|--------|--|----------------|
| GRI 306: Waste 2020 | 306-1 | Waste generation and significant waste-related impacts | 46 |
| | 306-2 | Management of significant waste-related impacts | 46 |
| | 306-3 | Waste generated | 46-47 |
| | 306-4 | Waste diverted from disposal | 47 |
| | 306-5 | Waste directed to disposal | 47 |
| Labour Practices and Standards | | | |
| GRI 401: Employment 2016 | 401-1 | New employee hires and employee turnover | 49 |
| | 401-2 | Benefits provided to full-time employees that are not provided to temporary or part-time employees | 65 |
| GRI 404: Training and Education 2016 | 404-1 | Average hours of training per year per employee | 51 |
| | 404-2 | Programs for upgrading employee skills and transition assistance programs | 51 |
| GRI 406: Non-discrimination 2016 | 406-1 | Incidents of discrimination and corrective actions taken | 54 |
| Health & Safety | | | |
| GRI 403: Occupational Health and Safety 2018 | 403-1 | Occupational health and safety management system | 56-59 |
| | 403-2 | Hazard identification, risk assessment, and incident investigation | 59 |
| | 403-3 | Occupational health services | 50,57 |
| | 403-4 | Worker participation, consultation, and communication on occupational health and safety | 53,56,59 |
| | 403-5 | Worker Training on Occupational Health and Safety | 51,53,56,57,59 |
| | 403-9 | Work-related injuries | 59 |
| | 403-10 | Work-related ill health | 59 |
| Diversity | | | |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 | Diversity of governance bodies and employees | 54 |
| Data Privacy and Security | | | |
| GRI 418: Customer Privacy 2016 | 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | 64 |

CORPORATE GOVERNANCE OVERVIEW STATEMENT



The Board of Directors (“the Board”) of the Company recognizes the importance of embracing high standards of corporate governance in order to safeguard the interest of stakeholders and enhance shareholder value. The Board considers transparency, accountability, integrity and sustainability as the four pillars of corporate governance. As such, the Board embeds in the Group a culture that is aligned with the values and good governance practices the Group upholds, as key driver towards delivering long-term strategic success.



This Statement provides an overview of the Company’s application of the Principles and Practices set out in the Malaysian Code on Corporate Governance (“MCCG”) and the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) during the financial year ended 30 June 2024.

The details on how the Company has applied each of the Practices during the financial year under review are disclosed in the Corporate Governance Report, which is published on the Company’s website at www.jayatiasa.net

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Board Duties and Responsibilities

The Board is responsible for the long-term growth and delivery of sustainable value to the shareholders of the Company. It sets the strategic direction of the Group and provides effective leadership through oversight of management and monitoring the business performance in the Group.

The Directors are tasked with managing the business and affairs of the Group and are expected to exercise reasonable care, skill and diligence in decision making. The Directors keep themselves abreast of relevant developments, including material sustainability risks and opportunities, to discharge their duties and responsibilities efficiently. They are to act in the best interest of the Company and not place themselves in a position where there is conflict between their duties to the Company and personal interest. Hence, the Board has formalized a Conflict of Interest Policy in managing conflict of interest situations within the Group.

Details of the roles and responsibilities of the Board are set out in the Board Charter which serves as a guide and primary induction document providing prospective and existing Board members insights into their responsibilities in discharging

their fiduciary and leadership functions. The Board Charter outlines powers that the Board reserves for itself and those that are delegated to the Board Committees and the management. It also sets out the responsibilities of the Chairman, Chief Executive Officer (“CEO”), individual Directors and Non-Executive Directors to enhance accountability. The Board Charter was last revised on 18 October 2021. The Board has adopted a Directors’ Fit and Proper Policy setting out the fit and proper criteria for the appointment of prospective Director and re-election of Directors on the Board of the Company and its subsidiaries.

The Board Charter and Directors’ Fit and Proper Policy are published on the Company’s website at www.jayatiasa.net.

The key responsibilities of the Board include:

- i. Formulating strategic plans and policies to ensure that they support long-term value creation through good environmental, social and governance practices underpinning sustainability;
- ii. Overseeing the conduct of the Group’s businesses;
- iii. Ensuring effective risk management and internal control;
- iv. Reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals, and major capital expenditures; and
- v. Maintaining effective communication and proactive engagements with stakeholders.

There is a formal schedule of matters reserved for the Board’s decision to ensure the direction and control of the Company are in its hands. Key matters reserved for the Board include, inter-alia, approval of annual budget, quarterly and annual financial statements for announcement, investment and divestment, as well as monitoring of the Group’s financial and operating performance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Committees

The Board has established Board Committees, namely the Audit Committee, Nomination Committee, Remuneration Committee and Sustainability Committee to assist the Board in fulfilling its ongoing oversight and stewardship role. The Board Committees have the authority to examine specific issues within their respective terms of reference approved by the Board. The Board Committee meetings are conducted separately from Board meetings to enable objective and independent discussions during these meetings.

The Chairman of the respective Board Committees reports to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

Chairman and CEO

The roles of the Chairman and CEO are distinct and separate, and the positions are held by different individuals to promote accountability and division of responsibilities between them.

The Chairman is primarily responsible for providing leadership to the Board and instilling good corporate governance practices. He acts as a facilitator at Board meeting and ensures that contributions from Directors are forthcoming on matters brought to the Board and that no Board member dominates discussion. He is also responsible for ensuring that general meetings support meaningful engagement between the Board, senior management and shareholders. The Chairman is not a member of any Board committees.

The CEO, as leader of the Senior Management, is responsible for the effective implementation of the Group's strategic plans and policies established by the Board, and oversees the day-to-day operations and business of the Group.

Company Secretary

The Board is supported by a qualified, experienced and competent Company Secretary who is responsible for updating and advising the Board on regulatory, statutory, corporate governance, policy and procedure requirements relating to Directors' duties and responsibilities.

All the Directors have unrestricted access to the advice and services of the Company Secretary to enable them to discharge their duties effectively.

Ethical Standards

The Board has established a Code of Conduct and Ethics setting out the standards of conduct expected from all Directors and inculcating good ethical conduct for the employees. This code covers managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering, protecting company assets, and complying with laws, rules and regulations.

The Anti-Bribery and Corruption Policy established by the Board essentially sets out the Group's overall position on bribery and corruption and provides information and guidance to ensure employees understand their responsibilities in complying with the Group's zero-tolerance approach on bribery and corruption.

The Company has in place a whistleblowing policy which provides an avenue for any party to raise concern in good faith about improper conduct(s) committed by an employee within the Group through formal procedures and confidential channels provided therein, without risk of reprisal.

The Code of Conduct and Ethics, Anti-Bribery and Corruption Policy and whistleblowing policy are available on the Company's website at www.jayatiasa.net.

Meeting and Time Commitment

Each Board member is expected to allocate sufficient time to attend the Board and Committee meetings to deliberate on matters under their purview. The dates of meetings of the Board, Board Committees and Annual General Meeting for each year are fixed in advance to ensure that the meeting dates are booked and to facilitate the Directors and the management to plan ahead accordingly.

All Directors of the Company have complied with the Listing Requirements of Bursa Securities of not holding more than five (5) directorships in listed issuers at any given time. This is to ensure the Directors do not have competing time commitment that may impair their ability to discharge their duties effectively.

All Board and Committee members are provided with the requisite notice, agenda and meeting materials at least five (5) business days prior to the meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A total of five (5) Board of Directors Meetings were held during the financial year. In line with good governance practice, the Company leveraged on technology by conducting virtual meetings of the Board and Board Committees. This approach, whether fully virtual or hybrid, enhances convenience for participants and ensures effective engagement.

The attendances of the Directors are as follows: -

| Name of Directors | Meeting Attendance |
|--|--------------------|
| Tan Sri Dato' Sri Mohamad Fuzi Bin Harun | 5/5 |
| Dato' Jin Kee Mou | 5/5 |
| Mr Tiong Chiong Hee | 4/5 |
| Ms Clara Tiong Siew Ee | 5/5 |
| Dato' Sri Dr Tiong Ik King | 5/5 |
| Mdm Tiong Choon | 5/5 |
| Dato' Wong Lee Yun | 4/5 |
| Mr Yong Voon Kar | 5/5 |
| Tuan Haji Ikhwan Bin Zaidel | 5/5 |

Directors' Training

The Directors received continuous training to acquire and/or enhance the requisite knowledge and skill in areas relevant to their duties and responsibilities as well as to be updated of changes to the statutory and regulatory requirements and the impact of such requirements on the Group.

All the Directors had completed the Mandatory Accreditation Programme (MAP I) as prescribed by the Listing Requirements of Bursa Securities. The training programmes, briefings and conferences attended by the Directors during the financial year are as follows:-

| Director | Title of Programmes/Seminar/Courses/Forum |
|--|---|
| Tan Sri Dato' Sri Mohamad Fuzi Bin Harun | <ul style="list-style-type: none"> • At-A-Glance: Board's Oversight Role on Bursa Malaysia's Enhance Sustainability Reporting Framework • Capacity Building - Build board capability and ESG governance mechanisms • Bursa Malaysia Mandatory Accreditation Programme (MAP II : Leading For Impact) • Transparency Matters : A Director's Approach to Handle Conflict of Interest |
| Dato' Jin Kee Mou | <ul style="list-style-type: none"> • Seminar on Introduction of Forest Carbon Activities in Sarawak • Palm Oil Milling Technology Exhibition & Conference (POMtec2023) • 2023 World Green & Sustainability Summit - Building A Better Future Through Green Growth • East Malaysia Palm & Lauric Oils Price Outlook Conference & Exhibition (emPOC 2023) • Bursa Malaysia Mandatory Accreditation Programme (MAP II : Leading For Impact) |
| Tiong Chiong Hee | <ul style="list-style-type: none"> • Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers • Bursa Malaysia Mandatory Accreditation Programme (MAP II : Leading For Impact) • Cyber Security Awareness Talk • POC 2024 • Preparing for EUDR: Strategies and Challenges Faced By EU Operators and Malaysian Exporters |

CORPORATE GOVERNANCE OVERVIEW STATEMENT

| Director | Title of Programmes/Seminar/Courses/Forum |
|----------------------------|--|
| Clara Tiong Siew Ee | <ul style="list-style-type: none"> • Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers • Bursa Malaysia Mandatory Accreditation Programme (MAP II : Leading For Impact) • Sustainable Action Conference 2023 - Transitioning to Being ESG Compliant and Achieving Net Zero Ambitions • International Conference on Sustainable Management of Tropical Forests |
| Dato' Sri Dr Tiong Ik King | <ul style="list-style-type: none"> • Bursa Malaysia Mandatory Accreditation Programme (MAP II : Leading For Impact) |
| Tiong Choon | <ul style="list-style-type: none"> • Bursa Malaysia Mandatory Accreditation Programme (MAP II : Leading For Impact) • Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act 2009) – Revisiting corporate liability on acts of corruption and their implications to the Group and Directors |
| Dato' Wong Lee Yun | <ul style="list-style-type: none"> • IERP: QRD Series 4 – The Directors Guide to Strategic ERM • KPMG - ESG Training-Fiduciary Duty On Climate Risk Management • A Sustainability Afternoon talk with Ms. Baida Hercus from the Free Tree Society • IERP: Global Conference • EXIM In House - Ethics Awareness Program & Anti-Money Laundering, Anti-Terrorism Financing (AMLA) • EXIM In House - Cyber Security Awareness • EXIM In House - MFRS 17 Insurance Contracts • FIDE: Board Oversight of Climate Risks and Opportunities • IERP: QRD Series 12 – Directors Guide to Cybersecurity Oversight • AICB- Bank Audit Conference Masterclass • FIDE: Directors' Masterclass in Climate Governance 2024: Boardroom Dynamics in Climate Talks • KLBC Fireside Chat with Y.B. Nik Nazmi Nik Ahmad on Environmental Sustainability as a Fundamental Part of Doing Business • BNM – FIDE FORUM Engagement: Responsibility Mapping with Directors of Financial Institutions • EXIM In House- Governance & Compliance Mastery |
| Yong Voon Kar | <ul style="list-style-type: none"> • 2024 Budget & Tax Conference organized by Ernst & Young, Malaysia • Bursa Malaysia Mandatory Accreditation Programme (MAP II : Leading For Impact) • Securities Commission's Audit Oversight Board Conversation with Audit Committees • Being Sued as an INED – A Personal Journey • Auditing Strategy Risks – An Important consideration for Enterprise Risk Management and Internal Audit in today's turbulent business landscape |

II. BOARD COMPOSITION

The Company is led by an experienced Board with diverse background and expertise in areas such as entrepreneurship, operations, marketing, economics, finance, accounting, taxation, audit and engineering which are vital for the current business, continuous progress and success of the Group.

The Board has nine (9) members comprising three (3) Executive Directors and six (6) Non-

Executive Directors of whom three (3) or 33% are Independent Directors. The 33% composition of Independent Directors is a departure from **Practice 5.2** of the MCCG which requires the Board to have at least 50% Independent Directors but is compliant with Bursa Listing Requirement which requires at least 1/3 of the Board members to be Independent Directors. The **profile of the Directors** are presented on pages 16 to 20 of the Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board Diversity

The Board strongly advocates a corporate culture that embraces diversity when determining its composition taking into accounts the skills and industry experience, knowledge, gender, age and other qualities of Directors, in the context of the needs and goals of the Company. The differences in the experience and expertise of Directors are balanced appropriately, whenever possible, in determining the optimum composition of the Board.

The Board has three (3) female members to bring value to Board discussions from the different perspectives and approaches of the women Directors. This composition is more than the target set in the Board Diversity Policy which requires the Board to comprise at least two (2) women Directors and the requirement of MMLR of Bursa Securities which provides that all listed issuers must have at least one (1) woman director on their Boards.

The Board Diversity Policy is contained in the Board Charter which is published on the Company's website.

Board Independence

The Independent Non-Executive Directors are responsible for providing unbiased and independent advice to the Board and ensure effective check and balance. They contribute by bringing the quality of impartiality and leading objective discussion on Board deliberations and play an important role in protecting the interests of stakeholders, in particular the minority shareholders.

Re-election of Directors

The re-election of the Directors is done in accordance with the Company's Constitution.

Article 81 of the Company's Constitution provides that one-third of the Directors are subject to retirement by rotation at every Annual General Meeting ("AGM") and each director shall retire from office at least once in every three (3) years. Article 85 further provides that the newly appointed Director shall retire from office at the next AGM subsequent to his/her appointment.

The retiring Director(s) are eligible for re-election.

Nomination Committee

The Nomination Committee ("NC") is entrusted to recommend suitable candidate for Board appointment. The NC also assesses annually the effectiveness of the Board and Board Committees, Board composition, the performance of Directors

and Board independence. The Board has the ultimate responsibility of making the final decision on the appointment of new Directors.

A summary of key activities of the NC during the financial year 2024 and up to the date of this Statement is as follows:-

- reviewed Board composition based on the required mix of skills, experience, age, knowledge and diversity;
- assessed the effectiveness of the Board as a whole and the Board Committees;
- evaluated the performance and contribution of individual Directors;
- reviewed and assessed the independence of Independent Non-Executive Directors;
- reviewed and recommended the re-election of Directors who were due for retirement by rotation for shareholders' approval at the forthcoming AGM; and
- noted the re-election of subsidiaries' Directors at the subsidiaries' forthcoming AGM.

All assessment and evaluation carried out by the NC were duly documented.

Board Evaluation

The annual evaluation conducted by the NC on 28 August 2024 concluded that the Board, Board Committees and individual Director possess the relevant skill sets, and had effectively discharged their stewardship responsibilities to meet the Company's needs.

The NC is satisfied that the retiring Directors, namely Dato' Jin Kee Mou, Mr Tiong Chiong Hee and Ms Clara Tiong Siew Ee ("Retiring Directors") who had completed their Declaration of Fit and Proper in line with the Directors' Fit and Proper Policy should be re-elected. Accordingly, the Board recommended the re-election of the Retiring Directors for shareholders' approval at the forthcoming AGM. In line with Practice 5.7 of MCCG, the Board had provided a statement to support the re-appointment of the Retiring Directors in the Notice of Annual General Meeting.

The NC also assessed the independence of the Independent Non-Executive Directors for the financial year and concluded that all of them had satisfied the independence criteria set out in the Listing Requirements of Bursa Securities. They are able to continue to provide independent judgement and objective views to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

III. REMUNERATION

The key responsibility of the Remuneration Committee (“RC”) is reviewing and recommending to the Board the framework and remuneration packages including performance related pay scheme for the Executive Directors.

The Company’s remuneration policy is tailored in line with the objective to attract, reward, motivate and retain valuable Directors and Senior Management who lead the Group towards realizing its corporate strategies and long-term objectives.

The RC had during the financial year and up to the date of this Statement reviewed and recommended remuneration packages for the CEO and Executive Directors, taking into consideration factors including corporate and individual performance, extent of responsibility and the market rate in comparable companies.

In the case of the Non-Executive Directors, their remuneration shall commensurate with their responsibilities, including their contribution to the Board, involvement in Board Committees and attendance at meetings.

As a matter of good practice, the Directors abstained from deliberation on his/her own remuneration at Board Meetings.

The Board had formalised the Policies and Procedures on Remuneration for the Directors and Senior Management which is available on the Company’s website at www.jayatiasa.net.

The total remuneration for the Directors of the Company for the financial year ended 30 June 2024 was RM5,195,814. None of the Directors of the Company received any remuneration from any subsidiaries within the Group during the financial year.

Details of the remuneration for the Directors of the Company for the financial year ended 30 June 2024 distinguishing between executive and non-executive Directors are set out below:

| | Salary | Fees | Bonus | Other Emoluments | Total |
|--|------------------|----------------|------------------|------------------|------------------|
| | RM | RM | RM | RM | RM |
| Executive Directors (ED) | | | | | |
| Dato’ Jin Kee Mou | 606,000 | - | 946,000 | 250,710 | 1,802,710 |
| Tiong Chiong Hee | 463,800 | - | 681,450 | 148,883 | 1,294,133 |
| Clara Tiong Siew Ee | 372,300 | - | 557,550 | 120,881 | 1,050,731 |
| Total ED’s Remuneration | 1,442,100 | - | 2,185,000 | 520,474 | 4,147,574 |
| Non-Executive Directors (Non-ED) | | | | | |
| Tan Sri Dato’ Sri Mohamad Fuzi Bin Harun | - | 110,000 | - | 107,840 | 217,840 |
| Dato’ Sri Dr Tiong Ik King | - | 110,000 | - | 8,000 | 118,000 |
| Tiong Choon | - | 115,000 | - | 8,000 | 123,000 |
| Dato’ Wong Lee Yun | - | 130,000 | - | 168,400 | 298,400 |
| Yong Voon Kar | - | 145,000 | - | 8,000 | 153,000 |
| Tuan Haji Ikhwan Bin Zaidel | - | 130,000 | - | 8,000 | 138,000 |
| Total Non-ED’s Remuneration | - | 740,000 | - | 308,240 | 1,048,240 |
| Total for the year ended 30 June 2024 | 1,422,100 | 740,000 | 2,185,000 | 828,714 | 5,195,814 |

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The Board has established an Audit Committee (“AC”) which consists of three (3) members of whom two (2) are Independent Non-Executive

Directors and one (1) Non-Independent Non-Executive Director. The AC is chaired by Mr Yong Voon Kar, an Independent Non-Executive Director, who is not the Chairman of the Board.

The composition of the AC, its roles and responsibilities, attendance record and summary

CORPORATE GOVERNANCE OVERVIEW STATEMENT

of activities carried out during the financial year are set out in the AC report of this Annual Report.

In line with Practice 9.2 of the MCCG, the Terms of Reference of AC also includes a policy requiring a former key audit partner to observe a cooling-off period of at least 3 years from retirement or resignation before being appointed as a member of the AC. This is to safeguard the independence of the AC by avoiding the potential situation when a former key audit partner is able to exert significant influence over the audit and preparation of the Company's financial statements.

The Board is cognizant of its role in upholding the integrity in the financial reporting by the Company. Accordingly, the AC, which assists the Board in overseeing the financial reporting process, has adopted the Auditor Independence Policy setting out criteria in assessing the suitability and independence of the External Auditors including the type of non-audit services that could be provided by the External Auditors and the need to obtain the AC approval for non-audit services exceeding the threshold level.

II. RISK MANAGEMENT AND INTERNAL CONTROL

The Board affirms its commitment and responsibility for the Group's system of risk management and internal control which includes the establishment of an appropriate internal control environment and Risk Management Framework ("RM Framework") as well as reviewing its adequacy and effectiveness. The risk management and internal control system covers, inter alia, financial, operational, sustainability and regulatory compliance controls to safeguard shareholders' investments and the Group's assets.

The Board through the Risk Management Committee provides a platform to drive risk management activities guided by the Group RM Framework and Policy to ensure effective identification of emerging risks and management of identified risks through implementation of appropriate controls and risk treatment strategies.

The details of the RM Framework and its associated initiatives undertaken during the financial year are set up in the Statement on Risk Management and Internal Control of this Annual Report.

Internal Audit Function

The Company has in place an in-house internal audit department ("IAD") which reports directly to the AC.

The primary function of the IAD is to assist the AC in discharging its oversight role in assuring the adequacy and integrity of the Group's system of internal control. The AC approves the annual audit plan. The internal audit function adopts a risk-based approach in executing the internal audit plan that focuses on major business units and operations within the Group.

The details of the work of the Internal Audit Function are set out in the AC Report of this Annual Report.

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

I. COMMUNICATION WITH STAKEHOLDERS

The Board recognizes the importance of effective and proactive engagement with the shareholders and other stakeholders.

The Company's Investor Relations ("IR") Function undertakes ongoing engagement and communication with key institutional investors and analysts.

The Board is committed to being transparent and accountable to the Company's stakeholders. Material information such as the financial results and the production figures are disclosed to them timely. Besides, up-to-date information on financial performance, operational review and corporate presentation are made available on the Company's website.

Communication and engagement with stakeholders include:

- quarterly announcement on financial results to Bursa Securities;
- monthly and quarterly announcement on production figures to Bursa Securities;
- other company announcements and circulars to shareholders whenever necessary;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

- annual report and General Meeting;
- ongoing engagement and communication with investors and investment communities; and
- the Company's website at www.jayatiasa.net where stakeholders can access corporate information, annual report, financial information, company announcements and share prices of the Company. To effectively address any issues, the Group has dedicated an electronic mail address at inquiry@jayatiasa.net where stakeholders can direct their queries and concerns.

II. CONDUCT OF GENERAL MEETINGS

The AGM allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification. It also serves as the principal forum for dialogue and communication between shareholders and the Board.

The notice and agenda of the last year's AGM held on 30 November 2023 together with the Form of Proxy were given to shareholders twenty-eight (28) days before the date of the AGM allowing shareholders sufficient time to make arrangement to attend the AGM or appoint proxy to vote and attend on his/her behalf.

The last AGM of the Company was held fully virtual through the online meeting platform at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC-D6A357657) provided by Boardroom Share Registrars Sdn Bhd in Malaysia. All the Directors and the external auditors were available to engage with the shareholders of the Company. The members of the Senior Management of the Company were also available to respond to any enquiries from the shareholders.

Shareholders were given the opportunity to submit their questions prior to and during the AGM via e-query box. The minutes of the AGM together with matters addressed were made available on the Company's website within 30 days after the AGM.

All resolutions set out in the notice of the AGM were voted by poll in accordance with the Listing Requirements of Bursa Securities. The Board appointed an independent Scrutineer to validate votes cast at the AGM to ensure transparency and accuracy of the voting results.

This Statement was approved by the Board on 28 October 2024.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



Pursuant to Paragraph 15.26 (b) of the Listing Requirements and the Malaysian Code on Corporate Governance (“MCCG”), the Board of Directors (“Board”) is pleased to present the following Group’s Statement on Risk Management and Internal Control for the financial year under review and up to the date of approval of this statement, prepared in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers issued by the Institute of Internal Auditors Malaysia and adopted by Bursa Malaysia Securities Berhad and taking into consideration the recommendations of the MCCG.



Board’s Responsibility

The Board affirms its commitment and responsibility for the Group’s system of risk management and internal control which includes the establishment of an appropriate internal control environment and risk management framework as well as reviewing its adequacy and effectiveness. The risk management and internal control system covers, inter alia financial, operational, sustainability and regulatory compliance controls to safeguard shareholders’ investments and the Group’s assets.

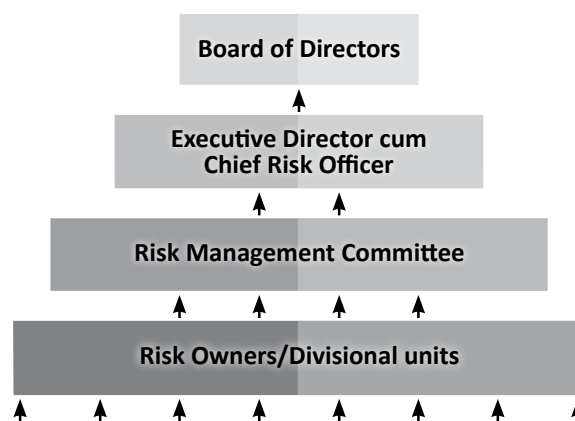
The system in place is designed to manage rather than eliminate the risk of failure to achieve the Group’s business objectives by providing reasonable assurances against material misstatement or loss. The concept of reasonable assurance also recognises that the cost of control procedures should not exceed the expected benefits.

The Board has received assurance collectively from the Chief Executive Officer, Executive Director and the Chief Financial Officer that the Group’s risk management and internal control system is operating adequately and effectively, in all material aspects.

Risk Management Framework

In today’s fast-paced and ever-evolving business environment, proactive management of the overall business risks is a prerequisite in ensuring that the Group achieves its business objectives. Risk management activities are regarded as an integral part of the Group’s business practices and not in isolation. The Group plans and executes activities through understanding the context of internal and external factors to ensure that the risks inherent in its business are identified and effectively managed to achieve an appropriate balance between realising opportunities for gains while minimising losses to the Group.

The Group embraces a Risk Management Framework (“RM Framework”) that sets out the risk management governance, processes and control responsibilities, guidelines focusing on the core components of the Committee of Sponsoring Organizations of the Treadway Commission’s Enterprise Risk Management and underpins the Group Risk Management Policy (“RM Policy”). Apart from seeking to ensure that there is a consistency in the methods used in addressing risks, concerns, challenges and/or expectations throughout the Group and that risk management efforts are aligned with the Group’s business objectives, the RM Framework also delineates enhanced and explicit requirements for managing risks and assists in understanding the impact of uncertainties inherent in business decisions. Reviews are conducted on a periodic basis or as and when required to reflect operating changes.



