

# STATEMENT ON DIRECTORS' RESPONSIBILITY

## For Preparing The Annual Financial Statements

The Board of Directors is required by the Companies Act 2016 ("the Act") to prepare financial statements which give a true and fair view of the financial position of the Group and of the Company at the end of every financial year and of the results and cash flows of the Group and the Company for every financial year then ended.

The financial statements have been prepared in accordance with the Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 of Malaysia. The Directors have considered that in preparing the financial statements for the financial year ended 31 December 2023, appropriate accounting policies have been adopted and are consistently applied and supported by reasonable and prudent judgements and estimates. These estimates and judgements in applying the accounting policies of the Group and the Company are based on the Directors' best knowledge of current events and actions.

The Directors have the responsibility to ensure that the Group and the Company maintain proper accounting records which disclose with reasonable accuracy the financial position and performance of the Group and of the Company and also to ensure that the financial statements comply with the Act.

The Directors have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

The Statement was approved by the Board of Directors on 22 March 2024.

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# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

### Principal activities

The Company is principally engaged in investment holding while the principal activities of the subsidiaries are stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

### Subsidiaries

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

### Results

	Group RM	Company RM
Profit for the financial year attributable to:		
Owners of the Company	64,443,021	23,346,628
Non-controlling interests	411,800	-
	<u>64,854,821</u>	<u>23,346,628</u>
	=====	=====

### Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review.

### Dividends

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

- i) in respect of the financial year ended 31 December 2022 as reported in the Directors' Report of that year;
  - a) a second interim single-tier exempt dividend of 10 sen per ordinary share totaling RM27,903,220 declared on 29 November 2022 and paid on 19 January 2023.
- ii) in respect of the financial year ended 31 December 2023;
  - a) a first interim single-tier exempt dividend of 5 sen per ordinary share totaling RM13,951,610 declared on 23 May 2023 and paid on 6 July 2023; and
  - b) a second interim single-tier exempt dividend of 5 sen per ordinary share totaling RM13,951,610 declared on 27 November 2023 and paid on 19 January 2024.

The Directors do not recommend any final dividend to be paid for the financial year under review.

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### Directors of the Company

Directors who served during the financial year until the date of this report are:

Datuk Amar Abdul Hamed Bin Sepawi\*  
Dato Wong Kuo Hea\*  
Datu Hasmawati Binti Sapawi  
Datu Haji Soedirman Bin Haji Aini (Retired on 26 May 2023)  
Brig Gen (R) Dato' Muhammad Daniel Bin Abdullah  
Dato Chia Chu Fatt  
Dato Awang Bemee Bin Awang Ali Basah

\* These Directors are also directors of the Company's respective subsidiaries.

The names of the other directors of the Company's respective subsidiaries are:

Datu Haji Mohammed Sepuan Bin Anu  
Datu Haji Abdul Hadi Bin Abdul Kadir  
Rakayah Binti Hamdan  
Datu Monaliza Binti Zaidel (Resigned on 13 March 2024)  
Sebastian Anak Baya  
Iswandi Bin Ayub  
Koay Bee Eng  
Philip @ Tilip Matau

### Directors' interests in shares

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			At 31.12.2023
	At 1.1.2023	Bought	Sold	
<b>Direct interests in the Company</b>				
Datuk Amar Abdul Hamed Bin Sepawi	200,000	-	-	200,000
Dato Wong Kuo Hea	757,600	833,800	-	1,591,400
<b>Deemed interests in the Company</b>				
Datuk Amar Abdul Hamed Bin Sepawi	82,052,624	-	-	82,052,624
Dato Wong Kuo Hea	86,784,924	707,200	-	87,492,124

By virtue of their interests in the shares of the Company, Datuk Amar Abdul Hamed Bin Sepawi and Dato Wong Kuo Hea are also deemed interested in the shares of the subsidiaries during the financial year to the extent that Sarawak Plantation Berhad has an interest.

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### Directors' interests in shares (continued)

	Number of ordinary shares			
	At 1.1.2023	Bought	Sold	At 31.12.2023
<b>Deemed interests in SPB Pelita Suai Sdn. Bhd.:</b>				
Datuk Amar Abdul Hamed Bin Sepawi	1,596,000	-	-	1,596,000
Dato Wong Kuo Hea	1,596,000	-	-	1,596,000
	At 1.1.2023	Increased/ Bought	Sold	At 31.12.2023
<b>Deemed interests in SPB PPES Karabungan Plantation Sdn. Bhd.:</b>				
Datuk Amar Abdul Hamed Bin Sepawi	7,000,000	-	-	7,000,000
Dato Wong Kuo Hea	7,000,000	-	-	7,000,000

None of the other Directors holding office at 31 December 2023 had any interest in the shares of the Company and of its related corporations during the financial year.

### Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business (as disclosed in Note 30 to the financial statements).

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2023 are as follows:

	From the Company RM	From subsidiary companies RM
Directors' of the Company		
- Fees	604,163	122,250
- Short-term employee benefits (including estimated benefit-in-kind)	164,555	532,577
- Post employment benefits	1,890	20,794
	<u>770,608</u>	<u>675,621</u>
	=====	=====

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

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### Issue of shares and debentures

There were neither changes in the issued and paid-up capital of the Company, nor issuances of debentures by the Company during the financial year.

### Options granted over unissued shares

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

### Indemnity and insurance costs

During the financial year, Sarawak Plantation Berhad and its subsidiaries, were covered under Directors' and Officers' Liability Insurance. The total amount of insurance effected for the Directors' and Officers' is RM10,000,000. The insurance premium for the Company was RM17,500. There is no indemnity given or insurance effected for its auditors during the year.

### Other statutory information

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

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

# DIRECTORS' REPORT

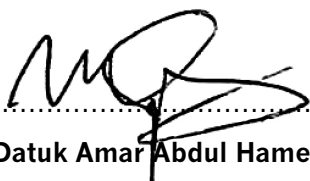
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

## Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Group and of the Company during the year are RM248,300 and RM70,000 respectively.

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



.....  
**Datuk Amar Abdul Hamed Bin Sepawi**

Director



.....  
**Dato Wong Kuo Hea**

Director

Kuching,

Date: 22 March 2024

# STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		Group		Company	
	Note	2023 RM	2022 RM	2023 RM	2022 RM
<b>Assets</b>					
Property, plant and equipment	3	261,773,547	262,663,885	457	751
Bearer plants	4	333,787,944	330,168,969	-	-
Right-of-use assets	5	91,840,231	95,226,136	-	-
Investment in subsidiaries	6	-	-	343,557,407	343,557,407
Investment properties	7	4,990,965	5,223,708	-	-
<b>Total non-current assets</b>		<u>692,392,687</u>	<u>693,282,698</u>	<u>343,557,864</u>	<u>343,558,158</u>
Biological assets	8	51,981,468	56,828,405	-	-
Inventories	9	23,777,479	18,181,870	-	-
Trade and other receivables	10	18,601,844	12,528,656	399,243	324,845
Prepayments and other assets	11	6,084,387	8,310,107	112,770	378,780
Other investments	12	47,232,645	35,560,278	47,232,645	34,310,278
Cash and cash equivalents	13	114,594,116	125,984,873	65,499,004	96,570,520
<b>Total current assets</b>		<u>262,271,939</u>	<u>257,394,189</u>	<u>113,243,662</u>	<u>131,584,423</u>
<b>Total assets</b>		<u><u>954,664,626</u></u>	<u><u>950,676,887</u></u>	<u><u>456,801,526</u></u>	<u><u>475,142,581</u></u>
<b>Equity</b>					
Share capital	14.1	340,968,951	340,968,951	340,968,951	340,968,951
Reserves		407,572,370	371,032,569	92,360,130	96,916,722
<b>Total equity attributable to owners of the Company</b>		748,541,321	712,001,520	433,329,081	437,885,673
<b>Non-controlling interests</b>	6	( 5,903,971)	( 6,045,771)	-	-
<b>Total equity</b>		<u>742,637,350</u>	<u>705,955,749</u>	<u>433,329,081</u>	<u>437,885,673</u>
<b>Liabilities</b>					
Deferred tax liabilities	15	121,995,000	123,007,000	-	-
Loans and borrowings	16	8,016,556	1,315,065	-	-
Lease liabilities		2,391,633	2,433,888	-	-
<b>Total non-current liabilities</b>		<u>132,403,189</u>	<u>126,755,953</u>	-	-
Trade and other payables	17	57,428,201	64,927,812	9,172,289	9,195,234
Loans and borrowings	16	1,120,450	10,279,161	-	-
Lease liabilities		42,254	39,206	-	-
Current tax payable		7,081,572	14,815,786	348,546	158,454
Dividend payable	26	13,951,610	27,903,220	13,951,610	27,903,220
<b>Total current liabilities</b>		<u>79,624,087</u>	<u>117,965,185</u>	<u>23,472,445</u>	<u>37,256,908</u>
<b>Total liabilities</b>		<u>212,027,276</u>	<u>244,721,138</u>	<u>23,472,445</u>	<u>37,256,908</u>
<b>Total equity and liabilities</b>		<u><u>954,664,626</u></u>	<u><u>950,676,887</u></u>	<u><u>456,801,526</u></u>	<u><u>475,142,581</u></u>

The notes on pages 106 to 167 are an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Revenue</b>	18	570,676,654	710,912,149	22,330,000	93,350,000
Cost of sales		( 437,629,392)	( 505,738,845)	-	-
<b>Gross profit</b>		133,047,262	205,173,304	22,330,000	93,350,000
Other income		4,585,004	2,477,144	-	-
Distribution expenses		( 31,470,810)	( 47,550,353)	-	-
Administrative expenses		( 18,661,538)	( 21,591,352)	( 1,804,392)	( 1,785,339)
<b>Results from operating activities</b>	19	87,499,918	138,508,743	20,525,608	91,564,661
Other non-operating expenses	20	( 4,362,566)	( 6,763,646)	-	-
Finance income	21	4,608,009	3,231,563	3,646,302	2,130,301
Finance costs	22	( 302,262)	( 763,593)	-	-
<b>Net finance income</b>		4,305,747	2,467,970	3,646,302	2,130,301
<b>Profit before tax</b>		87,443,099	134,213,067	24,171,910	93,694,962
Taxation	23	( 22,588,278)	( 36,872,031)	( 825,282)	( 496,958)
<b>Profit and total comprehensive income for the financial year</b>		64,854,821	97,341,036	23,346,628	93,198,004
<b>Profit and total comprehensive income attributable to:</b>					
Owners of the Company		64,443,021	96,712,708	23,346,628	93,198,004
Non-controlling interests	6	411,800	628,328	-	-
<b>Profit and total comprehensive income for the financial year</b>		64,854,821	97,341,036	23,346,628	93,198,004
Basic and diluted earnings per ordinary share (sen)	25	23.10	34.66		

The notes on pages 106 to 167 are an integral part of these financial statements.



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Attributable to owners of the Company		Distributable			Total equity RM	
	Share capital RM	Equity reserve RM	Treasury shares RM	Retained earnings RM	Total RM		
<b>At 1 January 2022</b>	340,968,951	493,560	( 2,104,242)	331,736,983	671,095,252	( 6,524,099)	664,571,153
Profit and total comprehensive income for the financial year	-	-	-	96,712,708	96,712,708	628,328	97,341,036
Dividends to owners of the Company	-	-	-	( 55,806,440)	( 55,806,440)	-	( 55,806,440)
Dividends to non-controlling interest	-	-	-	-	-	( 150,000)	( 150,000)
<b>At 31 December 2022/ 1 January 2023</b>	340,968,951	493,560	( 2,104,242)	372,643,251	712,001,520	( 6,045,771)	705,955,749
Profit and total comprehensive income for the financial year	-	-	-	64,443,021	64,443,021	411,800	64,854,821
Dividends to owners of the Company	-	-	-	( 27,903,220)	( 27,903,220)	-	( 27,903,220)
Dividends to non-controlling interest	-	-	-	-	-	( 270,000)	( 270,000)
<b>At 31 December 2023</b>	340,968,951	493,560	( 2,104,242)	409,183,052	748,541,321	( 5,903,971)	742,637,350

(Note 14.1) (Note 14.2) (Note 14.3)

# STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Company	Attributable to owners of the Company		Treasury shares RM	Retained earnings RM	Total equity RM
	Share capital RM	Non-distributable Distributable			
<b>At 1 January 2022</b>	340,968,951	( 2,104,242)		61,629,400	400,494,109
Profit and total comprehensive income for the financial year	-	-		93,198,004	93,198,004
Dividends to owners of the Company	-	-		( 55,806,440)	( 55,806,440)
<b>At 31 December 2022/1 January 2023</b>	340,968,951	( 2,104,242)		99,020,964	437,885,673
Profit and total comprehensive income for the financial year	-	-		23,346,628	23,346,628
Dividends to owners of the Company	-	-		( 27,903,220)	( 27,903,220)
<b>At 31 December 2023</b>	340,968,951	( 2,104,242)		94,464,372	433,329,081

(Note 14.1)

(Note 14.3)

The notes on pages 106 to 167 are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Cash flows from operating activities</b>					
Profit before tax		87,443,099	134,213,067	24,171,910	93,694,962
<i>Adjustments for:</i>					
Change in fair value of biological assets	8	4,362,566	6,763,646	-	-
Depreciation of property, plant and equipment	3.1	18,560,817	17,602,119	294	294
Depreciation of bearer plants	4	21,442,558	22,056,210	-	-
Depreciation of right-of-use assets	5.1	2,018,587	1,990,807	-	-
Depreciation of investment properties	7	232,743	232,744	-	-
Dividend income from subsidiaries	18	-	-	(22,330,000)	(93,350,000)
Gain on disposal of property, plant and equipment	19	(14,905)	(40,865)	-	-
Gain on disposal of right-of-use assets	19	(1,461,931)	-	-	-
Finance income	21	(4,608,009)	(3,231,563)	(3,646,302)	(2,130,301)
Finance costs	22	302,262	763,593	-	-
Inventories written off	9	-	3,271	-	-
Property, plant and equipment written off	19	26,535	954,615	-	-
Property, plant and equipment expensed off		-	20,652	-	-
<b>Operating profit/(loss) before changes in working capital</b>		<u>128,304,322</u>	<u>181,328,296</u>	<u>(1,804,098)</u>	<u>(1,785,045)</u>

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
<b>Cash flows from operating activities</b> (continued)					
Change in inventories		( 5,111,238)	1,743,940	-	-
Change in trade and other receivables, prepayments and other assets		( 3,741,580)	( 121,293)	266,010	( 7,314)
Change in trade and other payables		( 10,559,849)	( 9,435,579)	( 22,945)	( 24,450)
<b>Cash generated from/(used in) operations</b>		108,891,655	173,515,364	( 1,561,033)	( 1,816,809)
Net tax paid		( 31,332,335)	( 42,568,111)	( 635,190)	( 338,504)
Interest/Profit paid		( 345,031)	( 1,539,447)	-	-
Interest received		4,502,121	3,180,305	3,571,904	2,061,321
Hire purchase facility profit paid		( 120,007)	( 221,081)	-	-
<b>Net cash from/(used in) operating activities</b>		<u>81,596,403</u>	<u>132,367,030</u>	<u>1,375,681</u>	<u>( 93,992)</u>
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	(ii)	( 14,395,044)	( 13,613,021)	-	-
Dividends received		-	-	22,330,000	93,350,000
Net movement of deposits with original maturities exceeding three months		( 11,672,367)	26,265,043	( 12,922,367)	25,715,043
Bearer plants (net of depreciation of property, plant and equipment and right-of-use assets)	(iii)	( 23,811,091)	( 19,532,272)	-	-
Proceeds from disposal of:					
- right-of-use assets		1,537,245	-	-	-
- property, plant and equipment		189,750	41,000	-	-
<b>Net cash (used in)/from investing activities</b>		<u>( 48,151,507)</u>	<u>( 6,839,250)</u>	<u>9,407,633</u>	<u>119,065,043</u>

