



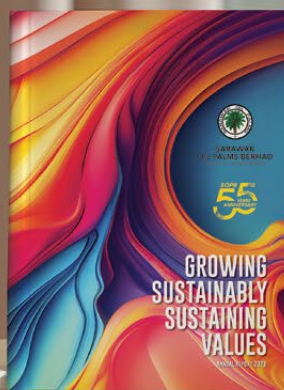
**SARAWAK
OIL PALMS BERHAD**

Registration No. 196801000358 (7949-M)



GROWING SUSTAINABLY SUSTAINING VALUES

ANNUAL REPORT 2023



Cover Rationale

At SOPB, our corporate ethos is a testament to unwavering dedication and a forward-thinking approach. Grounded in a commitment to quality, we navigate the competitive landscape with a resilient will to succeed. Our culture thrives on continuous improvement, embracing change as an opportunity for growth and innovation.

Central to our mission is a commitment to a balanced approach encompassing people, the planet, and profit. Our journey is guided by a dynamic strategy that emphasises social responsibility, environmental consciousness, and a dedication to achieving success that is harmonious between these three elements.

OUR VISION

To Become a Diversified Corporation with Global Recognition.

OUR CORE VALUES



Insist on Quality



Team Spirit and Unity



Be Competitive and Have Strong Will to Succeed



Continuous Growth, Improvement and Development of Skill and Knowledge



Continuous Improvement in Productivity and Performance



See Changes as Opportunities



Integrity and Professionalism



Environmentally and Safety Conscious



P. 27
**CHAIRMAN'S
STATEMENT**



P. 36
**SUSTAINABILITY
REPORT 2023**



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download the QR code reader to your
smartphone by scanning the image on
the top.

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56TH ANNUAL GENERAL MEETING



DAY & DATE

Wednesday,
26 June 2024



TIME

10.00 a.m.



PHYSICAL VENUE

The Conference Room
of Imperial Hotel,
Jalan Pos,
98000 Miri,
Sarawak, Malaysia.



CELEBRATING THE HEROES OF OUR SUCCESS

The story of our 55-year journey is an inspiring one. It goes back all the way to 1968 when we set up as a small oil plantation company, milling a mere nine tonnes per hour ("TPH"). Today, Sarawak Oil Palms Berhad ("SOPB") stands tall as a pioneer in the industry, producing and exporting significant quantities of both raw and refined palm products to numerous markets worldwide – and creating thousands of jobs for Sarawakians.



With a market capitalisation of more than RM2 billion, a vast land bank spanning 122,000 hectares (ha) in Sarawak, 42 estates, seven palm oil mills and a downstream complex, our growth has been impressive. This rapid expansion has been driven by our former Group Executive Chairman (GEC) Tan Sri Datuk Ling Chiong Ho's strategic vision and the company's growth strategy to become a diversified corporation with global recognition.

At the same time, our success would not have been possible if not for our people. From the staff at our mills, churning bunch after bunch, to our innovative marketing team and international trading office, putting us on the map, each and every one of our staff have played a key role in getting where we are today. It is, therefore, fitting that we commemorate our 55th anniversary by celebrating and recognising them.



Guided by the vision and drive of our people, we remain committed to developing world-class quality products. We also strive to prioritise sustainable processes moving forward, mindful of the need to be environmentally conscious for the future of our planet and future generations. Moreover, we are dedicated to attracting, training and retaining the best local talent to ensure our long-term success, ultimately securing our position as a world-class industry player.

Our story is one of resilience, innovation and growth. It is a testament to the human spirit and our unwavering determination to overcome challenges. As we move forward, we carry with us the aspirations and dreams of all Sarawakians, fostering a brighter future for all.