In discharging its responsibilities, the Board is assisted by the Risk Management Committee (“RMC”) which is chaired by the Executive Director cum Chief Risk Officer and comprises representatives from key senior management. The RMC provides a platform to drive risk management activities guided by the Group RM Policy and RM Framework to ensure effective identification of emerging risks and management of identified risks through implementation of appropriate controls and risk treatment strategies.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The RMC meets periodically and works closely with the Risk Management Department (“RMD”) to provide invaluable support to both the board and management, facilitating the implementation of a risk-aware culture, methodology and skills necessary for effective risk oversight.

The RMD meets with the risk owners made up of managers or key personnel from the divisional units to execute the following risk management process.



The RMC reviews periodically both the Group top and divisional risk profiles to ensure that the overall risks impacting the Group are adequately identified and managed effectively or within an acceptable risk appetite and presents the risk management report to the Board twice a year covering the risk assessment result. Mitigation measures in addressing major risk factors pertaining to FFB yield growth and volatile palm oil market include continuous improvement and monitoring of workers retention and productivity, intensifying field supervision and mechanisation of all possible field tasks and continuous monitoring of the KPIs achieved, close monitoring of market developments especially concerning major edible oil pricing trends and adopting spot and forward sales to minimise price risks as well as focusing on prudent cost management to stay competitive.

The Group is also subject to increasing scrutiny on the ESG risk exposures which include climate change and anti-bribery and corruption challenges. Mitigation measures such as reduction of GHG emissions through biogas tanks and installation of ESP to comply with clean air regulation systems are in progress. Besides, the Group has put in place the Anti-Bribery and Corruption Policy and Whistleblowing Policy with related trainings conducted to provide awareness among employees in relation to anti-bribery and corruption.

Key Elements of the Group’s Internal Control

The Board and Management are committed to maintain an effective internal control environment by continuously enhancing the features of internal controls to ensure that they are relevant and effective to promote operational agility while ensuring corporate governance and compliance to regulatory guidelines.

The key elements of our Group’s internal control system established for maintaining strong corporate governance are as follows:

- The Group’s reporting structure incorporating checks and balances is aligned to the business requirements.
- Authority limits are in place for approving capital expenditure and matters on financial, treasury, operations and personnel, minimising potential risk exposures.
- Documented policies and procedures are also in place subject to review where applicable to ensure relevancy to support the Group’s business activities.
- Code of Conduct and Ethics for the Directors and employees to inculcate good business conduct and maintain a healthy corporate culture that embraces integrity, transparency and fairness.
- Whistle blowing policy to provide an avenue for any party to raise genuine concerns about improper conducts committed by employees within the Group through formal procedures and confidential channels. In addition, Complaint and Grievance procedures are in place to provide a clear and transparent guideline for employees to raise any grievances without fear of retaliation.
- Anti-Bribery and Corruption Policy sets out the Group’s overall position on bribery and corruption and provides information and guidance to ensure that employees understand their responsibilities in compliance with the Group’s zero-tolerance on bribery and corruption.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- Annual budgets are prepared by the Group's operations. The actual results are reported, analysed and monitored against the budget in the Group's management meetings.
- Presentation of the quarterly and annual financial statements containing key financial results as well as operational performance report of the Group to the Board for deliberation and to facilitate decision making.
- The Group's financial covenants and cash flow position are prepared and reported regularly to the management as a monitoring mechanism.
- The Group Executive Directors and Chief Executive Officer meet with the management and operations personnel monthly to resolve key operational, financial, human resource and other management issues including issues of risks and controls in order to enhance the performance and profitability of the Group's businesses.
- The Group has a comprehensive information system that enables the production of timely, reliable and relevant data to enhance management's decision making.
- Guidelines on employment, performance appraisal, training and retention of employees are in place to ensure the Group's ability to operate in an effective and efficient manner.
- The Group has established the safety & health committees at the operating level to address and ensure compliance with occupational safety and health policies and procedures as required by the various authorities.
- The Group undertakes adequate insurance coverage on both its employees and assets to ensure both are sufficiently insured against any untoward incidents that could result in material losses.
- The Intranet Portal is used as an effective dissemination tool to share up-to-date information on development and happenings.
- The Group has in place the KPI reporting to drive awareness of shared management responsibility on their contribution towards enhancing the operating performance in achieving the business objectives.
- Senior management team conducts visits to the Group's operations for better understanding to facilitate cognisance in decision-making capability.

Internal Audit

The Group has established an Internal Audit Department ("IAD"), which reports independently to the Audit Committee ("AC") to provide the Board with assurance on the adequacy and effectiveness of risk management, internal control and governance processes.

The IAD is guided by the International Professional Practices Framework ("IPPF") of the Institute of Internal Auditors. It adopts a risk-based approach in executing the annual audit plan that focuses on major business units and/or operations within the Group after taking into consideration the input of management and the AC. The annual audit plan is reviewed and approved by the AC. The IAD reports directly to the AC on the outcome of its appraisal of the operational activities. Significant audit findings with management responses including corrective actions taken are presented and deliberated by the AC on a quarterly basis or as appropriate. The IAD also conducts subsequent follow up review to ensure management has dealt with audit recommendations and taken appropriate actions satisfactorily.

Board Review

The Board is of the view that the risk management and internal control system in place throughout the year under review and up to the date of approval of this Statement is sound and sufficient to safeguard the interests of the Group's stakeholders, their investments and the Group's assets. Additionally, the Board regards the risks faced by the Group are within acceptable levels in relation to its business objectives.

The Board is not aware of any material losses or fraud during the year under review as a result of weaknesses in internal control. The management is continuously taking necessary measures to improve and strengthen the risk management and internal control system of the Group.

Review of the Statement by External Auditors

Pursuant to Paragraph 15.23 of the Listing Requirements, the external auditors have reviewed the Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control ("AAPG 3") included in the Annual Report issued by the Malaysian Institute of Accountants ("MIA") for inclusion

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

in the annual report of the Group for the year ended 30 June 2024 and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the annual report of the Group, in all material respects: has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness

of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the external auditors was made solely for and directed solely to the Board in connection with their compliance with the Listing Requirements of Bursa Malaysia Securities Berhad and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the Board in respect of any aspect of this report.

The statement was approved by the Board on 28 October 2024.

AUDIT COMMITTEE REPORT



The Board of Directors (“the Board”) of Jaya Tiasa Holdings Berhad (“the Company”) is pleased to present the Audit Committee (“AC”) Report for the financial year ended 30 June 2024 (“FY2024”).



COMPOSITION AND MEETINGS

The AC was established on 1 June 1994.

The composition of the AC and attendance at meetings during the financial year are as follows:

| Name | Designation | Attendance |
|-----------------------------|-------------|------------|
| Mr Yong Voon Kar | Chairman | 6/6 |
| Dato’ Wong Lee Yun | Member | 5/6 |
| Tuan Haji Ikhwan Bin Zaidel | Member | 6/6 |

The AC meetings were convened with proper notices and agenda and these were distributed to all members of the AC at least five (5) business days prior to meeting.

The Chief Financial Officer and Head of Internal Audit as well as other Board members attended the AC meetings upon invitation of the AC to facilitate discussion of matters on the agenda.

The Head of the Internal Audit presented his Internal Audit Reports to the AC for review quarterly. Representatives of the External Auditors attended the meetings to consider the audit plan and provide status update on key areas of audit emphasis and such other meetings as determined by the AC.

The AC Chairman reported the AC’s key findings and conclusions to the Board after each meeting.

For the year under review, the performance of the individual AC member was assessed through self-evaluation, the outcome of which was reviewed by the Nomination Committee. Having considered the recommendation made by the Nomination Committee and based on the outcome of the evaluation, the Board was satisfied that all the AC members were able to discharge their duties and responsibilities in accordance with the Terms of Reference of the AC.

TERMS OF REFERENCE

The terms of reference can be found under the “Corporate Governance” section on the Company’s website at www.jayatiasa.net.

SUMMARY OF ACTIVITIES CARRIED OUT BY THE AC

During the financial year under review, the AC worked closely with the management, internal auditors and external auditors to carry out its duties as required under its Terms of Reference.

Details of activities carried out by the AC during the financial year under review and up to the date of this report are summarized below:

Financial Reporting

(a) Reviewed all the unaudited quarterly financial results of the Group, focusing on significant matters and ensured the disclosures were in compliance with the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and Listing Requirements before recommending them to the Board for approval;

In reviewing the unaudited quarterly financial statements, the AC had:

- Reviewed the reasons for significant fluctuations in the quarterly and year-to-date financial performance of the Company and the Group, including key income and operating expenses;
- Focused on profits contribution by business segments and their respective challenges; and
- Reviewed production cost and production figures for both the oil palm and timber divisions from those budgeted, and discussed management’s actions to address the challenges.

(b) Reviewed impact of changes in any accounting policy including assessment of impairment on property, plant and equipment as well as fair value changes on biological asset; and

(c) Reviewed the annual audited financial statements of the Company and the Group together with the external auditors before recommending them to the Board for approval.

The AC, based on its review and discussions with the Management and external auditors, considered that the financial statements were fairly presented in conformity with the relevant accounting standards in all material aspects for FY2024.

AUDIT COMMITTEE REPORT

External Audit

- (a) Reviewed with the external auditors the audit plan, responsibilities and scope of work for FY2024 and external auditors' statutory audit fees;
- (b) Discussed and reviewed with the external auditors the status update on key areas of audit emphasis before recommending the 4th Quarter financial statements for FY2024 to the Board for approval;
- (c) Reviewed the nature of and fees for non-audit services provided by the external auditors in accordance with the Auditors Independence Policy. Having reviewed the non-audit services provided by the external auditors for FY2024, the AC was satisfied that such non-audit services was not likely to create any conflict, compromise or impair the independence and objectivity of the external auditors;

Details of non-audit fees incurred by the Company and Group for the FY2024 are stated in the Additional Compliance Information on Page 86 of this Annual Report;

- (d) Assessed the suitability and independence of the external auditors in accordance with the criteria set out in the Auditors Independence Policy. The external auditors had also confirmed their professional independence in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants via their written letter to the AC. The AC was satisfied that the external auditors were able to meet the audit requirements and statutory obligation of the

Company and also their professional independence as external auditors of the Company.

Based on the evaluation conducted by the AC, the Board recommended the re-appointment of Messrs. Ernst & Young PLT as the external auditor for the ensuing financial year for approval by shareholders at the forthcoming Annual General Meeting in November 2024; and

- (e) Held one private meeting with the external auditors in the absence of the executive directors, management and committee secretary.

Internal Audit

- (a) Reviewed and approved the Annual Internal Audit Plan to ensure adequacy of scope and coverage of auditable areas with significant and high risks;
- (b) Reviewed internal audit reports presented by the Head of Internal Audit addressing internal controls over operations, operating cost, compliance and information technology processes relating to the Group based on the approved Annual Internal Audit Plan; and
- (c) Discussed and reviewed the major findings, areas requiring improvements and significant internal audit matters raised by internal auditors and Management's responses, including follow-up actions. Management of business units concerned was requested to rectify and improve the internal control procedures and work flow processes based on Internal Auditors' recommendations.

Related Party Transactions and Conflict of Interest

- (a) Reviewed the Recurrent Related Party Transactions ("RRPTs") on a quarterly basis to ensure that all RRPTs entered into by the Group (in relation to the nature, value and terms) were undertaken within the shareholders' mandate including arm's length terms of trade;
- (b) In the case of related party transaction ("RPT") entered into by the Company in relation to the acquisition of Wealth Houses Development Sdn. Bhd., the AC evaluated the RPT to ensure that it was undertaken at arm's length, on normal commercial terms and on terms which were not more favourable to the related parties than those generally available to the public; and
- (c) Reviewed certain Directors' interest in competing business a summary of which is as follows:

| Director | Interest in competing business |
|----------------------------|--|
| Dato' Sri Dr Tiong Ik King | A Director of Tiong Toh Siong Holdings Sdn Bhd which is a major shareholder of Subur Tiasa Holdings Berhad and Rimbunan Sawit Berhad whose principal activities include sale of crude palm oil ("CPO"). Subur Tiasa Holdings Berhad is also involved in the sale of logs. |
| Tiong Choon | |
| Tiong Chiong Hee | A Director of Palmgroup Holdings Sdn Bhd and its subsidiaries whose principal activities include sale of CPO. |

AUDIT COMMITTEE REPORT

The AC evaluated the aforesaid Directors' interest and opined that they were not detrimental to the Group in view of the following:

- (i) CPO is sold in the open market at the prevailing MPOB prices; and
- (ii) As for the sale of logs, the interested Directors are non-executive directors and the staff carrying out the sales are not related to them.

Others

Reviewed the following to ensure compliance with the relevant regulatory requirements prior to recommending them to the Board for approval:

- (a) The review procedures for RRPTs and method for determining the RRPT transaction prices;
- (b) Audit Committee Report; and
- (c) Statement on Risk Management and Internal Control.

SUMMARY OF WORKS OF THE INTERNAL AUDIT FUNCTION

The Group has in place an in-house internal audit department ("IAD"), which provides the Board, through the Audit Committee, with independent assurance on the adequacy and operating effectiveness of the Group's governance, risk management and internal control system. IAD also assesses the Group's business units complying with relevant policies, procedures, and statutory laws and regulations. The IAD is guided by the International Professional Practices Framework ("IPPF") issued by the Institute of Internal Auditors. The IAD, which is independent of the activities it audits, reports directly to the AC.

Audit Scope and Coverage

The IAD adopted a risk based auditing approach, prioritizing audit assignments based on the Group's key business operations, risk management and past audit findings. The key audit findings with recommendations and status of previous audit recommendations were presented to the head office senior management and operation unit management in the audit closing meeting. During the Financial Year, the IAD issued 36 audit reports. The Head of the IAD presented the key audit findings to the Audit Committee quarterly during the Audit Committee meeting.

The IAD executed the audit assignments based on approved audit plan and performed the following tasks in accordance with its overall strategy:

- Review Estates and CPO Mills governance;
- Verify the existence of assets and recommend proper safeguards for their protection and usage;
- Evaluate the adequacy of the system of internal controls;
- Recommend improvements in controls;
- Assess compliance with the Group policies and procedures;
- Assess compliance with government obligations;
- Review and verify Bursa's Common Sustainability Matters indicators;
- Review management action plans to ascertain whether the operations are being carried out as planned;
- Investigate reported occurrences of irregularities and wastages; and
- Review of operational efficiency.

Key Areas Audited during the Financial Year are as follows:

- Oil Palm Plantation Operations
- Oil Palm Plantation operating cost review
- CPO Mill Operations
- Planted Forest Operation
- Timber Logging Operation
- Asset Management
- Inventory Management
- Workshop Operations
- Oil Palm Estate and CPO mill workers Payroll
- Plant Repair and Maintenance costs
- Recurrent Related Party Transactions
- IT related system and data security
- Human Resource Management

IAD Team and Spending

The IAD team comprised of a total of 9 auditors as at 30 June 2024. None of the IAD members had any conflicts of interests with the companies within the Group.

During the financial year, all the internal audit activities were performed in-house and the total cost incurred was RM789,124 for the financial year ended 30 June 2024.

This report was approved by the Board on 28 October 2024.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

(i) Material Contracts

Save as disclosed below, there were no other material contracts (not being contracts entered into in the ordinary course of business) entered into by the Company or its subsidiaries involving the interests of directors or major shareholders during the financial year:

The Company had on 4 July 2023 entered into a conditional Share Sale Agreement (“SSA”) with Tiong Toh Siong Holdings Sdn. Bhd. (“TTSH”), Tiong Toh Siong Enterprises Sdn. Bhd. (“TTSE”) and Knightbridge Venture Sdn. Bhd. (“KVSb”) (collectively the “Vendors”) to acquire 825,000 ordinary shares representing 55% equity interest in Wealth Houses Development Sdn. Bhd. (“WHD”) for a cash consideration of RM52,250,000. (“The Acquisition”)

The Acquisition was completed on 29 August 2023 in accordance with the terms and conditions of the SSA and WHD became a 55%-owned subsidiary of the Company upon completion of the Acquisition.

The above acquisition was regarded as a related party transaction by virtue of the following:

- (1) Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King (“TSTHK”) is a major shareholder of the Company. He is deemed interested in the Acquisition by virtue of his directorships and substantial interests in the Vendors;
- (2) Datuk Tiong Thai King (“DTTK”) is the director of certain subsidiaries of the Company and a shareholder of the Company. He is deemed interested in the Acquisition by virtue of him being the managing director of the Vendors and having substantial interests in TTSH and TTSE as well as his family relationship with TSTHK and Mr Tiong Chiong Hee;
- (3) Mr Tiong Chiong Hee is an executive director of the Company. He is the son of DTTK. He is deemed interested in the Acquisition by virtue of his family relationship with DTTK;
- (4) Ms Clara Tiong Siew Ee is an executive director of the Company. She is deemed interested in the Acquisition by virtue of her family relationship with TSTHK;
- (5) Mdm Tiong Choon is a non-independent non-executive director of the Company. She is deemed interested in the Acquisition by virtue of her directorship in TTSH and KVSb, as well as her family relationship with TSTHK; and
- (6) Dato’ Sri Dr Tiong Ik King is a non-independent non-executive director of the Company. He is deemed interested in the Acquisition by virtue of his directorship in TTSH and TTSE as well as his family relationship with TSTHK and DTTK.

(ii) Utilisation of Proceeds Raised from Corporate Proposals

There was no fund raising corporate proposal during the financial year.

ADDITIONAL COMPLIANCE INFORMATION

(iii) Audit and Non-Audit Fees

The amount of audit and non-audit fees incurred for services rendered by the Auditors of the Company, Messrs Ernst & Young PLT (EY) and their affiliates, to the Company and the Group respectively for the financial year ended 30 June 2024 were as follows:

| | Group FY 2024 RM | Company FY 2024 RM |
|-----------------------------|---------------------------------|-----------------------------------|
| Statutory audit fee | | |
| - EY Malaysia | 887,500 | 258,000 |
| Non-audit fees* | | |
| - EY Malaysia | 17,000 | 17,000 |
| - Affiliates of EY Malaysia | 171,400 | 20,000 |
| Total | 188,400 | 37,000 |
| % of non-audit fee | 21% | 14% |

*Note:

The non-audit fees comprised mainly fees paid to EY's affiliates for tax compliance and advisory fees.

DISCLOSURE ON RECURRENT RELATED PARTY TRANSACTIONS

At the Annual General Meeting held on 30 November 2023, the Company obtained a shareholders' mandate for the Group to enter into recurrent related party transactions of a revenue or trading nature.

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ADDITIONAL COMPLIANCE INFORMATION

In accordance with Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the details of the recurrent related party transactions conducted during the financial year ended 30 June 2024 (FY 2024) pursuant to the shareholders' mandate are as follows:

| Transacting Related Parties | Nature of Transactions entered into by the Company and/or its subsidiaries (Group) | Amount Transacted During FY2024 RM'000 |
|---|--|--|
| Borneo Edible Oils Sdn Bhd ¹ | Sale of crude palm oil and palm kernel by the Group | 421,052 |
| Oriental Group ^{2&3} | Freight service charges payable by the Group | 4,962 |
| | Construction cost on quarter, storage building and other assets | 156 |
| | Sale of fuel, lubricant and spare parts by the Group | 394 |
| R.H. Forest Corporation Sdn Bhd ¹ | Land premium payable by the Group | 6,689 |
| Rejang Height Sdn Bhd ¹ | Land premium payable by the Group | 2,831 |
| Wealth Houses Development Sdn Bhd ¹ | Land premium payable by the Group | 228 |
| Rimbunan Hijau Auto Services Sdn Bhd ¹ | Purchase of motor vehicles (pick-up and van) for operational use by the Group | 726 |
| Rimbunan Hijau General Trading Group ^{1&4} | Purchase of fuel, lubricant and spare parts by the Group | 4,493 |
| Palm Biolab Sdn Bhd ⁵ | Biolab testing fees payable by the Group | 144 |

Notes:

Relationship of Related Parties with the Company

- 1 The major shareholder of the Company, Tan Sri Datuk Sir Tiong Hiew King and/or person(s) connected with him has substantial interest in the Transacting Related Parties.
- 2 Clara Tiong Siew Ee, the Executive Director of the Company, has substantial interest in the Transacting Related Parties.
- 3 Oriental Group comprises Oriental Evermore Sdn Bhd and its wholly-owned subsidiaries, Bintara Perkasa Sdn Bhd, Empayar Semarak Sdn Bhd, Globular Sdn Bhd, Trans-Allied Sdn Bhd and Moverstar (M) Sdn Bhd.
- 4 Rimbunan Hijau General Trading Group comprises Rimbunan Hijau General Trading Sdn Bhd and its wholly-owned subsidiary, Kejuruteraan Utama Sentiasa Sdn Bhd.
- 5 Tiong Chiong Hee, the Executive Director of the Company, has substantial interest in the Transacting Related Party.

DIRECTORS' RESPONSIBILITY STATEMENT for preparing the annual financial statements

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

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

In preparing the financial statements for the financial year ended 30 June 2024, the Directors have:

- a) applied the appropriate accounting policies on a consistent basis;
- b) made judgments and estimates that are reasonable and prudent;
- c) prepared the annual financial statements on a going concern basis; and
- d) ensured that applicable approved Malaysian Financial Reporting Standards and International Financial Reporting Standards and provisions in the Act are complied with.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose, with reasonable accuracy, the financial position of the Group and the Company which enables them to ensure that the financial statements comply with the Act.

The Directors have overall responsibilities for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2024.

Principal activities

The principal activities of the Company are investment holding, provision of management services, extraction and sale of logs.

The principal activities of the subsidiaries extend to the development of oil palm plantations and its related activities. Details of principal activities of subsidiaries are set out in Note 16 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

Results

| | Group RM'000 | Company RM'000 |
|--------------------------------------|-----------------|-------------------|
| Profit for the year attributable to: | | |
| Owners of the parent | 128,867 | 53,516 |
| Non-controlling interests | 99 | - |
| | <u>128,966</u> | <u>53,516</u> |

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

Reserves and provisions

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

Share capital

The Company did not issue any new shares or options over shares during the financial year. As at 30 June 2024, the number of treasury shares were 5,727,000 and the outstanding ordinary shares in issue after set-off of treasury shares were therefore 967,990,797.

Dividends

Dividends paid by the Company since 30 June 2023 were as follows:

| | RM'000 |
|---|----------------------|
| In respect of the financial year ended 30 June 2023: | |
| Single tier second interim dividend of 1.7 sen on 967,990,797 ordinary shares, declared on 24 August 2023 and paid on 29 September 2023 | <u>16,456</u> |
| In respect of the financial year ended 30 June 2024: | |
| Single tier first interim dividend of 2.5 sen on 967,990,797 ordinary shares, declared on 29 February 2024 and paid on 2 April 2024 | <u>24,200</u> |
| Total dividend paid during the financial year ended 30 June 2024 | <u><u>40,656</u></u> |

The directors declared and approved on 30 August 2024:

| | |
|---|----------------------|
| Single tier second interim dividend of 3.5 sen on 967,990,797 ordinary shares, declared on 30 August 2024 and paid on 30 September 2024 | <u><u>33,880</u></u> |
|---|----------------------|

DIRECTORS' REPORT

Dividends (contd.)

The financial statements for the current financial year do not reflect the dividend paid on 30 September 2024. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ended 30 June 2025.

The Directors do not recommend any final dividend to be paid in respect of the financial year ended 30 June 2024.

Directors

The directors of the Company in office since the beginning of the financial year and up to the date of this report are:

| | |
|--|--|
| Tan Sri Dato' Sri Mohamad Fuzi Bin Harun | Non-Executive Chairman |
| Dato' Jin Kee Mou | Chief Executive Officer, also a director of certain subsidiaries |
| Tiong Chiong Hee | Executive Director, also a director of certain subsidiaries |
| Clara Tiong Siew Ee | Executive Director, also a director of all subsidiaries |
| Dato' Sri Dr. Tiong Ik King | |
| Tiong Choon | Also a director of certain subsidiaries |
| Dato' Wong Lee Yun | |
| Yong Voon Kar | |
| Tuan Haji Ikhwan Bin Zaidel | |

The directors of the Company's subsidiaries in office since the beginning of the financial year and up to the date of this report (not including those directors listed above) are:

| | |
|--|-------------------------------|
| Tan Sri Datuk Sir Diong Hiew King | (Retired on 29 November 2023) |
| @ Tiong Hiew King ("Tan Sri THK") # | |
| Datuk Tiong Thai King ("Datuk TTK") ## | |
| Dato' Wong Pack | |
| Nayun Ak Sanup | |
| Tan Yoke Seng | |

Tan Sri THK has retired as a director of a subsidiary, Eastern Eden Sdn. Bhd.

Datuk TTK has retired as a director of the subsidiaries, except Curiah Sdn. Bhd. and Sericahaya Sdn. Bhd.

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any 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 28 to the financial statements.

DIRECTORS' REPORT

Directors' remunerations

Details of directors' remunerations in accordance with the requirements of Companies Act 2016 are as follows:

| | Group RM'000 | Company RM'000 |
|---|-----------------|-------------------|
| Executive: | | |
| Salaries and other emoluments | 3,627 | 3,627 |
| Contributions to defined contribution plans | 472 | 472 |
| Total executive directors' remuneration (excluding benefits-in-kind) | 4,099 | 4,099 |
| Estimated money value of benefits-in-kind | 49 | 49 |
| Total executive directors' remuneration (including benefits-in-kind) | 4,148 | 4,148 |
| Non-executive: | | |
| Fees | 788 | 740 |
| Other emoluments | 308 | 308 |
| Total non-executive directors' remuneration | 1,096 | 1,048 |
| Total directors' remuneration | 5,244 | 5,196 |

Indemnity and insurance for Directors and officers

The Directors and officers of the Company and its subsidiaries are covered under a Directors' and Officers' Liability Insurance up to an aggregate limit of RM10 million against any legal liability, if incurred by the Directors and officers of the Company and its subsidiaries in the discharge of their duties while holding office for the Company and its subsidiaries. The insurance premium paid by the Company was RM16,000.

Directors' interests

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, the interests of the directors in office at the end of the financial year in shares in the Company or its related corporations during the financial year were as follows:

| | ← Number of Ordinary Shares → | | | |
|-----------------------------|-------------------------------|----------|----------|-----------------------|
| | As at 1 July 2023 | Acquired | Disposed | As at 30 June 2024 |
| Direct: | | | | |
| Dato' Sri Dr. Tiong Ik King | 341,790 | - | - | 341,790 |
| Dato' Jin Kee Mou | 73,825 | - | - | 73,825 |
| Indirect: | | | | |
| Tiong Choon* | 1,432,428 | - | - | 1,432,428 |
| Tiong Chiong Hee** | 130,000 | - | - | 130,000 |
| Clara Tiong Siew Ee*** | 795,936 | - | - | 795,936 |

* Deemed interest pursuant to Section 59(11)(c) of the Companies Act 2016.