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Cash flows from financing activities</b>					
Net repayment of revolving credits	(iv)	( 8,000,000)	-	-	-
Proceed from/(Repayment of) term loans	(iv)	7,606,000	( 54,000,000)	-	-
Repayment of hire purchase facilities	(iv)	( 2,297,220)	( 3,189,161)	-	-
Dividends paid to non-controlling interest		( 270,000)	( 150,000)	-	-
Dividends paid to owners of the Company	26	( 41,854,830)	( 55,806,440)	( 41,854,830)	( 55,806,440)
Payment of lease liabilities	(iv)	( 19,603)	( 18,190)	-	-
<b>Net cash used in financing activities</b>		<u>( 44,835,653)</u>	<u>( 113,163,791)</u>	<u>( 41,854,830)</u>	<u>( 55,806,440)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>		( 11,390,757)	12,363,989	( 31,071,516)	63,164,611
Cash and cash equivalents at beginning of financial year		<u>125,984,873</u>	<u>113,620,884</u>	<u>96,570,520</u>	<u>33,405,909</u>
<b>Cash and cash equivalents at end of financial year</b>	13	<u>114,594,116</u>	<u>125,984,873</u>	<u>65,499,004</u>	<u>96,570,520</u>

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

### Notes:

#### (i) Cash outflows for leases as a lessee included in net cash from operating activities

	Note	Group 2023 RM	Group 2022 RM	Company 2023 RM	Company 2022 RM
Payment relating to short-term leases	19	109,330	103,220	360	360
		=====	=====	=====	=====

#### (ii) Acquisition of property, plant and equipment

	Note	Group 2023 RM	Group 2022 RM
Paid in cash		14,395,044	13,613,021
Payables		4,201,050	2,909,125
In the form of hire purchase	(iv)	234,000	2,031,660
Total acquisitions	3	18,830,094	18,553,806
		=====	=====

#### (iii) Acquisition of bearer plants (net of depreciation of property, plant and equipment and right-of-use assets, finance cost and lease liabilities interest capitalised)

	Group 2023 RM	Group 2022 RM
Paid in cash	23,811,091	19,532,272
	=====	=====

## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Notes: (continued)

(iv) *Reconciliation of movements of liabilities to cash flows arising from financing activities*

Group	At 1.1.2022 RM	Net changes from financing cash flows RM	Acquisition of hire purchase RM	Changes in other payables RM	At 31.12.2022/ 1.1.2023 RM	Net changes from financing cash flows RM	Acquisition of hire purchase RM	Changes in other payables RM	At 31.12.2023 RM
Revolving credit (Islamic)	8,000,000	-	-	-	8,000,000	( 8,000,000)	-	-	-
Islamic term loan	54,000,000	( 54,000,000)	-	-	-	-	-	-	-
Conventional term loan	-	-	-	-	-	7,606,000	-	-	7,606,000
Hire purchase facilities	4,751,727	( 3,189,161)	2,031,660	-	3,594,226	( 2,297,220)	234,000	-	1,531,006
Lease liabilities	2,509,473	( 18,190)	-	( 18,189)	2,473,094	( 19,603)	-	( 19,604)	2,433,887
<b>Total liabilities from financing activities</b>	<b>69,261,200</b>	<b>( 57,207,351)</b>	<b>2,031,660</b>	<b>( 18,189)</b>	<b>14,067,320</b>	<b>( 2,710,823)</b>	<b>234,000</b>	<b>( 19,604)</b>	<b>11,570,893</b>

The notes on pages 106 to 167 are an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

Sarawak Plantation Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The addresses of the principal place of business and registered office of the Company are as follows:

## Principal place of business

Lot 1174, Block 9, MCLD, Miri Waterfront, Jalan Permaisuri, 98000 Miri, Sarawak.

## Registered office

8th Floor, Wisma Naim, 2½ Miles, Rock Road, 93200 Kuching, Sarawak.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”). The financial statements of the Company as at and for the financial year ended 31 December 2023 do not include other entities.

The Company is principally engaged in investment holding activities while the principal activities of the other group entities are stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 22 March 2024.

## 1. Basis of preparation

### (a) Statement of compliance

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

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024***

- Amendments to MFRS 16, *Leases - Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements - Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures - Supplier Finance Arrangements*

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025***

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability*

#### ***MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.



# NOTES TO THE FINANCIAL STATEMENTS

## 1. Basis of preparation (continued)

### (a) Statement of compliance (continued)

- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

The initial application of the above accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

### (b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following item which is measured based on the measurement base stated below:

Item	Measurement base
Biological asset	Fair value

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency.

### (d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than measurement of biological assets as disclosed in Note 8 of the financial statements.

## 2. Changes in material accounting policies

### 2.1 Material accounting policy information

The Group has adopted amendments to MFRS 101, *Presentation of Financial Statements* and MFRS Practice Statement 2 - *Disclosure of Accounting Policies* from 1 January 2023. The amendments require the disclosure of ‘material’, rather than ‘significant’, accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendment did not result in any changes to the Group’s accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in the respective notes to the financial statements where relevant.

## 3. Property, plant and equipment

Group	Commercial buildings RM	Other buildings RM	Furniture, fittings and equipment RM	Infra-structure works RM	Plant and machinery RM	Mobile equipment RM	Assets under construction RM	Total RM
<b>Cost</b>								
At 1 January 2022	18,411,240	110,062,675	30,806,559	287,771,492	96,395,149	80,140,381	803,307	624,390,803
Additions	-	1,081,911	928,590	487,460	3,367,066	9,660,682	3,028,097	18,553,806
Write off	-	( 2,595,028)	( 8,657,127)	( 623)	( 2,541,833)	( 9,773,205)	-	( 23,567,816)
Disposals	-	-	-	-	-	( 489,099)	-	( 489,099)
Expense off	-	-	-	-	-	-	( 20,652)	( 20,652)
Transfers	-	1,471,864	-	93,500	43,985	748,335	( 2,357,684)	-
At 31 December 2022/								
1 January 2023	18,411,240	110,021,422	23,078,022	288,351,829	97,264,367	80,287,094	1,453,068	618,867,042
Additions	-	846,430	437,190	-	1,002,445	7,353,600	9,190,429	18,830,094
Write off	-	-	( 706,238)	-	( 1,740)	( 235,500)	-	( 943,478)
Disposals	-	-	-	-	-	( 679,600)	-	( 679,600)
Transfers	-	2,691,880	-	-	665,274	226,088	( 3,583,242)	-
At 31 December 2023	18,411,240	113,559,732	22,808,974	288,351,829	98,930,346	86,951,682	7,060,255	636,074,058

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Property, plant and equipment (continued)

	Commercial buildings RM	Other buildings RM	Furniture, fittings and equipment RM	Infra-structure works RM	Plant and machinery RM	Mobile equipment RM	Assets under construction RM	Total RM
<b>Group (continued)</b>								
<b>Depreciation and impairment loss</b>								
At 1 January 2022	9,446,189	65,062,943	28,623,118	141,718,506	59,015,197	48,879,001	-	352,744,954
Accumulated depreciation	-	10,657	9	7,742,002	76,072	6,072	-	7,834,812
Accumulated impairment loss	9,446,189	65,073,600	28,623,127	149,460,508	59,091,269	48,885,073	-	360,579,766
Depreciation for the financial year	432,402	1,608,160	623,609	4,436,513	4,846,325	6,778,547	-	18,725,556
Write off	-	( 2,061,863)	( 8,619,308)	( 623)	( 2,459,838)	( 9,471,569)	-	( 22,613,201)
Disposals	-	-	-	-	-	( 488,964)	-	( 488,964)
At 31 December 2022	9,878,591	64,609,240	20,627,419	146,154,396	61,401,684	45,697,015	-	348,368,345
Accumulated depreciation	-	10,657	9	7,742,002	76,072	6,072	-	7,834,812
Accumulated impairment loss	9,878,591	64,619,897	20,627,428	153,896,398	61,477,756	45,703,087	-	356,203,157

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Property, plant and equipment (continued)

Group (continued)	Commercial buildings RM	Other buildings RM	Furniture, fittings and equipment RM	Infra-structure works RM	Plant and machinery RM	Mobile equipment RM	Assets under construction RM	Total RM
At 1 January 2023	9,878,591	64,609,240	20,627,419	146,154,396	61,401,684	45,697,015	-	348,368,345
Accumulated depreciation	-	10,657	9	7,742,002	76,072	6,072	-	7,834,812
Accumulated impairment loss	9,878,591	64,619,897	20,627,428	153,896,398	61,477,756	45,703,087	-	356,203,157
Depreciation for the financial year	424,906	1,702,774	662,961	4,453,974	5,307,424	6,967,013	-	19,519,052
Write off	-	-	( 705,926)	-	( 1,694)	( 209,323)	-	( 916,943)
Disposals	-	-	-	-	-	( 504,755)	-	( 504,755)
At 31 December 2023	10,303,497	66,312,014	20,584,454	150,608,370	66,707,414	51,949,950	-	366,465,699
Accumulated depreciation	-	10,657	9	7,742,002	76,072	6,072	-	7,834,812
Accumulated impairment loss	10,303,497	66,322,671	20,584,463	158,350,372	66,783,486	51,956,022	-	374,300,511

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Property, plant and equipment (continued)

Group (continued)	Commercial buildings RM	Other buildings RM	Furniture, fittings and equipment RM	Infra-structure works RM	Plant and machinery RM	Mobile equipment RM	Assets under construction RM	Total RM
<b>Carrying amounts</b>								
At 31 December 2022/ 1 January 2023	8,532,649	45,401,525	2,450,594	134,455,431	35,786,611	34,584,007	1,453,068	262,663,885
At 31 December 2023	8,107,743	47,237,061	2,224,511	130,001,457	32,146,860	34,995,660	7,060,255	261,773,547

# NOTES TO THE FINANCIAL STATEMENTS

## 3. Property, plant and equipment (continued)

<b>Company</b>	<b>Furniture, fittings and equipment RM</b>
<b>Cost</b>	
At 1 January 2022/31 December 2022/1 January 2023/31 December 2023	7,784 =====
<b>Depreciation</b>	
At 1 January 2022	6,739
Depreciation for the financial year	294
At 31 December 2022/1 January 2023	7,033
Depreciation for the financial year	294
At 31 December 2023	7,327 =====
<b>Carrying amounts</b>	
At 31 December 2022/1 January 2023	751 =====
At 31 December 2023	457 =====

### 3.1 Depreciation

Depreciation charge for the financial year is allocated as follows:

	Note	<u>Group</u>		<u>Company</u>	
		2023 RM	2022 RM	2023 RM	2022 RM
Amount charged to profit or loss	19	18,560,817	17,602,119	294	294
Amount capitalised in bearer plants	4.1	958,235	1,123,437	-	-
		<u>19,519,052</u>	<u>18,725,556</u>	<u>294</u>	<u>294</u>
		=====	=====	=====	=====

### 3.2 Impairment loss - Group

Property, plant and equipment are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may no longer be recoverable.

In preparing the financial statements, the Group has evaluated whether the assets are stated in excess of their net recoverable amounts. The net recoverable amounts are determined either by calculating the value in use of the assets via discounting the estimated cash flows from their continuing use to net present values or by estimating their fair values less costs of disposal, an exercise that entails a high degree of estimation uncertainty. An allowance for impairment loss is made if the net recoverable amounts of the assets are lower than their carrying amounts.

# NOTES TO THE FINANCIAL STATEMENTS

## 3. Property, plant and equipment (continued)

### 3.2 Impairment loss - Group (continued)

#### 3.2.1 Infrastructure works

##### 3.2.1.1 CGU 1

The Group recognised full impairment losses on infrastructure works amounted to RM4,952,884 in previous years (Note 4.2.1). The allowance for impairment losses was made following disruption of its plantation activities by the local participants in a trust arrangement resulting in no harvesting activity being carried out since April 2010. In 2012, the Group through its subsidiary had initiated litigation against six (6) individuals, seeking injunctive, declaratory relief and claiming damages for various acts of trespassing over the NCR Land which they had given consent for development into an oil palm plantation. The litigation was ongoing over the years. The High Court delivered its Judgement on 23 February 2017 to dismiss the subsidiary's claim. The subsidiary filed a Notice of Appeal on 9 March 2017 and on 24 November 2020, the Court of Appeal allowed the Appeal and set aside the decision of the High Court given on 23 February 2017. The sealed Order of the Court has been received in year 2021.

##### 3.2.1.2 CGU 2 & CGU 3

The Group recognised full impairment loss on infrastructure works amounted to RM1,693,556 in previous years (Note 4.2.2). The allowance for impairment losses was made following continuing inability to harvest fresh fruit bunches from the encumbered areas.

##### 3.2.1.3 CGU 4

The Group recognised full impairment loss on infrastructure works amounted to RM1,095,562 in previous years (Note 4.2.3). The allowance for impairment losses was made following continuing inability to harvest fresh fruit bunches from this estate.

#### 3.2.2 Other property, plant and equipment

The Group has recognised impairment loss of RM92,810 on property, plant and equipment in previous years.

### 3.3 Security - Group

Buildings with carrying amount of RM11,772,697 (2022: RM10,938,495) are charged to a bank for banking facilities granted to the Group (see Note 16).

# NOTES TO THE FINANCIAL STATEMENTS

## 3. Property, plant and equipment (continued)

### 3.4 Material accounting policy information

#### 3.4.1 Recognition and measurement

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

#### 3.4.2 Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Assets under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Infrastructure works	Remaining useful live of land
Commercial buildings	50 years
Other buildings	25 years
Furniture, fittings and equipment	5 - 10 years
Plant and machinery	5 - 20 years
Mobile equipment	5 - 20 years



# NOTES TO THE FINANCIAL STATEMENTS

## 4. Bearer plants - Group

	RM
<b>Cost</b>	
At 1 January 2022	574,448,040
Additions	21,578,339
Write off (Derecognised)	( 12,699,009)
At 31 December 2022/1 January 2023	583,327,370
Additions	25,061,533
Write off (Derecognised)	( 18,993,843)
At 31 December 2023	589,395,060
	=====
<b>Depreciation and impairment loss</b>	
At 1 January 2022	
Accumulated depreciation	230,197,816
Accumulated impairment loss	13,603,384
	243,801,200
Depreciation for the financial year (Note 19)	22,056,210
Write off (Derecognised) - depreciation	( 12,699,009)
At 31 December 2022/1 January 2023	
Accumulated depreciation	239,555,017
Accumulated impairment loss	13,603,384
	253,158,401
Depreciation for the financial year (Note 19)	21,442,558
Write off (Derecognised) - depreciation	( 16,616,899)
Write off (Derecognised) - impairment loss	( 2,376,944)
At 31 December 2023	
Accumulated depreciation	244,380,676
Accumulated impairment loss	11,226,440
	255,607,116
	=====
<b>Carrying amounts</b>	
At 31 December 2022	330,168,969
	=====
At 31 December 2023	333,787,944
	=====

# NOTES TO THE FINANCIAL STATEMENTS

## 4. Bearer plants - Group (continued)

### 4.1 Bearer plants incurred during the financial year includes:-

	2023 RM	2022 RM
Depreciation of property, plant and equipment (Note 3.1)	958,235	1,123,437
Depreciation of right-of-use assets (Note 5.1)	130,844	187,722
Finance costs (Note 22)	150,908	713,647
Lease liabilities interest (Note 22)	10,455	21,261
Personnel expenses		
- Contributions to the Employees Provident Fund	90,410	75,497
- Wages, salaries and others	5,040,020	4,301,929
	=====	=====

Included in bearer plants is a carrying amount of RM6,295,496 (2022: RM5,709,600) located on certain leasehold land charged to a bank for banking facilities granted to a subsidiary (Note 16).

### 4.2 Impairment loss

Bearer plants are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may no longer be recoverable.

In preparing the financial statements, the Group has evaluated whether the assets are stated in excess of their net recoverable amounts. The net recoverable amounts are determined either by calculating the value in use of the assets via discounting the estimated cash flows from their continuing use to net present values or by estimating their fair values less costs of disposal, an exercise that entails a high degree of estimation uncertainty. An allowance for impairment loss is made if the net recoverable amounts of the assets are lower than their carrying amounts.

#### 4.2.1 CGU 1

In earlier financial years, the Group had recognised full impairment losses of RM5,615,216 on its bearer plants due to the Group is not expected to generate any future cash inflows from the entire encumbered estate as a result of inability of the Group to harvest fresh fruit bunches from the estate (see Note 3.2.1.1).

#### 4.2.2 CGU 2 & CGU 3

In earlier financial years, the Group had recognised full impairment losses of RM4,666,244 for CGU 2 and CGU 3 on its bearer plants due to the Group is not expected to generate any future cash inflow from the encumbered areas as a result of inability of the Group to harvest fresh fruit bunches from the areas (see Note 3.2.1.2). During the financial year, the Company has derecognised impairment losses of RM2,287,206 upon replanting of the recovered areas.