AT A Glance

TURNOVER

RM5,123.69
MILLION

FY2022: **RM5,308.29** million



PROFIT BEFORE TAXATION

RM420.72
MILLION

FY2022: **RM668.79** million



OPERATING PROFIT

RM404.05
MILLION

FY2022: **RM673.70** million



NET ASSETS

RM3,672.19
MILLION

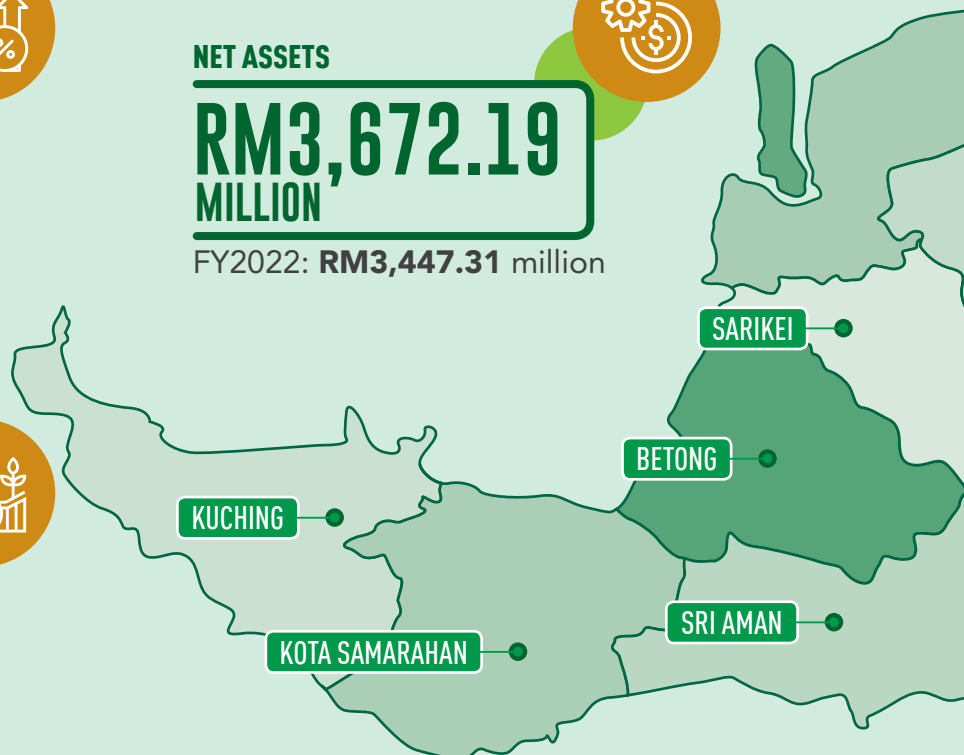
FY2022: **RM3,447.31** million



TOTAL SHAREHOLDERS' FUND

RM3,514.03
MILLION

FY2022: **RM3,295.11** million



LOCATION OF THE SOPB OPERATIONAL UNITS

1

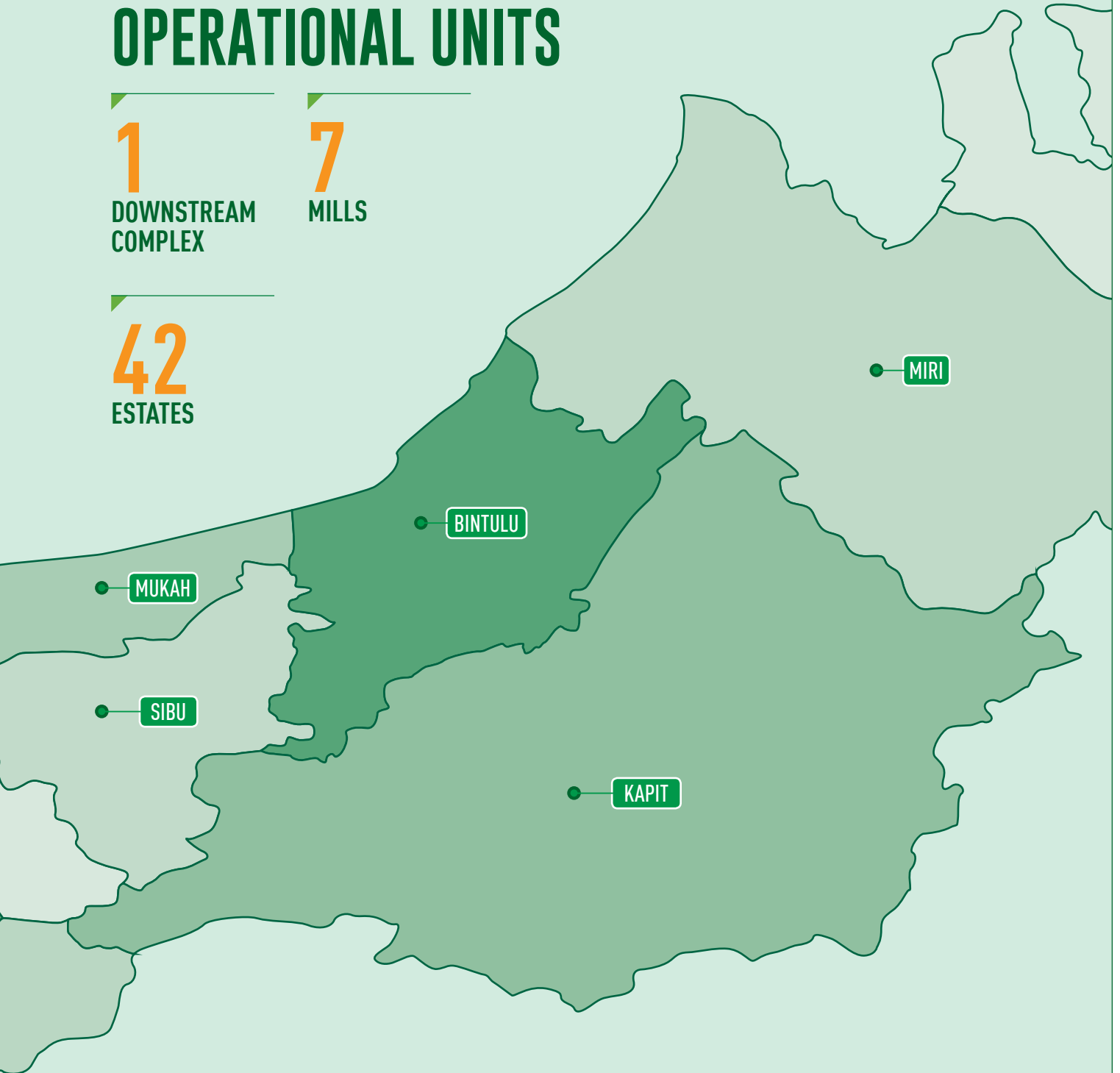
DOWNSTREAM
COMPLEX

7

MILLS

42

ESTATES



TEN YEARS

Financial Record

RESULTS

(RM'000)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
▶ Turnover	2,874,718	3,670,787	4,416,122	4,913,351	3,603,898	2,971,870	2,778,603	4,431,026	5,308,285	5,123,689
▶ Profit before taxation	160,136	123,762	195,960	351,458	108,997	131,308	302,199	712,989	668,789	420,721
▶ Profit after taxation	123,399	91,903	142,288	252,290	67,907	91,592	220,158	541,499	504,250	314,372
▶ Total shareholders' fund	1,330,724	1,403,784	1,874,679	2,108,168	2,142,636	2,203,365	2,378,623	2,802,119	3,295,111	3,514,033
▶ Total assets	2,719,927	3,030,413	4,332,737	4,289,652	4,126,013	4,182,321	4,258,087	4,656,852	4,893,976	5,213,241