** Deemed interest pursuant to Section 8(4) of the Companies Act 2016.

*** Deemed interest pursuant to Section 8(6) of the Companies Act 2016.

Other than disclosed above, none of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

DIRECTORS' REPORT

Other statutory information

- (a) Before the statements of profit or loss and other comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may substantially affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The auditors' remunerations of the Group and of the Company for the financial year were RM887,500 and RM258,000 respectively.

To the extent permitted by law, the Company has agreed to indemnify their auditors, Ernst & Young PLT, as part of the terms of their audit engagements against claims by third parties arising from their audits (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT for the financial year ended 30 June 2024.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 October 2024.

STATEMENT BY DIRECTORS pursuant to Section 251(2) of the Companies Act 2016

We, **Dato' Jin Kee Mou** and **Tiong Chiong Hee**, being two of the directors of **Jaya Tiasa Holdings Berhad**, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 99 to 179 are drawn up in accordance with the 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 30 June 2024 and of their financial performances and their cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 October 2024.

Dato' Jin Kee Mou

Tiong Chiong Hee

STATUTORY DECLARATION pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Hii Khing Siew**, being the officer primarily responsible for the financial management of **Jaya Tiasa Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 99 to 179 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed **Hii Khing Siew** at
Sibu in the State of Sarawak
on 28 October 2024

Hii Khing Siew
(MIA 8414)

Before me,

Belinda Hii Tai King
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

to the Members of Jaya Tiasa Holdings Berhad

Report on the audit of the financial statements

Opinion

We have audited the financial statements of **Jaya Tiasa Holdings Berhad**, which comprise the statements of financial position as at 30 June 2024 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 99 to 179.

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 30 June 2024, and of their financial performance and their cash flows for the year then ended in accordance with the 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 audit 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

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

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements. We have identified three key audit matters as follows:

Impairment review of property, plant and equipment ("PPE")

As at 30 June 2024, the carrying amount of the Group's PPE associated with subsidiaries incurring operational losses was RM110.6 million. The Group has performed impairment tests on these PPE to determine their recoverable amounts during the financial year for this reason. Due to the quantum of the carrying amount of these PPE and the significant judgement and estimates involved in determining their recoverable amounts, which is based on the higher of the estimated value-in-use ("VIU") and fair value less cost to sell ("FVLCTS"), the impairment reviews of these PPE have been identified as a key audit matter.

Where the recoverable amount of the PPE is based on VIU, we have assessed the reasonableness of the key assumptions used, in particular, forecasted selling prices, gross margins and operating costs and have taken into consideration historical trends and applicable publish market information. We have also assessed the appropriateness of the discount rate used to determine the present value of the cash flows which form the basis in arriving at the VIU.

INDEPENDENT AUDITORS' REPORT

to the Members of Jaya Tiasa Holdings Berhad

Report on the audit of the financial statements (contd.)

Key audit matters (contd.)

Impairment review of property, plant and equipment ("PPE") (contd.)

Where the recoverable amount of the PPE is based on FVLCTS, we have also assessed the appropriateness of the FVLCTS of the relevant PPE by comparing the carrying amount against recent transaction values and published prices of similar assets.

We have also considered the sensitivity of these key assumptions as disclosed in Note 3.2(a) to the financial statements and other disclosures included in material accounting policies in Note 2.9 to the financial statements.

Valuation of biological assets – Planted Forest

As at 30 June 2024, the Group's planted forest was carried at RM93.4 million based on FVLCTS. The Group recorded a fair value loss of RM31.3 million during the financial year.

The key assumptions used to determine FVLCTS include the estimated harvestable volume of the planted forest, the selling price of the harvestable logs and the estimated cost of extraction and delivery. The harvestable volume of planted forest was evaluated by an independent specialist during the financial year. Due to the nature of fair value being inherently judgemental and the significant estimates involved, we have identified this to be a key audit matter.

As part of the audit, we have assessed the key assumptions made by management in determining the fair value, including comparing selling prices to available market prices and evaluated the cost of extraction and delivery against recent actual costs incurred. We have also assessed the competency, capability and objectivity of the independent specialist involved in assessing the harvestable volume of the planted forest.

We have also considered the disclosures in Note 14 to the financial statements and other disclosures included in the material accounting policies in Note 2.8 to the financial statements, as well as in the significant accounting estimates in Note 3.2(c) to the financial statements.

Impairment review of investments in subsidiaries

As at 30 June 2024, the carrying amount of the Company's investment in subsidiaries amounted to RM1,118.6 million. Due to existence of indicators of impairment, the Company has carried out impairment reviews on cash generating units ("CGU") with carrying amount after impairment of RM56.3 million to determine their recoverable amounts. The Company recorded an impairment loss of RM40.6 million during the financial year with respect of these CGUs.

The impairment reviews of investments in subsidiaries were significant to our audit due to the quantum of the carrying amounts of these investments and the significant judgement and estimation required to determine their recoverable amounts, which were determined as the higher of VIU or FVLCTS. Accordingly, the impairment reviews were identified as a key audit matter.

We have evaluated the FVLCTS by comparing them to available published market prices or quotations from prospective buyers. We have assessed the reasonableness of the key assumptions used by the management to estimate the VIU of these investments, which include the projected revenue, gross margin and operating costs and have taken into consideration historical trends and published market information. We have also assessed the appropriateness of the discount rate used to determine the present value of the cash flows which form the basis in arriving at the VIU.

We have also considered disclosures in Note 16 to the financial statements and other disclosures included in the material accounting policies in Note 2.9 to the financial statements, as well as in the significant accounting and estimates in Note 3.2(d) to the financial statements.

INDEPENDENT AUDITORS' REPORT

to the Members of Jaya Tiasa Holdings Berhad

Report on the audit of the financial statements (contd.)

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 Directors' Report and 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 on the Directors' Report.

Responsibilities of the directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITORS' REPORT

to the Members of Jaya Tiasa Holdings Berhad

Report on the audit of the financial statements (contd.)

Auditors' responsibilities for the audit of the financial statements (contd.)

- 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.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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, are disclosed in Note 16 to the financial statements.

Other matters

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

ERNST & YOUNG PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

LOW KHUNG LEONG
No. 02697/01/2025 J
Chartered Accountant

Kuching, Malaysia.
Date: 28 October 2024

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2024

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Revenue | 4 | 1,015,867 | 854,952 | 162,574 | 87,078 |
| Cost of sales | 5 | (709,314) | (605,366) | (55,874) | (49,711) |
| Gross profit | | 306,553 | 249,586 | 106,700 | 37,367 |
| Other item of income | | | | | |
| Other income | 6 | 17,369 | 16,451 | 133,418 | 29,711 |
| Other items of expense | | | | | |
| Selling expenses | | (30,087) | (22,462) | (5,327) | (4,109) |
| Administrative expenses | | (34,388) | (38,834) | (29,831) | (20,913) |
| Other expenses | | (40,759) | (12,912) | (129,627) | (13,386) |
| Finance costs | 7 | (18,432) | (25,032) | (22,999) | (20,486) |
| Profit before tax | 8 | 200,256 | 166,797 | 52,334 | 8,184 |
| Income tax expense | 11 | (71,290) | (14,995) | 1,182 | 1,429 |
| Profit net of tax | | 128,966 | 151,802 | 53,516 | 9,613 |
| Other comprehensive income: | | | | | |
| <i>Other comprehensive gain/(loss) that will not be reclassified to profit or loss in subsequent periods:</i> | | | | | |
| Net gain/(loss) on equity instrument designated as fair value through other comprehensive income | | 5,560 | (2,085) | - | - |
| <i>Other comprehensive loss that will be reclassified to profit or loss in subsequent periods:</i> | | | | | |
| Foreign currency translation, net of tax | | (1) | (1) | - | - |
| Total comprehensive income for the year | | 134,525 | 149,716 | 53,516 | 9,613 |

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 30 June 2024

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Profit attributable to: | | | | | |
| Owners of the parent | | 128,867 | 151,791 | 53,516 | 9,613 |
| Non-controlling interests | | 99 | 11 | - | - |
| | | <u>128,966</u> | <u>151,802</u> | <u>53,516</u> | <u>9,613</u> |
| Total comprehensive income attributable to: | | | | | |
| Owners of the parent | | 134,426 | 149,705 | 53,516 | 9,613 |
| Non-controlling interests | | 99 | 11 | - | - |
| | | <u>134,525</u> | <u>149,716</u> | <u>53,516</u> | <u>9,613</u> |
| | | 2024 | 2023 | | |
| Profit per share attributable to owners of the parent (sen per share): | | | | | |
| Basic, for profit for the year | 12 | <u>13.31</u> | <u>15.68</u> | | |
| Diluted, for profit for the year | 12 | <u>13.31</u> | <u>15.68</u> | | |

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

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2024

| | Note | Group | | Company | |
|--------------------------------|------|-------------------------|-------------------------|-------------------------|-------------------------|
| | | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 13 | 1,439,494 | 1,450,841 | 27,903 | 30,021 |
| Biological assets | 14 | 93,421 | 105,383 | - | - |
| Other intangible assets | 15 | 377 | 396 | 261 | 247 |
| Investments in subsidiaries | 16 | - | - | 1,118,605 | 1,416,947 |
| Other receivables | 19 | - | - | 41,755 | - |
| Investment securities | 21 | 15,290 | 9,730 | - | - |
| Deferred tax assets | 17 | 34,182 | 44,207 | 2,000 | 863 |
| | | <u>1,582,764</u> | <u>1,610,557</u> | <u>1,190,524</u> | <u>1,448,078</u> |
| Current assets | | | | | |
| Inventories | 18 | 48,662 | 46,740 | 6,877 | 11,002 |
| Biological assets | 14 | 14,339 | 16,174 | - | - |
| Trade and other receivables | 19 | 39,488 | 32,625 | 310,655 | 445,967 |
| Other current assets | 20 | 10,446 | 15,886 | 2,780 | 2,349 |
| Cash and bank balances | 22 | 283,207 | 232,518 | 279,171 | 227,051 |
| | | <u>396,142</u> | <u>343,943</u> | <u>599,483</u> | <u>686,369</u> |
| TOTAL ASSETS | | <u><u>1,978,906</u></u> | <u><u>1,954,500</u></u> | <u><u>1,790,007</u></u> | <u><u>2,134,447</u></u> |
| EQUITY AND LIABILITIES | | | | | |
| Current liabilities | | | | | |
| Loans and borrowings | 23 | 57,624 | 56,314 | 56,910 | 55,635 |
| Trade and other payables | 24 | 85,502 | 79,232 | 113,521 | 317,370 |
| Income tax payable | | 2,986 | 49 | - | - |
| | | <u>146,112</u> | <u>135,595</u> | <u>170,431</u> | <u>373,005</u> |
| Non-current liabilities | | | | | |
| Loans and borrowings | 23 | 136,612 | 292,054 | 133,695 | 288,421 |
| Deferred tax liabilities | 17 | 181,236 | 149,066 | - | - |
| | | <u>317,848</u> | <u>441,120</u> | <u>133,695</u> | <u>288,421</u> |
| TOTAL LIABILITIES | | <u><u>463,960</u></u> | <u><u>576,715</u></u> | <u><u>304,126</u></u> | <u><u>661,426</u></u> |

STATEMENTS OF FINANCIAL POSITION

As at 30 June 2024

| | | Group | | Company | |
|--|------|------------------|------------------|------------------|------------------|
| | Note | 2024 | 2023 | 2024 | 2023 |
| | | RM'000 | RM'000 | RM'000 | RM'000 |
| EQUITY AND LIABILITIES (Contd.) | | | | | |
| Equity attributable to owners of the parent | | | | | |
| Share capital | 25 | 977,402 | 977,402 | 977,402 | 977,402 |
| Treasury shares | 25 | (13,687) | (13,687) | (13,687) | (13,687) |
| Other reserves | 26 | (19,457) | (25,019) | - | - |
| Retained earnings | | 528,523 | 440,315 | 522,166 | 509,306 |
| | | <u>1,472,781</u> | <u>1,379,011</u> | <u>1,485,881</u> | <u>1,473,021</u> |
| Non-controlling interests | | 42,165 | (1,226) | - | - |
| | | <u>1,514,946</u> | <u>1,377,785</u> | <u>1,485,881</u> | <u>1,473,021</u> |
| TOTAL EQUITY | | <u>1,514,946</u> | <u>1,377,785</u> | <u>1,485,881</u> | <u>1,473,021</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>1,978,906</u> | <u>1,954,500</u> | <u>1,790,007</u> | <u>2,134,447</u> |
| Net current assets | | <u>250,030</u> | <u>208,348</u> | <u>429,052</u> | <u>313,364</u> |
| Net assets | | <u>1,514,946</u> | <u>1,377,785</u> | <u>1,485,881</u> | <u>1,473,021</u> |

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 30 June 2024

| | Attributable to owners of the parent | | | | | | | Non-controlling interests |
|--|--------------------------------------|--|---------------------|---------------------|---------------------|-------------------|---------|---------------------------|
| | Total equity | Equity attributable to owners of the parent, total | Share capital | Treasury shares | Other reserves | Retained earnings | | |
| Note | RM'000 | RM'000 | (Note 25) RM'000 | (Note 25) RM'000 | (Note 26) RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | | | | | |
| Opening balance at 1 July 2023 | 1,377,785 | 1,379,011 | 977,402 | (13,687) | (25,019) | 440,315 | (1,226) | |
| Profit for the year | 128,966 | 128,867 | - | - | - | 128,867 | 99 | |
| Other comprehensive income | 5,559 | 5,559 | - | - | 5,559 | - | - | |
| Total comprehensive income | 134,525 | 134,426 | - | - | 5,559 | 128,867 | 99 | |
| Reclassification | - | - | - | - | 3 | (3) | - | |
| Acquisition of subsidiary | 43,292 | - | - | - | - | - | 43,292 | |
| Transactions with owners | | | | | | | | |
| Dividend paid | (40,656) | (40,656) | - | - | - | (40,656) | - | |
| Closing balance at 30 June 2024 | 1,514,946 | 1,472,781 | 977,402 | (13,687) | (19,457) | 528,523 | 42,165 | |
| Opening balance at 1 July 2022 | 1,269,693 | 1,270,930 | 977,402 | (13,687) | (22,934) | 330,149 | (1,237) | |
| Profit for the year | 151,802 | 151,791 | - | - | - | 151,791 | 11 | |
| Other comprehensive income | (2,086) | (2,086) | - | - | (2,086) | - | - | |
| Total comprehensive income | 149,716 | 149,705 | - | - | (2,086) | 151,791 | 11 | |
| Reclassification | - | - | - | - | 1 | (1) | - | |
| Transactions with owners | | | | | | | | |
| Dividend paid | (41,624) | (41,624) | - | - | - | (41,624) | - | |
| Closing balance at 30 June 2023 | 1,377,785 | 1,379,011 | 977,402 | (13,687) | (25,019) | 440,315 | (1,226) | |

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 30 June 2024

| | Note | Total equity RM'000 | Share capital (Note 25) RM'000 | Treasury shares (Note 25) RM'000 | Retained earnings RM'000 |
|--|------|------------------------|--------------------------------------|--|-----------------------------|
| Company | | | | | |
| Opening balance at 1 July 2023 | | 1,473,021 | 977,402 | (13,687) | 509,306 |
| Total comprehensive income | | 53,516 | - | - | 53,516 |
| Transaction with owners | | | | | |
| Dividends | 33 | (40,656) | - | - | (40,656) |
| Closing balance at 30 June 2024 | | <u>1,485,881</u> | <u>977,402</u> | <u>(13,687)</u> | <u>522,166</u> |
| Opening balance at 1 July 2022 | | 1,505,032 | 977,402 | (13,687) | 541,317 |
| Total comprehensive income | | 9,613 | - | - | 9,613 |
| Transaction with owners | | | | | |
| Dividends | 33 | (41,624) | - | - | (41,624) |
| Closing balance at 30 June 2023 | | <u>1,473,021</u> | <u>977,402</u> | <u>(13,687)</u> | <u>509,306</u> |

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

STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2024

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Operating activities | | | | | |
| Profit before tax | | 200,256 | 166,797 | 52,334 | 8,184 |
| <u>Adjustments for:</u> | | | | | |
| Amortisation of other intangible assets | 8 | 97 | 124 | 64 | 93 |
| Bad debt written off | 8 | - | 112 | - | 112 |
| Depreciation of property, plant and equipment | 8 | 138,284 | 134,593 | 2,844 | 3,177 |
| Dividend income from subsidiaries | 4 | - | - | (85,160) | (10,000) |
| Net change in fair value of biological assets | 8 | 33,120 | 10,443 | - | - |
| Impairment loss, net of reversal, on: | | | | | |
| - investment in subsidiaries | 8 | - | - | 118,962 | (4,213) |
| - property, plant and equipment | 8 | 2,508 | 2,389 | - | - |
| - trade and other receivables | 8 | - | - | (97,090) | 10,906 |
| Gain on early termination of leased assets | 8 | (4) | (41) | (4) | (41) |
| Interest expense | 8 | 17,907 | 24,503 | 22,620 | 20,128 |
| Interest income | 8 | (9,033) | (4,835) | (23,345) | (20,807) |
| Net loss/(gain) on disposal of property, plant and equipment | 8 | 4,880 | (1,352) | (690) | (1,122) |
| Net unrealised foreign exchange gain | 8 | (29) | (185) | (14) | (67) |
| Property, plant and equipment written off | 8 | 5,317 | 2,494 | 660 | 878 |
| Write down of inventories | 8 | - | 864 | - | - |
| Total adjustments | | 193,047 | 169,109 | (61,153) | (956) |
| Operating cash flows before changes in working capital | | 393,303 | 335,906 | (8,819) | 7,228 |
| <u>Changes in working capital</u> | | | | | |
| (Increase)/decrease in inventories | | (1,922) | 642 | 4,125 | (4,550) |
| (Increase)/decrease in receivables | | (6,715) | 25,250 | 50,289 | 79,086 |
| (Increase)/decrease in prepayments | | (2,249) | (2,413) | 31 | (26) |
| Increase/(decrease) in payables | | 6,264 | (21,584) | 253,311 | 162,398 |
| Total changes in working capital | | (4,622) | 1,895 | 307,756 | 236,908 |
| Cash flows from operations | | 388,681 | 337,801 | 298,937 | 244,136 |
| Interest received | | 9,033 | 4,835 | 23,345 | 20,807 |
| Interest paid | | (17,907) | (24,503) | (22,620) | (20,128) |
| Income taxes paid, net of refund | | (18,449) | (20,945) | (417) | (250) |
| Net cash flows from operating activities | | 361,358 | 297,188 | 299,245 | 244,565 |

STATEMENTS OF CASH FLOWS

For the financial year ended 30 June 2024

| | Note | Group | | Company | |
|---|-------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Investing activities | | | | | |
| Acquisition of property, plant and equipment | 13(e) | (46,964) | (34,108) | (1,996) | (1,122) |
| Acquisition of intangible assets | 15 | (78) | (25) | (78) | - |
| Acquisition of biological assets (excluding depreciation) | 14 | (19,088) | (14,846) | - | - |
| Proceeds from disposal of property, plant and equipment | | 2,320 | 4,573 | 1,194 | 6,575 |
| Acquisition of subsidiary | 16 | (52,209) | - | (52,250) | - |
| Net cash flows (used in)/from investing activities | | <u>(116,019)</u> | <u>(44,406)</u> | <u>(53,130)</u> | <u>5,453</u> |
| Financing activities | | | | | |
| Dividend paid | 33 | (40,656) | (41,624) | (40,656) | (41,624) |
| Repayment of bankers' acceptances, net | | - | (8,712) | - | - |
| Repayment of lease liabilities | | (858) | (859) | (177) | (213) |
| Repayment of term loans | | (153,164) | (215,948) | (153,164) | (215,948) |
| Net movement in Debt Service Reserve Accounts | | (610) | (19,963) | (610) | (19,963) |
| Net cash flows used in financing activities | | <u>(195,288)</u> | <u>(287,106)</u> | <u>(194,607)</u> | <u>(277,748)</u> |
| Net increase/(decrease) in cash and cash equivalents | | 50,051 | (34,324) | 51,508 | (27,730) |
| Effects of exchange rate changes | | 28 | 184 | 2 | 16 |
| Cash and cash equivalents at the beginning of the year | | <u>194,204</u> | <u>228,344</u> | <u>188,737</u> | <u>216,451</u> |
| Cash and cash equivalents at the end of the year | 22 | <u><u>244,283</u></u> | <u><u>194,204</u></u> | <u><u>240,247</u></u> | <u><u>188,737</u></u> |

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 30 June 2024

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and principal place of business of the Company is located at No. 1 - 9, Pusat Suria Permata, Lorong Upper Lanang 10A, 96000 Sibul, Sarawak, Malaysia.

The principal activities of the Company are investment holding, provision of management services, extraction and sale of logs. The principal activities of the subsidiaries are set out in Note 16. There have been no significant changes in the nature of the principal activities during the financial year.

2. Basis of preparation and material accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") accounting standards and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have also been prepared on the historical cost basis except as otherwise disclosed in this material accounting policies below.

These financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand ("RM'000") except when otherwise indicated.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported financial period. It also requires Directors to exercise their judgment in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group and the Company have adopted all the new and amended standards which are relevant to Group and the Company and are effective for annual financial periods beginning on or after 1 January 2023 as follows:

| Description | Effective for annual periods beginning on or after |
|--|--|
| MFRS 17: Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information | 1 January 2023 |
| Amendments to MFRS 101 and MFRS Practice Statement 2 - Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 108: Definition of Accounting Estimates | 1 January 2023 |
| Amendments to MFRS 112: Deferred tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules | 1 January 2023 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

2. Basis of preparation and material accounting policies (contd.)

2.2 Changes in accounting policies (contd.)

The adoption of these new amendments, standards and interpretations did not have any material effect on the financial performance or position of the Group and of the Company except for:

Amendments to MFRS 101 - Disclosure of Accounting Policies

The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their “significant” accounting policies with a requirement to disclose their “material” accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments have had an impact on the Group’s and the Company’s disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group’s and the Company’s financial statements.

2.3 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group’s and the Company’s financial statements are disclosed below. The Group and the Company intend to adopt these new and amended standards and interpretations, if applicable, when they become effective.

| Description | Effective for annual periods beginning on or after |
|--|--|
| Amendments to MFRS 16: Lease liability in a Sale and Leaseback | 1 January 2024 |
| Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current and Non-current liabilities with Covenants | 1 January 2024 |
| Amendments to MFRS 107 and MFRS 7: Disclosures - Supplier Finance Arrangements | 1 January 2024 |
| Amendments to MFRS 121: Lack of Exchangeability | 1 January 2025 |
| Amendments to MFRS 9 and MFRS 7: Classification and Measurement of Financial Instruments | 1 January 2026 |
| MFRS 18: Presentation and Disclosure in Financial Statements | 1 January 2027 |
| MFRS 19: Subsidiaries without Public Accountability - Disclosure | 1 January 2027 |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |

The directors do not expect any significant impact on the financial statements arising from the adoption of the above amendments, standards and interpretations in the period of initial application.

2.4 Basis of consolidation

The consolidated financial statements include the Company’s and its subsidiaries’ financial information as of 30 June 2024. Control over a subsidiary is established when the Group has the power to influence variable returns and direct the subsidiary’s relevant activities.

Typically, a majority of voting rights implies control. However, when the Group holds less than the majority, it assesses various factors to determine control. These factors include the Group’s voting rights relative to others, contractual arrangements, and past voting patterns.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

2. Basis of preparation and material accounting policies (contd.)

2.4 Basis of consolidation (contd.)

Control is reassessed if circumstances change. Consolidation of a subsidiary begins when control is obtained and ends when control is lost. Assets, liabilities, income, and expenses of a subsidiary are included in the consolidated financial statements from acquisition until cessation of control.

Profits, losses, and other comprehensive income ("OCI") are attributed to the parent company's equity holders and non-controlling interests, even if this results in the non-controlling interest in having a deficit balance. When necessary, adjustments are made to align the subsidiary's accounting policies with the Group's. All intra-group transactions are eliminated.

Changes in subsidiary ownership without loss of control are treated as equity transactions. When control is lost, all related assets, liabilities, and equity components are derecognised, with any remaining investment valued at fair value. If the Group loses control over a subsidiary, any remaining investment is measured at fair value. The difference between the carrying amount and fair value is recognised in profit or loss.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of acquisition is the sum of the consideration paid and any non-controlling interests in the acquired entity.

Upon acquisition, the Group evaluates the financial assets and liabilities assumed to ensure proper classification and designation. Any contingent consideration is recognised at fair value at the acquisition date. If classified as equity, it is not remeasured. If classified as a financial instrument, it is measured at fair value with subsequent changes recognised in profit or loss.

Goodwill is initially measured as the excess of consideration paid over the net identifiable assets acquired and liabilities assumed. If the fair value of net assets acquired exceeds the consideration, the Group reassesses its identification of assets and liabilities. Any remaining excess is recognised as a gain in profit or loss.

Goodwill is measured at cost less any accumulated impairment losses. It is allocated to cash-generating units for impairment testing, regardless of other assets or liabilities. If the goodwill is part of a cash-generating unit being disposed of, the associated goodwill is included in the carrying amount of the disposed operation.

2.5 Current versus non-current classification

The Group and the Company present assets and liabilities in the statements of financial position based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

2. Basis of preparation and material accounting policies (contd.)

2.5 Current versus non-current classification (contd.)

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group and the Company classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.6 Investments in subsidiaries

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. 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 Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment, except for freehold land, are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Bearer plants of oil palms consist of accumulated plantation development costs incurred from land clearing to the point of maturity of the crop cultivated. Capitalisation of plantation development and other operating costs ceases upon the point of maturity, which is approximately 3 years. When a bearer crop has reached the end of its useful life and is replanted, the carrying amount of the old bearer plants are derecognised, and the costs of the new bearer plants are treated as a replacement of the old bearer plants and capitalised.

Freehold land has an unlimited useful life and therefore is not depreciated. Leasehold land is amortised over its remaining lease term. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

| | |
|---|--|
| Bearer plants | 25 years |
| Factories, buildings and quarters land | 10 - 50 years or over remaining lease period |
| Aircraft, watercraft, motor vehicles, plant and machinery | 5 - 20 years |
| Roads and bridges | 10 years |
| Office renovation, furniture, fittings and equipment | 10 years |

Capital work-in-progress is not depreciated as these assets are not available for use.

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

2. Basis of preparation and material accounting policies (contd.)

2.7 Property, plant and equipment (contd.)

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.

A contract which involves the use of an item of property, plant and equipment that meets the definition of a lease is recognised as a right-of-use asset.

2.8 Biological assets

Biological assets comprise fresh fruit bunches (“FFB”) prior to harvest and planted forest.