#### 4.2.3 CGU 4

In earlier financial years, the Group has recognised full impairment losses of RM3,321,924 on the bearer plants due to the Group is not expected to generate any future cash inflow from the encumbered area as a result of the inability of the Group to harvest fresh fruit bunches from the area (see Note 3.2.1.3). During the financial year, the Company has derecognised impairment losses of RM89,738 upon replanting of the recovered areas.

# NOTES TO THE FINANCIAL STATEMENTS

## 4. Bearer plants - Group (continued)

### 4.3 Material accounting policy information

Bearer plants include mature and immature oil palm plantations. Immature plantations are stated at cost which includes costs incurred for field preparation, planting, fertilising and maintenance, capitalisation of borrowing costs incurred on loans used to finance the developments of immature plantations and an allocation of other indirect costs based on planted areas. Mature plantations are stated at cost less accumulated amortisation and impairment, if any. Mature plantations are amortised on a straight-line basis over 22 years. The expected useful life of the oil palms is calculated from the time when the palms are declared mature, which is normally 36 months after initial planting. Upon maturity, all subsequent maintenance expenditure is charged to profit or loss.

## 5. Right-of-use assets - Group

	Leasehold land RM	Land use rights RM	Total RM
<b>Cost</b>			
1 January 2022	109,626,713	2,596,950	112,223,663
Additions	2,269,453	-	2,269,453
At 31 December 2022/1 January 2023	111,896,166	2,596,950	114,493,116
Additions	123,840	-	123,840
Disposals	( 96,645)	-	( 96,645)
Adjustment*	( 1,285,000)	-	( 1,285,000)
At 31 December 2023	110,638,361	2,596,950	113,235,311

\* Being the adjustment on land cost due to a portion of land has been surrendered to Sarawak State Government.

### Depreciation

At 1 January 2022			
Accumulated depreciation	16,790,839	261,508	17,052,347
Accumulated impairment loss	36,104	-	36,104
Depreciation for the financial year	16,826,943	261,508	17,088,451
At 31 December 2022/1 January 2023	2,085,351	93,178	2,178,529
Accumulated depreciation	18,876,190	354,686	19,230,876
Accumulated impairment loss	36,104	-	36,104
Depreciation for the financial year	18,912,294	354,686	19,266,980
Disposals	2,056,253	93,178	2,149,431
At 31 December 2023	( 21,331)	-	( 21,331)
Accumulated depreciation	20,911,112	447,864	21,358,976
Accumulated impairment loss	36,104	-	36,104
At 31 December 2023	20,947,216	447,864	21,395,080

# NOTES TO THE FINANCIAL STATEMENTS

## 5. Right-of-use assets - Group (continued)

	Leasehold land RM	Land use rights RM	Total RM
<b>Carrying amounts</b>			
At 31 December 2022/1 January 2023	92,983,872	2,242,264	95,226,136
At 31 December 2023	89,691,145	2,149,086	91,840,231

The Group leases land for 30 years, with an option to renew the lease after that date.

### 5.1 Depreciation

Depreciation charge for the financial year is allocated as follows:

	2023 RM	2022 RM
Amount charged to profit or loss (Note 19)	2,018,587	1,990,807
Amount capitalised in bearer plants (Note 4.1)	130,844	187,722
	<u>2,149,431</u>	<u>2,178,529</u>

### 5.2 Extension options

Land use rights contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

	Lease liabilities recognised (discounted) RM	Potential future lease payments not included in lease liabilities (discounted) RM	Historical rate of exercise of extension options %
Land use rights	-	2,564,773	-

# NOTES TO THE FINANCIAL STATEMENTS

## 5. Right-of-use assets - Group (continued)

### 5.3 Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. The Group considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term. The Group has opted not to exercise the extension options.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the lease. The Group 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 lease.

### 5.4 Restriction imposed by lease

The lease agreement for the land leased by the Group restricts the subsidiary from entering into an Assignment or Sublease Agreement and from charging, mortgaging or otherwise encumbering the said portion of the land with third party interest(s) without the prior consent of the lessor.

### 5.5 Security - Group

Right-of-use assets with carrying amount of RM267,415 (2022: RM257,600) are charged to a bank for banking facilities granted to the Group (see Note 16).

### 5.6 Material accounting policy information

#### (a) Recognition and initial measurement

All right-of-use assets are measured at cost less accumulated depreciation and any accumulated impairment loss.

#### (b) Lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

#### (c) Recognition exemption

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

# NOTES TO THE FINANCIAL STATEMENTS

## 6. Investment in subsidiaries - Company

	Note	2023 RM	2022 RM
Unquoted shares, at cost		344,879,663	344,879,663
Deemed capital contribution	6.1	1,807,509	1,807,509
Less: Allowance for impairment losses	6.2	( 3,129,765)	( 3,129,765)
		<u>343,557,407</u>	<u>343,557,407</u>

The principal activities of the subsidiaries, all of which are incorporated and principal place of business in Malaysia, and the Company's interests therein are as follows:

Subsidiary	Principal activities	Effective ownership interest and voting interest	
		2023 %	2022 %
Sarawak Plantation Agriculture Development Sdn. Bhd. ("SPAD")	Cultivation of oil palm and processing of fresh fruit bunches	100	100
Sarawak Plantation Property Holding Sdn. Bhd. ("SPPH")	Property investment	100	100
Sarawak Plantation Services Sdn. Bhd. ("SPSSB")	Provision of management, marketing, agronomic and consultancy services	100	100
SPB PPES Karabungan Plantation Sdn. Bhd.	Cultivation of oil palm	70	70
SPB Pelita Suai Sdn. Bhd. * ("SP Suai")	Inactive	60	60
Telliana Oil Palm Sdn. Bhd.	Inactive	100	100

\* The financial statements of the subsidiary are audited by a firm of Chartered Accountants other than KPMG PLT.

### Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

#### Summarised financial information before intra-group elimination

	SPB PPES Karabungan Plantation Sdn. Bhd. RM	SPB Pelita Suai Sdn. Bhd. RM	Total RM
<b>2023</b>			
<b>NCI percentage of ownership interest and voting interest</b>	30%	40%	
Carrying amount of NCI	<u>3,866,677</u>	<u>( 9,770,648)</u>	<u>( 5,903,971)</u>
Profit/(Loss) allocated to NCI	<u>417,382</u>	<u>( 5,582)</u>	<u>411,800</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 6. Investment in subsidiaries - Company (continued)

### Non-controlling interests in subsidiaries (continued)

#### Summarised financial information before intra-group elimination (continued)

	SPB PPES Karabungan Plantation Sdn. Bhd. RM	SPB Pelita Suai Sdn. Bhd. RM
<b>As at 31 December 2023</b>		
Non-current assets	11,605,507	-
Current assets	4,408,495	5,989
Non-current liability	( 2,938,633)	( 5,668,154)
Current liabilities	( 186,441)	( 18,481,964)
Net assets/(liabilities)	<u>12,888,928</u>	<u>( 24,144,129)</u>
<b>Year ended 31 December 2023</b>		
Profit/(Loss) for the financial year	1,391,271	( 13,953)
Total comprehensive profit/(loss)	<u>1,391,271</u>	<u>( 13,953)</u>
Cash flows from/(used in) operating activities	2,449,482	( 13,900)
Cash flows from investing activities	3,809	-
Cash flows (used in)/from financing activities	( 919,603)	10,344
Net increase/(decrease) in cash and cash equivalents	<u>1,533,688</u>	<u>( 3,556)</u>

2022	SPB PPES Karabungan Plantation Sdn. Bhd. RM	SPB Pelita Suai Sdn. Bhd. RM	Total RM
<b>NCI percentage of ownership interest and voting interest</b>	30%	40%	
Carrying amount of NCI	<u>3,719,296</u>	<u>( 9,765,067)</u>	<u>( 6,045,771)</u>
Profit/(Loss) allocated to NCI	<u>633,398</u>	<u>( 5,070)</u>	<u>628,328</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 6. Investment in subsidiaries - Company (continued)

### Non-controlling interests in subsidiaries (continued)

#### Summarised financial information before intra-group elimination (continued)

	SPB PPES Karabungan Plantation Sdn. Bhd. RM	SPB Pelita Suai Sdn. Bhd. RM
<b>As at 31 December 2022</b>		
Non-current assets	12,116,469	-
Current assets	2,889,450	9,545
Non-current liability	( 2,433,887)	-
Current liabilities	( 174,375)	( 24,139,721)
Net assets/(liabilities)	12,397,657	( 24,130,176)
<b>Year ended 31 December 2022</b>		
Profit/(Loss) for the financial year	2,111,323	( 12,674)
Total comprehensive profit/(loss)	2,111,323	( 12,674)
Cash flows from/(used in) operating activities	2,396,988	( 12,635)
Cash flows used in investing activities	( 832,984)	-
Cash flows (used in)/from financing activities	( 518,190)	5,371
Net increase/(decrease) in cash and cash equivalents	1,045,814	( 7,264)

### 6.1 Deemed capital contribution

Deemed capital contribution is related to fair value effect of the interest free advances to its subsidiaries recognised in the year ended 31 December 2010.

### 6.2 Impairment losses

In the previous years, the Company recognised impairment losses of RM3,129,765 based on the estimated recoverable amount of the investment in subsidiaries. The recoverable amount is estimated based on the fair value less costs of disposal with reference to the net tangible assets of the subsidiaries. During the year, the Company reassessed on similar basis and concluded no further impairment to the investment in subsidiaries.

### 6.3 Material accounting policy information

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses.



# NOTES TO THE FINANCIAL STATEMENTS

## 7. Investment properties - Group

	<b>Buildings RM</b>
<b>Cost</b>	
At 1 January 2022/31 December 2022/1 January 2023/31 December 2023	11,637,190 =====
<b>Depreciation</b>	
At 1 January 2022	6,180,738
Depreciation for the financial year (Note 19)	232,744 -----
At 31 December 2022/1 January 2023	6,413,482
Depreciation for the financial year (Note 19)	232,743 -----
At 31 December 2023	6,646,225 =====
<b>Carrying amounts</b>	
At 31 December 2022/1 January 2023	5,223,708 =====
At 31 December 2023	4,990,965 =====
<b>Estimated fair value</b>	
At 31 December 2022/1 January 2023	22,643,000 =====
At 31 December 2023	22,643,000 =====

**7.1** Other income/expenses are recognised in profit or loss in respect of investment properties:

	<b>Note</b>	<b>2023 RM</b>	<b>2022 RM</b>
Rental income	<b>18</b>	426,887	460,139
Direct operating expenses:			
- income generating investment properties		( 274,191)	( 288,729)
- non-income generating investment properties		( 47,948)	( 76,427)
		=====	=====

The operating lease payments to be received are as follows:

	<b>2023 RM</b>	<b>2022 RM</b>
Less than one year	391,059	406,700
One to two years	329,658	348,224
Two to three years	323,258	286,823
	-----	-----
	1,043,975	1,041,747
	=====	=====

# NOTES TO THE FINANCIAL STATEMENTS

## 7. Investment properties - Group (continued)

### 7.2 Determination of fair value

The estimated fair value of investment properties was based on the internal valuation performed by the Group.

### 7.3 Fair value information

Fair value of investment properties are categorised as Level 3, which is estimated using unobservable inputs for the investment properties.

	Level 3 RM
<b>2023</b>	
Investment properties	22,643,000 =====
<b>2022</b>	
Investment properties	22,643,000 =====

### 7.4 Valuation processes applied by the Group for Level 3 fair value

The fair values of investment properties is based on management's valuation and based on the comparative method. The comparative method entails comparing the property with similar properties that are currently being offered for sale in the vicinity. Diligent adjustments are then made for age, size and condition of building, and other relevant factors to arrive at an average and acceptable degree of comparability with the subject property.

### 7.5 Material accounting policy information

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation on investment property, comprising solely buildings, is charged to profit or loss on a straight-line basis over its estimated useful life of 50 years.

## 8. Biological assets - Group

The biological assets of the Group are as follows:

	Fresh fruit bunches RM	Living livestock RM	Total RM
<b>Fair value</b>			
At 1 January 2022	60,873,461	3,124,922	63,998,383
Disposals	-	( 406,332)	( 406,332)
Changes in fair value less costs to sell (Note 20)	( 7,806,838)	1,043,192	( 6,763,646)
At 31 December 2022/1 January 2023	53,066,623	3,761,782	56,828,405
Disposals	-	( 484,371)	( 484,371)
Changes in fair value less costs to sell (Note 20)	( 4,169,828)	( 192,738)	( 4,362,566)
At 31 December 2023	48,896,795 =====	3,084,673 =====	51,981,468 =====

# NOTES TO THE FINANCIAL STATEMENTS

## 8. Biological assets - Group (continued)

### 8.1 *Fresh fruit bunches (“FFB”)*

At 31 December 2023, the Group has total of 14 estates (2022: 14 estates) which comprises total productive mature area of 20,454 hectares (2022: 21,064 hectares).

During the financial year, the Group has harvested approximately 318,775 metric tonnes of FFB (2022: 328,450 metric tonnes). As at 31 December 2023, the quantity of unharvested FFB of the Group included in the fair value of FFB was 74,650 metric tonne (2022: 75,360 metric tonne).

### 8.2 *Living livestock*

Living livestock comprise the cattle and goat livestock.

During the financial year, the Group sold 85 head of cattle and Nil goats (2022: 88 head of cattle and Nil goats). As at 31 December 2023, living livestock comprised 852 head of cattle and 6 goats (2022: 919 head of cattle and 6 goats).

### 8.3 *Risk management strategy related to agriculture activities*

The Group is exposed to the following risks relating to its oil palm plantations.

#### *i) Regulatory and environmental risk*

The Group is exposed to the environmental risk. Nevertheless, the Group has placed the Sustainability and Environmental Policies and health, safety and environmental procedures to create and maintain safe workplace and conservation of the environment at the same time comply with relevant regulations.

#### *ii) Supply and demand risk*

The Group is exposed to risks arising from fluctuations in the price and sales volume of fresh fruit bunches. The Group constantly analyse and monitor global palm oil demand patterns and trends to make prompt and informed decisions. The Group also continuously focus on increasing yield and productivity as well as adopting cautious spending to mitigate the price risk.

#### *iii) Climate and other risk*

The Group's plantations are exposed to the risk of damages from climatic changes, diseases, forest fires and other natural forces. The Group has in place the processes and procedures aimed at monitoring and mitigating those risks. Such processes include but not limit to close monitoring on harvesting and crop recovery, adequate measures to control pest population, emphasize on proper fire safety procedures and other necessary measures to ensure smooth running of the operation.

# NOTES TO THE FINANCIAL STATEMENTS

## 8. Biological assets - Group (continued)

### 8.4 Fair value information

	<b>Level 3 RM</b>
<b>2023</b>	
Fresh fruit bunches	48,896,795
Living livestock	3,084,673
	<u>51,981,468</u> =====
<b>2022</b>	
Fresh fruit bunches	53,066,623
Living livestock	3,761,782
	<u>56,828,405</u> =====

Fair value of biological assets is categorised as Level 3, which estimated using unobservable inputs for biological assets.

The fair value less costs to sell measurement of biological assets involves the use of unobservable inputs that are subject to estimation uncertainties that may result in a higher or a lower carrying amounts of biological assets in subsequent reporting periods.

# NOTES TO THE FINANCIAL STATEMENTS

## 8. Biological assets - Group (continued)

### 8.4 Fair value information (continued)

#### Highest and best use

The valuation was based on the highest and best use of the biological assets which is the harvesting of fresh fruit bunches and selling of living livestock.

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Fresh fruit bunches ("FFB")	<p>(a) Valuation of the 3 months prior to harvest.</p> <p>(b) FFB average selling price is based on forecasted selling price for January 2024 to March 2024.</p> <p>(c) Despatch and harvesting costs are based on actual average cost incurred for Quarter 4 2023.</p>	<ul style="list-style-type: none"> <li>- Estimated FFB prices</li> <li>- Estimated production volume</li> <li>- Estimated despatch and harvesting costs</li> </ul>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>- the estimated FFB prices were higher (lower);</li> <li>- the estimated production volume were higher (lower); or</li> <li>- the estimated despatch and harvesting costs were lower (higher).</li> </ul>
Living livestock	The fair value of living livestock was based on the Group's assessment of estimated market value of the living livestock.	<ul style="list-style-type: none"> <li>- Estimated market price</li> </ul>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>- the estimated market price were higher (lower)</li> </ul>

# NOTES TO THE FINANCIAL STATEMENTS

## 8. Biological assets - Group (continued)

### 8.5 Sensitivity analysis

#### 8.5.1 Fresh fruit bunches (“FFB”)

The sensitivity analysis below indicates the approximate change in the Group’s fair value of FFB and profit for the year that would arise if the following key estimates and assumptions adopted in the valuation model had changed at the reporting date, assuming all other estimates, assumption and other variables remained constant.