▶ Total borrowings	931,424	1,101,849	1,188,332	1,412,881	1,271,854	1,236,272	1,109,012	1,017,789	760,954	845,008
▶ Issued & paid-up capital	439,498	441,307	570,111	819,860	820,085	820,091	820,982	823,162	914,474	914,901
▶ Dividend (Net of tax)	21,963	21,997	22,090	28,540	34,252	28,544	28,546	57,168	71,212	89,030



TEN YEARS FINANCIAL RECORD

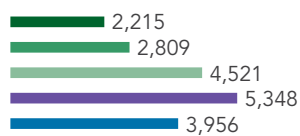
FINANCIAL STATISTICS

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
▶ Profit before taxation/turnover (%)	5.6	3.4	4.4	7.2	3.0	4.4	10.9	16.1	12.6	8.2
▶ Gross dividend (sen/share)	5.0	5.0	5.0	5.0	6.0	5.0	5.0	10.0	10.0	10.0
▶ Net earnings per share (sen) - Basic	17.52	12.69	18.70	27.21	7.30	10.45	23.83	59.48	54.65	33.80
▶ Net earnings per share (sen) - Diluted	17.36	12.64	18.68	27.17	7.30	10.45	23.83	59.32	54.53	33.77
▶ Net tangible assets per share (RM)	2.01	2.11	2.00	2.27	2.31	2.38	2.58	3.07	3.51	3.76

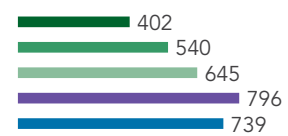
PALM PRODUCTS AVERAGE REALISED PRICES



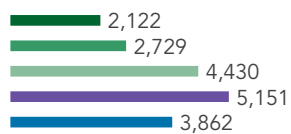
Refined Palm Products (RM/MT)



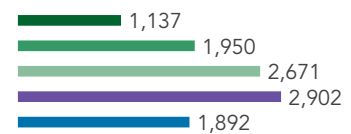
Palm Kernel Cake (RM/MT)