(a) FFB prior to harvest

FFB prior to harvest (plantation produce growing on bearer plants) are classified as current assets as they are expected to be harvested and sold or used for production on a date not more than two (2) weeks after the reporting date.

FFB prior to harvest are measured at fair value less costs to sell. Fair value is measured as the present value from the sale of the FFB, less appropriate cost to sell and discounted at an appropriate rate. Any gains or losses arising from changes in the fair value less costs to sell are recognised in profit or loss.

(b) Planted forest (forestry assets)

Planted forest are stated at fair value less estimated cost to sell at the harvesting stage and is a Level 3 measure in terms of the fair value measurement hierarchy as established by MFRS 13 Fair Value Measurement.

In arriving at plantation fair values, the key assumptions used are estimated selling prices, cost of production and delivery and harvestable volume. The estimated volume of timber on hand is determined based on the maturity profile of the area under afforestation, the geographic location and other environmental considerations.

Changes in fair value are recognised in the profit or loss. At point of felling, the carrying value of forestry assets is transferred to inventories.

Directly attributable costs incurred during the year of biological growth and investments in standing timber are capitalised and presented within cash flows from investing activities.

2.9 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 testing for an asset is required, the Group and the Company estimate the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs to sell (“FVLCTS”) and its value in use (“VIU”).

The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

2. Basis of preparation and material accounting policies (contd.)

2.9 Impairment of non-financial assets (contd.)

In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining FVLCTS, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group and the Company base their impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the statement of profit or loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

2.10 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.

(a) Financial assets

Initial recognition and measurement

Financial assets are categorised at initial recognition based on their contractual cash flow characteristics and the Group's and the Company's business model for managing them. This classification determines how the assets are subsequently measured: amortised cost, fair value through OCI, or fair value through profit or loss.

Trade receivables without significant financing components or for which the Group and the Company apply a practical expedient are measured at the transaction price. For other financial assets, the initial measurement includes their fair value plus transaction costs, except for those classified at fair value through profit or loss.

To be classified and measured at amortised cost or fair value through OCI, a financial asset's cash flows must be 'solely payments of principal and interest' ("SPPI") on the outstanding principal. This is assessed at the instrument level. Assets failing the SPPI test are measured at fair value through profit or loss regardless of the business model.

The Group's and the Company's business model for managing financial assets determines how they generate cash flows from those assets, whether through collecting contractual cash flows, selling assets, or both. Financial assets held to collect contractual cash flows are classified at amortised cost, while those held to collect cash flows and sell are classified at fair value through OCI.

Transactions involving financial assets requiring delivery within a specific timeframe, as regulated by the market, are recognised on the trade date when the Group or the Company commits to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

2. Basis of preparation and material accounting policies (contd.)

2.10 Financial instruments (contd.)

(a) Financial assets (contd.)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four 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 relevant categories applicable to the Group and the Company are as follows:

(i) Financial assets at amortised cost (debt instruments)

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.

(ii) Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 132 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group or the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

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 (i.e., removed from the statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group or the Company has 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. In such cases, the Group and the Company evaluate whether they have transferred substantially all the risks and rewards of the asset, or if they have neither transferred nor retained substantially all the risks and rewards but have transferred control of the asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

2. Basis of preparation and material accounting policies (contd.)

2.10 Financial instruments (contd.)

(a) Financial assets (contd.)

Derecognition (contd.)

If the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they assess the extent to which they have retained the risks and rewards of ownership. If they haven't transferred or retained substantially all risks and rewards, nor transferred control of the asset, they continue to recognise the transferred asset to the extent of their continuing involvement. In this scenario, the Group and the Company also recognise an associated liability, and both are measured based on the rights and obligations retained.

Continuing involvement, such as a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group or the Company could be required to repay.

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 expects 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 stages.

- For credit exposures without a significant increase in credit risk since initial recognition, ECLs cover credit losses possible within the next 12 months.
- For exposures with a significant increase in credit risk, a loss allowance covers credit losses expected over the remaining exposure life, regardless of default timing.

For trade receivables and contract assets, a simplified approach calculates ECLs based on lifetime ECLs at each reporting date, using a provision matrix grounded in historical loss experience adjusted for forward-looking factors.

A financial asset is considered in default when payments are 90 days past due or when information suggests full recovery is unlikely, considering any credit enhancements held. Financial assets are written off when full contractual cash flow recovery is improbable.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are categorised at initial recognition as either financial liabilities at fair value through profit or loss, loans and borrowings, payables, or derivatives designated as effective hedging instruments.

Upon initial recognition, all financial liabilities are recorded at fair value, with loans and borrowings and payables recognised net of directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

2. Basis of preparation and material accounting policies (contd.)

2.10 Financial instruments (contd.)

(b) Financial liabilities (contd.)

Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified at amortised cost (loans and borrowings).

The relevant category applicable to the Group and the Company is as follow:

Financial liabilities at amortised cost

Interest-bearing loans and borrowings, the most relevant category to the Group and the Company, are subsequently measured at amortised cost using the effective interest rate (EIR) method after initial recognition. Gains and losses are recognised in profit or loss upon derecognition of the liabilities, as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition, as well as fees or costs integral to the effective interest rate. The amortisation of the effective interest rate is recorded as finance costs in the profit or loss.

This category primarily encompasses interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amount and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

2.11 Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's and the Company's cash management.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

2. Basis of preparation and material accounting policies (contd.)

2.12 Inventories

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

- Raw materials: purchase costs on weighted average cost method.
- Finished goods and work-in-progress: cost of raw materials, direct labour, an appropriate proportion of fixed and variable factory overheads and all costs attributable to nursery and tree planting expenditure that can be allocated on a reasonable basis to such activities.
- Processed inventories: cost of raw materials, direct labour and an appropriate proportion of fixed and variable production overheads.

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.

2.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset.

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

2.14 Leases

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets ("ROU")

Upon lease commencement, the Group and the Company recognise right-of-use assets, initially recognising them at cost and subsequently adjusting them for accumulated depreciation and impairment losses, if any. The asset's cost includes lease liabilities, initial direct costs, and lease payments made less incentives received. Depreciation is applied on a straight-line basis over the shorter of the lease term or asset's useful life as follows:

| | |
|----------------|----------------|
| Leasehold land | 2 to 32 years |
| Motor vehicles | 10 to 15 years |

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

2. Basis of preparation and material accounting policies (contd.)

2.14 Leases (contd.)

As a lessee (contd.)

(ii) Lease liabilities

Upon lease commencement, the Group and the Company recognise lease liabilities, measured at the present value of lease payments over the lease term. These payments include fixed payments, less any lease incentives received, variable payments dependent on an index or rate, amounts under residual value guarantees, and purchase option exercise prices or termination penalties.

Variable payments not tied to an index or rate are expensed when triggered.

The present value of lease payments is calculated using the incremental borrowing rate at lease commencement, if the lease's implicit interest rate is not easily determinable. Over time, lease liabilities increase for interest accrual and decrease for payments made. Additionally, they are remeasured for modifications, changes in lease terms or payments, or revised assessments of purchase.

Lease liabilities are reported within interest-bearing loans and borrowings.

(iii) Short-term leases and leases of low-value assets

For leases with a term of 12 months or less and lacking a purchase option, the Group and the Company apply a short-term lease recognition exemption. Similarly, leases of deemed low value also qualify for exemption.

Lease payments for these short-term and low-value asset leases are expensed evenly over the lease term on a straight-line basis.

2.15 Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group and the Company satisfy a performance obligation by transferring a promised good and service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

The Group and the Company have generally concluded that they are the principal in their revenue arrangements because they typically control the goods and services before transferring them to the customer.

(a) Sale of goods

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

2. Basis of preparation and material accounting policies (contd.)

2.15 Revenue from contracts with customers (contd.)

(a) Sale of goods (contd.)

The Group or the Company transfers control of a good at a point in time unless one of the following over time criteria are met:

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

(b) Services rendered

Revenue from services is recognised when the Group and the Company transfer control upon performance of services over time to customers where the customer simultaneously receives and consumes the benefits provided as the Group and the Company perform.

(c) Other revenue

Revenue from other sources are recognised as follows:

- (i) Interest income is recognised on an accrual basis using the effective interest method.
- (ii) Dividend income is recognised when the Group's and the Company's right to receive payment is established.
- (iii) Management fees are recognised when services are rendered.

2.16 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.17 Taxes

(a) Income tax

Current income tax assets and liabilities are measured based on the expected amounts to be paid to or recovered from taxation authorities. This calculation uses enacted or substantively enacted tax rates and laws applicable at the reporting date in the countries where the Group operates and generates taxable income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

2. Basis of preparation and material accounting policies (contd.)

2.17 Taxes (contd.)

(a) Income tax (contd.)

For items recognised directly in equity, current income tax is recognised in equity, not in the profit or loss. Management periodically reviews tax return positions, particularly in cases where tax regulations are open to interpretation, and establishes provisions as necessary.

(b) Deferred tax

Deferred tax is recognised using the liability method based on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except for:

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, subject to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred tax asset relating to the deductible temporary difference 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 the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date, with adjustments made based on the probability of future taxable profits.

Deferred tax assets and liabilities are measured using expected future tax rates, based on rates that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items outside profit or loss is recognised accordingly, either in OCI or directly in equity.

Tax benefits acquired as part of a business combination are recognised subsequently if new information about facts and circumstances changes.

The Group and the Company offset deferred tax assets and liabilities if they have a legally enforceable right to set off current tax assets and liabilities and certain other conditions are met.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

2. Basis of preparation and material accounting policies (contd.)

2.17 Taxes (contd.)

(c) Sales and Services Tax (“SST”)

Revenue, expenses and assets are recognised net of the amount of SST except:

- Where the SST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of SST included.

2.18 Share capital and share issuance expenses

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 equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.19 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in the share capital.

2.20 Fair value measurements

The Group and the Company measure financial instruments at fair value at each reporting date. Fair value is the price at which an asset could be sold or a liability transferred in an orderly transaction between market participants at the measurement date.

Fair value is determined based on the presumption that the transaction occurs in either the principal market or, if not available, the most advantageous market accessible to the Group and the Company. The measurement considers assumptions that market participants act in their economic best interest.

When measuring fair value for non-financial assets, it accounts for their potential economic benefits in their highest and best use.

The Group uses appropriate valuation techniques, maximizing observable inputs and minimizing unobservable ones, with fair value measurements categorised into three levels based on the significance of inputs:

- Level 1 - Quoted market prices in active markets.
- Level 2 - Valuation techniques with observable inputs.
- Level 3 - Valuation techniques with unobservable inputs.

Transfers between levels are assessed at each reporting period. Classes of asset and liability are determined for fair value disclosures based on their nature characteristics, risks, and their level within the fair value hierarchy.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

2. Basis of preparation and material accounting policies (contd.)

2.21 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

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.

3.1 Critical judgements made in applying accounting policies

There is no significant judgement made by management in the process of applying the Group's and the Company's accounting policies that has significant effect on the amounts recognised in the financial statements.

3.2 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.

(a) Impairment assessment of property, plant and equipment (including right-of use assets)

Due to operational losses of certain subsidiaries, the Group assessed the recoverable amount of these subsidiaries' property, plant and equipment ("PPE") during the financial year. As at 30 June 2024, the carrying amount of these PPE amounted to approximately RM110.6 million.

The estimated recoverable amounts of these subsidiaries are determined based on the higher of their VIU and FVLCTS. Where the recoverable amount is based on FVLCTS, management considered the published/quoted selling prices of the assets or most recent transacted prices. Further impairment may occur if these prices fail to actualise.

Where the recoverable amount is based on VIU, no realistic changes in the key assumptions will result in further impairment except for the following:

| Entity | Carrying amount of CGU | Changes in key assumptions will result in further impairment, if |
|--------------------------|---|---|
| Jaya Tiasa R&D Sdn. Bhd. | Coconut plantation development expenditure - RM1,308,917 | - Selling price decrease by 2.83% - Margin decrease by 5.37% - Volume of coconut sales decrease by 2.83% - Discount rate increase by 0.43% |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

3. Significant accounting judgements and estimates (contd.)

3.2 Key sources of estimation uncertainty (contd.)

(b) Fair value of biological assets

Biological assets represent the produce growing on oil palms. FFB are harvested from the oil palms for use in the production of CPO and palm kernel (PK). The growing produce are essentially FFB prior to harvesting.

An oil palm fruit typically starts to develop oil from about 14 to 15 weeks after pollination. The oil content in the fruit increases exponentially over the next 5 weeks and reaches its maximum at about 22 weeks.

Management considered the maturity stages of FFB and concluded that unripen FFB of up to 15 days would be used in the computation of the fair value of biological assets.

The fair value of the growing produce is determined on the basis of present value of expected future cash flows which takes into consideration the production and estimated selling prices of CPO and PK adjusted for extraction rates, processing, harvesting and transport costs. The carrying amount of biological assets is disclosed in Note 14.

If the tonnage of unripen FFB vary by 5%, the fair value of the Group's biological assets would increase or decrease by RM713,679 (2023: RM805,223).

(c) Planted forest (forestry assets)

Planted forest are stated at fair value less estimated cost to sell at the harvesting stage and is categorised as a Level 3 measurement in terms of the fair value measurement hierarchy as established by MFRS 13 *Fair Value Measurement*. The quantity of planted forest was assessed by an independent specialist and valued based on the director's valuation during the financial year.

In arriving at fair value, the key assumptions used are estimated selling prices, cost of production and delivery and harvestable volume. The valuation also assumed that planted timber are sold locally. The export of planted timber extracted from license for planted forest are currently suspended by the Sarawak government until further notice. In addition, the Group has not obtained a license to harvest the reforested plantation. All changes in fair value are recognised in the profit and loss in the period in which they arise.

The impact of changes in significant assumptions on the fair value of the planted forest is disclosed in Note 14.

(d) Impairment assessment of investment in subsidiaries

The Company performs regular assessments at each reporting date to identify any indicators of impairment for its interests in subsidiaries. The Company estimates the recoverable amount of the investment based on the higher of VIU and FVLCTS.

In estimating FVLCTS, management considered the fair value of the quoted shares, helicopters and adjusted land value based on comparable market prices. Additionally, management also consider the fair value of the motor vehicles derived from different sources, including quotations provided by agents or potential buyers. Further impairment may occur if these quotations fail to actualise.

In estimating VIU, the Group and the Company rely on forecast of future cash flows and discounting these cash flow at an appropriate rate, which is the weighted average cost of capital of the individual subsidiary and adjusted for projection risks, if any.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

3. Significant accounting judgements and estimates (contd.)

3.2 Key sources of estimation uncertainty (contd.)

(d) Impairment assessment of investment in subsidiaries (contd.)

Where the recoverable amount is based on VIU, no realistic changes in the key assumptions will result in further impairment except for the following:

| Entity | Carrying amount (RM'000) | Further impairment may arise if |
|--|--------------------------|---|
| Hak Jaya Sdn. Bhd. | 3,622 | Decrease in the volume of timber extracted. |
| Jaya Tiasa R&D Sdn. Bhd. | 7,430 | Decrease in the selling prices and volume of nuts harvested. |
| Jaya Tiasa Forest Plantation Sdn. Bhd. | 10,555 | Decrease in the selling prices of timber, harvestable volume and increase in cost of extraction and delivery. |
| Jaya Tiasa Plywood Sdn. Bhd. | 11,987 | Decrease in selling prices of used vehicles. |
| Multi Greenview Sdn. Bhd. | 15,367 | Decrease in quoted price of investment held. |
| Rimbunan Hijau Plywood Sdn. Bhd. | 6,533 | Decrease in selling prices of used vehicles. |

(e) Deferred tax assets

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences or unutilised tax losses and tax credits can be offset. This determination requires significant management judgement, which is based on the likely timing and level of future taxable profits in conjunction with future tax planning strategies.

To assess the timing and magnitude of future taxable profits, the Group and the Company have evaluated the likelihood of expected future taxable profits for the next five years. These projections rely on estimates of future production and sales volumes, operating costs, capital expenditures, dividends, and other capital management activities. These judgements and assumptions are subject to inherent risks and uncertainties, and as such, changes in circumstances may alter expectations, potentially impacting the amount of deferred tax assets recognised on the statements of financial position.

4. Revenue

| | Group | | Company | |
|---------------------------------------|------------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Revenue from contracts with customers | 1,015,867 | 854,952 | 56,338 | 61,847 |
| Other revenue | | | | |
| - Dividend income from subsidiaries | - | - | 85,160 | 10,000 |
| - Management fee from subsidiaries | - | - | 21,076 | 15,231 |
| Total revenue | <u>1,015,867</u> | <u>854,952</u> | <u>162,574</u> | <u>87,078</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

4. Revenue (contd.)

| | Group | | Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Major product lines: | | | | |
| Sale of crude palm oil, palm kernel and fresh fruit bunches | 957,960 | 792,333 | - | - |
| Sale of timber and related products | 56,591 | 62,038 | 56,338 | 61,847 |
| Others | 1,316 | 581 | - | - |
| | <u>1,015,867</u> | <u>854,952</u> | <u>56,338</u> | <u>61,847</u> |

Revenue from contracts with customers:

| | | | | |
|---------------------------------|------------------|----------------|---------------|---------------|
| - recognised at a point in time | <u>1,015,867</u> | <u>854,952</u> | <u>56,338</u> | <u>61,847</u> |
|---------------------------------|------------------|----------------|---------------|---------------|

There are no material unfulfilled performance obligations as at the reporting date, whether unsatisfied or partly satisfied, to be recognised over the subsequent periods.

Salient terms of sales are as follows:

- (i) Crude palm oil, palm kernel and fresh fruit bunches - Credit period of 15 to 30 days (2023: 15 to 30 days) from invoicing date. No material warranty or refund obligation.
- (ii) Timber and related products - Credit period of 15 days (2023: 15 days) from invoicing date. No material warranty or refund obligation.

5. Cost of sales

| | Group | | Company | |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Cost of crude palm oil, palm kernel and fresh fruit bunches | 640,942 | 560,214 | - | - |
| Cost of timber and related products | 62,563 | 41,877 | 55,874 | 49,711 |
| Others | 5,809 | 3,275 | - | - |
| | <u>709,314</u> | <u>605,366</u> | <u>55,874</u> | <u>49,711</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

6. Other income

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Freight and handling income | 742 | 704 | 708 | 605 |
| Foreign exchange gain: | | | | |
| - realised | - | 118 | - | - |
| - unrealised | 32 | 199 | 14 | 67 |
| Commission income | 23 | 15 | 23 | 15 |
| Gain on early termination of leased assets | 4 | 41 | 4 | 41 |
| Gain on disposal of property, plant and equipment | 841 | 1,583 | 690 | 1,122 |
| Interest income (Note 8) | 9,033 | 4,835 | 23,345 | 20,807 |
| Rental income (Note 8) | 266 | 169 | 220 | 135 |
| Reversal of impairment loss on: | | | | |
| - other receivables (Note 19(d)) | - | - | 100,974 | 33 |
| - investment in subsidiaries (Note 16) | - | - | 6,782 | 6,661 |
| Others | 6,428 | 8,787 | 658 | 225 |
| | <u>17,369</u> | <u>16,451</u> | <u>133,418</u> | <u>29,711</u> |

7. Finance costs

| | Group | | Company | |
|--------------------------------|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Interest expense on: | | | | |
| Bank loans and bank overdrafts | 17,605 | 24,121 | 6,023 | 1,613 |
| Lease liabilities (Note 23(b)) | 302 | 356 | 54 | 76 |
| Amounts due to subsidiaries | - | - | 16,543 | 18,439 |
| Others | - | 26 | - | - |
| | <u>17,907</u> | <u>24,503</u> | <u>22,620</u> | <u>20,128</u> |
| Add: Other charges | | | | |
| Bank charges | 135 | 142 | 59 | 40 |
| Commitment fee | 390 | 387 | 320 | 318 |
| | <u>525</u> | <u>529</u> | <u>379</u> | <u>358</u> |
| | <u>18,432</u> | <u>25,032</u> | <u>22,999</u> | <u>20,486</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

8. Profit before tax

The following amounts have been included in arriving at profit before tax:

| | Group | | Company | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Amortisation of other intangible assets (Note 15) | 97 | 124 | 64 | 93 |
| Auditors' remunerations statutory audit | 892 | 845 | 258 | 255 |
| Bad debt written off | - | 112 | - | 112 |
| Depreciation of property, plant and equipment (Note 13) | 138,284 | 134,593 | 2,844 | 3,177 |
| Gain on early termination of leased assets | (4) | (41) | (4) | (41) |
| Hiring charges paid to a subsidiary | - | - | 300 | 300 |
| Impairment loss, net of reversal, on: | | | | |
| - investment in subsidiaries (Note 16(d)) | - | - | 118,962 | (4,213) |
| - property, plant and equipment (Note 13) | 2,508 | 2,389 | - | - |
| - trade and other receivables (Note 19) | - | - | (97,090) | 10,906 |
| Interest expense (Note 7) | 17,907 | 24,503 | 22,620 | 20,128 |
| Interest income (Note 6) | (9,033) | (4,835) | (23,345) | (20,807) |
| Net fair value changes in biological assets (Note 14) | 33,120 | 10,443 | - | - |
| Net loss/(gain) on disposal of property, plant and equipment | 4,880 | (1,352) | (690) | (1,122) |
| Net foreign exchange (gain)/loss: | | | | |
| - realised | 3 | (118) | 1 | - |
| - unrealised | (29) | (185) | (14) | (67) |
| Non-executive directors' remunerations (Note 10) | 1,096 | 826 | 1,048 | 778 |
| Property, plant and equipment written off | 5,317 | 2,494 | 660 | 878 |
| Rental income (Note 6) | (266) | (169) | (220) | (135) |
| Write down of inventories | - | 864 | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

9. Employee benefits expense

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Salaries, wages, allowances and bonus | 99,445 | 90,481 | 24,761 | 17,036 |
| Social security contributions | 3,965 | 3,047 | 241 | 172 |
| Contributions to defined contribution plan | 7,773 | 7,642 | 2,682 | 1,955 |
| Employment insurance scheme contributions | 127 | 121 | 26 | 19 |
| Other benefits | 473 | 386 | 234 | 225 |
| Total employee benefits expense (including executive directors) | 111,783 | 101,677 | 27,944 | 19,407 |
| Less: Employee benefits expense capitalised in biological assets (Note 14) | (1,650) | (1,478) | - | - |
| Total employee benefits expense | 110,133 | 100,199 | 27,944 | 19,407 |
| | | | | |
| Included herein are: Executive directors' remunerations (Note 10) | 4,099 | 1,920 | 4,099 | 1,920 |

10. Directors' remunerations

Details of remunerations receivable by directors of the Group and the Company during the year are as follows:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Directors of the Company | | | | |
| Executive: | | | | |
| Salaries and other emoluments | 3,627 | 1,699 | 3,627 | 1,699 |
| Contributions to defined contribution plans | 472 | 221 | 472 | 221 |
| Total executive directors' remunerations (Note 9) | 4,099 | 1,920 | 4,099 | 1,920 |
| Total executive directors' remunerations | 4,099 | 1,920 | 4,099 | 1,920 |
| Estimated money value of benefits-in-kind | 49 | 24 | 49 | 24 |
| Total executive directors' remunerations including benefits-in-kind | 4,148 | 1,944 | 4,148 | 1,944 |
| | | | | |
| Non-executive: | | | | |
| Fees | 740 | 484 | 740 | 484 |
| Other emoluments | 308 | 294 | 308 | 294 |
| Total non-executive directors' remunerations | 1,048 | 778 | 1,048 | 778 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

10. Directors' remuneration (contd.)

Details of remunerations receivable by directors of the Group and the Company during the year are as follows: (contd.)