	2023		2022	
	Increase/ (Decrease) in price and volume	Increase/ (Decrease) in fair value of biological assets and profit before tax for the year RM	Increase/ (Decrease) in price and volume	Increase/ (Decrease) in fair value of biological assets and profit before tax for the year RM
Selling price	10% (10%)	5,573,933 (5,573,933)	10% (10%)	6,159,110 (6,159,110)
Production volume	10% (10%)	4,889,679 (4,889,679)	10% (10%)	5,306,662 (5,306,662)
	=====	=====	=====	=====

#### 8.5.2 Living livestock

The sensitivity analysis below indicates the approximate change in the Group’s fair value of living livestock and profit for the year that would arise if the following key estimates and assumptions adopted in the valuation model had changed at the reporting date, assuming all other estimates, assumption and other variables remained constant.

	2023		2022	
	Increase/ (Decrease) in price	Increase/ (Decrease) in fair value of biological assets and profit before tax for the year RM	Increase/ (Decrease) in price	Increase/ (Decrease) in fair value of biological assets and profit before tax for the year RM
Selling price	10% (10%)	308,470 (308,470)	10% (10%)	376,180 (376,180)
	=====	=====	=====	=====

# NOTES TO THE FINANCIAL STATEMENTS

## 8. Biological assets - Group (continued)

### 8.6 Material accounting policy information

The fair value of fresh fruit bunches was measured at fair value less cost to sell model by reference to the estimated selling price and the estimated yield of FFB at the point of harvest, net of despatch and harvesting costs.

The fair value of living livestock was measured at fair value less cost to sell model by reference to the estimated market value of the living livestock and actual head count.

A gain or loss arising on recognition of a biological asset at fair value less costs to sell and from a change in fair value less costs to sell of a biological asset shall be included in profit or loss for the period in which it arises as “change in fair value less costs to sell of biological assets”.

## 9. Inventories - Group

	2023 RM	2022 RM
<b>At costs</b>		
Crude palm oil and palm kernel	6,656,343	5,961,088
Stores and consumables	8,150,520	8,055,461
Oil palm nursery	6,640,311	2,879,500
Oil palm seeds	860,476	547,013
Oil palm fresh fruit bunches	1,469,829	738,808
	<u>23,777,479</u>	<u>18,181,870</u>
<b>Recognised in profit or loss:</b>		
Inventories recognised as part of cost of sales	417,638,821	484,883,969
Inventories written off	-	3,271
	<u>417,638,821</u>	<u>484,883,969</u>

Oil palm nursery and oil palm seeds incurred during the financial year include:-

	2023 RM	2022 RM
Personnel expenses		
- Contributions to the Employees Provident Fund	73,742	38,605
- Wages, salaries and others	2,982,132	1,373,420
	<u>3,055,874</u>	<u>1,412,025</u>

# NOTES TO THE FINANCIAL STATEMENTS

## 9. Inventories - Group (continued)

### 9.1 Material accounting policy information

Inventories are measured at the lower of cost and net realisable value.

Cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Cost of crude palm oil and palm kernel includes direct labour, an appropriate share of production overheads and the fair value attributed to agriculture produce at year end in accordance to MFRS 141. The fair value of biological assets harvested from the Group's own plantation and sold during the year are recorded as part of the biological assets' movement (Note 8) and as part of "changes in fair value of biological assets" in determining profit.

Cost of fresh fruit bunches acquired from third parties includes the cost of purchase of the inventory.

Oil palm nursery inventories consist of seedlings remaining in the nursery for eventual field planting. Cost of palm oil seeds and seedlings includes the cost of treatment and cultivation.

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

## 10. Trade and other receivables

Note	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-current</b>				
<b>Non-trade</b>				
Amount due from subsidiaries	-	-	5,668,153	5,668,153
Less: Allowance for impairment losses	-	-	( 5,668,153)	( 5,668,153)
Non-current total	-	-	-	-



# NOTES TO THE FINANCIAL STATEMENTS

## 10. Trade and other receivables (continued)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Current</b>					
<b>Trade</b>					
Trade receivables	10.1	17,837,787	12,049,607	-	-
<b>Non-trade</b>					
Other receivables		816,105	531,097	399,243	324,845
Less: Allowance for impairment losses		( 52,048)	( 52,048)	-	-
		764,057	479,049	399,243	324,845
Current total		18,601,844	12,528,656	399,243	324,845
Total		18,601,844	12,528,656	399,243	324,845

10.1 Included in trade receivables are amounts of RM2,590,422 (2022: RM3,017,492) due from a substantial corporate shareholder, companies related to a substantial corporate shareholder and companies in which certain Directors have interest.

## 11. Prepayments and other assets

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-trade</b>					
Deposits	11.1	4,051,459	4,767,489	-	-
Less: Allowance for impairment losses	11.2	( 1,862,000)	( 1,862,000)	-	-
		2,189,459	2,905,489	-	-
Prepayments		3,782,158	5,290,838	-	265,000
Club membership		112,770	113,780	112,770	113,780
		3,894,928	5,404,618	112,770	378,780
Total		6,084,387	8,310,107	112,770	378,780

# NOTES TO THE FINANCIAL STATEMENTS

## 11. Prepayments and other assets (continued)

### 11.1 Deposits - Group

Included in deposits is a deposit of RM646,671 (2022: RM1,340,614) paid for an acquisition of land.

### 11.2 Impairment losses - Group

A full impairment loss of RM1,862,000 was made in earlier years following disruption of its plantation activities by the local participants in a trust arrangement resulting in no harvesting activity being carried out since April 2010 (see Note 3.2.1.1).

## 12. Other investments

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Deposits with original maturities exceeding three months	47,232,645	35,560,278	47,232,645	34,310,278

## 13. Cash and cash equivalents

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash in hand and at banks	5,709,988	1,934,166	891,844	33,450
Deposits with original maturities not exceeding three months	108,884,128	124,050,707	64,607,160	96,537,070
	114,594,116	125,984,873	65,499,004	96,570,520

# NOTES TO THE FINANCIAL STATEMENTS

## 14. Capital and reserves - Group and Company

### 14.1 Share capital

	2023		2022	
	Amount RM	Number of shares	Amount RM	Number of shares
Ordinary shares <b>Issued and fully paid shares with no par value classified as equity instruments:</b>				
Opening and closing balances	340,968,951 =====	280,000,000 =====	340,968,951 =====	280,000,000 =====

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

### 14.2 Equity reserve

Equity reserve represents the capital contribution by certain shareholders of the Company, in respect of shares granted to employees of a subsidiary, Sarawak Plantation Agriculture Development Sdn. Bhd., in conjunction with the listing of the Company on the Main Market of Bursa Malaysia Securities Berhad in 2007. This entailed the sale of 135,000 ordinary shares in the Company by corporate shareholders, to eligible employees of the subsidiary, on a basis proportionate to their then existing shareholdings in the Company.

### 14.3 Treasury shares

The shareholders of the Company, at an Annual General Meeting held on 18 June 2008, approved the Company's plan to repurchase its own shares. Such authority was last renewed at the Annual General Meeting held on 26 May 2023. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

The Company did not repurchase its own shares during the year ended 31 December 2023 (31 December 2022: NIL). The number of treasury shares held was 967,800 ordinary shares as at the year ended 31 December 2023 and 31 December 2022.

# NOTES TO THE FINANCIAL STATEMENTS

## 15. Deferred tax liabilities - Group

Movements in temporary differences during the financial year are as follows:

	At 1.1.2022 RM	Recognised in profit or loss RM	At 31.12.2022/ 1.1.2023 RM	Recognised in profit or loss RM	At 31.12.2023 RM
Property, plant and equipment	47,650,498	585,527	48,236,025	( 3,642,022)	44,594,003
Bearer plants	63,069,635	( 1,671,421)	61,398,214	3,719,231	65,117,445
Biological assets	15,172,867	( 1,800,106)	13,372,761	( 897,209)	12,475,552
Provision - others	120,000	( 120,000)	-	( 192,000)	( 192,000)
	<u>126,013,000</u>	<u>( 3,006,000)</u>	<u>123,007,000</u>	<u>( 1,012,000)</u>	<u>121,995,000</u>
		(Note 23)		(Note 23)	

### **Unrecognised deferred tax assets - Group**

Deferred tax assets have not been recognised in respect of the following temporary differences (stated at gross):

	2023 RM	2022 RM
Unutilised capital allowance and agriculture allowances carried forward	11,070,000	11,443,000
Unutilised tax losses carried forward	<u>14,240,000</u>	<u>14,018,000</u>
	<u>25,310,000</u>	<u>25,461,000</u>

Deferred tax assets of RM6,074,000 (2022: RM6,111,000) have not been recognised in the statement of financial position in respect of the temporary differences because it is not probable that future taxable profits will be available against which the affected group entities can utilise the benefits.

Pursuant to the latest tax legislation in Malaysia, unutilised tax losses from year of assessment 2019 onwards can be carried forward for a maximum of 10 years. Unutilised capital allowances and agriculture allowances attributable to group entities incorporated in Malaysia do not expire under the current tax legislation. In the case of a dormant company, such allowances and losses will not be available to the affected group entities if there has been a change of 50% or more in the shareholdings thereof.

Unutilised tax losses of RM11,766,000, RM843,000, RM808,000, RM351,000, RM265,000 and RM207,000 expire in YA2029, YA2030, YA2031, YA2032, YA2033 and YA2034 respectively under the current tax legislation of Malaysia.

# NOTES TO THE FINANCIAL STATEMENTS

## 16. Loans and borrowings - Group

	Note	2023 RM	2022 RM
<b>Non-current</b>			
Conventional term loan - secured	16.1	7,606,000	-
Hire purchase facility - secured	16.3	410,556	1,315,065
		<u>8,016,556</u>	<u>1,315,065</u>
<b>Current</b>			
Revolving credit (Islamic) - secured	16.2	-	8,000,000
Hire purchase facility - secured	16.3	1,120,450	2,279,161
		<u>1,120,450</u>	<u>10,279,161</u>
		<u>9,137,006</u>	<u>11,594,226</u>

One of the subsidiaries has been granted banking facilities comprising one Islamic term loan facility of RM40 million (2022: RM150 million), one (2022: two) Islamic revolving credit facility of RM30 million (2022: RM30 million) and one Conventional term loan of RM40 million (2022: NIL) which was converted from the existing revolving credit facility of RM40 million.

The Islamic term loan facility of the RM40 million is an Islamic facility under Murabahah Tawarruq contract pursuant to Facility Agreement entered into by the subsidiary with the bank on 25 October 2023. The Islamic term loan is secured by way of legal charges over certain land and buildings of a subsidiary (see Notes 3.3, 4.1 and 5.5) and a corporate guarantee from the Company. The Islamic term loan bore profit rate of 12% per annum, which is equivalent to effective profit rate of 0.75% per annum above the bank's cost of funds. The term loan is for a tenure of up to 8 years from the date of first disbursement, inclusive of 3 years of grace period from the date of first disbursement or 1 October 2026, whichever is earlier, followed by a 5 year monthly principal instalments. As at year end, the subsidiary has yet to utilise this facility.

The subsidiary shall maintain a gearing measured by Group's borrowings over Group's shareholders' funds of not more than 0.5 time (2022: 1.00 time).

### 16.1 Conventional term loan - secured

The Conventional term loan is term loan facility converted from existing revolving credit facility of RM40 million pursuant to a Supplementary Agreement entered with the licensed bank on 25 October 2023.

The Conventional term loan is secured by way of legal charges over certain land and buildings of a subsidiary (see Notes 3.3, 4.1 and 5.5) and a corporate guarantee from the Company.

The term loan is for a tenure of up to 8 years from the date of first disbursement, inclusive of 3 years of grace period from the date of first disbursement or 1 October 2026, whichever is earlier, followed by a 5 year monthly principal instalments.

The Conventional term loan of RM7,606,000 as at 31 December 2023 (2022: NIL) bears interest rate at 0.75% per annum above the licensed bank's cost of funds.

# NOTES TO THE FINANCIAL STATEMENTS

## 16. Loans and borrowings - Group (continued)

### 16.2 Revolving credit (Islamic) – secured

The Islamic revolving credit is secured by way of legal charges over certain land and buildings of a subsidiary (see Notes 3.3, 4.1 and 5.5) and a corporate guarantee from the Company.

The effective interest rate of revolving credit ranges from 4.40% to 4.67% (2022: 3.46% to 4.21%) per annum.

The Islamic revolving credit has not been utilised as at 31 December 2023.

### 16.3 Hire purchase facilities are payable as follows:

	Payments RM	Profit RM	Principal RM
<b>2023</b>			
Less than one year	1,164,691	44,241	1,120,450
Between one and five years	420,231	9,675	410,556
	<u>1,584,922</u>	<u>53,916</u>	<u>1,531,006</u>
	=====	=====	=====
<b>2022</b>			
Less than one year	2,396,355	117,194	2,279,161
Between one and five years	1,353,902	38,837	1,315,065
	<u>3,750,257</u>	<u>156,031</u>	<u>3,594,226</u>
	=====	=====	=====

Assets under hire purchase are charged to secure the hire purchase facilities (Islamic) of the Group.

Hire purchase facilities carries profit rates fixed at 4.85% to 5.09% (2022: 4.85% to 5.13%) per annum.

## 17. Trade and other payables

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>Current</b>					
<b>Trade</b>					
Trade payables	17.1	<u>27,754,757</u>	<u>34,460,024</u>	-	-
<b>Non-trade</b>					
Amount due to a subsidiary	17.2	-	-	97,001	129,906
Accrued expenses		11,167,375	12,704,822	119,158	108,706
Other payables	17.1	<u>18,506,069</u>	<u>17,762,966</u>	<u>8,956,130</u>	<u>8,956,622</u>
		<u>29,673,444</u>	<u>30,467,788</u>	<u>9,172,289</u>	<u>9,195,234</u>
		=====	=====	=====	=====
Total		<u>57,428,201</u>	<u>64,927,812</u>	<u>9,172,289</u>	<u>9,195,234</u>
		=====	=====	=====	=====

# NOTES TO THE FINANCIAL STATEMENTS

## 17. Trade and other payables (continued)

### 17.1 Trade payable and other payables

Included in trade payables and other payables of the Group are:

- (a) an amount of RM1,457,771 (2022: RM4,975,523) due to companies in which a Director has interest, a substantial corporate shareholder, companies related to a substantial corporate shareholder, a company in which certain Directors have interest and companies in which persons connected to certain Directors have interest;
- (b) an amount of RM551,178 (2022: RM428,882) being construction retention sums mainly for the construction of buildings, infrastructures and plant and machinery; and
- (c) an amount of RM8,956,130 (2022: RM8,956,130) being the balance purchase consideration for acquisition of equity interest in a subsidiary.

On 29 November 2021, the Company entered into a deed of settlement with the vendors to return part of the land in the said subsidiary to the vendors. The returned land in the subsidiary shall be transferred to the vendors and the Company shall no longer be required to pay the balance purchase consideration after the completion of the settlement. The completion of the settlement is currently pending the transfer of land to the vendors.

### 17.2 Amount due to subsidiary

Amount due to a subsidiary bears interest at 1% plus bank's cost of funds on the past due balance more than 30 days, unsecured and repayable on demand.