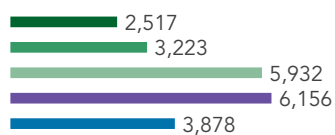
Crude Palm Oil (RM/MT)



Palm Kernel (RM/MT)



Palm Kernel Oil (RM/MT)



Legend:



TEN YEARS

Crop Record

PLANTED HECTARAGE, PRODUCTION AND PRODUCE PRICES

OIL PALMS (Ha)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Mature	59,997	61,049	77,115	78,607	80,772	79,872	81,198	81,809	81,312	80,091
Immature	3,380	2,468	10,629	9,380	7,614	7,699	6,766	5,173	3,175	2,218
Total	63,377	63,517	87,744	87,987	88,386	87,571	87,964	86,982	84,487	82,309
Area Under Development, Reserves, Unplanted, Building Sites, etc	9,276	9,136	32,553	32,311	33,575	34,423	34,030	35,845	38,533	40,707
Total Area Under Lease	72,653	72,653	120,297	120,298	121,961	121,994	121,994	122,827	123,020	123,016

FFB CROP (Tonnes)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Estate Crop	1,049,076	1,133,961	1,010,836	1,374,712	1,340,474	1,341,979	1,358,049	1,246,249	1,193,846	1,226,566
Outside Crop	770,991	692,580	603,405	669,525	756,692	727,410	688,210	727,658	751,750	734,330
	1,820,067	1,826,541	1,614,241	2,044,237	2,097,166	2,069,389	2,046,259	1,973,907	1,945,596	1,960,896
Crude Palm Oil (Produced)	367,015	355,468	315,221	411,930	419,356	416,682	390,481	384,253	373,998	390,543
Palm Kernels (Produced)	79,606	76,406	66,288	84,490	87,492	88,344	84,414	83,968	83,007	84,951
	446,621	431,874	381,509	496,420	506,848	505,026	474,895	468,221	457,005	475,494

YIELD PER HECTARE	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Tonnes FFB/Mature Hectare	17.50	18.55	16.79	17.07	16.40	16.57	16.58	15.23	14.50	15.02
Crude Palm Oil/FFB	20.26%	19.88%	19.97%	20.65%	20.53%	20.72%	19.70%	20.10%	19.96%	20.63%
Palm Kernels/FFB	4.39%	4.27%	4.20%	4.23%	4.28%	4.39%	4.26%	4.39%	4.43%	4.49%



TEN YEARS CROP RECORD

PLANTED AREA STATISTICS

PALM AGE (Yrs)



Immature (Below 4 yrs)

As at 31/12/2022

3,175

Area (HA)

As at 31/12/2023

2,218

Area (HA)



Young (4-10 yrs)

As at 31/12/2022

14,304

Area (HA)

As at 31/12/2023

13,639

Area (HA)



Prime (11-20 yrs)

As at 31/12/2022

56,847

Area (HA)

As at 31/12/2023

55,463

Area (HA)



Old (21 yrs & above)

As at 31/12/2022

10,161

Area (HA)

As at 31/12/2023

10,989

Area (HA)

FFB PRODUCTION AND EXTRACTION RATES

▶ Group mature area (ha)

80,091

(2022: 81,312)

▶ Total FFB production (mt)

1,226,566

(2022: 1,193,846)

▶ Total FFB processed (mt)

1,893,516

(2022: 1,873,766)

▶ Group CPO production (mt)

390,543

(2022: 373,998)

▶ Group palm kernel production (mt)

84,951

(2022: 83,007)

▶ Group FFB average yield (mt/ha)

15.02

(2022: 14.50)

▶ Group average oil extraction rate ("OER") (%)

20.63%

(2022: 19.96%)

▶ Group average kernel extraction rate ("KER") (%)

4.49%

(2022: 4.43%)

TEN YEARS

Statistical Highlights



AREA PLANTED

Total Planted
82,309
Hectares

Matured
80,091
Hectares



CRUDE PALM OIL (PRODUCED)