Directors of subsidiaries

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Non-executive: | | | | |
| Fees | 48 | 48 | - | - |
| Total non-executive directors' remunerations excluding benefits-in-kind (Note 8) | 1,096 | 826 | 1,048 | 778 |
| Total directors' remunerations (Note 28) | 5,244 | 2,770 | 5,196 | 2,722 |

11. Income tax expense

The major components of income tax expense for the year ended 30 June 2024 and 2023 are:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Income tax: | | | | |
| Malaysian income tax | 29,170 | 14,001 | - | 332 |
| Over provision in respect of previous years | (75) | (716) | (45) | (898) |
| | 29,095 | 13,285 | (45) | (566) |
| Deferred income tax (Note 17): | | | | |
| Origination and reversal of temporary differences | 41,780 | 2,033 | (1,144) | (863) |
| Under/(over) provision in respect of previous years | 415 | (323) | 7 | - |
| | 42,195 | 1,710 | (1,137) | (863) |
| Income tax expense for the year | 71,290 | 14,995 | (1,182) | (1,429) |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

11. Income tax expense (contd.)

Reconciliations between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate are as follows:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Accounting profit before tax | 200,256 | 166,797 | 52,334 | 8,184 |
| Tax at Malaysian statutory tax rate of 24% (2023: 24%) | 48,061 | 40,031 | 12,560 | 1,964 |
| Expenses not deductible for tax purposes | 5,335 | 2,729 | 6,832 | 2,157 |
| Income not subject to tax | - | - | (20,438) | (2,400) |
| Utilisation of previously unrecognised unabsorbed capital allowances, unused tax losses | - | (29) | - | - |
| Recognition of previously unrecognised unabsorbed capital allowances and unused tax losses | (98) | (26,699) | (98) | (2,252) |
| Deferred tax assets not recognised on capital allowances and unused tax losses | 15,537 | 2 | - | - |
| Unabsorbed capital allowances disregarded due to discontinuation of a business source | 2,115 | - | - | - |
| Over provision of income tax in respect of previous years | (75) | (716) | (45) | (898) |
| Under/(over) provision of deferred tax in respect of previous years | 415 | (323) | 7 | - |
| Income tax expense for the year | 71,290 | 14,995 | (1,182) | (1,429) |

Current income tax is calculated at the Malaysian statutory tax rate of 24% (2023: 24%) of the estimated assessable profit for the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

11. Income tax expense (contd.)

At the reporting date, the Group and the Company has the following for offset against future taxable income:

| | Group | | Company | |
|-----------------------------------|----------------|------------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Unutilised tax losses | 670,664 | 704,943 | 21,410 | 19,191 |
| Unutilised export sales incentive | 39,041 | 39,041 | - | - |
| Unabsorbed capital allowances | 227,548 | 391,605 | 47,483 | 46,610 |
| Unabsorbed reinvestment allowance | 6,701 | 6,701 | - | - |
| Others | 37,421 | 40,553 | - | - |
| | <u>981,375</u> | <u>1,182,843</u> | <u>68,893</u> | <u>65,801</u> |

Pursuant to Section 44(5F) of the Income Tax Act, 1967, the unutilised tax losses can only be carried forward until the following years of assessment:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Unutilised tax losses to be carried forward until: | | | | |
| - Year of assessment 2028 | 304,906 | 371,941 | - | - |
| - Year of assessment 2029 | 91,388 | 91,388 | - | - |
| - Year of assessment 2030 | 47,922 | 47,922 | 19,191 | 19,191 |
| - Year of assessment 2031 | 66,691 | 66,691 | - | - |
| - Year of assessment 2032 | 99,215 | 99,215 | - | - |
| - Year of assessment 2033 | 27,786 | 27,786 | - | - |
| - Year of assessment 2034 | 32,756 | - | 2,219 | - |
| | <u>670,664</u> | <u>704,943</u> | <u>21,410</u> | <u>19,191</u> |

Pursuant to Schedule 7A, para 4B of the Income Tax Act, 1967, the unabsorbed reinvestment allowances can only be carried forward until the following year of assessment:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Unabsorbed reinvestment allowances to be carried forward until: | | | | |
| - Year of assessment 2028 | <u>6,701</u> | <u>6,701</u> | <u>-</u> | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

12. Earnings per share

Basic earnings per share

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

The following table reflects the earnings used in the computation of basic earnings per share for the years ended 30 June 2024 and 2023:

| | 2024 | Group 2023 |
|---|---------|---------------|
| Profit net of tax attributable to owners of the parent (RM'000) | 128,867 | 151,791 |
| Weighted average number of ordinary shares in issue ('000) | 967,991 | 967,991 |
| Basic earnings per share (sen) | 13.31 | 15.68 |

There are no dilutive potential ordinary shares. As such, the diluted earnings per share of the Group is equivalent to basic earnings per share.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

13. Property, plant and equipment

| Group | Freehold land RM'000 | Leasehold land RM'000 | Bearer plants RM'000 | Factories, buildings and quarters RM'000 | Aircraft, watercraft, motor vehicles, plant and machinery RM'000 | Roads and bridges RM'000 | Office renovation, furniture, fittings and equipment RM'000 | Capital work-in-progress RM'000 | Total RM'000 |
|--|-------------------------|--------------------------|-------------------------|---|---|-----------------------------|--|------------------------------------|-----------------|
| Cost | | | | | | | | | |
| At 1 July 2022 | 12,409 | 105,032 | 1,479,698 | 685,256 | 1,226,321 | 245,874 | 51,868 | 9,476 | 3,815,934 |
| Additions | - | 1,866 | 4,411 | 2,864 | 16,765 | - | 2,060 | 8,008 | 35,974 |
| Disposals | - | - | - | (1,704) | (16,675) | (2,812) | (98) | (494) | (21,783) |
| Early termination of ROU during the year | - | (302) | - | - | - | - | - | - | (302) |
| Written off | - | - | - | (871) | (2,258) | - | (551) | (1,871) | (5,551) |
| Reclassifications | - | - | - | 4,639 | 1,545 | - | 12 | (6,196) | - |
| At 30 June 2023 and 1 July 2023 | 12,409 | 106,596 | 1,484,109 | 690,184 | 1,225,698 | 243,062 | 53,291 | 8,923 | 3,824,272 |
| Additions | - | 6 | 1,230 | 4,670 | 25,009 | - | 5,309 | 10,746 | 46,970 |
| Acquisition of subsidiary | - | 95,339 | - | - | - | - | - | - | 95,339 |
| Disposals | - | - | - | (11,801) | (11,379) | - | (515) | (278) | (23,973) |
| Early termination of ROU during the year | - | (311) | - | - | - | - | - | - | (311) |
| Written off | - | - | (14,063) | (597) | (7,922) | - | (810) | (19) | (23,411) |
| Reclassifications | - | - | - | 56 | 5,231 | - | 1,002 | (6,289) | - |
| At 30 June 2024 | 12,409 | 201,630 | 1,471,276 | 682,512 | 1,236,637 | 243,062 | 58,277 | 13,083 | 3,918,886 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

13. Property, plant and equipment (contd.)

| | Freehold land RM'000 | Leasehold land RM'000 | Bearer plants RM'000 | Factories, buildings and quarters RM'000 | Aircraft, watercraft, motor vehicles, plant and machinery RM'000 | Roads and bridges RM'000 | Office renovation, furniture, fittings and equipment RM'000 | Capital work-in-progress RM'000 | Total RM'000 |
|--|-------------------------|--------------------------|-------------------------|---|---|-----------------------------|--|------------------------------------|-----------------|
| Group (contd.) | | | | | | | | | |
| Accumulated depreciation | | | | | | | | | |
| At 1 July 2022 | 1,377 | 28,463 | 533,032 | 453,133 | 1,024,064 | 175,420 | 41,673 | - | 2,257,162 |
| Depreciation charge for the year | 67 | 2,792 | 60,048 | 32,609 | 26,708 | 10,942 | 2,380 | - | 135,546 |
| Recognised in profit or loss (Note 8) | 67 | 2,105 | 60,048 | 32,446 | 26,618 | 10,938 | 2,371 | - | 134,593 |
| Capitalised in biological assets (Note 14) | - | 687 | - | 163 | 90 | 4 | 9 | - | 953 |
| Disposals | - | - | - | (1,704) | (13,966) | (2,812) | (80) | - | (18,562) |
| Early termination of ROU during the year | - | (47) | - | - | - | - | - | - | (47) |
| Written off | - | - | - | (859) | (1,760) | - | (438) | - | (3,057) |
| Impairment loss (Note 8) | - | - | 960 | 162 | 1,093 | - | 174 | - | 2,389 |
| At 30 June 2023 | 1,444 | 30,828 | 593,080 | 467,576 | 956,343 | 166,063 | 43,535 | - | 2,258,869 |
| Accumulated depreciation | - | 380 | 960 | 15,765 | 79,796 | 17,487 | 174 | - | 114,562 |
| Accumulated impairment | 1,444 | 31,208 | 594,040 | 483,341 | 1,036,139 | 183,550 | 43,709 | - | 2,373,431 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

13. Property, plant and equipment (contd.)

| | Freehold land RM'000 | Leasehold land RM'000 | Bearer plants RM'000 | Factories, buildings and quarters RM'000 | Aircraft, watercraft, motor vehicles, plant and machinery RM'000 | Roads and bridges RM'000 | Office renovation, furniture, fittings and equipment RM'000 | Capital work-in-progress RM'000 | Total RM'000 |
|--|-------------------------|--------------------------|-------------------------|---|---|-----------------------------|--|------------------------------------|-----------------|
| Group (contd.) | | | | | | | | | |
| Accumulated depreciation (contd.) | | | | | | | | | |
| At 1 July 2023 | 1,444 | 31,208 | 594,040 | 483,341 | 1,036,139 | 183,550 | 43,709 | - | 2,373,431 |
| Depreciation charge for the year | 67 | 5,076 | 60,821 | 32,107 | 27,738 | 10,209 | 2,501 | - | 138,519 |
| Recognised in profit or loss (Note 8) | 67 | 5,076 | 60,821 | 31,944 | 27,682 | 10,205 | 2,489 | - | 138,284 |
| Capitalised in biological assets (Note 14) | - | - | - | 163 | 56 | 4 | 12 | - | 235 |
| Disposals | - | - | - | (6,289) | (10,183) | - | (301) | - | (16,773) |
| Early termination of ROU during the year | - | (199) | - | - | - | - | - | - | (199) |
| Written off | - | - | (10,061) | (589) | (6,754) | - | (690) | - | (18,094) |
| Impairment loss (Note 8) | - | - | - | - | 1,650 | 858 | - | - | 2,508 |
| At 30 June 2024 | 1,511 | 35,705 | 643,840 | 492,805 | 967,144 | 176,272 | 45,045 | - | 2,362,322 |
| Accumulated depreciation | - | 380 | 960 | 15,765 | 81,446 | 18,345 | 174 | - | 117,070 |
| Accumulated impairment | 1,511 | 36,085 | 644,800 | 508,570 | 1,048,590 | 194,617 | 45,219 | - | 2,479,392 |
| Net carrying amount | | | | | | | | | |
| At 30 June 2023 | 10,965 | 75,388 | 890,069 | 206,843 | 189,559 | 59,512 | 9,582 | 8,923 | 1,450,841 |
| At 30 June 2024 | 10,898 | 165,545 | 826,476 | 173,942 | 188,047 | 48,445 | 13,058 | 13,083 | 1,439,494 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

13. Property, plant and equipment (contd.)

| Company | Freehold land RM'000 | Leasehold land RM'000 | Factories, buildings and quarters RM'000 | Aircraft, watercraft, motor vehicles, plant and machinery RM'000 | Roads and bridges RM'000 | Office renovation, furniture, fittings and equipment RM'000 | Capital work-in-progress RM'000 | Total RM'000 |
|---|-------------------------|--------------------------|---|---|-----------------------------|--|------------------------------------|-----------------|
| Cost | | | | | | | | |
| At 1 July 2022 | 7,885 | 1,916 | 13,327 | 160,988 | 51,524 | 16,939 | 998 | 253,577 |
| Additions | - | 151 | - | 875 | - | 81 | 166 | 1,273 |
| Disposals | - | (302) | - | (14,004) | (2,812) | - | (18) | (17,136) |
| Written off | - | - | - | - | - | (97) | (874) | (971) |
| Reclassifications | - | - | 16 | - | - | 10 | (26) | - |
| At 30 June 2023 and 1 July 2023 | 7,885 | 1,765 | 13,343 | 147,859 | 48,712 | 16,933 | 246 | 236,743 |
| Additions | - | 6 | 761 | 798 | - | 286 | 151 | 2,002 |
| Disposals | - | (311) | (459) | (5,671) | - | (458) | (46) | (6,945) |
| Written off | - | - | (570) | (6,295) | - | (107) | - | (6,972) |
| Reclassifications | - | - | - | - | - | 192 | (192) | - |
| At 30 June 2024 | 7,885 | 1,460 | 13,075 | 136,691 | 48,712 | 16,846 | 159 | 224,828 |
| Accumulated depreciation | | | | | | | | |
| At 1 July 2022 | 1,377 | 653 | 8,392 | 139,019 | 49,782 | 15,843 | - | 215,066 |
| Depreciation charge for the year (Note 8) | 67 | 228 | 393 | 1,875 | 361 | 253 | - | 3,177 |
| Disposals | - | (47) | - | (8,569) | (2,812) | - | - | (11,428) |
| Written off | - | - | - | - | - | (93) | - | (93) |
| At 30 June 2023 | 1,444 | 834 | 8,340 | 86,283 | 32,228 | 16,003 | - | 145,132 |
| Accumulated depreciation | - | - | 445 | 46,042 | 15,103 | - | - | 61,590 |
| Accumulated impairment | 1,444 | 834 | 8,785 | 132,325 | 47,331 | 16,003 | - | 206,722 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

13. Property, plant and equipment (contd.)

| | Freehold land RM'000 | Leasehold land RM'000 | Factories, buildings and quarters RM'000 | Aircraft, watercraft, motor vehicles, plant and machinery RM'000 | Roads and bridges RM'000 | Office renovation, furniture, and fittings and equipment RM'000 | Capital work-in- progress RM'000 | Total RM'000 |
|--|-------------------------|--------------------------|--|--|-----------------------------------|---|---|-----------------|
| Company (contd.) | | | | | | | | |
| Accumulated depreciation (contd.) | | | | | | | | |
| At 1 July 2023 | 1,444 | 834 | 8,785 | 132,325 | 47,331 | 16,003 | - | 206,722 |
| Depreciation charge for the year (Note 8) | 67 | 180 | 358 | 1,672 | 361 | 206 | - | 2,844 |
| Disposals | - | (199) | (291) | (5,595) | - | (244) | - | (6,329) |
| Written off | - | - | (570) | (5,638) | - | (104) | - | (6,312) |
| At 30 June 2024 | 1,511 | 815 | 7,837 | 76,722 | 32,589 | 15,861 | - | 135,335 |
| Accumulated depreciation | - | - | 445 | 46,042 | 15,103 | - | - | 61,590 |
| Accumulated impairment | | | | | | | | |
| Net carrying amount | 1,511 | 815 | 8,282 | 122,764 | 47,692 | 15,861 | - | 196,925 |
| At 30 June 2023 | 6,441 | 931 | 4,558 | 15,534 | 1,381 | 930 | 246 | 30,021 |
| At 30 June 2024 | 6,374 | 645 | 4,793 | 13,927 | 1,020 | 985 | 159 | 27,903 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

13. Property, plant and equipment (contd.)

(a) Right-of-use assets ("ROU")

Included in the property, plant and equipment are right-of-use assets as follows:

| Group | Motor vehicles RM'000 | Leasehold land RM'000 | Total RM'000 |
|---|-----------------------------|-----------------------------|-----------------|
| At 1 July 2022 | 12,923 | 76,569 | 89,492 |
| Additions during the year | - | 1,866 | 1,866 |
| Depreciation charge for the year (Note 23(b)) | (791) | (2,792) | (3,583) |
| Disposal during the year | (4,937) | - | (4,937) |
| Derecognition upon settlement during the year | (7,195) | - | (7,195) |
| Early termination during the year | - | (255) | (255) |
| | <hr/> | <hr/> | <hr/> |
| At 30 June 2023 and 1 July 2023 | - | 75,388 | 75,388 |
| Additions during the year | - | 6 | 6 |
| Depreciation charge for the year (Note 23(b)) | - | (2,746) | (2,746) |
| Derecognition upon settlement during the year | - | (112) | (112) |
| | <hr/> | <hr/> | <hr/> |
| At 30 June 2024 | - | 72,536 | 72,536 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |
| Company | | | |
| At 1 July 2022 | 12,818 | 1,261 | 14,079 |
| Additions during the year | - | 151 | 151 |
| Depreciation charge for the year (Note 23(b)) | (782) | (229) | (1,011) |
| Disposal during the year | (4,937) | - | (4,937) |
| Derecognition upon settlement during the year | (7,099) | - | (7,099) |
| Early termination during the year | - | (255) | (255) |
| | <hr/> | <hr/> | <hr/> |
| At 30 June 2023 and 1 July 2023 | - | 928 | 928 |
| Additions during the year | - | 6 | 6 |
| Depreciation charge for the year (Note 23(b)) | - | (180) | (180) |
| Derecognition upon settlement during the year | - | (112) | (112) |
| | <hr/> | <hr/> | <hr/> |
| At 30 June 2024 | - | 642 | 642 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

The Group and the Company have lease contracts for various items of land and motor vehicles used in their operations.

The Group and the Company also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. The Group and the Company first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective lease.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

13. Property, plant and equipment (contd.)**(a) Right-of-use assets ("ROU") (contd.)**

The table below describes the nature of the Group's and the Company's leasing activities by type of right-of-use asset recognised on the statements of financial position:

| | ← Leasehold land → | | | |
|----------------------------------|--------------------|----------------|----------------|----------------|
| | Group | | Company | |
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| No. of right-of-use asset leased | 91 | 93 | 18 | 20 |

(b) Fully depreciated property, plant and equipment

The cost of fully depreciated property, plant and equipment of the Group and of the Company that remain in use at the reporting date were RM1,007,828,062 (2023: RM990,426,837) and RM178,555,925 (2023: RM184,832,775), respectively.

(c) Assets pledged for banking facilities

At the reporting date, certain plantation land, fixed fixture on the land and oil mill of the Group with carrying amount of RM101,558,737 (2023: RM113,695,597) are pledged for banking facilities of the Group and of the Company as disclosed in Note 23.

(d) Impairment of property, plant and equipment

During the financial year, the Group recorded an impairment loss of RM2,508,000 on property, plant and equipment of certain CGUs from the timber segment. RM858,000 impairment loss arose from a subsidiary which have no viable future cash flows arising from its business plan, whilst RM1,650,000 impairment loss is due to degradation of certain motor vehicles with an expected recoverable amount of RM6,880,000.

In the previous financial year, the Group recorded impairment loss of RM2,389,000 of which RM1,429,000 was mainly attributable due to degradation of certain motor vehicles. The recoverable amount of these motor vehicles was based on their FVLCTS of RM1,862,000. The remaining impairment loss of RM960,000 was in respect of development expenditure incurred on a coconut plantation based on its recoverable amount derived based on VIU of RM5,504,000.

(e) Reconciliation to the statement of cash flows

Reconciliation to the cash flow for acquisitions of property, plant and equipment is as follows:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Additions for the financial year | 46,970 | 35,974 | 2,002 | 1,273 |
| Less: Leasing arrangements (Note 23(b)) | (6) | (1,866) | (6) | (151) |
| Total cash payments during the financial year | 46,964 | 34,108 | 1,996 | 1,122 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

13. Property, plant and equipment (contd.)

(f) Changes in estimates

In the previous financial year, the Group conducted an operational efficiency review of its plants and machinery under oil mill division, which resulted in changes in the expected useful lives of these assets. The change in the estimated remaining useful lives resulted in a decrease in depreciation expense amounted to RM10,027,000 in 2023.

(g) Bearer plants

In the previous financial year, bearer plants with carrying amount of RM32,777,770 was planted on land leased from a related party. During the financial year, the Group acquired a majority stake in the company which owns these lands. Details of this acquisition are disclosed in Note 16(b).

As at the reporting date, bearer plants with carrying amount of RM349,536,037 (2023: RM406,263,703) and RM179,908,940 (2023: RM192,910,246) is planted on land leased from related parties and third parties respectively. Details of the lease payments are disclosed in Note 23(b).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

14. Biological assets

| Group | FFB and coconut prior to harvest | | Planted forest (forestry assets) | | Total | |
|--------------------------------|-------------------------------------|---------|-------------------------------------|---------|----------|----------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Fair value | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At beginning of year | 16,174 | 21,530 | 105,383 | 94,671 | 121,557 | 116,201 |
| Development expenditure | - | (3,462) | 19,323 | 19,261 | 19,323 | 15,799 |
| Changes in fair value (Note 8) | (1,835) | (1,894) | (31,285) | (8,549) | (33,120) | (10,443) |
| At end of year | 14,339 | 16,174 | 93,421 | 105,383 | 107,760 | 121,557 |
| Classified as: | | | | | | |
| Non-current | - | - | 93,421 | 105,383 | 93,421 | 105,383 |
| Current | 14,339 | 16,174 | - | - | 14,339 | 16,174 |
| | 14,339 | 16,174 | 93,421 | 105,383 | 107,760 | 121,557 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

14. Biological assets (contd.)

| Group | FFB prior to harvest | | Planted forest (forestry assets) | |
|---------------------------------|-------------------------|--------|-------------------------------------|--------|
| | MT'000 | MT'000 | M3'000 | M3'000 |
| | 2024 | 2023 | 2024 | 2023 |
| Physical quantities: | | | | |
| At 30 June | 41 | 45 | 731 | 541 |
| Production/sold during the year | 1,155 | 944 | - | - |

Included in planted forest are the following expenses incurred and capitalised during the year:

| | 2024 | 2023 |
|---|--------|--------|
| | RM'000 | RM'000 |
| Depreciation of property, plant and equipment (Note 13) | 235 | 953 |
| Employee benefits expense (Note 9) | 1,650 | 1,478 |

(a) Fresh fruit bunches ("FFB") prior to harvest

In arriving at the fair value of FFB prior to harvest, management considered the oil content of the unripe FFB. It is assumed that the net cash flow generated from FFB exceeding 15 days prior to harvest to be negligible and is accordingly excluded from valuation. The fair value of FFB prior to harvest is computed based on the market approach and takes into consideration the market prices of harvested FFB, adjusted to the estimated oil content of unharvested FFB less harvesting, transport and other costs to sell.

Harvested FFB is transferred to inventories at fair value less costs to sell upon harvest. The change in fair value of FFB in each accounting period is recognised in profit or loss.

The fair value of FFB have been consistently estimated using the same valuation techniques which is considered a Level 3 of the fair value hierarchy measurement.

The following table shows the valuation techniques used in measuring the fair values, as well as the significant unobservable inputs used.

| Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|--|---|
| Estimated FFB prices | The estimated fair value would increase/(decrease) if: - the estimated FFB prices were higher/(lower); |
| Estimated production volume | - the estimated production volume was higher/(lower); or |
| Estimated harvest and transportation costs | - the estimated harvest and transportation costs were lower/(higher). |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

14. Biological assets (contd.)

(b) Planted forest (forestry assets)

The Group entered into a reforestation development agreement with a related party where in return for the reforestation activity performed on the related party's land, the Group is contractually obligated to pay the related party a sum of RM10 per cubic meter on local sales and RM30 per cubic meter on export sale. As at the reporting date, 24,486 ha (2023: 17,665 ha) are under afforestation which forms the basis of the valuation set out above.

Mature forestry assets are those plantations that are harvestable, while immature forestry assets have not yet reached the desired stage of growth. Management plans for timber harvest according to a rotation plan, once trees reach maturity at 8 years and above and also depending on the pricing of the timber at the point of harvest.

The harvestable volume of planted forest was assessed by an independent specialist and the directors performed the valuation based on this key input during the financial year. The following assumptions were used in the said valuation:

- (i) The net selling price, which is defined as the selling price less the costs of transport and harvesting ("cost to sell"). The net selling price is based on management estimates and is influenced by the species, maturity profile and location of timber.
- (ii) Mature plantation is estimated to have a harvestable yield of 80 cubic metre per ha whilst for immature plantation, a harvestable yield of 20 cubic metre per ha is assumed.
- (iii) The total harvestable area is estimated based on satellite imagery performed by the independent specialist and supported with sample counts in specific area performed by the management.
- (iv) It is assumed that the harvested timber will be sold locally. The export of planted timber extracted from reforested plantation is currently suspended by the Government of Sarawak until further notice. In addition, the Group has not obtained the license to harvest the reforested plantation.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant assumptions, holding other assumptions constant, would have affected the valuations by the amounts shown below.

| | Group | |
|----------------------------------|-------------------|-------------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| Harvestable volume (5% movement) | 4,671 | 5,269 |
| Selling price (5% movement) | 16,413 | 13,516 |
| Cost to sell (5% movement) | 11,743 | 8,246 |
| | <u> </u> | <u> </u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

14. Biological assets (contd.)

(b) Planted forest (forestry assets) (contd.)

The fair value of the biological assets is categorised under level 3 of the fair value hierarchy. The following table shows the valuation techniques used in measuring the fair value, as well as the significant unobservable inputs used.

| Significant unobservable inputs | Inter-relationship between key unobservable inputs and fair value measurement |
|---|---|
| <ul style="list-style-type: none"> - Estimated logs transfer price - Estimated yields per hectare - Estimated harvest and transportation costs | <p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> - the estimated logs transfer price were higher/(lower); - the estimated yields per hectare were higher/(lower); or - the estimated harvest and transportation costs were lower/(higher). |

15. Other intangible assets

| | Computer software RM'000 |
|------------------------------------|------------------------------------|
| Group | |
| Cost | |
| At 1 July 2022 | 5,273 |
| Additions | 25 |
| | 5,298 |
| At 30 June 2023 and 1 July 2023 | 5,298 |
| Additions | 78 |
| | 5,376 |
| At 30 June 2024 | 5,376 |
| Accumulated amortisation | |
| At 1 July 2022 | 4,778 |
| Amortisation for the year (Note 8) | 124 |
| | 4,902 |
| At 30 June 2023 and 1 July 2023 | 4,902 |
| Amortisation for the year (Note 8) | 97 |
| | 4,999 |
| At 30 June 2024 | 4,999 |
| Net carrying amount | |
| At 30 June 2023 | 396 |
| | 396 |
| At 30 June 2024 | 377 |
| | 377 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

15. Other intangible assets (contd.)

| | Computer software RM'000 |
|---|------------------------------------|
| Company | |
| Cost | |
| At 1 July 2022 and 30 June 2023 and 1 July 2023 | 4,964 |
| Addition | 78 |
| | <hr/> |
| At 30 June 2023 and 30 June 2024 | 5,042 |
| | <hr/> <hr/> |
| Accumulated amortisation | |
| At 1 July 2022 | 4,624 |
| Amortisation for the year (Note 8) | 93 |
| | <hr/> |
| At 30 June 2023 and 1 July 2023 | 4,717 |
| Amortisation for the year (Note 8) | 64 |
| | <hr/> |
| At 30 June 2024 | 4,781 |
| | <hr/> <hr/> |
| Net carrying amount | |
| At 30 June 2023 | 247 |
| | <hr/> <hr/> |
| At 30 June 2024 | 261 |
| | <hr/> <hr/> |

16. Investments in subsidiaries

| | Company | |
|--------------------------------------|----------------|----------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| Unquoted shares, at cost | 1,688,890 | 1,868,270 |
| Less: Accumulated impairment losses | (570,285) | (451,323) |
| | <hr/> | <hr/> |
| | 1,118,605 | 1,416,947 |
| | <hr/> <hr/> | <hr/> <hr/> |
| | | Company |
| | RM'000 | RM'000 |
| At 1 July 2023/2022 | 451,323 | 455,536 |
| Impairment loss | 125,744 | 2,448 |
| Reversal of impairment loss (Note 6) | (6,782) | (6,661) |
| | <hr/> | <hr/> |
| At 30 June 2024/2023 | 570,285 | 451,323 |
| | <hr/> <hr/> | <hr/> <hr/> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

16. Investments in subsidiaries (contd.)

Details of the subsidiaries are as follows:

| Name of subsidiaries | Country of incorporation | Principal activities | Proportion of ownership interest | |
|---|---------------------------------------|--|----------------------------------|-----------|
| | | | 2024 % | 2023 % |
| Direct subsidiaries of the Company | | | | |
| Curiah Sdn. Bhd. | Malaysia | Extraction and sale of logs | 88.91 | 88.91 |
| Eastern Eden Sdn. Bhd. | Malaysia | Development of oil palm plantations and its related activities | 100 | 100 |
| Eastern Timber Ltd. | Federal Territory of Labuan, Malaysia | Dormant | 100 | 100 |
| Erajaya Synergy Sdn. Bhd. | Malaysia | Development of oil palm plantations and its related activities | 100 | 100 |
| Guanaco Sdn. Bhd. | Malaysia | Cultivation and trading of birds' nests | 100 | 100 |
| Hak Jaya Sdn. Bhd. | Malaysia | Marketing of timber logs | 100 | 100 |
| Hariyama Sdn. Bhd. | Malaysia | Development of oil palm plantations, palm oil processing and its related activities | 100 | 100 |
| Jaras Sdn. Bhd. | Malaysia | Dormant | 100 | 100 |
| Jaya Tiasa Aviation Sdn. Bhd. | Malaysia | Provision of private air transportation services | 100 | 100 |
| Jaya Tiasa Forest Plantation Sdn. Bhd. | Malaysia | Development and maintenance of planted forests and forest plantation contractor | 100 | 100 |
| Jaya Tiasa R&D Sdn. Bhd. | Malaysia | Production and trading of coconuts | 100 | 100 |
| Jaya Tiasa Plywood Sdn. Bhd. | Malaysia | Manufacturing and sale of sawn timber, blockboard and veneer as well as plywood manufacturing but ceased operation in 2021 | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

16. Investments in subsidiaries (contd.)

Details of the subsidiaries are as follows: (contd.)

| Name of subsidiaries | Country of incorporation | Principal activities | Proportion of ownership interest | |
|---|--------------------------|--|----------------------------------|-----------|
| | | | 2024 % | 2023 % |
| Direct subsidiaries of the Company (contd.) | | | | |
| Jaya Tiasa Timber Products Sdn. Bhd. | Malaysia | Sale of plywood but ceased operations in 2021 | 100 | 100 |
| Jaya Tiasa Agriculture Sdn. Bhd. (Formerly known as JT Logging Sdn. Bhd.) | Malaysia | Cultivation of paddy and related activities | 100 | 100 |
| JT Oil Palm Development Sdn. Bhd. | Malaysia | Palm oil processing and its related activities | 100 | 100 |
| Kunari Sdn. Bhd. (Formerly known as Kunari Timber Sdn. Bhd.) | Malaysia | Trading in groceries and sundry goods | 100 | 100 |
| Mantan Sdn. Bhd. | Malaysia | Logging contractor | 100 | 100 |
| Maujaya Sdn. Bhd. | Malaysia | Palm oil processing and its related activities | 100 | 100 |
| Maxiwealth Holdings Sdn. Bhd. | Malaysia | Palm oil processing and its related activities | 100 | 100 |
| Multi Greenview Sdn. Bhd. | Malaysia | Investment holding | 100 | 100 |
| Poh Zhen Sdn. Bhd. | Malaysia | Development of oil palm plantations and its related activities | 100 | 100 |
| Rimbunan Hijau Plywood Sdn. Bhd. | Malaysia | Fabrication and workshop services | 100 | 100 |
| Sericahaya Sdn. Bhd. | Malaysia | Dormant | 88.91 | 88.91 |
| Simalau Plantation Sdn. Bhd. | Malaysia | Development of oil palm plantations and its related activities | 100 | 100 |
| Wealth Houses Development Sdn. Bhd. # | Malaysia | Operation of oil palm plantations on joint venture basis | 55 | - |
| Atlantic Evergreen Holdings | Cayman Islands | Dormant | 100 | 100 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

16. Investments in subsidiaries (contd.)

Details of the subsidiaries are as follows: (contd.)

| Name of subsidiaries | Country of incorporation | Principal activities | Proportion of ownership interest | |
|--|--------------------------|----------------------|----------------------------------|-----------|
| | | | 2024 % | 2023 % |
| Direct subsidiaries of the Company (contd.) | | | | |
| Atlantic Timber Holdings Limited | Cayman Islands | Dormant | 100 | 100 |
| Pacific Timber Holdings Limited | Cayman Islands | Dormant | 100 | 100 |
| Subsidiary of Atlantic Evergreen Holdings | | | | |
| Western Timber Resources Limited | Cayman Islands | Dormant | 100 | 100 |

Not audited by Ernst & Young PLT

(a) Non-controlling interests

Financial information of the subsidiary that has material non-controlling interests ("NCI") is provided as follows:

| Name of subsidiary | Country of incorporation | Proportion of equity interest held by NCI | |
|---|--------------------------|---|-----------|
| | | 2024 % | 2023 % |
| Wealth Houses Development Sdn. Bhd. ("WHD") | Malaysia | 45 | - |
| Accumulated balances of material NCI | | | 42,133 |
| Profit allocated to material NCI | | | 161 |

WHD
2024
RM'000

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

16. Investments in subsidiaries (contd.)**(a) Non-controlling interests (contd.)**

The summarised financial information of the subsidiary is provided below. This information is based on amounts before inter-company elimination.