## 18. Revenue

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Revenue from contracts with customers</b>	570,249,767	710,452,010	-	-
<b>Other revenue</b>				
Rental income	426,887	460,139	-	-
Dividend income from subsidiaries	-	-	22,330,000	93,350,000
	570,676,654	710,912,149	22,330,000	93,350,000

The primary geographical market of the Company is in Malaysia

# NOTES TO THE FINANCIAL STATEMENTS

## 18. Revenue (continued)

### 18.1 Disaggregation of revenue

	Oil palm operation		Management/ Agronomic services		Total
	2023 RM	2022 RM	2023 RM	2022 RM	
<b>Major products and service lines</b>					
Sales of oil palm products	569,776,307	710,061,581	-	-	569,776,307
Management/Agronomic services income	-	-	473,460	390,429	473,460
	569,776,307	710,061,581	473,460	390,429	570,249,767
	=====	=====	=====	=====	=====
<b>Geographical markets</b>					
Malaysia	569,776,307	710,061,581	473,460	390,429	570,249,767
	=====	=====	=====	=====	=====
<b>Timing and recognition</b>					
At a point in time	569,776,307	710,061,581	448,160	314,529	570,224,467
Over time	-	-	25,300	75,900	25,300
	569,776,307	710,061,581	473,460	390,429	570,249,767
	=====	=====	=====	=====	=====



# NOTES TO THE FINANCIAL STATEMENTS

## 18. Revenue (continued)

### 18.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Oil palm products	Revenue is recognised when the goods are delivered and accepted by the customers at their premises.	Credit period of 4 - 30 days from the receipt of invoice by the buyers.	Not applicable	Not applicable	Not applicable
Management service income	Revenue is recognised over time.	Credit period of 30 days from invoice date.	Not applicable	Not applicable	Not applicable
Agronomic service income	Revenue is recognised when the services is delivered.	Credit period of 30 days from invoice date.	Not applicable	Not applicable	Not applicable

# NOTES TO THE FINANCIAL STATEMENTS

## 19. Results from operating activities

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Results from operating activities are arrived at after charging/(crediting):</b>				
Auditors' remuneration:				
- Audit fees:				
- KPMG PLT	244,500	240,500	70,000	68,000
- Other auditors	3,800	3,800	-	-
- Non-audit fees:				
- KPMG PLT	11,000	11,000	11,000	11,000
- Local affiliates of KPMG PLT	89,650	85,250	16,600	15,300
- Other auditors	8,600	8,600	-	-
<b>Material expenses/(income)</b>				
Depreciation of property, plant and equipment (Note 3.1)	18,560,817	17,602,119	294	294
Depreciation of bearer plants (Note 4)	21,442,558	22,056,210	-	-
Depreciation of right-of-use assets (Note 5.1)	2,018,587	1,990,807	-	-
Depreciation of investment properties (Note 7)	232,743	232,744	-	-
Personnel expenses (including key management personnel):				
- Contributions to the Employees Provident Fund	3,634,850	3,870,083	50,304	52,753
- Wages, salaries and others	68,248,404	75,832,732	1,118,905	1,211,100
Expenditure relating to short-term leases	109,330	103,220	360	360
Property, plant and equipment written off	26,535	954,615	-	-
Property, plant and equipment expensed off	-	20,652	-	-
Gain on disposal of property, plant and equipment	( 14,905)	( 40,865)	-	-
Gain on disposal of right-of-use assets	( 1,461,931)	-	-	-
	=====	=====	=====	=====

Included in the personnel expenses of the Company disclosed above are salary costs (including compensations to key management personnel) recharged by a subsidiary.

# NOTES TO THE FINANCIAL STATEMENTS

## 20. Other non-operating expenses - Group

	2023 RM	2022 RM
Changes in fair value of biological assets (Note 8)	4,362,566	6,763,646
	=====	=====

## 21. Finance income

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest income of financial assets that are not at fair value through profit or loss:				
- deposits with banks/financial institutions	4,608,009	3,231,563	3,646,302	2,130,301
Recognised in profit or loss	4,608,009	3,231,563	3,646,302	2,130,301
	=====	=====	=====	=====

## 22. Finance costs

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest expense/profit payments of financial liabilities that are not at fair value through profit or loss:				
- loans and borrowings	463,625	1,498,501	-	-
	=====	=====	=====	=====
Amount charged to profit or loss	302,262	763,593	-	-
Amount capitalised in bearer plants (Note 4.1)	161,363	734,908	-	-
	463,625	1,498,501	-	-
	=====	=====	=====	=====

# NOTES TO THE FINANCIAL STATEMENTS

## 23. Taxation

### Recognised in profit or loss

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Income tax expense</b>				
Malaysian - current year	24,138,301	41,305,000	827,000	505,000
- prior year	( 538,023)	( 1,426,969)	( 1,718)	( 8,042)
	<u>23,600,278</u>	<u>39,878,031</u>	<u>825,282</u>	<u>496,958</u>
<b>Deferred tax (Note 15)</b>				
Origination and reversal of temporary differences				
- current year	( 1,822,000)	( 3,006,000)	-	-
- prior year	810,000	-	-	-
	<u>( 1,012,000)</u>	<u>( 3,006,000)</u>	<u>-</u>	<u>-</u>
Total taxation	<u>22,588,278</u>	<u>36,872,031</u>	<u>825,282</u>	<u>496,958</u>
	=====	=====	=====	=====
<b>Reconciliation of taxation</b>				
Profit for the financial year	64,854,821	97,341,036	23,346,628	93,198,004
Total taxation	<u>22,588,278</u>	<u>36,872,031</u>	<u>825,282</u>	<u>496,958</u>
Profit excluding tax	<u>87,443,099</u>	<u>134,213,067</u>	<u>24,171,910</u>	<u>93,694,962</u>
	=====	=====	=====	=====
Income tax calculated using Malaysian tax rate of 24% (2022: 24%)	20,986,344	32,211,137	5,801,258	22,486,791
Prosperity tax rate differential of 9%	-	4,415,708	-	-
Non-deductible expenses	1,709,340	1,463,963	384,942	422,209
Movements in unrecognised deferred tax assets	( 37,000)	218,000	-	-
Non-taxable income	( 342,383)	( 9,808)	( 5,359,200)	( 22,404,000)
	<u>22,316,301</u>	<u>38,299,000</u>	<u>827,000</u>	<u>505,000</u>
	<u>271,977</u>	<u>( 1,426,969)</u>	<u>( 1,718)</u>	<u>( 8,042)</u>
Under/(Over) provision in prior year	<u>271,977</u>	<u>( 1,426,969)</u>	<u>( 1,718)</u>	<u>( 8,042)</u>
Total taxation	<u>22,588,278</u>	<u>36,872,031</u>	<u>825,282</u>	<u>496,958</u>
	=====	=====	=====	=====

# NOTES TO THE FINANCIAL STATEMENTS

## 24. Compensations to key management personnel

Compensations to key management personnel are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors:				
- Fees	726,413	799,050	604,163	661,050
- Short-term employee benefits (including estimated benefits-in-kind)	697,132	3,827,289	164,555	122,130
- Post employment benefits	22,684	29,377	1,890	2,036
	<u>1,446,229</u>	<u>4,655,716</u>	<u>770,608</u>	<u>785,216</u>
	-----	-----	-----	-----
Other key management personnel:				
- Fees	55,000	55,000	-	-
- Short-term employee benefits (including estimated benefits-in-kind)	1,671,985	2,095,298	283,161	295,637
- Post employment benefits	198,873	249,671	33,202	34,676
	<u>1,925,858</u>	<u>2,399,969</u>	<u>316,363</u>	<u>330,313</u>
	<u>3,372,087</u>	<u>7,055,685</u>	<u>1,086,971</u>	<u>1,115,529</u>
	=====	=====	=====	=====

Other key management personnel comprise persons, other than the Directors of the Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

# NOTES TO THE FINANCIAL STATEMENTS

## 25. Earnings per ordinary share - Group

### **Basic and diluted earnings per ordinary share**

The calculation of basic and diluted earnings per ordinary share at 31 December 2023 and 31 December 2022 was based on the earnings attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding calculated as follows:

	2023 RM	2022 RM
Earnings attributable to ordinary shareholders	64,443,021 =====	96,712,708 =====
<b>Weighted average number of ordinary shares</b>		
Issued ordinary shares at 1 January	280,000,000	280,000,000
Effect of issued ordinary shares repurchased	( 967,800)	( 967,800)
Weighted average number of ordinary shares at 31 December	279,032,200 =====	279,032,200 =====

The shareholders of the Company, at an Annual General Meeting held on 18 June 2008, approved the Company's plan to repurchase its own shares. Such authority was last renewed at the Annual General Meeting held on 26 May 2023. The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

The Company did not repurchase its own shares during the year ended 31 December 2023 and 31 December 2022. The number of treasury shares held was 967,800 ordinary shares as at the year ended 31 December 2023 and 31 December 2022.

### **Basic and diluted earnings per ordinary share**

	2023 Sen	2022 Sen
Basic and diluted earnings per ordinary share	23.10 =====	34.66 =====

## 26. Dividends

Dividends recognised by the Company was:

	Sen per share (tax exempt)	Total RM	Date of payment
<b>2023</b>			
First interim 2023 ordinary	5	13,951,610	6 July 2023
Second interim 2023 ordinary	5	13,951,610	19 January 2024
		27,903,220 =====	

# NOTES TO THE FINANCIAL STATEMENTS

## 26. Dividends (continued)

	Sen per share (tax exempt)	Total RM	Date of payment
<b>2022</b>			
Third interim 2021 ordinary	5	13,951,610	29 March 2022
First interim 2022 ordinary	5	13,951,610	24 June 2022
Second interim 2022 ordinary	10	27,903,220	19 January 2023
		<u>55,806,440</u>	
		=====	

The Directors do not recommend any final dividend to be paid for the financial year under review.

## 27. Financial instruments

### 27.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as amortised cost ("AC").

	Note	Carrying amount RM	AC RM
<b>2023</b>			
<b>Financial assets</b>			
<b>Group</b>			
Trade and other receivables	10	18,601,844	18,601,844
Deposits	11	2,189,459	2,189,459
Other investments	12	47,232,645	47,232,645
Cash and cash equivalents	13	114,594,116	114,594,116
		<u>182,618,064</u>	<u>182,618,064</u>
		=====	=====
<b>Company</b>			
Trade and other receivables	10	399,243	399,243
Other investment	12	47,232,645	47,232,645
Cash and cash equivalents	13	65,499,004	65,499,004
		<u>113,130,892</u>	<u>113,130,892</u>
		=====	=====
<b>Financial liabilities</b>			
<b>Group</b>			
Loans and borrowings	16	( 9,137,006)	( 9,137,006)
Trade and other payables	17	( 57,428,201)	( 57,428,201)
		<u>( 66,565,207)</u>	<u>( 66,565,207)</u>
		=====	=====
<b>Company</b>			
Trade and other payables	17	( 9,172,289)	( 9,172,289)
		<u>( 9,172,289)</u>	<u>( 9,172,289)</u>
		=====	=====

# NOTES TO THE FINANCIAL STATEMENTS

## 27. Financial instruments (continued)

### 27.1 Categories of financial instruments (continued)

	Note	Carrying amount RM	AC RM
<b>2022</b>			
<b>Financial assets</b>			
<b>Group</b>			
Trade and other receivables	10	12,528,656	12,528,656
Deposits	11	2,905,489	2,905,489
Other investments	12	35,560,278	35,560,278
Cash and cash equivalents	13	125,984,873	125,984,873
		<u>176,979,296</u>	<u>176,979,296</u>
		=====	=====
<b>Company</b>			
Trade and other receivables	10	324,845	324,845
Other investment	12	34,310,278	34,310,278
Cash and cash equivalents	13	96,570,520	96,570,520
		<u>131,205,643</u>	<u>131,205,643</u>
		=====	=====
<b>Financial liabilities</b>			
<b>Group</b>			
Loans and borrowings	16	( 11,594,226)	( 11,594,226)
Trade and other payables	17	( 64,927,812)	( 64,927,812)
		<u>( 76,522,038)</u>	<u>( 76,522,038)</u>
		=====	=====
<b>Company</b>			
Trade and other payables	17	( 9,195,234)	( 9,195,234)
		<u>( 9,195,234)</u>	<u>( 9,195,234)</u>
		=====	=====



# NOTES TO THE FINANCIAL STATEMENTS

## 27. Financial instruments (continued)

### 27.2 Net gains/(losses) arising from financial instruments

	<u>Group</u>		<u>Company</u>	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Net gains/(losses) on:</b>				
<b>Financial assets</b>				
<b>at amortised cost</b>				
- interest income from term deposits	4,608,009	3,231,563	3,646,302	2,130,301
	<u>4,608,009</u>	<u>3,231,563</u>	<u>3,646,302</u>	<u>2,130,301</u>
<b>Financial liabilities</b>				
<b>at amortised cost</b>				
- interest expense on term loan	-	( 294,330)	-	-
- interest expense on revolving credits	-	( 73,906)	-	-
- lease liabilities	( 182,255)	( 174,276)	-	-
- profit payments on hire purchase	( 120,007)	( 221,081)	-	-
	<u>( 302,262)</u>	<u>( 763,593)</u>	<u>-</u>	<u>-</u>
	<u>4,305,747</u>	<u>2,467,970</u>	<u>3,646,302</u>	<u>2,130,301</u>
	=====	=====	=====	=====

# NOTES TO THE FINANCIAL STATEMENTS

## 27. Financial instruments (continued)

### 27.3 Financial risk management

The Group is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

### 27.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

#### Trade receivables

*Risk management objectives, policies and processes for managing the risk*

Management regularly reviews and monitors on an on-going basis by setting appropriate credit limits on trade receivables on a case-by-case basis.

At each reporting date, the Group and the Company assesses whether any of the trade receivables is credit impaired.

The gross carrying amounts of credit impaired trade receivables is written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position. The credit risk is concentrated to one (2022: one) major customer, who are mainly involved in palm oil refinery as disclosed in Note 31, representing 70% (2022: 48%) of the total trade receivables.

# NOTES TO THE FINANCIAL STATEMENTS

## 27. Financial instruments (continued)

### 27.4 Credit risk (continued)

#### Trade receivables (continued)

##### Recognition and measurement of impairment losses

In managing credit risk of trade receivables, the Group manages its debtor and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 90 days. The Group's debt recovery process is above 30 days past due after credit term, the Group will start to initiate a structured debt recovery process which is monitored by the sales marketing team.

As there are only a few customers, the Group assessed the risk of loss of each customer individually based on their financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount RM	Loss allowances RM	Net balance RM
<b>2023</b>			
<b>Group</b>			
Current (not past due)	17,572,842	-	17,572,842
1 - 30 days past due	94,921	-	94,921
31 - 60 days past due	170,024	-	170,024
61 - 90 days past due	-	-	-
More than 90 days past due	-	-	-
	17,837,787	-	17,837,787
<b>Credit impaired</b>			
Individually impaired	-	-	-
Trade receivables	17,837,787	-	17,837,787

# NOTES TO THE FINANCIAL STATEMENTS

## 27. Financial instruments (continued)

### 27.4 Credit risk (continued)

#### Trade receivables (continued)

Recognition and measurement of impairment losses (continued)

	Gross carrying amount RM	Loss allowances RM	Net balance RM
<b>2022</b>			
<b>Group</b>			
Current (not past due)	11,244,059	-	11,244,059
1 - 30 days past due	786,032	-	786,032
31 - 60 days past due	13,792	-	13,792
61 - 90 days past due	5,544	-	5,544
More than 90 days past due	180	-	180
	12,049,607	-	12,049,607
<b>Credit impaired</b>			
Individually impaired	-	-	-
Trade receivables	12,049,607	-	12,049,607
	12,049,607	-	12,049,607

There is no allowance for impairment in respect of trade receivables during the year.

An allowance account in respect of receivables is used to record impairment losses. Unless the Group is satisfied that recovery is possible, the amount considered irrecoverable is written off against the receivables directly.

#### Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

#### Other investments

As at the end of the reporting period, the Group has only invested in deposit with original maturities exceeding three months. The maximum exposure to credit risk is represented by the carrying amounts of the deposits in the statement of financial position.

#### Other receivables and deposits

As at the end of reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

As at the end of reporting period, there was no indication that the other receivables and deposits are not recoverable, other than those on which an allowance for impairment losses has been made (see Note 10 and 11).

# NOTES TO THE FINANCIAL STATEMENTS

## 27. Financial instruments (continued)

### 27.4 Credit risk (continued)

#### Other receivables and deposits (continued)

The following table provides information about the exposure to credit risk for other receivables and deposits.

	Gross carrying amount RM	Impairment loss allowances RM	Net balance RM
<b>2023</b>			
Low credit risk	2,953,516	-	2,953,516
Credit impaired	1,914,048	( 1,914,048)	-
	<u>4,867,564</u>	<u>( 1,914,048)</u>	<u>2,953,516</u>
	=====	=====	=====
<b>2022</b>			
Low credit risk	3,384,538	-	3,384,538
Credit impaired	1,914,048	( 1,914,048)	-
	<u>5,298,586</u>	<u>( 1,914,048)</u>	<u>3,384,538</u>
	=====	=====	=====

There is no movement on impairment loss during the year.