390,543
Tonnes



ESTATE CROP

1,226,566
Tonnes



TURNOVER

5,123,689
RM'000



PROFIT BEFORE TAXATION

420,721
RM'000



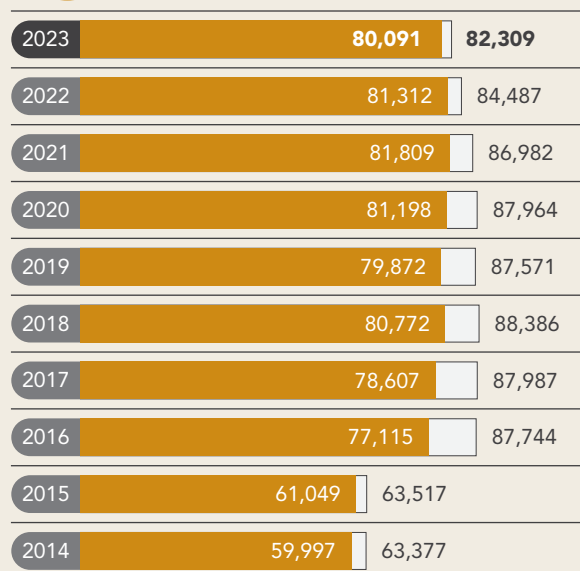
TOTAL SHAREHOLDERS' FUND

3,514,033
RM'000



AREA PLANTED

Hectares

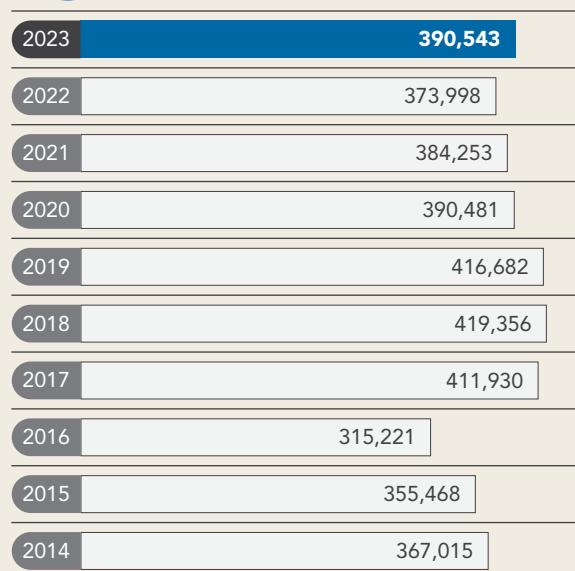


○ Immature ● Matured



CRUDE PALM OIL (PRODUCED)

Tonnes



TEN YEARS STATISTICAL HIGHLIGHTS



ESTATE CROP Tonnes

2023	1,226,566
2022	1,193,846
2021	1,246,249
2020	1,358,049
2019	1,341,979
2018	1,340,474
2017	1,374,712
2016	1,010,836
2015	1,133,961
2014	1,049,076



TURNOVER RM'000

2023	5,123,689
2022	5,308,285
2021	4,431,026
2020	2,778,603
2019	2,971,870
2018	3,603,898
2017	4,913,351
2016	4,416,122
2015	3,670,787
2014	2,874,718



PROFIT BEFORE TAXATION RM'000

2023	420,721
2022	668,789
2021	712,989
2020	302,199
2019	131,308
2018	108,997
2017	351,458
2016	195,960
2015	123,762
2014	160,136



TOTAL SHAREHOLDERS' FUND RM'000

2023	3,514,033
2022	3,295,111
2021	2,802,119
2020	2,378,623
2019	2,203,365
2018	2,142,636
2017	2,108,168
2016	1,874,679
2015	1,403,784
2014	1,330,724

CORPORATE Information



BOARD OF DIRECTORS



- 1 Ling Lu Kuang
(Group Executive Chairman)
- 2 Ling Chiong Sing
- 3 Ling Pau Pau
- 4 Tang Tiong Ing
- 5 Datu Monaliza Binti Zaidel
(Resigned on 13 March 2024)
- 6 Datu Hasmawati Binti Sapawi
- 7 Bibi Umizah Binti Osman
- 8 Fong Yoo Kaw @
Fong Yee Kow, Victor
- 9 Perpetua Phang
- 10 Chua Chen San

GROUP AUDIT AND RISK MANAGEMENT COMMITTEE



- Fong Yoo Kaw @
Fong Yee Kow, Victor
Chairman
Independent Non-Executive
- Tang Tiong Ing
Non-Independent Non-Executive
- Chua Chen San
Independent Non-Executive
- Ling Pau Pau
Non-Independent Non-Executive
- Perpetua Phang
Independent Non-Executive

INVESTMENT COMMITTEE



- Ling Lu Kuang
Chairman
Group Executive Chairman
- Fong Yoo Kaw @
Fong Yee Kow, Victor
Independent Non-Executive
- Chua Chen San
Independent Non-Executive
- Datu Monaliza Binti Zaidel
Non-Independent Non-Executive
(Resigned on 13 March 2024)
- Wong Hee Kwong
Group Chief Executive Officer