(i) Summarised Statement of Profit or Loss

| | WHD 2024 RM'000 |
|------------------------------|--------------------------------|
| Loss for the period | (2,575) |
| Loss attributable to: | |
| Owners of the Company | (1,416) |
| Non-controlling interests | (1,159) |
| | <u><u> </u></u> |

The financial results from the beginning of the financial year to the acquisition date of this subsidiary is not material.

(ii) Summarised Statements of Financial Position

| | WHD 2024 RM'000 |
|---------------------------|--------------------------------|
| Non-current assets | 93,008 |
| Current assets | 654 |
| Total assets | <u>93,662</u> |
| Current liabilities | 33 |
| Total liabilities | <u>33</u> |
| Total equity | <u><u>93,629</u></u> |
| Attributable to: | |
| Equity holders of parent | 51,497 |
| Non-controlling interests | 42,133 |
| | <u><u> </u></u> |

(iii) Summarised cash flows information

| | WHD 2024 RM'000 |
|--|--------------------------------|
| Operating | 549 |
| Financing | 3 |
| Net increase in cash and cash equivalents | <u><u>552</u></u> |

In the previous financial year, none of the subsidiaries with non-controlling interests are material to the Group.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

16. Investments in subsidiaries (contd.)

(b) Acquisition of a subsidiary

On 4 July 2023, the Group acquired 825,000 ordinary shares representing 55% equity interest in Wealth Houses Development Sdn. Bhd. (“WHD”) for a cash consideration of RM52.3 million, a company related to certain directors of the Company. WHD holds legal ownership of leasehold land that is currently developed by the Group for an oil palm plantation.

On 29 August 2023, the acquisition and all related transactions were successfully completed in accordance with the terms and conditions specified in the Share Sale Agreement. Following the acquisition, WHD became a subsidiary of the Company. WHD has no active business other than ownership of the land. Consequently, the acquisition of WHD is accounted for as an asset acquisition.

Assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of the newly acquired subsidiary as at the date of acquisition were:

| | Fair value recognised on acquisition |
|--|---|
| | WHD |
| | RM'000 |
| Assets | |
| Property, plant and equipment (Note 13) | 95,339 |
| Trade and other receivables | 148 |
| Other current assets | 20 |
| Cash and bank balances | 41 |
| | <hr/> |
| | 95,548 |
| | <hr/> |
| Liabilities | |
| Trade and other payables | (6) |
| | <hr/> |
| Total identifiable net assets at fair value | 95,542 |
| Non-controlling interests | (43,292) |
| | <hr/> |
| Purchase consideration transferred | 52,250 |
| | <hr/> <hr/> |
| Analysis of cash flow on acquisition: | |
| Net cash acquired with the subsidiary | 41 |
| Cash paid | (52,250) |
| | <hr/> |
| Net cash outflow on acquisition | (52,209) |
| | <hr/> <hr/> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

16. Investments in subsidiaries (contd.)**(c) Internal restructuring**

During the financial year, the Group implemented an internal restructuring, in which the Company:

- (i) capitalised RM163.9 million of debts owed by certain subsidiaries as part of its investment in those subsidiaries. Of this amount, RM100.9 million had previously been impaired as doubtful debts. As a result, the Company reversed the impairment of doubtful debts totaling RM100.9 million during the year; and
- (ii) reduced its investment costs in other subsidiaries by RM395.6 million following capital reduction exercises conducted by those subsidiaries. These exercises led to a corresponding reduction in the amounts payable to these subsidiaries by the same amount.

(d) Impairment of investment in subsidiaries

As disclosed in Note 16(c)(i) above, the Company capitalised RM163.9 million of debts owed by certain subsidiaries during the financial year. The Company also impaired RM125.7 million of its investment in these subsidiaries, of which RM85.1 million corresponds to the amount due previously impaired as doubtful debts. The additional impairment of RM40.6 million is primarily due to the impairment recognised on a subsidiary involved in reforestation of RM39.4 million caused by decrease in timber prices and operating costs escalation. The recoverable amount based on FVLCTS of the investment is approximately RM10.6 million.

In the previous financial year, the additional impairment arose mainly due to the decrease in the market price of the investment held and the published price of a helicopter. As at the reporting date, the recoverable amounts of the investment in these subsidiaries were approximately RM31.8 million.

(e) Reversal of impairment of investment in subsidiaries

During the financial year, the Company recognised a reversal of impairment loss amounting to approximately RM6.8 million. This reversal mainly relates to a subsidiary whose recoverable amount improved. The recoverable amount of the investment is approximately RM15.4 million.

In the previous financial year, the Company recognised a reversal of impairment of RM6.7 million, which pertained to two other subsidiaries in the timber segment. This reversal was primarily driven by an increase in property prices held by one of the subsidiaries. The recoverable amount of the investment in this subsidiary increased to RM96.4 million, based on FVLCTS.

17. Deferred tax assets/(liabilities)

| | Group | | Company | |
|---|------------------|------------------|----------------|------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 July 2023/2022 | (104,859) | (103,149) | 863 | - |
| Recognised in statements of profit or loss and other comprehensive income (Note 11) | (42,195) | (1,710) | 1,137 | 863 |
| At 30 June 2024/2023 | <u>(147,054)</u> | <u>(104,859)</u> | <u>2,000</u> | <u>863</u> |

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

17. Deferred tax assets/(liabilities) (contd.)

The net deferred tax assets and liabilities shown on the statement of financial position after appropriate offsetting are as follows:

| | Group | | Company | |
|--------------------------|------------------|------------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Deferred tax assets | 34,182 | 44,207 | 2,000 | 863 |
| Deferred tax liabilities | (181,236) | (149,066) | - | - |
| | <u>(147,054)</u> | <u>(104,859)</u> | <u>2,000</u> | <u>863</u> |

Deferred tax assets and liabilities prior to offsetting are summarised as follows:

| | Group | | Company | |
|--------------------------|------------------|------------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Deferred tax assets | 124,279 | 193,068 | 4,511 | 3,671 |
| Deferred tax liabilities | (271,333) | (297,927) | (2,511) | (2,808) |
| | <u>(147,054)</u> | <u>(104,859)</u> | <u>2,000</u> | <u>863</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

17. Deferred tax assets/(liabilities) (contd.)

The components and movements in deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

| Group | As at | Recognised in | As at | Recognised in | As at |
|---|------------------|-----------------------------|------------------|-----------------------------|------------------|
| | 1 July 2022 | profit or loss (Note 11) | 30 June 2023 | profit or loss (Note 11) | 30 June 2024 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Deferred tax liabilities: | | | | | |
| Property, plant and equipment | (298,231) | 24,068 | (274,163) | 23,724 | (250,439) |
| Biological assets | (21,205) | (2,559) | (23,764) | 2,870 | (20,894) |
| | <u>(319,436)</u> | <u>21,509</u> | <u>(297,927)</u> | <u>26,594</u> | <u>(271,333)</u> |
| Deferred tax assets: | | | | | |
| Unused tax losses and unabsorbed capital allowances | 216,287 | (23,524) | 192,763 | (68,669) | 124,094 |
| Property, plant and equipment | - | 305 | 305 | (120) | 185 |
| | <u>216,287</u> | <u>(23,219)</u> | <u>193,068</u> | <u>(68,789)</u> | <u>124,279</u> |
| Company | | | | | |
| Deferred tax liabilities: | | | | | |
| Property, plant and equipment | (3,286) | 478 | (2,808) | 297 | (2,511) |
| Deferred tax assets: | | | | | |
| Unabsorbed capital allowance | <u>3,286</u> | <u>385</u> | <u>3,671</u> | <u>840</u> | <u>4,511</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

17. Deferred tax assets/(liabilities) (contd.)

Deferred tax assets have not been recognised in respect of the following items:

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Unutilised tax losses | 311,211 | 246,412 | 21,410 | 19,191 |
| Unabsorbed capital allowances | 76,663 | 74,049 | 28,687 | 31,314 |
| Unutilised export sales incentive | 39,041 | 39,041 | - | - |
| Other deductible temporary differences | 36,632 | 39,715 | - | - |
| | <u>463,547</u> | <u>399,217</u> | <u>50,097</u> | <u>50,505</u> |
| Deferred tax asset @ 24%, if recognised | <u>111,251</u> | <u>95,812</u> | <u>12,023</u> | <u>12,121</u> |

Expiry of unutilised tax losses is as follows:

| | | | | |
|---------------------------|----------------|----------------|---------------|---------------|
| - Year of assessment 2028 | 85,202 | 71,501 | - | - |
| - Year of assessment 2029 | 55,010 | 45,368 | - | - |
| - Year of assessment 2030 | 47,922 | 46,481 | 19,191 | 19,191 |
| - Year of assessment 2031 | 21,562 | 18,730 | - | - |
| - Year of assessment 2032 | 43,807 | 36,741 | - | - |
| - Year of assessment 2033 | 27,785 | 27,591 | - | - |
| - Year of assessment 2034 | 29,923 | - | 2,219 | - |
| | <u>311,211</u> | <u>246,412</u> | <u>21,410</u> | <u>19,191</u> |

At the reporting date, the deferred tax assets as shown above are available for offset against future taxable profits of the Group and of the Company, for which no deferred tax asset is recognised due to uncertainty of their recoverability and they may not be used to offset taxable profits elsewhere in the Group.

18. Inventories

| | Group | | Company | |
|---------------------|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| At cost | | | | |
| Crude palm oil | 15,309 | 10,926 | - | - |
| Fresh fruit bunches | 624 | 700 | - | - |
| General stores | 25,492 | 24,016 | 859 | 1,165 |
| Logs | 6,018 | 9,837 | 6,018 | 9,837 |
| Palm kernel | 1,035 | 1,103 | - | - |
| Raw nests | 12 | 21 | - | - |
| Work-in-progress | 172 | 137 | - | - |
| | <u>48,662</u> | <u>46,740</u> | <u>6,877</u> | <u>11,002</u> |

During the financial year, inventories recognised as an expense in cost of sales of the Group and of the Company were RM271,470,000 (2023: RM257,160,000) and RM34,188,000 (2023: RM34,455,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

19. Trade and other receivables

| | Group | | Company | |
|--|----------------|----------------|----------------|------------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Current | | | | |
| Trade receivables | | | | |
| Third parties | 13,806 | 21,166 | 3,799 | 1,036 |
| Related parties | 19,149 | 2,735 | - | - |
| Amounts due from subsidiaries | - | - | 381 | 5,457 |
| | <u>32,955</u> | <u>23,901</u> | <u>4,180</u> | <u>6,493</u> |
| Other receivables | | | | |
| Sundry receivables | 5,671 | 7,962 | 1,709 | 4,109 |
| Amounts due from subsidiaries | | | | |
| - Current account | - | - | 258,299 | 414,217 |
| - Group treasury account | - | - | 53,071 | 124,905 |
| | - | - | 311,370 | 539,122 |
| | <u>5,671</u> | <u>7,962</u> | <u>313,079</u> | <u>543,231</u> |
| Less: Allowance for impairment | | | | |
| Sundry receivables | (750) | (750) | - | - |
| Amounts due from subsidiaries | - | - | (6,667) | (103,757) |
| | <u>(750)</u> | <u>(750)</u> | <u>(6,667)</u> | <u>(103,757)</u> |
| Other receivables, net | 4,921 | 7,212 | 306,412 | 439,474 |
| Refundable deposits | 1,612 | 1,512 | 63 | - |
| | <u>6,533</u> | <u>8,724</u> | <u>306,475</u> | <u>439,474</u> |
| Total trade and other receivables | <u>39,488</u> | <u>32,625</u> | <u>310,655</u> | <u>445,967</u> |
| Non-current | | | | |
| Other receivables | | | | |
| Amounts due from subsidiaries | | | | |
| - Current account | - | - | 41,755 | - |
| | <u>-</u> | <u>-</u> | <u>41,755</u> | <u>-</u> |
| Total trade and other receivables (current and non-current) | <u>39,488</u> | <u>32,625</u> | <u>352,410</u> | <u>445,967</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

19. Trade and other receivables (contd.)

(a) Trade receivables

The Group's primary exposure to credit risk arises through its trade receivables. These debtors are generally granted a credit term of 30 days (2023: 30 days). Other credit terms are assessed and approved on a case-by-case basis. Each customer is assigned a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest bearing. As at the reporting date, two customers made up of approximately 78% (2023: 80%) of trade receivables.

Ageing analysis of trade receivables

The ageing analysis of the Group's and of the Company's trade receivables is as follows:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Neither past due nor impaired | 31,055 | 23,901 | 2,280 | 6,493 |
| 1 to 30 days past due not impaired | 800 | - | 800 | - |
| 31 to 60 days past due not impaired | 301 | - | 301 | - |
| 61 to 90 days past due not impaired | 36 | - | 36 | - |
| 91 to 120 days past due not impaired | 427 | - | 427 | - |
| more than 121 days past due not impaired | 336 | - | 336 | - |
| Past due but not impaired | 1,900 | - | 1,900 | - |
| | <u>32,955</u> | <u>23,901</u> | <u>4,180</u> | <u>6,493</u> |

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

None of the Group's and the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivables that are impaired

Movement in allowance accounts:

| | Group | | Company | |
|-----------------------------|----------|----------|----------|----------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 July 2023/2022 | - | 205 | - | 205 |
| Written off | - | (205) | - | (205) |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| At 30 June 2024/2023 | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

19. Trade and other receivables (contd.)**(b) Amounts due from subsidiaries**

The amounts due from subsidiaries bore interest at the rate 4.25% (2023: 4.25%) per annum whilst the Group treasury account bears interest at rates ranging from 6.15% - 6.34% (2023: 5.85% to 6.06%) per annum during the financial year. These amounts are unsecured and receivable on demand except for the non-current portion which are not expected to be receivable within the next twelve months.

(c) Other receivables

Generally, all other receivables are unsecured, non-interest bearing and receivable on demand.

(d) Impairment of other receivables

Movement in allowance accounts:

| | Group | | Company | |
|--------------------------------------|-------------------|-------------------|---------------------|-----------------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 July 2023/2022 | 750 | 750 | 103,757 | 92,851 |
| Charge for the year | - | - | 3,884 | 10,939 |
| Reversal of impairment loss (Note 6) | - | - | (100,974) | (33) |
| | <u>750</u> | <u>750</u> | <u>6,667</u> | <u>103,757</u> |
| At 30 June 2024/2023 | <u><u>750</u></u> | <u><u>750</u></u> | <u><u>6,667</u></u> | <u><u>103,757</u></u> |

As disclosed in Note 16(c), the Company increased its investment in certain subsidiaries by way of capitalising RM163.9 million of the amount due from these subsidiaries. As a result of the capitalisation, the Company reversed impairment loss of RM100,974,000 as these amounts due were previously impaired.

Further details on related party transactions are disclosed in Note 28.

20. Other current assets

| | Group | | Company | |
|-----------------|----------------------|----------------------|---------------------|---------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Prepayments | 6,871 | 4,602 | 175 | 206 |
| Tax recoverable | 3,575 | 11,284 | 2,605 | 2,143 |
| | <u>10,446</u> | <u>15,886</u> | <u>2,780</u> | <u>2,349</u> |
| | <u><u>10,446</u></u> | <u><u>15,886</u></u> | <u><u>2,780</u></u> | <u><u>2,349</u></u> |

21. Investment securities

| | Group | |
|---|----------------------|---------------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| Non-current | | |
| Financial assets through other comprehensive income without re-cycling | | |
| Equity instruments (quoted in Malaysia) | 15,290 | 9,730 |
| | <u><u>15,290</u></u> | <u><u>9,730</u></u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

22. Cash and bank balances

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Cash at banks and on hand | 83,207 | 102,518 | 79,171 | 97,051 |
| Short-term deposits with licensed bank | 200,000 | 130,000 | 200,000 | 130,000 |
| Cash and bank balances | <u>283,207</u> | <u>232,518</u> | <u>279,171</u> | <u>227,051</u> |

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

| | Group | | Company | |
|-------------------------------------|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Cash and bank balances | 283,207 | 232,518 | 279,171 | 227,051 |
| Less: Debt Service Reserve Accounts | (38,924) | (38,314) | (38,924) | (38,314) |
| Cash and cash equivalents | <u>244,283</u> | <u>194,204</u> | <u>240,247</u> | <u>188,737</u> |

The Group and the Company are required to maintain the Debt Service Reserve Accounts throughout the tenure of a term loan equivalent to next six months (2023: next six months) principal and interest repayment amounting to RM38,924,000 (2023: RM38,314,000). Short term deposits placed with licensed bank are deposited for 90 days (2023: 10 to 90 days) and earn interests at the rate of 3.70% (2023: 3.15% to 3.9%) at reporting date.

23. Loans and borrowings

| | Group | | Company | |
|-----------------------------------|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Current | | | | |
| Secured: | | | | |
| Lease liabilities | 854 | 871 | 140 | 192 |
| Term loans | 56,770 | 55,443 | 56,770 | 55,443 |
| | <u>57,624</u> | <u>56,314</u> | <u>56,910</u> | <u>55,635</u> |
| Non-current | | | | |
| Secured: | | | | |
| Lease liabilities | 3,494 | 4,445 | 577 | 812 |
| Term loans | 133,118 | 287,609 | 133,118 | 287,609 |
| | <u>136,612</u> | <u>292,054</u> | <u>133,695</u> | <u>288,421</u> |
| Total loans and borrowings | <u>194,236</u> | <u>348,368</u> | <u>190,605</u> | <u>344,056</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

23. Loans and borrowings (contd.)

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Total loans and borrowings (excluding lease liabilities) | | | | |
| Term loans | 189,888 | 343,052 | 189,888 | 343,052 |

The remaining maturities of loans and borrowings (excluding lease liabilities) as at the reporting date were as follows:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| On demand or within 1 year | 56,770 | 55,443 | 56,770 | 55,443 |
| More than 1 year or less than 2 years | 125,042 | 56,770 | 125,042 | 56,770 |
| More than 2 years or less than 5 years | 8,076 | 192,870 | 8,076 | 192,870 |
| More than 5 years | - | 37,969 | - | 37,969 |
| | 189,888 | 343,052 | 189,888 | 343,052 |

The borrowings incurred interest at the following rates during the financial year:

| | Group | | Company | |
|-------------------|-------------|-------------|-------------|-------------|
| | 2024 % | 2023 % | 2024 % | 2023 % |
| Term loans | 6.15 - 6.34 | 5.85 - 6.06 | 6.15 - 6.34 | 5.85 - 6.06 |
| Lease liabilities | 5.00 - 6.00 | 5.00 - 6.00 | 6.00 | 6.00 |

(a) Term loans

Term loans of the Group and the Company are secured by certain assets disclosed in Note 13(c).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

23. Loans and borrowings (contd.)

(b) Lease liabilities (contd.)

The movement of lease liabilities during the financial year is as follows:

| | Group | | Company | |
|--|--------------|--------------|------------|--------------|
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 July 2023/2022 | 5,316 | 4,605 | 1,004 | 1,362 |
| Acquisition of new lease (Note 13(e)) | 6 | 1,866 | 6 | 151 |
| Accretion of interest charged (Note 7) | 302 | 356 | 54 | 76 |
| Early termination during the year | (116) | (296) | (116) | (296) |
| Payment of: | | | | |
| - principal | (858) | (859) | (177) | (213) |
| - interest | (302) | (356) | (54) | (76) |
| Total cash outflow | (1,160) | (1,215) | (231) | (289) |
| At 30 June 2024/2023 | <u>4,348</u> | <u>5,316</u> | <u>717</u> | <u>1,004</u> |

The movement of lease liabilities during the financial year is as follows:

| | Group | | Company | |
|-----------------------------|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Analysed as follows: | | | | |
| Current | 854 | 871 | 140 | 192 |
| Non-current | 3,494 | 4,445 | 577 | 812 |
| | <u>4,348</u> | <u>5,316</u> | <u>717</u> | <u>1,004</u> |

The following expenses relate to payments not included in the measurement of the lease liabilities:

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Depreciation of right-of-use assets (Note 13(a)) | 2,746 | 3,583 | 180 | 1,011 |
| Interest expense on finance leases (Note 7) | 302 | 356 | 54 | 76 |
| Expenses relating to short-term leases | 10 | 10 | 310 | 310 |
| | <u>3,058</u> | <u>3,949</u> | <u>544</u> | <u>1,397</u> |

There were no leases with residual value guarantee or leases not yet commenced to which the Group and the Company are committed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

23. Loans and borrowings (contd.)**(b) Lease liabilities (contd.)****Variable lease payments based on FFB produced**

Some leases of the Group under plantation sector contain variable lease payments that are based on FFB produced for the lease of land. Variable lease payments for the financial year ended 30 June were as follows:

| | Variable lease payments | | Estimated annual impact of a 5% increase on FFB produced | |
|---|-------------------------|--------|--|--------|
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Group | | | | |
| Leases with lease payment based on FFB produced | 9,748 | 6,463 | 487 | 324 |

Change in liabilities arising from financing activities

| | Group | | Company | |
|------------------------------------|-----------|-----------|-----------|-----------|
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 July 2023/2022 | 348,368 | 572,839 | 344,056 | 560,884 |
| Addition of new lease (Note 13(e)) | 6 | 1,866 | 6 | 151 |
| Early termination during the year | (116) | (296) | (116) | (296) |
| Repayment of lease liabilities | (858) | (859) | (177) | (213) |
| Repayment of term loan | (153,164) | (215,948) | (153,164) | (215,948) |
| Repayment of bankers' acceptance | - | (8,712) | - | - |
| Repayment of bank overdraft | - | (522) | - | (522) |
| At 30 June 2024/2023 | 194,236 | 348,368 | 190,605 | 344,056 |

Other information on financial risks of loans and borrowings are disclosed in Note 30.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

24. Trade and other payables

| | Group | | Company | |
|---------------------------------------|----------------------|----------------------|-----------------------|-----------------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Trade payables | | | | |
| Third parties | 53,653 | 44,886 | 1,531 | 1,100 |
| Related parties | 3,325 | 4,968 | 495 | 456 |
| | <u>56,978</u> | <u>49,854</u> | <u>2,026</u> | <u>1,556</u> |
| Other payables | | | | |
| Accruals | 9,397 | 6,159 | 3,183 | 1,297 |
| Deposit received | - | 4 | - | - |
| Sundry payables | 19,127 | 23,210 | 1,189 | 1,459 |
| Related parties | - | 5 | - | - |
| Amounts due to subsidiaries | | | | |
| - Current account | - | - | 107,123 | 511,876 |
| - Group treasury account | - | - | - | (198,818) |
| | <u>-</u> | <u>-</u> | <u>107,123</u> | <u>313,058</u> |
| | <u>28,524</u> | <u>29,378</u> | <u>111,495</u> | <u>315,814</u> |
| Total trade and other payables | <u><u>85,502</u></u> | <u><u>79,232</u></u> | <u><u>113,521</u></u> | <u><u>317,370</u></u> |

(a) Trade payables

Trade payables are generally non-interest bearing and the normal trade credit terms granted to the Group and to the Company range from 30 to 180 days (2023: 30 to 180 days).

(b) Amounts due to subsidiaries

The amounts due to subsidiaries under current account bore interest at the rate of 4.25% (2023: 4.25%) per annum whilst the Group treasury account bore interest at rates ranging from 6.15% to 6.34% (2023: 5.85% to 6.06%) per annum during the financial year. These amounts are unsecured and payable on demand.