#### Inter-company loans and advances

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position. There are no significant concentrations of credit risk as at the end of the reporting period.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

# NOTES TO THE FINANCIAL STATEMENTS

## 27. Financial instruments (continued)

### 27.4 Credit risk (continued)

#### Inter-company loans and advances (continued)

##### Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full;
- The subsidiary's loan or advance is overdue for more than 365 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk for subsidiaries' loans and advances.

	Gross carrying amount RM	Impairment loss allowance RM	Net balance RM
<b>2023</b>			
Credit impaired	5,668,153	( 5,668,153)	-
	=====	=====	=====
<b>2022</b>			
Credit impaired	5,668,153	( 5,668,153)	-
	=====	=====	=====

There is no movement in the allowance of impairment in respect of subsidiary's loans and advances during the year.

# NOTES TO THE FINANCIAL STATEMENTS

## 27. Financial instruments (continued)

### 27.4 Credit risk (continued)

#### Financial guarantees

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to a subsidiary. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

*Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk amounts to RM7,606,000 (2022: RM8,000,000) representing the outstanding banking facilities of a subsidiary as at the end of the reporting period.

As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

*Recognition and measurement of impairment loss*

The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:

- The subsidiary is unlikely to repay its credit obligation to the bank in full; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

### 27.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

## 27. Financial instruments (continued)

### 27.5 Liquidity risk (continued)

#### Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual interest rate/ profit rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
<b>2023</b>							
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Conventional term loan - secured	7,606,000	4.81	7,971,849	-	-	7,971,849	-
Hire purchase facility - secured	1,531,006	4.97	1,584,922	1,164,691	357,275	62,956	-
Lease liabilities	2,433,887	6.70-7.95	5,266,323	231,917	231,917	695,751	4,106,738
Trade and other payables	57,428,201	-	57,428,201	57,428,201	-	-	-
	68,999,094		72,251,295	58,824,809	589,192	8,730,556	4,106,738
	=====		=====	=====	=====	=====	=====
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Other payables and accruals	9,172,289	-	9,172,289	9,172,289	-	-	-
Financial guarantees	-	-	7,606,000	-	-	7,606,000	-
	9,172,289		16,778,289	9,172,289	-	7,606,000	-
	=====		=====	=====	=====	=====	=====



# NOTES TO THE FINANCIAL STATEMENTS

## 27. Financial instruments (continued)

### 27.5 Liquidity risk (continued)

#### Maturity analysis (continued)

	Carrying amount RM	Contractual interest rate/ profit rate %	Contractual cash flows RM	Under 1 year RM	1 - 2 years RM	2 - 5 years RM	More than 5 years RM
<b>2022</b>							
<b>Group</b>							
Non-derivative financial liabilities							
Revolving credit (Islamic)							
- secured	8,000,000	4.47	8,357,600	8,357,600	-	-	-
Hire purchase facility							
- secured	3,594,226	4.97	3,750,258	2,396,355	1,080,603	273,300	-
Lease liabilities	2,473,094	6.70-7.95	5,497,520	231,917	231,917	695,751	4,337,935
Trade and other payables	64,927,812	-	64,927,812	64,927,812	-	-	-
	78,995,132		82,533,190	75,913,684	1,312,520	969,051	4,337,935
	=====		=====	=====	=====	=====	=====
<b>Company</b>							
Non-derivative financial liabilities							
Other payables and accruals	9,195,234	-	9,195,234	9,195,234	-	-	-
Financial guarantees	-	-	8,000,000	8,000,000	-	-	-
	9,195,234		17,195,234	17,195,234	-	-	-
	=====		=====	=====	=====	=====	=====

# NOTES TO THE FINANCIAL STATEMENTS

## 27. Financial instruments (continued)

### 27.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

#### 27.6.1 Currency risk

The Group and Company are not exposed to any foreign currency risk as it operates domestically and most of its transactions are denominated in Ringgit Malaysia.

#### 27.6.2 Interest and profit rates risk

The primary interest and profit rates risk to which the Group is exposed relates to the deposits which are fixed rate instruments placed with approved financial institutions. The exposure to a risk of change in their fair value due to changes in interest rates would not be significant as the deposits are usually placed for less than three months.

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest/profit rates. Short term receivables and payables are not significantly exposed to interest rate risk.

*Risk management objectives, policies and processes for managing the risk*

The Group monitors its exposure to changes in interest and profit rates on a regular basis.

Borrowings are negotiated with a view to securing the best possible terms, including rates of interest/profit, to the Group.

# NOTES TO THE FINANCIAL STATEMENTS

## 27. Financial instruments (continued)

### 27.6 Market risk (continued)

#### 27.6.2 Interest and profit rates risk (continued)

##### Exposure to interest and profit rates risk

The interest and profit rates profile of the Group's and the Company's significant interest-bearing financial instruments, based on their carrying amounts as at the end of the reporting period are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Fixed rate instruments</b>				
Deposits with banks/ financial institutions	156,116,773	159,610,985	111,839,805	130,847,348
Hire purchase facility - secured	( 1,531,006)	( 3,594,226)	-	-
Lease liabilities	( 2,433,887)	( 2,473,094)	-	-
Revolving credits (Islamic) - secured	-	( 8,000,000)	-	-
	<u>152,151,880</u>	<u>145,543,665</u>	<u>111,839,805</u>	<u>130,847,348</u>
	=====	=====	=====	=====
<b>Floating rate instruments</b>				
Conventional term loan - secured	( 7,606,000)	-	-	-
	<u>( 7,606,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
	=====	=====	=====	=====

# NOTES TO THE FINANCIAL STATEMENTS

## 27. Financial instruments (continued)

### 27.6 Market risk (continued)

#### 27.6.2 Interest and profit rates risk (continued)

*Exposure to interest and profit rates risk (continued)*

The Islamic term loan facility to the Group bore profit rate at 12.00% per annum, which is equivalent to effective profit rate of 0.75% per annum above the Bank's i-cost of funds.

The Conventional term loan facility bears interest rate at 0.75% per annum above the Bank's i-cost of funds.

The secured revolving credit (Islamic) facility of the Group bears effective interest at 0.60% (2022: 0.60%) per annum above the Bank's cost of funds.

The deposits placed with licensed banks of the Group and the Company (see Notes 12 and 13) bear interest ranging from 2.20% to 4.05% (2022: 1.25% to 3.75%) per annum.

Hire purchase facilities under loans and borrowings bear interest ranging from 2023: 4.85% to 5.09% (2022: 4.85% to 5.13%) per annum.

*Interest and profit rates risk sensitivity analysis*

*Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss. The exposure to interest rate risk is consequently not material and hence sensitivity analysis is not presented.

*Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	2023		2022	
	Profit or loss 100bp increase RM	Profit or loss 100bp decrease RM	Profit or loss 100bp increase RM	Profit or loss 100bp decrease RM
<b>Group</b>				
Floating rate instruments	(58,000)	58,000	-	-

# NOTES TO THE FINANCIAL STATEMENTS

## 27. Financial instruments (continued)

### 27.7 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings approximate fair values due to the relatively short term nature of these financial instruments.

The table below analyses financial instruments non-current financial liabilities not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments not carried at fair value Level 3 RM	Total fair value RM	Carrying amount RM
<b>2023</b>			
<b>Financial liabilities</b>			
Term loan - secured	( 7,240,151)	( 7,240,151)	( 7,606,000)
Hire purchase facility - secured	( 390,151)	( 390,151)	( 410,556)
	<u>( 7,630,302)</u>	<u>( 7,630,302)</u>	<u>( 8,016,556)</u>
	=====	=====	=====
<b>2022</b>			
<b>Financial liabilities</b>			
Hire purchase facility - secured	( 1,249,706)	( 1,249,706)	( 1,315,065)
	<u>( 1,249,706)</u>	<u>( 1,249,706)</u>	<u>( 1,315,065)</u>
	=====	=====	=====

#### Policy on transfer between levels

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.

#### Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

#### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

#### Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

# NOTES TO THE FINANCIAL STATEMENTS

## 27. Financial instruments (continued)

### 27.7 Fair value information (continued)

#### Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2022: no transfer in either direction).

#### Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The fair value of term loans approximates their carrying amounts as these are variable rate borrowings.

#### Financial instruments not carried at fair value

Type	Valuation technique	Significant unobservable inputs (%)	Inter-relationship between significant unobservable inputs and fair value measurement
Hire purchase facility	Discounted cash flows	Interest rate 4.85% to 5.09% (2022: 4.85% to 5.13%)	The estimated fair value would increase (decrease) if the interest rate were lower (higher).
Conventional term loan	Discounted cash flows	Interest rate of 4.79% to 4.84%	The estimated fair value would increase (decrease) if the interest rate were lower (higher).

## 28. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The Group is required to maintain a gearing ratio of not more than 0.5 time (2022: 1.0 time) to comply with a bank covenant, failing which the bank may call an event of default (see Note 16). The Group has not breached this covenant as evident from the following tabulation:

	2023 RM	2022 RM
Total loans and borrowings (Note 16)	9,137,006	11,594,226
Total equity	742,637,350	705,955,749
Debt-to-equity ratio	0.01	0.02

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

# NOTES TO THE FINANCIAL STATEMENTS

## 29. Capital expenditure commitments

	Group	
	2023 RM	2022 RM
<b><i>Contracted for but not provided for</i></b>		
Property, plant and equipment	2,823,960 =====	6,460,883 =====

## 30. Related parties

### ***Identity of related parties***

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel, defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

The Group has a related party relationship with:

- (i) its subsidiaries;
- (ii) key management personnel;
- (iii) companies/organisations connected to certain Directors of the Company and/or of its subsidiaries;
- (iv) its substantial corporate shareholders; and
- (v) companies related to its substantial corporate shareholder.

# NOTES TO THE FINANCIAL STATEMENTS

## 30. Related parties (continued)

### Significant related party transactions

Significant related party transactions of the Group and of the Company, other than compensations to key management personnel (see Note 24) and those disclosed elsewhere in the financial statements, are shown below.

#### Subsidiaries

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Dividend income	-	-	( 22,330,000)	( 93,350,000)
Administrative fee	-	-	28,383	28,889
	=====	=====	=====	=====

#### Companies in which a Director has interest

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Rental and annual support for satellite and broadband services	172,192	208,115	-	-
Insurance premium	939,134	952,690	20,154	20,080
	=====	=====	=====	=====

#### A substantial corporate shareholder

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Rental of office	57,600	43,200	-	-
	=====	=====	=====	=====



# NOTES TO THE FINANCIAL STATEMENTS

## 30. Related parties (continued)

### Significant related party transactions (continued)

#### Companies related to a substantial corporate shareholder

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Sale of oil palm fresh fruit bunches	( 37,403,629)	( 47,242,083)	-	-
Sales of crude palm oil	-	( 20,928,835)	-	-
Sales of palm kernel shell	( 4,678,143)	( 2,929,202)	-	-
Sale of oil palm seeds	( 264,050)	( 167,700)	-	-
Sale of oil palm seedling	( 360,000)	( 140,000)	-	-
Agronomics service fee	( 63,235)	( 14,258)	-	-
Purchase of oil palm fresh fruit bunches	241,639	977,044	-	-
Transport services	307,722	314,185	-	-
Purchase of material and store item	82,515	47,935	-	-
Field maintenance work and rental of machineries	13,777	94,071	-	-
Purchase of assets	574,545	795,800	-	-
Rental of office	-	3,810	-	-
Purchase of parts	35,000	13,500	-	-
Services of equipment	21,573	34,192	-	-
	=====	=====	=====	=====

#### Companies in which certain Directors have interest

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Agronomic service fee income	( 28,140)	( 11,254)	-	-
Purchase of oil palm fresh fruit bunches	391,480	5,860,269	-	-
Purchase of materials	1,086,922	3,410,187	-	-
	=====	=====	=====	=====

# NOTES TO THE FINANCIAL STATEMENTS

## 30. Related parties (continued)

### Significant related party transactions (continued)

#### Companies in which persons connected to certain Directors have interest

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Software support, customisation, maintenance and implementation costs	288,475	307,833	-	-
Purchase of assets	24,375	642,912	-	-
Purchase of spare parts and consumables	4,895,537	7,768,772	-	-
Transport services	160,041	332,280	-	-
	=====	=====	=====	=====

The balances related to the above transactions are shown in Notes 10 and 17. There is no allowance for impairment loss on doubtful receivables provided against the outstanding balances of related parties, other than that provided against the amount due from subsidiaries as disclosed in Note 10.

Related party transactions are based on negotiated terms and the amounts outstanding at the statement of financial position date are unsecured and expected to be settled in cash.

## 31. Segment reporting

The Group has three reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Executive Director (being the Chief Operating Decision Maker), reviews internal management reports on a monthly basis. The following describes the operations in each of the Group's reportable segments.

Investment holding	- Investment holding company.
Oil palm operations	- Comprising 2 divisions namely estate operation (Cultivation of oil palm) and mill operation (processing of fresh fruit bunches).
Management services and rental	- Provision of management service and rental of investment properties.

There are varying levels of integration between the reportable segments. Inter-segment pricing is determined on negotiated terms.

Performance is measured based on segment gross profit as included in the internal management reports. Segment gross profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within these industries.

# NOTES TO THE FINANCIAL STATEMENTS

## 31. Segment reporting (continued)

	Investment holding RM	Oil palm operations RM	Management services/ Rental RM	Consolidated RM
<b>2023</b>				
<b>Revenue</b>				
Segment revenue	22,330,000	574,761,666	2,353,290	599,444,956
Inter-segment revenue	( 22,330,000)	( 4,985,360)	( 1,452,942)	( 28,768,302)
External revenue	-	569,776,306	900,348	570,676,654
<b>Cost of sales</b>				
Segment cost of sales	-	( 441,734,956)	( 1,521,949)	( 443,256,905)
Inter-segment cost of sales	-	5,547,113	80,400	5,627,513
External cost of sales	-	( 436,187,843)	( 1,441,549)	( 437,629,392)
Gross profit/(loss)	-	133,588,463	( 541,201)	133,047,262
Distribution cost	-	( 31,470,810)	-	( 31,470,810)
Segment profit/(loss)	-	102,117,653	( 541,201)	101,576,452
Other income including finance income	3,646,302	5,727,748	153,245	9,527,295
Inter-segment	-	( 334,282)	-	( 334,282)
External other income	3,646,302	5,393,466	153,245	9,193,013
Other expenses including finance costs	( 1,804,392)	( 17,468,312)	( 253,127)	( 19,525,831)
Inter-segment	28,383	526,373	7,275	562,031
External other expenses	( 1,776,009)	( 16,941,939)	( 245,852)	( 18,963,800)
Changes in fair value of biological assets	-	( 4,362,566)	-	( 4,362,566)
Profit/(Loss)before tax	1,870,293	86,206,614	( 633,808)	87,443,099
Included in the measure of segment gross profit is: Depreciation of property, plant and equipment, right-of-use assets and investment properties	-	18,840,202	782,792	19,622,994

# NOTES TO THE FINANCIAL STATEMENTS

## 31. Segment reporting (continued)

	Investment holding RM	Oil palm operations RM	Management services/ Rental RM	Consolidated RM
<b>2022</b>				
<b>Revenue</b>				
Segment revenue	93,350,000	715,016,117	2,072,583	810,438,700
Inter-segment revenue	(93,350,000)	(4,954,536)	(1,222,015)	(99,526,551)
External revenue	-	710,061,581	850,568	710,912,149
<b>Cost of sales</b>				
Segment cost of sales	-	(509,376,712)	(1,642,770)	(511,019,482)
Inter-segment cost of sales	-	5,200,237	80,400	5,280,637
External cost of sales	-	(504,176,475)	(1,562,370)	(505,738,845)
Gross profit/(loss)	-	205,885,106	(711,802)	205,173,304
Distribution cost	-	(47,550,353)	-	(47,550,353)
Segment profit/(loss)	-	158,334,753	(711,802)	157,622,951
Other income including finance income	2,130,301	3,739,769	68,929	5,938,999
Inter-segment	-	(230,292)	-	(230,292)
External other income	2,130,301	3,509,477	68,929	5,708,707
Other expenses including finance costs	(1,785,339)	(20,928,341)	(197,546)	(22,911,226)
Inter-segment	28,889	522,908	4,484	556,281
External other expenses	(1,756,450)	(20,405,433)	(193,062)	(22,354,945)
Changes in fair value of biological assets	-	(6,763,646)	-	(6,763,646)
Profit/(Loss)before tax	373,851	134,675,151	(835,935)	134,213,067
Included in the measure of segment gross profit is: Depreciation of property, plant and equipment, right-of-use assets and investment properties	-	17,804,299	839,297	18,643,596

# NOTES TO THE FINANCIAL STATEMENTS

## 31. Segment reporting (continued)

	2023 RM	2022 RM
<b>Segment assets</b>		
Investment holding	456,801,542	475,142,581
Oil palm operations	805,188,012	780,951,815
Management services/Rental	22,144,835	23,064,303
	<u>1,284,134,389</u>	<u>1,279,158,699</u>
Elimination	( 329,469,763)	( 328,481,812)
Total assets	<u>954,664,626</u>	<u>950,676,887</u>

### Reconciliation of reportable segment revenue, profit or loss, assets and other material items

	2023 RM	2022 RM
<b>Profit or loss</b>		
Total segment profit for reportable segments	101,576,452	157,622,951
Depreciation of tangible assets	( 1,189,152)	( 1,182,073)
Finance costs	( 302,262)	( 763,593)
Finance income	4,608,009	3,231,563
Corporate expenses	( 1,775,715)	( 1,756,156)
Net of other expenses	( 11,111,667)	( 16,175,979)
Changes in fair value of biological assets	( 4,362,566)	( 6,763,646)
Consolidated profit before tax	<u>87,443,099</u>	<u>134,213,067</u>

Segment information is presented in respect of the Group's business segments. As the Group operates within one geographical segment, geographical segment analysis is not applicable.

### Major customers

The following are the major customers with revenue equal or more than 10% of the Group's total revenue:

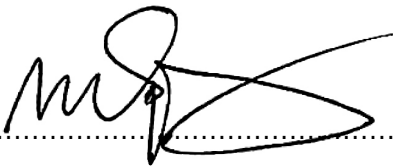
	Revenue		Segment
	2023 RM	2022 RM	
Customer A	<u>464,006,415</u>	<u>605,029,091</u>	Cultivation of oil palm and processing of fresh fruit bunches

The major customer listed above collectively owe RM12,399,324 (2022: RM5,786,717) to the Group, equivalent to 70% (2022: 48%) of the total trade receivables.

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

In the opinion of the Directors, the financial statements set out on pages 97 to 167 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2023 and of their financial performance and cash flows for the financial year then ended.

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



**Datuk Amar Abdul Hamed Bin Sepawi**

Director



**Dato Wong Kuo Hea**

Director

Kuching,

Date: 22 March 2024

# STATUTORY DECLARATION

## PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, **Koay Bee Eng**, the officer primarily responsible for the financial management of Sarawak Plantation Berhad, do solemnly and sincerely declare that the financial statements set out on pages 97 to 167 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed, **Koay Bee Eng**, NRIC: 690102-07-5398, MIA CA12155, at Kuching in the State of Sarawak on 22 March 2024.



.....

**Koay Bee Eng**

Before me:



**EVELYN LAU SIE JIONG**  
Commissioner For Oaths  
No. 10, Lot 663, Ground Floor  
Lorong 2 Jalan Ong Tiang Swee  
93200 Kuching, Sarawak.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SARAWAK PLANTATION BERHAD

REGISTRATION NO. 199701035877 (451377-P)  
(INCORPORATED IN MALAYSIA)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Sarawak Plantation Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 97 to 167.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting 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 auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence and Other Ethical Responsibilities*

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

### Key Audit Matters

We have determined that there are no key audit matters in the audit of the financial statements of the Group and of the Company to communicate in our auditors' report.

### Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.



# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SARAWAK PLANTATION BERHAD

REGISTRATION NO. 199701035877 (451377-P)  
(INCORPORATED IN MALAYSIA)

## 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, IFRS Accounting 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 ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

## 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 internal control of the Group and of the Company.
- 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 SARAWAK PLANTATION BERHAD

REGISTRATION NO. 199701035877 (451377-P)

(INCORPORATED IN MALAYSIA)

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- 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 gives a true and fair view.
- 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 auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 6 to the financial statements.

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SARAWAK PLANTATION BERHAD

REGISTRATION NO. 199701035877 (451377-P)  
(INCORPORATED IN MALAYSIA)

## Other Matter

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



**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants



**Lee Hean Kok**  
Approval Number: 02700/12/2025 J  
Chartered Accountant

Miri,

Date: 22 March 2024

# ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2024

According to the number of securities held in respect of Ordinary Shares:

Size of Shareholdings	No. of Shareholders / Depositors	% of Shareholders / Depositors	No. of Shares Held	% of Issued Capital
1 - 99	19	0.661	586	0.000
100 - 1000	660	22.965	497,775	0.179
1,001 - 10,000	1,585	55.149	7,261,150	2.602
10,001 - 100,000	496	17.258	15,880,639	5.691
100,001 - 13,951,609*	112	3.897	104,122,325	37.316
13,951,610 and above**	2	0.070	151,269,725	54.212
<b>Total</b>	<b>2,874</b>	<b>100.000</b>	<b>279,032,200</b>	<b>100.000</b>

\* Less than 5% of Issued Shares

\*\* 5% and above of Issued Shares

## Top Thirty Shareholders

Names	Holdings	
	Number	%
1. Ta Ann Holdings Berhad	80,051,624	28.689
2. State Financial Secretary Sarawak	71,218,101	25.523
3. Yayasan Sarawak	11,604,939	4.158
4. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Mohamad Bolhair Bin Reduan	10,099,285	3.619
5. CITIGROUP Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn. Bhd.	9,241,100	3.311
6. Amanah Khairat Yayasan Budaya Melayu Sarawak	8,932,796	3.201
7. Dayak Cultural Foundation	5,019,400	1.798
8. Lembaga Amanah Kebajikan Masjid Negeri Sarawak	5,000,000	1.791
9. Palmhead Holdings Sdn. Bhd.	4,733,300	1.696
10. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hasmi Bin Hasnan	2,955,700	1.059
11. CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Islamic Trustee Berhad For Amanah Khairat Yayasan Budaya Melayu Sarawak	2,672,143	0.957

# ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2024

## Top Thirty Shareholders (continued)

Names	Holdings	
	Number	%
12. Tan Aik Choon	2,416,400	0.865
13. Baghlaf Alzafer Group Ltd	2,291,900	0.821
14. Teoh Peng Lee	2,189,000	0.784
15. MAYBANK Nominees (Tempatan) Sdn Bhd Wong Tung Ann	2,157,800	0.773
16. Cheng Ah Teck @ Cheng Yik Lai	2,000,000	0.716
17. Ta Ann Holdings Berhad	2,000,000	0.716
18. Key Jaya Sdn Bhd	1,913,700	0.685
19. Neoh Choo Ee & Company, Sdn. Berhad	1,500,000	0.537
20. Lambaian Kukuh Sdn Bhd	1,481,600	0.530
21. Wong Kuo Hea	1,298,600	0.465
22. HLIB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Yap Qwee Beng	1,260,000	0.451
23. ALLIANCEGROUP Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Law Kiu Kiong (6000710)	1,248,000	0.447
24. RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Law Kiu Kiong	773,100	0.277
25. Trinity MMM Holdings Sdn Bhd	770,400	0.276
26. MAYBANK Nominees (Tempatan) Sdn Bhd MTrustee Berhad For Tabung Baitulmal Sarawak (Majlis Islam Sarawak)(FM-Assar-TBS)(419511)	750,000	0.268
27. Ladang Sinarmas Sdn Bhd	707,200	0.253
28. CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account For Lim Chen Yik (Penang-CL)	556,700	0.199
29. Liew Fook	528,400	0.189
30. Lau Hie Ping	500,000	0.179

# ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2024

## Substantial Shareholders

Names of Substantial Shareholders	NRIC/ Registration No.	Malaysian/ Foreign	Nationality/ Country of Incorporation	Direct Holdings		Indirect Holdings (excluding bare trustees)	
				No.	%	No.	%
1. Ta Ann Holdings Berhad	419232K	Malaysian	Malaysia	82,051,624	29.406	-	-
2. State Financial Secretary Sarawak	ORD211948	Malaysian	Malaysia	71,218,101	25.523	-	-
4. Datuk Amar Abdul Hamed bin Sepawi	490531-13-5129	Malaysian	Malaysian	200,000	0.072	82,052,624	29.406
5. Dato Wong Kuo Hea	511117-13-5553	Malaysian	Malaysian	1,591,400	0.570	87,492,124	31.356
6. Mountex Sdn Bhd	490017-P	Malaysian	Malaysian	-	-	82,051,624	29.406

# ANALYSIS OF SHAREHOLDINGS

AS AT 29 MARCH 2024

## Directors' Direct and Indirect Shareholding in the Company

Names of Directors	Designation	Nationality	Direct Holdings		Indirect Holdings	
			No.	%	No.	%
1. Datuk Amar Abdul Hamed bin Sepawi	Executive Chairman	Malaysian	200,000	0.072	82,052,624	29.406
2. Dato Wong Kuo Hea	Executive Director	Malaysian	1,591,400	0.570	87,492,124	31.356
3. Datu Hasmawati binti Sapawi	Non Executive Non Independent Director	Malaysian	-	-	-	-
5. Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired)	Independent Director	Malaysian	-	-	-	-
6. Dato Chia Chu Fatt	Independent Director	Malaysian	-	-	-	-
7. Dato Awang Bemee bin Awang Ali Basah	Independent Director	Malaysian	-	-	-	-

# OTHER COMPLIANCE INFORMATION

## Audit and Non Audit Fees

The amount of audit fees payable to the Company's auditors, KPMG PLT for the Group and the Company amounted to RM244,500 and RM70,000 respectively.

The amount of non audit fees incurred by the Company for services, for example tax compliance services and review of the Statement on Risk Management and Internal Control rendered by the external auditors, KPMG PLT and that of its affiliates to the Company and its subsidiaries during the financial year ended 31 December 2023 amounted to RM100,650 and RM27,600 for the Group and the Company, respectively.

## Material Contracts

There were no material contracts of the Company and its subsidiaries involving the Directors and or major shareholders either subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

## Recurrent Related Party Transactions (“RRPT”)

Breakdown of recurrent related party transactions (“RRPT”) of a revenue or trading nature conducted with Sarawak Plantation Agriculture Development Sdn. Bhd. (“SPAD”), the Company's wholly owned subsidiary pursuant to the shareholders' mandate during the financial year are as follows:

Name of related parties	Relationship	Nature of transactions	Aggregated Amount RM
Danawa Resources Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi is a director and shareholder of SPB and also a major shareholder of Danawa Resources Sdn. Bhd.	Rental and support fee for satellite broadband services	172,192
Intuitive Systems Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB. Datuk Amar Abdul Hamed bin Sepawi's sister and Dato Wong Kuo Hea's son are directors and shareholders of Intuitive Systems Sdn. Bhd.  Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of Palmhead Holdings Sdn. Bhd, a company who holds 55% equity interest in Intuitive Systems Sdn. Bhd. Palmhead Holdings Sdn. Bhd is a shareholder of SPB.	Software support, customisation and maintenance fees and purchase of IT equipment	312,850



## OTHER COMPLIANCE INFORMATION

### Recurrent Related Party Transactions (“RRPT”) (continued)

Name of related parties	Relationship	Nature of transactions	Aggregated Amount RM
Manis Oil Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and also directors and shareholders of Ta Ann Holdings Berhad, a company who holds 100% equity interest in Manis Oil Sdn. Bhd. Ta Ann Holdings Berhad is a substantial shareholder of SPB	Sale of FFB	22,969,045
Stonehead Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and also directors and shareholders of Stonehead Sdn. Bhd	Purchase of Down Crasher Run (“DCR”) stones	1,086,922
Butrasemari Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and also directors and shareholders of Palmhead Holdings Sdn. Bhd., a company who holds 100% equity interest in Butrasemari Sdn. Bhd. Palmhead Holdings Sdn. Bhd. is a shareholder of SPB	Purchase of FFB	234,312
Ta Ann Plywood Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and also directors and shareholders of Ta Ann Holdings Berhad, a company who holds 100% equity interest in Ta Ann Plywood Sdn. Bhd. Ta Ann Holdings Berhad is a substantial shareholder of SPB	Purchase of services, material and vehicle in relation to estate field activities	13,777
		Sales of seeds	264,050

## OTHER COMPLIANCE INFORMATION

### Recurrent Related Party Transactions (“RRPT”) (continued)

Name of related parties	Relationship	Nature of transactions	Aggregated Amount RM
Ironhead Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and also directors and shareholders of Ta Ann Holdings Berhad, a shareholder of Ta Ann Plantation Sdn. Bhd., a company who holds 100% equity interest in Ironhead Sdn. Bhd. Ta Ann Holdings Berhad is a substantial shareholder of SPB	Purchase of equipment for estate field activities	539,400
		Service of equipment for estate field activities	12,660
Lik Shen Sawmill Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and also directors and shareholders of Ta Ann Holdings Berhad, a company which holds 100% equity interest in Lik Shen Sawmill Sdn. Bhd. and a substantial shareholder of SPB	Purchase of sawn timber	82,515
TABM Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and also directors and shareholders of Ta Ann Holdings Berhad, a shareholder of Ta Ann Plantation Sdn. Bhd., a company which holds 100% equity interest in TABM Sdn. Bhd. Ta Ann Holdings Berhad is also a substantial shareholder of SPB	Sale of palm kernel shell	4,678,143
TBS Oil Mill Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and also directors and shareholders of Ta Ann Holdings Berhad, a shareholder of Ta Ann Plantation Sdn. Bhd., a company which holds 55% equity interest in TBS Oil Mill Sdn. Bhd. Ta Ann Holdings Berhad is also a substantial shareholder of SPB	Sale of FFB	14,434,584
		Provision of FFB transport services	213,265

## OTHER COMPLIANCE INFORMATION

### Recurrent Related Party Transactions (“RRPT”) (continued)

Name of related parties	Relationship	Nature of transactions	Aggregated Amount RM
Key Ta Trading Sdn. Bhd.	Dato Wong Kuo Hea is a director and shareholder of SPB and his brother is a shareholder of Key Ta Trading Sdn. Bhd. His sister is a director of Key Ta Trading Sdn. Bhd.	Purchase of spare parts, lubricants and fertilisers	1,351,507
		Provision of transport and handling services in relation to estate field activities	85,135
Key Jaya Trading Sdn. Bhd.	Dato Wong Kuo Hea is a director and shareholder of SPB and his brother is a director and shareholder of Key Jaya Trading Sdn. Bhd.	Purchase of diesel	3,544,030
Acosafe Sdn. Bhd.	Dato Wong Kuo Hea is a director and shareholder of SPB and also a shareholder of Acotop Sdn. Bhd., a company which holds 45% equity interest in Acosafe Sdn. Bhd.	Insurance premium in relation to General (Non Motor) Insurance and Motor Insurance both for duration of 1 year	896,866
Ladang Selezu Sdn. Bhd.	Datuk Amar Abdul Hamed bin Sepawi and Dato Wong Kuo Hea are directors and shareholders of SPB and also directors and shareholders of Palmhead Holdings Sdn. Bhd; a company which holds 100% equity interest in Ladang Selezu Sdn. Bhd. Palmhead Holdings Sdn. Bhd. is a shareholder of SPB	Purchase of FFB	157,168