(c) Sundry payables and amount due to related parties

These amounts are unsecured, non-interest bearing and payable on demand.

Further details on related party transactions are disclosed in Note 28.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

25. Share capital and treasury shares

| | ← Group and Company → | | | |
|--|---|----------------------------|---|------------------------------|
| | Number of Ordinary Shares | | ← Amount → | |
| | Share capital (Issued and fully paid) '000 | Treasury shares '000 | Share capital (Issued and fully paid) RM'000 | Treasury shares RM'000 |
| At 1 July and 30 June 2022, 2023 and 2024 | 973,718 | (5,727) | 977,402 | (13,687) |

Treasury shares

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

Of the total 973,717,797 (2023: 973,717,797) issued and fully paid ordinary shares as at 30 June 2024, 5,727,000 (2023: 5,727,000) were held as treasury shares by the Company. As at 30 June 2024, the number of outstanding ordinary shares in issue after the set-off were therefore 967,990,797 (2023: 967,990,797) ordinary shares.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are held as treasury shares in accordance with Section 127 of the Companies Act 2016.

26. Other reserves

| | Fair value adjustment reserve RM'000 | Foreign currency translation reserve RM'000 | Total RM'000 |
|---|---|---|-----------------|
| Group | | | |
| At 1 July 2022 | (22,935) | 1 | (22,934) |
| Fair value changes for investment securities held under fair value through other comprehensive income | (2,085) | (1) | (2,086) |
| Reclassification | - | 1 | 1 |
| At 30 June 2023 | (25,020) | 1 | (25,019) |
| At 30 June 2023 | (25,020) | 1 | (25,019) |
| Fair value changes for investment securities held under fair value through other comprehensive income | 5,560 | (1) | 5,559 |
| Reclassification | - | 3 | 3 |
| At 30 June 2024 | (19,460) | 3 | (19,457) |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

26. Other reserves (contd.)

(a) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes of financial assets designated at fair value through other comprehensive income until they are disposed.

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations.

27. Commitments

Capital commitments as at the reporting date are as follows:

| | Group | |
|------------------------------------|-------------------|-------------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| Capital expenditure | | |
| Approved and contracted for: | | |
| Property, plant and equipment | 12,623 | 10,925 |
| | <u> </u> | <u> </u> |
| Approved but not contracted for: | | |
| Plantation development expenditure | 17,973 | 19,323 |
| | <u> </u> | <u> </u> |

28. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following transaction between the Group and the Company with the related parties took place at terms agreed between parties during the financial year:

| | Group | | Company | |
|-------------------------------------|-------------------|-------------------|-------------------|-------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Subsidiaries | | | | |
| Interest income | - | - | (15,248) | (16,022) |
| Interest expense | - | - | 16,543 | 18,439 |
| Commission paid | - | - | 383 | 270 |
| Contract fees paid to subsidiary | - | - | 8,510 | 8,653 |
| Hiring charges paid to a subsidiary | - | - | 300 | 300 |
| Fabrication and repair expenses | - | - | 25 | 69 |
| Sale of timber products | - | - | (28,880) | (28,571) |
| Purchase of timber products | - | - | 28,668 | 32,451 |
| Dividend income | - | - | (85,160) | (10,000) |
| Management fee income | - | - | (21,076) | (15,231) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

28. Related party transactions (contd.)

In addition to the related party information disclosed elsewhere in the financial statements, the following transaction between the Group and the Company with the related parties took place at terms agreed between parties during the financial year: (contd.)

| | Group | | Company | |
|--|----------------|----------------|----------------|----------------|
| | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Other related parties | | | | |
| Sale of crude palm oil and palm kernel to: | | | | |
| - Borneo Edible Oils Sdn. Bhd. ⁽ⁱⁱⁱ⁾ | (421,052) | (426,690) | - | - |
| Sale of spare parts, fuel and lubricants, chemicals and servicing of machineries: | | | | |
| - Oriental Evermore Group ⁽ⁱ⁾ | (394) | (271) | (393) | (271) |
| - Rimbunan Hijau General Trading Sdn. Bhd. ^(v) | (1) | (6) | - | - |
| - Jobenar Raya Sdn. Bhd. ^(vi) | (17) | (5) | - | - |
| Equipment/logpond/office rental (income) from/expenses paid to: | | | | |
| - Rimbunan Hijau Sdn. Bhd. ^(iv) | 19 | 8 | - | - |
| Electricity and water charges received from: | | | | |
| - Oriental Evermore Group ⁽ⁱ⁾ | (44) | (45) | (44) | (45) |
| Security contract charges received from: | | | | |
| - Oriental Evermore Group ⁽ⁱ⁾ | (5) | (63) | - | - |
| Towage and freight charges paid to: | | | | |
| - Oriental Evermore Group ⁽ⁱ⁾ | 4,962 | 4,140 | 4,838 | 3,919 |
| Purchase of motor vehicles from: | | | | |
| - Rimbunan Hijau Auto Services Sdn. Bhd. ^(vii) | 726 | 227 | - | 114 |
| Purchase of spare parts, fuel and lubricants, chemicals and servicing of machineries: | | | | |
| - Rimbunan Hijau General Trading Sdn. Bhd. ^(v) | 3,961 | 4,005 | 103 | 98 |
| - Oriental Evermore Group ⁽ⁱ⁾ | 18 | 26 | 3 | - |
| - Perindustrian Jaya Tiasa Sdn. Bhd. ^(viii) | 42 | 14 | - | - |
| - Kejuruteraan Utama Sentiasa Sdn. Bhd. ^(ix) | 532 | 201 | 2 | 4 |
| Hotel accommodation and purchase of food and beverages paid to: | | | | |
| - Regalia Ritz Enterprise Sdn. Bhd. ⁽ⁱⁱⁱ⁾ | 83 | 65 | 67 | 58 |
| - Oriental Evermore Group ⁽ⁱ⁾ | - | 3 | - | - |
| - Rimbunan Hijau General Trading Sdn. Bhd. ^(v) | - | 2 | - | 2 |
| - Rimbunan Sawit Management Services Sdn. Bhd. ^(xiv) | 16 | - | 16 | - |
| Land rental paid to: | | | | |
| - Rejang Heights Sdn. Bhd. ^(x) | 2,831 | 1,693 | - | - |
| - R.H. Forest Corporation Sdn. Bhd. ^(xi) | 6,689 | 4,121 | - | - |
| - Wealth Houses Development Sdn. Bhd. ^(xii) | 228 | 648 | - | - |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

28. Related party transactions (contd.)

In addition to the related party information disclosed elsewhere in the financial statements, the following transaction between the Group and the Company with the related parties took place at terms agreed between parties during the financial year: (contd.)

| | Group | | Company | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2024 | 2023 | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Other related parties (contd.) | | | | |
| Technical and advisory fee paid to: | | | | |
| - Palm Biolab Sdn. Bhd. ^(xiii) | 144 | 74 | - | - |
| Construction fee paid to: | | | | |
| - Oriental Evermore Group ⁽ⁱ⁾ | 156 | 2,605 | - | - |
| Purchase of air tickets from: | | | | |
| - RH Tours & Travel Agency Sdn. Bhd. ^(xv) | 18 | - | 18 | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Key management personnel | | | | |
| Directors' remunerations (Note 10) | 5,244 | 2,770 | 5,196 | 2,722 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Other key management personnel | | | | |
| Short-term employee benefits | 1,263 | 3,806 | 1,215 | 3,576 |
| Post-employment benefits: | | | | |
| Defined contribution plan | 110 | 339 | 110 | 332 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| | 1,373 | 4,145 | 1,325 | 3,908 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total key management personnel | 6,617 | 6,915 | 6,521 | 6,630 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

28. Related party transactions (contd.)

Other key management personnel comprise persons, having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

(i) Oriental Evermore Group

Oriental Evermore Group includes Oriental Evermore Sdn. Bhd. (“OESB”) and its wholly-owned subsidiaries namely, Empayar Semarak Sdn. Bhd., Globular Sdn. Bhd., Trans-Allied Sdn. Bhd., Moverstar (M) Sdn. Bhd. and Bintara Perkasa Sdn. Bhd..

Clara Tiong Siew Ee, a director of the Company, is also a director of Oriental Evermore Group. She has direct interest of 1.95% and indirect interest of 75.4% in OESB.

(ii) Borneo Edible Oils Sdn. Bhd. (“BEO”)

Tan Sri Datuk Sir Diong Hiew King @ Tiong Hiew King (“Tan Sri THK”), a major shareholder of the Company, is also a director of BEO. He has indirect interest of 100% in BEO.

Tiong Choon (“TC”), a director of the Company, is also a director of BEO. She is the daughter of Tan Sri THK.

Datuk Tiong Thai King (“Datuk TTK”), a director of certain subsidiaries, is also a director of BEO. He is the brother of Tan Sri THK.

(iii) Regalia Ritz Enterprise Sdn. Bhd. (“RRE”)

Tan Sri THK, a major shareholder of the Company, is also a director of RRE. He has indirect interest of 100% in RRE.

TC, a director of the Company, is also a director of RRE. She is the daughter of Tan Sri THK.

Datuk TTK, a director of certain subsidiaries, is also a director of RRE. He is the brother of Tan Sri THK.

(iv) Rimbunan Hijau Sdn. Bhd. (“RHSB”)

Tan Sri THK, a major shareholder of the Company, is also a director of RHSB. He has direct interest of 0.5% and indirect interest of 79.56% in RHSB.

Dato’ Sri Dr. Tiong Ik King (“Dato’ Sri Dr. TIK”), a director of the Company, is also a director of RHSB. He is the brother of Tan Sri THK.

TC, a director of the Company, is also a director of RHSB. She is the daughter of Tan Sri THK.

Datuk TTK, a director of certain subsidiaries, is also a director of RHSB. He has indirect interest of 6.2% in RHSB.

(v) Rimbunan Hijau General Trading Sdn. Bhd. (“RHGT”)

Tan Sri THK, a major shareholder of the Company, is also a director of RHGT. He has direct interest of 2.50% and indirect interest 82.02% in RHGT.

TC, a director of the Company, is also a director of RHGT. She is the daughter of Tan Sri THK.

Datuk TTK, a director of certain subsidiaries, is also a director of RHGT. He is the brother of Tan Sri THK.

(vi) Jobenar Raya Sdn. Bhd. (“JRSB”)

TCHee, a director of the Company, is also a director of JRSB. He has indirect interest of 100% in JRSB.

Datuk TTK, a director of certain subsidiaries, is also a director of JRSB. He has indirect interest of 100% in JRSB.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

28. Related party transactions (contd.)

(vii) Rimbunan Hijau Auto Services Sdn. Bhd. (“RHAS”)

Tan Sri THK, a major shareholder of the Company, has indirect interest of 22% in RHAS.

Dato’ Sri Dr. TIK, a director of the Company, has direct interest of 15.60% in RHAS.

TCHee, a director of the Company, has indirect interest of 30% in RHAS.

Datuk TTK, a director of certain subsidiaries, is also a director of RHAS. He has direct interest of 5.60% and indirect interest of 30% in RHAS.

(viii) Perindustrian Jaya Tiasa Sdn. Bhd. (“PJT”)

Tan Sri THK, a major shareholder of the Company, is also a director of PJT. He has direct interest of 1% and indirect interest of 94.2% in PJT.

Datuk TTK, a director of certain subsidiaries, is also a director of PJT. He is the brother of Tan Sri THK.

(ix) Kejuruteraan Utama Sentiasa Sdn. Bhd. (“KUSSB”)

Tan Sri THK, a major shareholder of the Company, has indirect interest of 100% in KUSSB.

TC, a director of the Company, is also a director of KUSSB. She is the daughter of Tan Sri THK.

(x) Rejang Heights Sdn. Bhd. (“RHSB”)

Tan Sri THK, a major shareholder of the Company, is also a director of RHSB. He has direct interest of 1% and indirect interest of 99% in RHSB.

TC, a director of the Company, is also a director of RHSB. She is the daughter of Tan Sri THK.

(xi) R.H. Forest Corporation Sdn. Bhd. (“RHFC”)

Tan Sri THK, a major shareholder of the Company, is also a director of RHFC. He has direct interest of 0.50% and indirect interest of 99.50% in RHFC.

TC, a director of the Company, is also a director of RHFC. She is the daughter of Tan Sri THK.

Datuk TTK, a director of certain subsidiaries, is also a director of RHFC. He is the brother of Tan Sri THK.

(xii) Wealth Houses Development Sdn. Bhd. (“WHD”)

Tan Sri THK, a major shareholder of the Company, has indirect interest of 85% in WHD.

TC, a director of the Company, is also a director of WHD. She is the daughter of Tan Sri THK.

(xiii) Palm Biolab Sdn. Bhd. (“PBSB”)

TCHee, a director of the Company, is also a director of PBSB. He has indirect interest of 100% in PBSB.

Datuk TTK, a director of certain subsidiaries, is also a director of PBSB. He has indirect interest of 100% in PBSB.

(xiv) Rimbunan Sawit Management Services Sdn. Bhd. (“RSMSB”)

Tan Sri THK, a major shareholder of the Company, has direct interest of 0.12% and indirect interest of 66.18% in Rimbunan Sawit Berhad (“RSB”). RSMSB is 100% owned by RSB.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

28. Related party transactions (contd.)

(xv) RH Tours & Travel Agency Sdn. Bhd. ("RHTTASB")

Tan Sri THK, a major shareholder of the Company, is also a director of RHTTASB. He has direct interest of 11.83% and indirect interest of 79% in RHTTASB.

TC, a director of the Company, is also a director of RHTTASB. She is the daughter of Tan Sri THK.

Datuk TTK, a director of certain subsidiaries, is also a director of RHTTASB. He is the brother of Tan Sri THK.

Information regarding outstanding balances arising from related party transactions as at 30 June 2024 are disclosed in Note 19 and 24.

29. Financial instruments and fair value

(a) Determination of fair value

For financial instruments measured at fair value, where available, quoted and observable market prices in an active market or dealer price quotations are used to measure fair value. These include listed equity securities and broker quotes on Bloomberg and Reuters. Where such quoted and observable market prices are not available, fair values are determined using appropriate valuation techniques, which include the use of mathematical models, such as discounted cash flow models and option pricing models, comparison to similar instruments for which market observable prices exist and other valuation techniques.

The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date, that would have been determined by market participants acting at arm's length. Valuation techniques used incorporate assumptions regarding discount rates, interest/profit rate yield curves, estimates of future cash flows and other factors, as applicable. Changes in these assumptions could materially affect the fair values derived.

The Group and the Company generally use widely recognised valuation techniques with market observable inputs, if available, for the determination of fair value, which require minimal management judgement and estimation, due to the low complexity of the financial instruments held. MFRS 13 Fair Value Measurement requires each class of assets and liabilities measured at fair value in the statements of financial position after initial recognition to be categorised according to a hierarchy that reflects the significance of inputs used in making the measurements, in particular, whether the inputs used are observable or unobservable.

The following levels of hierarchy are used for determining and disclosing the fair value of those financial instruments and non-financial assets:

Level 1 - Quoted market prices: quoted prices (unadjusted) in active market for identical instruments;

Level 2 - Fair values based on observable inputs: inputs other than quoted prices included within Level 1 that are observable for the instrument, whether directly (i.e. prices) or indirectly (i.e. derived from prices), are used; and

Level 3 - Fair values derived using unobservable inputs: inputs used are not based on observable market data and the unobservable inputs may have a significant impact on the valuation of the financial instruments and non-financial assets.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

29. Financial instruments and fair value (contd.)

(b) Financial instruments measured at fair value

The following tables provide an analysis of financial instruments carried at fair values at the reporting date analysed by the various levels within the fair value hierarchy:

| | Level 1 RM'000 | Level 2 RM'000 | Level 3 RM'000 | Total RM'000 |
|--|-------------------|-------------------|-------------------|-------------------|
| Group | | | | |
| Financial assets measured at fair value | | | | |
| 2024 | | | | |
| Investment securities | | | | |
| - Equity investments quoted in Malaysia | 15,290 | - | - | 15,290 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| 2023 | | | | |
| Investment securities | | | | |
| - Equity investments quoted in Malaysia | 9,730 | - | - | 9,730 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

The fair value of Level 1 financial instruments above is based on available quoted market prices.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the transfer has occurred. The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer. There were no transfers between the fair value hierarchy levels during the financial year.

(c) Financial instruments not measured at fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values:

| | Note |
|-----------------------------|------|
| Trade and other receivables | 19 |
| Cash and bank balances | 22 |
| Loans and borrowings | 23 |
| Trade and other payables | 24 |

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature, subject to normal trade terms or they are already discounted at appropriate discount rates.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

29. Financial instruments and fair value (contd.)**(d) Categories of financial instruments**

The table below provides an analysis of financial instruments categorised as follows:

| Group | Carrying amount RM'000 | Amortised cost RM'000 | At FVTOCI RM'000 |
|-----------------------------|------------------------------|-----------------------------|------------------------|
| Financial assets | | | |
| At 30 June 2024 | | | |
| Trade and other receivables | 39,488 | 39,488 | - |
| Cash and bank balances | 283,207 | 283,207 | - |
| Investment securities | 15,290 | - | 15,290 |
| | <u>337,985</u> | <u>322,695</u> | <u>15,290</u> |
| At 30 June 2023 | | | |
| Trade and other receivables | 32,625 | 32,625 | - |
| Cash and bank balances | 232,518 | 232,518 | - |
| Investment securities | 9,730 | - | 9,730 |
| | <u>274,873</u> | <u>265,143</u> | <u>9,730</u> |
| At 30 June 2024 | | | |
| Trade and other payables | 85,502 | 85,502 | - |
| Loans and borrowings | 194,236 | 194,236 | - |
| | <u>279,738</u> | <u>279,738</u> | <u>-</u> |
| At 30 June 2023 | | | |
| Trade and other payables | 79,232 | 79,232 | - |
| Loans and borrowings | 348,368 | 348,368 | - |
| | <u>427,600</u> | <u>427,600</u> | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

29. Financial instruments and fair value (contd.)

(d) Categories of financial instruments (contd.)

The table below provides an analysis of financial instruments categorised as follows: (contd.)

| Company | 2024 | | 2023 | |
|------------------------------|---------------------------|--------------------------|---------------------------|--------------------------|
| | Carrying amount RM'000 | Amortised cost RM'000 | Carrying amount RM'000 | Amortised cost RM'000 |
| Financial assets | | | | |
| Trade and other receivables | 352,410 | 352,410 | 445,967 | 445,967 |
| Cash and bank balances | 279,171 | 279,171 | 227,051 | 227,051 |
| | <u>631,581</u> | <u>631,581</u> | <u>673,018</u> | <u>673,018</u> |
| Financial liabilities | | | | |
| Trade and other payables | 113,521 | 113,521 | 317,370 | 317,370 |
| Loans and borrowings | 190,605 | 190,605 | 344,056 | 344,056 |
| | <u>304,126</u> | <u>304,126</u> | <u>661,426</u> | <u>661,426</u> |

30. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The Group's and the Company's overall risk management strategy seeks to minimise potential adverse effects of financial performance of the Group and of the Company. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk, market price risk and equity price risk.

Financial risk management policies are reviewed and approved by the Board of Directors and executed by the management of the respective operating units. The Group Risk Management Committee provides independent oversight to the effectiveness of the risk management process.

Control and monitoring procedures include, amongst others, setting of trading limits and the manner and timing of management reporting. Derivative trading is also under the close supervision of an executive director who reports such activities to the Board of Directors. Control procedures are periodically reviewed and enhanced where necessary in response to changes in market conditions. The Group and the Company do not apply hedge accounting and do not involve themselves in speculative activities. No derivatives contracts were entered into by the Group and the Company during the financial year.

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.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. At the reporting date, the Group's exposure to credit risk arises primarily from trade and other receivables.

The Group manages its credit risk by trading only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

mpairment reviews are performed regularly and at the reporting date using the simplified approach. Generally, trade receivables are provided for expected credit loss when past due for more than 180 days.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

30. Financial risk management objectives and policies (contd.)

(a) Credit risk (contd.)

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- (i) the carrying amount of each class of financial assets recognised in the statements of financial position; and
- (ii) a nominal amount of RM71,000,000 (2023: RM71,000,000) and RM4,500,000 (2023: RM2,000,000) relating to corporate guarantees provided by the Company to banks and financial institutions for the subsidiaries' loans and borrowings and suppliers of the subsidiaries, respectively.

Credit risk concentration profile

The Group and the Company determine concentration of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's and of the Company's trade receivables at the reporting date are as follows:

| | 2024 | | 2023 | |
|--------------------|---------------|------------|---------------|------------|
| | RM'000 | % of total | RM'000 | % of total |
| Group | | | | |
| By country: | | | | |
| India | 1,273 | 4 | 1,681 | 7 |
| Malaysia | 31,682 | 96 | 22,220 | 93 |
| | <u>32,955</u> | <u>100</u> | <u>23,901</u> | <u>100</u> |
| Company | | | | |
| By country: | | | | |
| Malaysia | <u>4,180</u> | <u>100</u> | <u>6,493</u> | <u>100</u> |

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will not be able to meet their 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 adopts a prudent approach to managing its liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

30. Financial risk management objectives and policies (contd.)

(b) Liquidity risk (contd.)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

| | Cash Flows | | | | Total RM'000 |
|-------------------------------|------------------------------|--|-----------------------------------|---------------------------------|-----------------|
| | Carrying amount RM'000 | On demand or within one year RM'000 | One to five years RM'000 | Over five years RM'000 | |
| As at 30 June 2024 | | | | | |
| Group | | | | | |
| Financial liabilities: | | | | | |
| Trade and other payables | 85,502 | 85,502 | - | - | 85,502 |
| Loans and borrowings | 194,236 | 67,832 | 143,645 | 3,942 | 215,419 |
| | <u>279,738</u> | <u>153,334</u> | <u>143,645</u> | <u>3,942</u> | <u>300,921</u> |
| Company | | | | | |
| Financial liabilities: | | | | | |
| Trade and other payables | 113,521 | 113,521 | - | - | 113,521 |
| Loans and borrowings | 190,605 | 66,842 | 142,205 | 156 | 209,203 |
| | <u>304,126</u> | <u>180,363</u> | <u>142,205</u> | <u>156</u> | <u>322,724</u> |
| As at 30 June 2023 | | | | | |
| Group | | | | | |
| Financial liabilities: | | | | | |
| Trade and other payables | 79,232 | 79,232 | - | - | 79,232 |
| Loans and borrowings | 348,368 | 75,385 | 330,335 | 3,942 | 409,662 |
| | <u>427,600</u> | <u>154,617</u> | <u>330,335</u> | <u>3,942</u> | <u>488,894</u> |
| Company | | | | | |
| Financial liabilities: | | | | | |
| Trade and other payables | 317,370 | 317,370 | - | - | 317,370 |
| Loans and borrowings | 344,056 | 74,517 | 328,552 | 254 | 403,323 |
| | <u>661,426</u> | <u>391,887</u> | <u>328,552</u> | <u>254</u> | <u>720,693</u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

30. Financial risk management objectives and policies (contd.)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

As the Group has no significant interest-bearing financial assets, the Group's and the Company's income and operating cash flows are substantially independent of changes in market interest rates. The Company's interest-bearing financial assets are those balances with its subsidiaries.

The Group's and the Company's interest rate risk arises primarily from interest-bearing borrowings. Borrowings at floating rates expose the Group and the Company to cash flow interest rate risk. Interest on financial instruments at fixed rates are fixed until the maturity of the instruments.

The Group's policy is to manage interest cost using a mix of fixed and floating rate borrowings.

Sensitivity analysis for interest rate risk

At the reporting date, it is estimated that a hundred basis points increase in interest rate, with all other variables held constant, would decrease the Group's profit net of tax by approximately RM2,156,242 (2023: RM3,065,511) and decrease the Company's profit net of tax by RM969,285 (2023: RM637,213) respectively, arising mainly as a result of higher interest expense on net floating borrowing position. A decrease in interest rate would have had the equal but opposite effect on the aforesaid amount, on the basis that all other variables remain constant.

(d) 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 changes in foreign exchange rates.

The Group and the Company have exposure to foreign exchange risk as a result of transactions denominated in foreign currencies, arising from normal trading activities. It is the Group's policy to hedge these risks where the exposures are certain and cost-efficient.

The currency giving rise to this risk is primarily United States Dollars (USD). Exposure to foreign currency risk is monitored on an on-going basis to ensure that the exposure is at an acceptable level.

The Group and the Company use forward currency contracts to minimise the currency exposures arising from sales and purchases after a firm commitment has been entered. It is the Group's policy not to enter into forward contracts until firm commitment is in place.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible strengthening/weakening of the United States Dollars ("USD") exchange rates against the Malaysian Ringgit ("RM"), with all other variables held constant.

| | Group | |
|--------------------------------|-------------------|-------------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| USD - Strengthen 5% (2023: 5%) | 84 | 161 |
| USD - Weaken 5% (2023: 5%) | (84) | (161) |
| | <u> </u> | <u> </u> |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

30. Financial risk management objectives and policies (contd.)

(e) Market price risk

The Group is exposed to market price risk from its operations. The market price of logs, wood processing products, plantation produce, crude palm oil and palm kernel is determined by the supply, pricing and demand. These factors can result in fluctuations in the market price.

(f) Equity price risk

The Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Board of Directors reviews and approves all equity investment decisions.

At the reporting date, the exposure to listed equity securities at fair value was RM15,290,000 (2023: RM9,730,000). A decrease of 5% on the FTSE Bursa Malaysia KLCI could have an impact of approximately RM765,000 (2023: RM487,000) on the equity attributable to the Group.

31. Capital management

The primary objective of the Group's and the Company's capital management is to ensure that they maintain healthy capital ratios to support their businesses and maximise shareholder value. No changes were made in the objective, policies and processes during the year ended 30 June 2024 and 2023.

The Group reviews its capital structure and makes adjustments to reflect economic conditions, business strategies and future commitments on a continuous basis.

The Group monitors capital using a gearing ratio which is net debt divided by total equity attributable to owners of the parent plus net debt. The Group includes within net debt, loans and borrowings, less cash and bank balances.

| | Note | Group | | Company | |
|---|------|----------------|----------------|----------------|----------------|
| | | 2024 RM'000 | 2023 RM'000 | 2024 RM'000 | 2023 RM'000 |
| Loans and borrowings | 23 | 194,236 | 348,368 | 190,605 | 344,056 |
| Less: Cash and bank balances | 22 | (283,207) | (232,518) | (279,171) | (227,051) |
| Net (cash)/debt | | (88,971) | 115,850 | (88,566) | 117,005 |
| Equity attributable to owners of the Company | | 1,472,781 | 1,379,011 | 1,485,881 | 1,473,021 |
| Capital and net debt | | 1,383,810 | 1,494,861 | 1,397,315 | 1,590,026 |
| Gearing ratio | | N/A* | 8% | N/A* | 7% |

* Not applicable as it is in net cash position.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

32. Segment information

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

- i. Oil Palm - development of oil palm plantations;
- ii. Oil Mill - palm oil processing;
- iii. Logs Trading - extraction and sales of logs and development of planted forests; and
- iv. Others - mainly comprises the provision of air transportation services, fabrication and workshop services, and investment holding.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Segmental operating results are reviewed on a regular basis by the Group's key management personnel in order to make decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss before tax.

Transactions between operating segments are on a mutually agreed basis.

Segment analysis by geographical locations has not been presented as the Group's operations are predominantly conducted in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

32. Segment information (contd.)

| | Oil palm | | Oil mill | | Logs trading | | Others | | Adjustments and eliminations | | Notes | Per consolidated financial statements | |
|----------------------------------|-----------|-----------|----------|---------|--------------|-----------|---------|--------|------------------------------|-------------|-------|---------------------------------------|-----------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 | | 2024 | 2023 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | | RM'000 | RM'000 |
| Revenue: | | | | | | | | | | | | | |
| External customers | 41,082 | 44,857 | 916,878 | 747,476 | 56,591 | 62,038 | 1,316 | 581 | - | - | - | 1,015,867 | 854,952 |
| Inter-segment | 575,849 | 483,857 | - | - | - | - | 109,555 | 29,097 | (685,404) | (512,954) | A | - | - |
| Total revenue | 616,931 | 528,714 | 916,878 | 747,476 | 56,591 | 62,038 | 110,871 | 29,678 | (685,404) | (512,954) | | 1,015,867 | 854,952 |
| Results: | | | | | | | | | | | | | |
| Depreciation and amortisation | 91,116 | 90,534 | 33,980 | 34,206 | 7,798 | 8,565 | 2,095 | 1,642 | 3,392 | (230) | | 138,381 | 134,717 |
| Impairment | - | - | - | - | 2,456 | 1,429 | 52 | 960 | - | - | | 2,508 | 2,389 |
| Interest income | 10,444 | 9,572 | 3,305 | 3,792 | 19,579 | 20,062 | 697 | 827 | (24,992) | (29,418) | | 9,033 | 4,835 |
| Interest expense | 8,431 | 14,421 | 8,822 | 12,326 | 22,316 | 25,663 | 1,110 | 1,324 | (22,772) | (29,231) | | 17,907 | 24,503 |
| Change in fair value | 2,089 | 1,388 | (222) | 539 | 31,285 | 8,549 | (32) | (33) | - | - | | 33,120 | 10,443 |
| Segment profit/(loss) before tax | 156,912 | 111,699 | 109,038 | 69,236 | (58,256) | (2,690) | 82,190 | 4,562 | (89,628) | (16,010) | | 200,256 | 166,797 |
| Income tax expense | (44,614) | (27,581) | (29,387) | 14,219 | 3,885 | (1,424) | (1,174) | (209) | - | - | | (71,290) | (14,995) |
| Assets: | | | | | | | | | | | | | |
| Additions to non-current assets | 34,731 | 23,521 | 10,149 | 4,777 | 21,735 | 24,855 | 1,895 | 6,062 | (2,217) | (7,442) | B | 66,293 | 51,773 |
| Segment assets | 1,332,195 | 1,202,345 | 427,662 | 441,213 | 1,816,763 | 2,250,780 | 22,960 | 50,652 | (1,620,674) | (1,990,490) | C | 1,978,906 | 1,954,500 |
| Segment liabilities | 198,115 | 180,563 | 122,778 | 215,980 | 328,836 | 794,740 | 17,547 | 39,997 | (203,316) | (654,565) | D | 463,960 | 576,715 |

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

32. Segment information (contd.)

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

A Inter-segment revenues are eliminated on consolidation.

B Additions to non-current assets consist of:

| | 2024 | 2023 |
|-------------------------------|---------------|---------------|
| | RM'000 | RM'000 |
| Property, plant and equipment | 46,970 | 35,974 |
| Biological assets | 19,323 | 15,799 |
| | <u>66,293</u> | <u>51,773</u> |

C The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

| | 2024 | 2023 |
|----------------------|--------------------|--------------------|
| | RM'000 | RM'000 |
| Deferred tax assets | 34,182 | 44,207 |
| Tax recoverable | 3,575 | 11,284 |
| Inter-segment assets | (1,658,431) | (2,045,981) |
| | <u>(1,620,674)</u> | <u>(1,990,490)</u> |

D The following items are added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

| | 2024 | 2023 |
|---------------------------|------------------|------------------|
| | RM'000 | RM'000 |
| Deferred tax liabilities | 181,236 | 149,066 |
| Income tax payable | 2,986 | 49 |
| Loans and borrowings | 194,236 | 348,368 |
| Inter-segment liabilities | (581,774) | (1,152,048) |
| | <u>(203,316)</u> | <u>(654,565)</u> |

Revenue from two major customers amounted to RM917,866,585 (2023: RM735,593,518), arising from sales by the oil mill segment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2024

33. Dividends

| | Group/Company | |
|---|----------------------|---------------|
| | 2024 | 2023 |
| | RM'000 | RM'000 |
| Recognised during the financial year | | |
| Dividends on ordinary shares | | |
| In respect of the financial year ended 30 June 2022: | | |
| Single tier final dividend on 967,990,797 ordinary shares, declared on 29 August 2022 and paid on 18 October 2022: 2.8 sen per share | - | 27,104 |
| In respect of the financial year ended 30 June 2023: | | |
| Single tier first interim dividend on 967,990,797 ordinary shares, declared on 28 February 2023 and paid on 30 March 2023: 1.5 sen per share | - | 14,520 |
| Single tier second interim dividend on 967,990,797 ordinary shares, declared on 24 August 2023 and paid on 29 September 2023: 1.7 sen per share | 16,456 | - |
| In respect of the financial year ended 30 June 2024: | | |
| Single tier first interim dividend of 967,990,797 ordinary shares, declared on 29 February 2024 and paid on 2 April 2024: 2.5 sen per share | 24,200 | - |
| Total dividend paid during the financial year ended 30 June 2024 | <u>40,656</u> | <u>41,624</u> |

Subsequent to the end of the current financial year, the directors declared second interim dividend of 3.5 sen per share amounting to RM33,879,680 in respect of the financial year ended 30 June 2024. The financial statements for the current financial year do not reflect the dividend paid. Such dividend will be accounted for in equity as an appropriation of retained earnings in the financial year ended 30 June 2025.

The directors do not recommend the payment of any final dividend for the current financial year.

34. Authorisation of financial statements for issue

The financial statements were authorised for issue by the Board in accordance with a resolution of the directors on 28 October 2024.

TOP 10 PROPERTIES OF THE GROUP AS AT 30 JUNE 2024

| Description | Tenure | Existing use | Area | Approximate age of building | Net Book Value (RM'000) | Date of Acquisition |
|---|---------------------------------------|---|--------------------|-----------------------------|-------------------------|---------------------|
| Pulau Bruit Bruit Land District | Rented land | Oil Palm Estate, CPO Mill, Building & Quarter | 46,880 hectares | 16 years | 93,763 | - |
| Retus, Mukah Lot 1, Block 6 Retus Land District | Leasehold land expiring on 23.02.2063 | Oil Palm Estate, CPO Mill, Building & Quarter | 7,233.4 hectares | 17 years | 47,770 | 28/Aug/2003 |
| Sibu Town Sibu Town District Blk 10, Lots 790-802 | Leasehold land expiring on 06.09.2071 | Building | 2,260.8 sq metres | 21 years | 12,644 | 30/Apr/2005 |
| Pulau Bruit Lot 5, 6, 14, 17 Block 11 Bruit Land District | Leasehold land expiring on 18.05.2064 | Oil Palm Estate, Building & Quarter | 10,042.87 hectares | 12 years | 12,376 | 09/Dec/2004 |
| Pulau Bruit Lot 317 & 318 Block 15 Bruit Land District | Leasehold land expiring on 18.05.2064 | CPO Mill, Building & Quarter | 74.84 hectares | 14 years | 9,845 | 01/Jan/2014 |
| Pulau Bruit Lot 92, 93, 96, 168 Block 6, Bruit Land District | Leasehold land expiring on 18.05.2064 | Oil Palm Estate, Building & Quarter | 4,176.58 hectares | 14 years | 7,092 | 09/Dec/2004 |
| Oya-Dalat District Lot 9, Block 362 Oya-Dalat District | Leasehold land expiring on 23.02.2063 | Oil Palm Estate, Building & Quarter | 3,454.9 hectares | 16 years | 6,861 | 28/Aug/2003 |
| Pulau Bruit Lot 108, Block 14 Bruit Land District | Leasehold land expiring on 18.05.2064 | Oil Palm Estate, Building & Quarter | 5,967.1 hectares | 16 years | 5,998 | 29/Aug/2023 |
| Suai & Niah Land District Lot 1 Block 1 Suai Land District & Lot 2 Block 2 Niah Land District | Leasehold land expiring on 06.12.2060 | Oil Palm Estate, Building & Quarter | 5,000.7 hectares | 19 years | 3,046 | 30/Apr/2001 |
| Sibu Lot 920 & 1373, Block 16, Seduan Land District | Leasehold land expiring on 31.12.2915 | Warehouse | 1.35 hectares | 12 years | 2,880 | 14/Mar/2008 |

STATISTICS ON SHAREHOLDINGS AS AT 30 SEPTEMBER 2024

Number of Issued Shares : 973,717,797*
 Class of shares : Ordinary shares
 Voting Right : One vote for each share held

*inclusive of 5,727,000 shares bought-back by the Company and retained as treasury shares as at 30 September 2024

DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | No. of Shareholders | % | No. of Shares | % |
|--|---------------------|---------------|----------------------------------|-------------------|
| Less than 100 | 171 | 1.95 | 5,449 | -(¹) |
| 100 – 1,000 | 877 | 9.99 | 538,058 | 0.05 |
| 1,001 – 10,000 | 4,450 | 50.71 | 24,068,578 | 2.49 |
| 10,001 – 100,000 | 2,647 | 30.16 | 90,999,423 | 9.40 |
| 100,001 to less than 5% of issued shares | 628 | 7.16 | 551,053,546 | 56.93 |
| 5% and above of issued shares | 3 | 0.03 | 301,325,743 | 31.13 |
| TOTAL | 8,776 | 100.00 | 967,990,797⁽²⁾ | 100.00 |

⁽¹⁾ less than 0.01%

⁽²⁾ excluding 5,727,000 treasury shares

DIRECTORS' SHAREHOLDINGS

(As per Register of Directors' Shareholdings)

Shares held in the Company

| Name | No. of Shares Held | | | |
|--|--------------------|------|------------------------|------|
| | Direct | % | Indirect | % |
| Tan Sri Dato' Sri Mohamad Fuzi Bin Harun | - | - | - | - |
| Dato' Jin Kee Mou | 123,825 | 0.01 | - | - |
| Mr Tiong Chiong Hee | - | - | 130,000 ⁺ | 0.01 |
| Ms Clara Tiong Siew Ee | - | - | 795,936 [#] | 0.08 |
| Dato' Sri Dr Tiong Ik King | 341,790 | 0.04 | - | - |
| Mdm Tiong Choon | - | - | 1,432,428 [*] | 0.15 |
| Dato' Wong Lee Yun | - | - | - | - |
| Mr Yong Voon Kar | - | - | - | - |
| Tuan Haji Ikhwan Bin Zaidel | - | - | - | - |

Notes:

⁺ Deemed interested in shares held by Fatherland Enterprise Sdn Bhd by virtue of Section 8(4) of the Companies Act 2016 ("Act").

[#] Deemed interested in shares held by the late Tiong Chiong Hoo and Hoojin Holding Sdn Bhd by virtue of Section 8(6) of the Act.

^{*} Deemed interested in shares held by her spouse by virtue of Section 59(11)(c) of the Act.

Shares held in Subsidiary Company

None of the Directors holds any shares in subsidiary company.

STATISTICS ON SHAREHOLDINGS AS AT 30 SEPTEMBER 2024

SUBSTANTIAL SHAREHOLDERS

(As per Register of Substantial Shareholders)

| Name | No. of Shares Held | | | |
|-------------------------------------|--------------------|-------|-----------------|-------|
| | Direct | % | Indirect | % |
| Tiong Toh Siong Holdings Sdn Bhd | 208,730,471 | 21.56 | 943,545 (a) | 0.10 |
| Genine Chain Limited | 60,146,264 | 6.21 | | |
| Tiong Toh Siong Enterprises Sdn Bhd | 50,449,008 | 5.21 | | |
| Tan Sri Datuk Sir Tiong Hiew King | 8,871,408 | 0.92 | 283,257,149 (b) | 29.26 |
| Teck Sing Lik Enterprise Sdn Bhd | 1,270,080 | 0.13 | 50,449,008 (c) | 5.21 |
| Ho Cheung Choi | | | 60,146,264 (d) | 6.21 |
| Chang Meng | | | 60,146,264 (d) | 6.21 |

Notes: -

- (a) Deemed interested in shares held by Tiong Toh Siong & Sons Sdn Bhd by virtue of Section 8(4) of the Act.
 (b) Deemed interested in shares held by Tiong Toh Siong Holdings Sdn Bhd, Tiong Toh Siong & Sons Sdn Bhd, Tiong Toh Siong Enterprises Sdn Bhd, Teck Sing Lik Enterprise Sdn Bhd and Pertumbuhan Abadi Asia Sdn Bhd by virtue of Section 8(4) of the Act.
 (c) Deemed interested in shares held by Tiong Toh Siong Enterprises Sdn Bhd by virtue of Section 8(4) of the Act.
 (d) Deemed interested in shares held by Genine Chain Limited by virtue of Section 8(4) of the Act.

TOP 30 SECURITIES ACCOUNT HOLDERS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

| No. | Name | No. of Shares | % |
|-----|--|---------------|-------|
| 1 | Tiong Toh Siong Holdings Sdn Bhd | 190,730,471 | 19.70 |
| 2 | AMSEC Nominees (Asing) Sdn Bhd KGI Securities (Singapore) Pte. Ltd. for Genine Chain Limited | 60,146,264 | 6.21 |
| 3 | Tiong Toh Siong Enterprises Sdn Bhd | 50,449,008 | 5.21 |
| 4 | Amanas Sdn. Bhd. | 40,994,961 | 4.23 |
| 5 | Asanas Sdn Bhd | 33,959,343 | 3.51 |
| 6 | Nustinas Sdn. Bhd. | 26,583,654 | 2.75 |
| 7 | Pertumbuhan Abadi Asia Sdn. Bhd. | 21,864,045 | 2.26 |
| 8 | RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tiong Toh Siong Holdings Sdn Bhd | 18,000,000 | 1.86 |
| 9 | CIMB Group Nominees (Asing) Sdn. Bhd. Exempt AN For DBS Bank Ltd (SFS-PB) | 16,790,250 | 1.73 |
| 10 | Roseate Garland Sdn Bhd | 15,682,331 | 1.62 |
| 11 | RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Fong Siling (CEB) | 12,000,000 | 1.24 |
| 12 | Diong Hiew King @ Tiong Hiew King | 8,871,408 | 0.92 |
| 13 | HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Manulife Investment Al-Fauzan | 8,662,400 | 0.90 |
| 14 | Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Shanmugam A/L Thoppalan | 8,588,800 | 0.89 |

STATISTICS ON SHAREHOLDINGS

AS AT 30 SEPTEMBER 2024

Top 30 Securities Account Holders (cont'd)

| No. | Name | No. of Shares | % |
|--------------|---|--------------------|--------------|
| 15 | Chan Keng Chung | 8,240,000 | 0.85 |
| 16 | Olive Lim Swee Lian | 8,000,000 | 0.83 |
| 17 | HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Manulife Investment Progress Fund | 7,514,800 | 0.78 |
| 18 | HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Manulife Investment Al-Faid | 7,180,400 | 0.74 |
| 19 | Ooi Chin Hock | 6,871,415 | 0.71 |
| 20 | Tan Aik Choon | 5,863,400 | 0.61 |
| 21 | Inter-Pacific Equity Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account For Tan Heng Loon | 5,574,000 | 0.58 |
| 22 | HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Manulife Investment Shariah Progress Plus Fund | 5,172,000 | 0.53 |
| 23 | Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Kong Kok Choy | 4,800,000 | 0.50 |
| 24 | Citigroup Nominees (Tempatan) Sdn Bhd Exempt An For OCBC Securities Private Limited (Client A/C-R ES) | 4,636,460 | 0.48 |
| 25 | Cartaban Nominees (Asing) Sdn Bhd The Bank of New York Mellon For Acadian Emerging Markets Small Cap Equity Fund, LLC | 4,466,800 | 0.46 |
| 26 | IFAST Nominees (Tempatan) Sdn Bhd Global Success Network Sdn Bhd | 3,880,000 | 0.40 |
| 27 | Citigroup Nominees (Asing) Sdn Bhd CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group INC | 3,800,238 | 0.39 |
| 28 | Loh Siew Hooi | 3,680,000 | 0.38 |
| 29 | HSBC Nominees (Tempatan) Sdn Bhd HSBC (M) Trustee Bhd For Manulife Insurance Berhad (Dana EKUI DINMK) | 3,604,900 | 0.37 |
| 30 | Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tiong Thai King | 3,600,135 | 0.37 |
| Total | | 600,207,483 | 62.01 |

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 64th Annual General Meeting of the Company will be held at the Auditorium, Ground Floor, No.62, Lorong Upper Lanang 10A, 96000 Sibul, Sarawak on Thursday, 28 November 2024 at 10.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

- | | | |
|---|--|-----------------------------------|
| 1 | To receive the Audited Financial Statements for the financial year ended 30 June 2024 together with the Reports of the Directors and Auditors thereon. | (Please refer to Note B 1) |
| 2 | To re-elect the following Directors retiring pursuant to Article 81 of the Company's Constitution:- | |
| | i. Dato' Jin Kee Mou | Ordinary Resolution 1 |
| | ii. Tiong Chiong Hee | Ordinary Resolution 2 |
| | iii. Clara Tiong Siew Ee | Ordinary Resolution 3 |
| 3 | To approve the payment of Directors' fees amounting to RM740,000 for the financial year ended 30 June 2024. | Ordinary Resolution 4 |
| 4 | To approve the payment of Directors' benefits not exceeding RM400,000 in aggregate during the period from 29 November 2024 until the next Annual General Meeting of the Company. | Ordinary Resolution 5 |
| 5 | To re-appoint Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 6 |

AS SPECIAL BUSINESS

To consider and if thought fit, pass the following Ordinary Resolution:-

- | | | |
|---|---|------------------------------|
| 6 | <u>Proposed Renewal of the Existing Shareholder Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature</u> | Ordinary Resolution 7 |
|---|---|------------------------------|

"THAT approval be and is hereby given to the Company and/or its subsidiary companies to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3 of the Circular to Shareholders dated 30 October 2024 with specific classes of Related Parties which are necessary for the day-to-day operations and in the ordinary course of business on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders of the Company;

AND THAT such mandate shall commence upon the passing of this resolution until:

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time such authority will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority of the Shareholder Mandate is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company is required by laws to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first.

THAT the Directors of the Company be authorised to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholder Mandate."

- | | | |
|---|---|--|
| 7 | To transact any other business of the Company of which due notice shall have been received. | |
|---|---|--|

By Order of the Board

NGU UNG HUONG
SSM PC No.: 201908002438 (MAICSA 7010077)
Company Secretary

Sibu, Sarawak
30 October 2024

NOTICE OF ANNUAL GENERAL MEETING

Notes:

(A) PROXY AND VOTING

1. In respect of deposited securities, only members whose names appear in the Record of Depositors on **21 November 2024** shall be entitled to attend the meeting or appoint proxy(ies) to attend, vote and speak on his/her behalf.
2. A member of the Company entitled to attend and vote at the meeting is also entitled to appoint not more than two (2) proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same right as the member to speak at the meeting.

Where a member is an authorised nominee as defined in accordance with the provisions of the Securities Industry (Central Depositories) Act, 1991, it may appoint at least one (1) proxy but not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares in the Company standing to the credit of the said Securities Account.

Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.

3. Where a member of the Company is an exempt authorised nominee who holds ordinary share in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy shall be signed by the appointor or by his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
5. The proxy form must be deposited at the Company's Registered Office at No. 1-9, Pusat Suria Permata, Lorong Upper Lanang 10A, 96000 Sibu, Sarawak not less than forty-eight (48) hours before the time for holding the meeting, i.e. latest by **Tuesday 26 November 2024 at 10.00 a.m.**
6. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by poll.

(B) EXPLANATORY NOTES ON ORDINARY AND SPECIAL BUSINESS

1. Audited Financial Statements

Agenda 1 on the Audited Financial Statements ("AFS") is for the purpose of presenting the AFS to the shareholders in accordance with Section 340(1)(a) of the Companies Act, 2016 and does not require shareholders' approval.

2. Re-election of Directors

Ordinary Resolutions No. 1, 2 and 3

Article 81 of the Constitution states that one-third of the Directors shall retire from office and an election of directors shall take place. Each director shall retire from office once at least in every three years but shall be eligible for re-election.

Dato' Jin Kee Mou, Mr Tiong Chiong Hee and Ms Clara Tiong Siew Ee ("Retiring Directors") are retiring pursuant to Article 81 and being eligible, have offered themselves for re-election at the 64th AGM.

The Board, through the Nomination Committee ("NC"), evaluated the performance of the Retiring Directors and conducted a fit and proper assessment. They concluded that the Retiring Directors had effectively discharged their roles as Directors and could continue to act in the best interest of the Company. The Board endorsed the NC's recommendation on the re-election of the Retiring Directors.

The profiles of the Retiring Directors are set out in the Company's 2024 Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

3. Directors' Fees and Benefits

Ordinary Resolutions No. 4 and 5

The Company pays fees and benefits to the Non-Executive Directors. The Executive Directors do not receive fees and benefits as Directors but they are remunerated with salaries, bonuses and other emoluments by virtue of their contract of service which do not require approval by the shareholders.

The Company is therefore seeking shareholders' approval on fees and benefits payable to the Non-Executive Directors under the proposed Ordinary Resolutions No. 4 and 5 respectively. The directors' benefits comprise meeting allowance payable as and when incurred and fixed allowances payable monthly.

4. Proposed Shareholder Mandate for the Recurrent Related Party Transactions ("RRPT")

Ordinary Resolution No. 7

Please refer to the Circular to Shareholders dated 30 October 2024 for information on the Ordinary Resolution No. 7 for the Proposed Shareholder Mandate on RRPT.

STATEMENT ACCOMPANYING NOTICE OF THE 64TH AGM

(pursuant to Paragraph 8.27(2) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad)

Details of Individuals who are standing for election as Directors

No individual is standing for election as Directors at the 64th AGM.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies), the Proxy Authorisation Documents, a Power of Attorney and/or other documents appointing representative(s) to attend, participate, speak and vote at the 64th AGM and/or any adjournment thereof, a shareholder of the Company:

- (i) consents to the collection, use and disclosure of the shareholder's and such individual's personal data by the Company (or its agents or service providers) for the purpose of processing, administration and analysis by the Company (or its agents or service providers) of proxies, attorneys and representatives appointed for the 64th AGM (including any adjournment thereof), and the preparation and compilation of the attendance lists and other documents relating to the 64th AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing requirements, regulations and/or guidelines (collectively, the "Purposes");
- (ii) warrants that where any of the aforesaid document discloses the personal data of the shareholder's proxy(ies), attorney(ies) and/or representative(s) to the Company (or its agents or service providers), the shareholder has obtained the prior consent of such proxy(ies), attorney(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies), attorney(ies) and/or representative(s) for the Purposes; and
- (iii) agrees that the shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the shareholder's breach of warranty.

PROXY FORM

*I/We _____ NRIC/ Passport/ Company No. _____
(Full name in block and as per NRIC / Passport)

Tel/Hp No. _____ of _____

being a member of Jaya Tiasa Holdings Berhad, hereby appoint:-

| | | | |
|-----------------------------|---------------------------------|-----------------------------|---|
| Full Name <i>(in Block)</i> | NRIC/ Passport No./ Company No. | Proportion of Shareholdings | |
| | | No. of Shares | % |
| Mobile No. | Email Address | | |

and / or failing him

| | | | |
|-----------------------------|---------------------------------|-----------------------------|---|
| Full Name <i>(in Block)</i> | NRIC/ Passport No./ Company No. | Proportion of Shareholdings | |
| | | No. of Shares | % |
| Mobile No. | Email Address | | |

or failing him, the Chairman of the meeting as my/our proxy/proxies to vote for me/us and on my/our behalf at the 64th Annual General Meeting of the Company to be held at the Auditorium, Ground Floor, No.62, Lorong Upper Lanang 10A, 96000 Sibul, Sarawak on Thursday, 28 November 2024 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote as indicated below. If there is no specific indication given as to voting, the proxy will vote or abstain at his discretion.

| | | First Proxy "A" | | Second Proxy "B" | |
|----------------------|--|-----------------|---------|------------------|---------|
| Ordinary Resolutions | | For | Against | For | Against |
| 1. | Re-election of Dato' Jin Kee Mou as Director. | | | | |
| 2. | Re-election of Mr Tiong Chiong Hee as Director. | | | | |
| 3. | Re-election of Ms Clara Tiong Siew Ee as Director. | | | | |
| 4. | Approval of payment of Directors' Fees. | | | | |
| 5. | Approval of payment of Directors' Benefits. | | | | |
| 6. | Re-appointment of Auditors. | | | | |
| 7. | Proposed Shareholder Mandate for the Recurrent Related Party Transactions. | | | | |

Dated this _____ day of _____ 2024 No. of Shares held : _____

Signature of Shareholder/Common Seal CDS Account No. : _____

Notes:

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Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee who holds ordinary share in the Company for multiple beneficial owners in one securities account (omnibus account), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument appointing a proxy shall be signed by the appointor or by his attorney duly authorised in writing or if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
- The proxy form must be deposited at the Company's Registered Office at No. 1-9, Pusat Suria Permata, Lorong Upper Lanang 10A, 96000 Sibul, Sarawak not less than forty-eight (48) hours before the time for holding the meeting, i.e. latest by **Tuesday 26 November 2024 at 10.00 a.m.**
- Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice will be put to vote by poll.



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AFFIX
STAMP

**The Company Secretary
Jaya Tiasa Holdings Berhad**

No.1-9, Pusat Suria Permata
Lorong Upper Lanang 10A
96000 Sibul, Sarawak
Malaysia

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JAYA TIASA HOLDINGS BERHAD

[Registration No. 196001000095 (3751-V)]

No. 1-9, Pusat Suria Permata,
Lorong Upper Lanang 10A,
96000 Sibu, Sarawak, Malaysia.

Tel : 084-213 255

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Email : inquiry@jayatiasa.net

Website : www.jayatiasa.net