# TOP 10 PROPERTIES

Registered Owner/Lessee	Estate/Address	Title/Location	Description	Approximate Age of Building (years)
SPAD	Bakau 6KM off KM24 Selangau-Matadeng Road	Lot 12, Blk 13, Bawan LD	Land and Building	2 - 11
	Pinji Mewah 45KM off KM53 Miri-Bintulu Road via Beluru Bakong Road	Lot 32, Blk 20, Puyut LD Lot 3, Blk 30, Puyut LD	Land and Building	1 - 8
	Subis 1KM off KM87 Miri-Bintulu Road	Lot 15, 16 and 17, Blk 18, Niah LD, Lot 67 and 74, Blk 17, Niah LD Lot 4, 42, 45 and 47 Blk 8, Bukit Kisi LD	Land and Building	1 - 27
	Ladang Tiga 2KM off KM75 Miri-Bintulu Road	Lot 10 and 18, Blk 5, Bukit Kisi LD Lot 34, 35 and 36, Blk 7, Niah LD Lot 14 and Part of Lot 40, Blk 11, Niah LD Lot 16 and 17, Blk 14, Niah LD Lot 3, Blk 16, Niah LD Lot 65, Blk 17, Niah LD	Land and Building	2 - 27
		Part of Lot 40, Blk 11, Niah LD	Land and Building	2 - 27
	Peninjau 8KM off KM53 Miri - Bintulu Road	Lot 396, 397, 453, 483, 486 and 489, Blk 2 Bukit Kisi LD	Land and Building	1 - 27
	Matadeng 5KM off KM35 Selangau-Matadeng Road	Lot 5, Blk 15, Mukah LD	Land and Building	1 - 10
	Mukah 1 KM12, Selangau- Matadeng Road	Lot 23, 25, 64 & Part of 61 Blk 8, Sikat LD	Land and Building	2 - 27
		Part of Lot 61, Blk 8, Sikat LD	Land and Building	2 - 27
	Bukut 18KM off KM20, Selangau-Matadeng Road	Lot 8 Blk 13 Bawan LD Lot 1 Blk 4 Buloh LD	Land and Building	2 - 10
	Tulai 3KM off KM20 Sibu/Sarikei Road	Lot 619, Blk 5, Tulai LD Lot 25, Tulai LD Lot 594, Tulai LD Lot 1281 Assan LD	Land and Building	6 - 19
Telliana Oil Palm Sdn. Bhd.	Tugau 37KM off KM15, Sibu-Teku Road via Rantau Panjang Road	Lot 85, 86 and 87, Blk 5, Retus LD	Land	-

SPAD - Sarawak Plantation Agriculture Development Sdn Bhd

Blk - Block

LD - Land District

# TOP 10 PROPERTIES

Net book value as at 31 December 2023						
Year of Acquisition	Tenure/Expiry of Lease	Existing use	Land Area (Ha)	Land and building (RM)	Bearer Plants & Infrastructure works (RM)	Total (RM)
2009	60 years/ 06.03.2067	Oil palm activities/ residential/ office/store	3,413	13,788,891	67,246,186	81,035,077
2016	60 years/ 23.09.2068/ 07.12.2070	Oil palm activities/ residential/ office/store	1,908	31,180,025	46,222,276	77,402,301
1997	60 years/ 06.05.2043/ 29.11.2057	Oil palm & nursery activities/residential/ office/store	7,153	3,620,265	57,810,585	61,430,850
1997	60 years/ 06.05.2043/ 16.07.2055/ 29.11.2057	Oil palm & nursery activities/residential/ office/store	4,930	5,508,548	45,531,156	51,039,704
	60 years/ 06.05.2043	Mill/residential office/store	19	7,177,437	1,601,993	8,779,430
1997	60 years/ 06.05.2043/ 29.11.2057	Oil palm activities/ residential/office/ store/laboratory	3,959	4,281,883	45,574,246	49,856,129
2009	60 years/ 06.03.2067	Oil palm activities/ residential/ office/store	1,848	9,633,564	38,309,948	47,943,512
1997	60 years/ 11.06.2049	Oil palm & nursery activities/residential/ office/store	3,876	7,345,428	35,803,510	43,148,938
	60 years/ 11.06.2049	Mill/residential/ office/store	23	4,025,823	161,692	4,187,515
2009	60 years/ 10.12.2066/ 06.03.2067	Oil palm activities/ residential/ office/store	1,566	5,266,027	31,084,150	36,350,177
1997	60 years/ 07.05.2063/ 13.04.2076 30.12.2083	Oil palm activities/ residential/ office/store	2,197	3,959,860	30,161,170	34,121,030
2016	60 years/ 28.09.2075	Vacant	1,553	26,086,138	4,425,407	30,511,545

# CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report contains some forward-looking statements in respect of the Company's financial condition, results of operations and business. These forward-looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Readers are hereby cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward-looking statements. In this respect readers must therefore not rely solely on these statements in making investment decisions regarding Sarawak Plantation Berhad. The Board and the Company shall not be responsible for any investment decisions made by the readers in reliance on those forward-looking statements. Forward looking statements speak only as of the date they are made and it should not be assumed that they have been reviewed or updated in the light of new information or future events that would arise between the time of publication of this Annual Report and the time of reading this Annual Report. The Board has however established a Risk Management Committee to mitigate as much as practicably possible the consequences of any uncertainties and contingencies. Further details can be found in the Corporate Governance Overview Statement as set out in this Annual Report.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the 27th Annual General Meeting (“AGM”) of Sarawak Plantation Berhad will be held at The Space by iCube Tower B2 Level 4 ICOM Square Jalan Pending 93450 Kuching Sarawak on Friday, 24 May 2024 at 10am to transact the following businesses:

## AGENDA:

### Ordinary Business

1. To receive the Audited Financial Statements for the year ended 31 December 2023 together with the Directors’ and Auditors’ Reports thereon **Please refer to Explanatory Note 1**
2. To approve payment of Directors’ Fees up to an amount of RM656,300 in respect of the financial year ending 31 December 2024 **Resolution 1**
3. To approve payment of Directors’ Benefits up to an amount of RM203,400 from 24 May 2024 up to the date of the next AGM **Resolution 2**
4. In accordance with Article 91 of the Company’s Constitution, the following Directors retire from the Board and being eligible offer themselves for re-election:  
Datuk Amar Abdul Hamed bin Sepawi **Resolution 3**  
Brigadier General Dato’ Muhammad Daniel bin Abdullah (Retired) **Resolution 4**  
Dato Awang Bemee bin Awang Ali Basah **Resolution 5**
5. To reappoint Messrs. KPMG PLT as auditors for the Company and authorise the Directors to fix their remuneration **Resolution 6**

### SPECIAL BUSINESSES

To consider and if thought fit to pass the following as Ordinary Resolutions:

6. **AUTHORITY TO ALLOT AND ISSUE SHARES** **Resolution 7**

“THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject always to the Constitution of the Company and approval of the relevant authorities, the Directors of the Company be and are hereby empowered to issue and allot shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to the resolution does not exceed 10% of the Issued Share Capital of the Company for the time being AND THAT the directors be and are hereby empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares so issued AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company.

AND THAT pursuant to Section 85 of the Companies Act 2016 and Clause 15 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Section 76 of the Companies Act.

# NOTICE OF ANNUAL GENERAL MEETING

## 7. PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE AND PROPOSED NEW SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS ("RRPT") OF A REVENUE OR TRADING NATURE Resolution 8

"THAT approval be and is hereby given to the Company and its subsidiaries to enter into RRPT of a Revenue or Trading Nature as set out in Appendix 1 of the Circular to Shareholders dated 23 April 2024 ("Circular") with the related parties mentioned therein which are necessary for the Group's day to day operations, subject to the following:

- (a) That the RRPT are entered into on generally acceptable commercial terms not more favourable to the mandated related parties, they are at arm's length and are not prejudicial to the interests of the minority shareholders; and
- (b) A disclosure of the aggregate amount of RRPT conducted pursuant to the Proposed Renewal and New Shareholders' Mandate shall be made in the Annual Report, including a breakdown of the aggregate value of the RRPT made during the financial year, amongst others, based on the following information:
  - (i) The type of recurrent transactions made; and
  - (ii) The names of the related parties involved in each type of recurrent transaction made and their relationship with the Company

AND THAT such approval shall continue to be in force until:

- (i) The conclusion of the next AGM of the Company;
- (ii) The expiration of the period within which the next AGM of the Company subsequent to this date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or
- (iii) Revoked or varied by resolution passed by the shareholders in general meeting;

Whichever is the earlier

AND THAT the Directors of the Company be authorised to complete and do all such acts and things as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate for the period from this AGM to the next AGM."

## 8. PROPOSED RENEWAL OF AUTHORITY TO PURCHASE OWN SHARES Resolution 9

"THAT subject always to the Companies Act 2016 and all other applicable laws, guidelines, rules and regulations, the Directors of the Company be and are hereby unconditionally authorised to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit, necessary and expedient in the interest of the Company provided that:

- (a) The aggregate number of shares to be purchased and / or held pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase;
- (b) An amount not exceeding the Company's retained profits based on the latest audited financial statements be allocated for the proposed share buy back;



# NOTICE OF ANNUAL GENERAL MEETING

## 8. PROPOSED RENEWAL OF AUTHORITY TO PURCHASE OWN SHARES Resolution 9 (continued)

- (c) The Directors of the Company may decide in their discretion to cancel and / or retain the ordinary shares in the Company as Treasury Shares and subsequently distribute them as dividends, transfer the shares for the purposes of or under an employee share scheme that has been approved by the shareholders, transfer the shares as purchase consideration or resold on Bursa Malaysia Securities Berhad or be cancelled;

AND THAT authority be and is hereby given to the Directors of the Company to act and to take all such steps and to do all things as are necessary or expedient to implement and finalise and give effect to the proposed share buy back;

AND THAT such authority conferred by this resolution will commence immediately and shall continue to be in force until the conclusion of the next AGM of the Company following the passing of this ordinary resolution, unless revoked or varied by an ordinary resolution of the shareholders of the Company in a general meeting.”

## 9. TO TRANSACT ANY OTHER BUSINESS OF WHICH DUE NOTICE SHALL HAVE BEEN GIVEN

BY ORDER OF THE BOARD  
TRINA TAN YANG LI (0666-KT032)  
SSM Practicing Certificate No. 202008004432  
Company Secretary  
Kuching Sarawak  
Dated this 23 April 2024

### NOTES:

1. A Member including authorised nominees as defined under the provisions of the Securities Industry (Central Depositories) Act 1991 and Exempt Authorised Nominees who hold ordinary shares in the Company for multiple owners in one securities account (Omnibus Account), is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote on his behalf at this AGM. Such proxy need not be a Member of the Company.
2. If a Member appoints more than 1 proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
3. If the appointer is a corporation, the proxy form must be executed under its common seal or under the hand of an officer or attorney duly authorised.
4. To be valid, the instrument appointing a proxy must be in writing and deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01 Level 32 Tower A Vertical Business Suite Avenue 3 Bangsar South No. 8 Jalan Kerinchi 59200 Kuala Lumpur not less than 48 hours before the time set for holding this AGM or any adjournment thereof.  
If there is any alteration to the instrument appointing a proxy, the same must be initialed.
5. In respect of deposited securities, only Members whose names appear in the Record of Depositors as at 16 May 2024 shall be eligible to attend, participate, speak and vote at this AGM.
6. Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad’s Main Market Listing Requirements, all resolutions in this Notice of AGM will be put to vote on a poll.

# NOTICE OF ANNUAL GENERAL MEETING

## EXPLANATORY NOTES:

### 1. Audited Financial Statements

Pursuant to Section 340(1) of the Companies Act 2016, the Audited Financial Statements are meant for discussion only and do not require the shareholders' formal approval. Hence this item on the Agenda is not put forward for voting.

### 2. Resolutions 3, 4 and 5

The profile of the Directors seeking re-election can be found in the Board of Directors' section of the Annual Report 2023.

Datuk Amar Abdul Hamed bin Sepawi is our Non Independent Executive Chairman whilst Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired) and Dato Awang Beme bin Awang Ali Basah are our Independent Non Executive Directors.

Datuk Amar Abdul Hamed bin Sepawi and Dato Awang Beme bin Awang Ali Basah do have interest in other companies which engage in a business similar to the Group's. The list of these companies are found on pages 16 and 17 respectively.

The Nomination Committee had assessed the performance of all the Directors in terms of their character and integrity, their experience and competence and their time spent together with their level of commitment to the affairs of the Company. An assessment of independence of the Independent Directors was also carried out.

The Nomination Committee was satisfied with the performance of all the Directors seeking re-election and recommended their re-appointment to the Board of Directors for approval. The Board of Directors also supports the Nomination Committee's recommendation that Datuk Amar Abdul Hamed bin Sepawi be re-appointed as the Non Independent Executive Chairman and that both Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired) and Dato Awang Beme bin Awang Ali Basah be re-appointed as Independent Non Executive Directors.

All these 3 Directors abstained from deliberations at the Board of Directors' Meeting regarding their eligibility to stand for re-election and re-appointment.

### 3. Resolution 7 - Authority to Allot and Issue New Shares

This ordinary resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares from the unissued capital of the Company up to an aggregate amount not exceeding 10% of the issued share capital of the Company for the time being, for such purposes as the Directors consider would be in the interest of the Company. This authority will, unless revoked or varied by the Company in general meeting, expire at the next AGM.

The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisitions.

This ordinary resolution, if passed, will also have the effect of the shareholders of the Company agreeing to waive their pre-emptive rights in respect of the allotment and issuance of the new ordinary shares in the Company pursuant to Section 85 of the Companies Act 2016 read together with Clause 15 of the Constitution of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the general mandate granted to the Directors at the 26th AGM held on 26 May 2023.

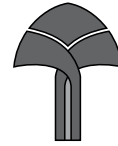
### 4. Resolution 8 - Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions (RRPT) of a Revenue or Trading Nature

This ordinary resolution, if passed, will authorise the Company and its subsidiaries to transact with mandated related parties for the period from this AGM till the next AGM. Please refer to Part I of the Circular to Shareholders dated 23 April 2024 for further details.

### 5. Resolution 9 - Proposed Renewal of Authority to Purchase Own Shares

Please refer to Part II of the Circular to Shareholders dated 23 April 2024 for further details.

No. of shares:	
CDS Account no.:	



## SARAWAK PLANTATION BERHAD

Registration No. 199701035877 (451377-P)

Incorporated in Malaysia

# FORM OF PROXY

I / We .....

NRIC No. / ID No. / Company No ..... (new) ..... (old)

of .....

being a member of SARAWAK PLANTATION BERHAD, hereby appoint .....

NRIC No. / ID No. .... (new) ..... (old)

of .....

or failing which the Chairman of the Meeting as my / our proxy / proxies to vote for me / us on my / our behalf at the 27th Annual General Meeting ("AGM") of Sarawak Plantation Berhad which will be held at The Space by iCube Tower B2 Level 4 ICOM Square Jalan Pending 93450 Kuching Sarawak on Friday, 24 May 2024 at 10am or at any adjournment thereof, in the manner as indicated below:

RESOLUTIONS		FOR	AGAINST
Resolution 1	Approval of Directors' Fees for financial year ending 31 December 2024		
Resolution 2	Approval of Directors' Benefits from 24 May 2024 up to the date of the next AGM		
Resolution 3	Re-election of Director: Datuk Amar Abdul Hamed bin Sepawi		
Resolution 4	Re-election of Director: Brigadier General Dato' Muhammad Daniel bin Abdullah (Retired)		
Resolution 5	Re-election of Director: Dato Awang Bemee bin Awang Ali Basah		
Resolution 6	Re-appointment of Auditors		
<b>Special Businesses:</b>			
Resolution 7	Authority to Allot and Issue Shares		
Resolution 8	Proposed Renewal of Existing Shareholders' Mandate and Proposed New Shareholders' Mandate for Recurrent Related Party Transactions ("RRPT") of a Revenue or Trading Nature		
Resolution 9	Proposed Renewal of Authority to Purchase Own Shares		

(Please indicate with an "X" in the spaces above how you wish your votes to be casted on the resolutions specified in the Notice of Meeting. If no specific direction as to the voting is indicated, the proxy / proxies will vote or abstain from voting as he / she / they think fit.)

### NOTES:

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5. In respect of deposited securities, only Members whose names appear in the Record of Depositors as at 16 May 2024 shall be eligible to attend, participate, speak and vote at this AGM.

Where proxies are appointed, percentage of shareholdings to be requested are:

	No. of Shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Dated this ..... day of ..... 2024

.....  
Signature of Shareholder(s) /  
Common Seal

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STAMP

The Company Secretary

**SARAWAK PLANTATION BERHAD**

8th Floor, Wisma NAIM, 2½ Mile, Rock Road

93200 Kuching, Sarawak.

Tel: 082-233550 Email: [spb@spbgroup.com.my](mailto:spb@spbgroup.com.my)

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[www.spbgroup.com.my](http://www.spbgroup.com.my)

**REGISTERED OFFICE**

8th Floor, Wisma NAIM, 2½ Mile,  
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**BUSINESS OFFICE**

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Jalan Permaisuri, 98000 Miri, Sarawak.

☎ 085-413814    ✉ [spb@spbgroup.com.my](mailto:spb@spbgroup.com.my)