CORPORATE INFORMATION

NOMINATION COMMITTEE



**Fong Yoo Kaw @
Fong Yee Kow, Victor**
*Chairman
Independent Non-Executive*

Chua Chen San
Independent Non-Executive

Tang Tiong Ing
Non-Independent Non-Executive

ESOS COMMITTEE



Ling Lu Kuang
*Chairman
Group Executive Chairman*

Chua Chen San
Independent Non-Executive

**Fong Yoo Kaw @
Fong Yee Kow, Victor**
Independent Non-Executive

Datu Monaliza Binti Zaidel
*Non-Independent Non-Executive
(Resigned on 13 March 2024)*

Wong Hee Kwong
Group Chief Executive Officer

REMUNERATION COMMITTEE



**Fong Yoo Kaw @
Fong Yee Kow, Victor**
*Chairman
Independent Non-Executive*

Chua Chen San
Independent Non-Executive

Datu Monaliza Binti Zaidel
*Non-Independent Non-Executive
(Resigned on 13 March 2024)*

GROUP BUSINESS ADVISOR



Tan Sri Datuk Ling Chiong Ho

GROUP CHIEF EXECUTIVE OFFICER



Wong Hee Kwong

COMPANY SECRETARY



Eric Kiu Kwong Seng

REGISTERED OFFICE



No. 124-126,
Jalan Bendahara,
98000 Miri, Sarawak.
Tel : (6085) 436 969
Fax : (6085) 432 929
Email : sop.cs@sopb.com.my

SHARE REGISTRARS



Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony,
No. 5, Jalan Prof. Khoo Kay Kim,
Seksyen 13, 46200 Petaling Jaya,
Selangor Darul Ehsan, Malaysia.
Tel : (603) 7890 4700
Fax : (603) 7890 4670
Website : www.boardroomlimited.com
Email : BSR.Helpdesk@boardroomlimited.com

AUDITORS



KPMG PLT Auditors
1st Floor, Lot 2045,
Jalan MS1/2, Marina Square
Marina Parkcity,
98000 Miri, Sarawak.
Tel : (6085) 321 912
Fax : (6085) 321 962

PRINCIPAL BANKERS



AmBank (M) Berhad
AmBank Islamic Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad
Malayan Banking Berhad
OCBC Al-Amin Bank Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad
United Overseas Bank (Malaysia) Bhd

STOCK EXCHANGE LISTING



The Main Board
Bursa Malaysia

STOCK NAME



SOP

STOCK CODE



5126

DOMICILE



MALAYSIA

PROFILE OF *Board of Directors*



LING LU KUANG

Group Executive Chairman

A Malaysian citizen, aged 47, was appointed as a Non-Independent Non-Executive Director on 27 June 2008. On 01 March 2022, he is appointed as Group Executive Chairman.

He is also appointed as Chairman of Group Management, ESOS, MRGF, and Investment Committees on 01 March 2022. He graduated from the University of Auckland with Bachelor of Commerce Degree double majoring in management and operation management. He had more than 15 years working experience as executive director actively involved in managerial role in several companies of various divisions of Shin Yang Group of companies including timber manufacturing, marketing, construction, property development, infrastructure, oil palm and reforestation. Currently he is the Non-Executive Director of some companies of Shin Yang Group which involved in domestic and international shipping, property development, property management and hotel business.

He is the eldest son of Tan Sri Datuk Ling Chiong Ho who is the Group Business Advisor of SOPB and is deemed connected party to Shin Yang Plantation Sdn. Bhd., a substantial shareholder of the SOPB. He is deemed interested in various transactions between the SOPB Group and certain companies carried out in the ordinary course of business by virtue of his common directorships and/ or shareholdings in these companies.

He has attended all five Board Meetings held during the financial year ended 31 December 2023. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.



Malaysian



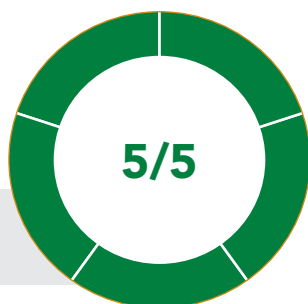
47



Male

Date of Appointment
01 March 2022

Board Meeting
Attended:



PROFILE OF BOARD OF DIRECTORS



LING CHIONG SING
Non-Independent Non-Executive Director

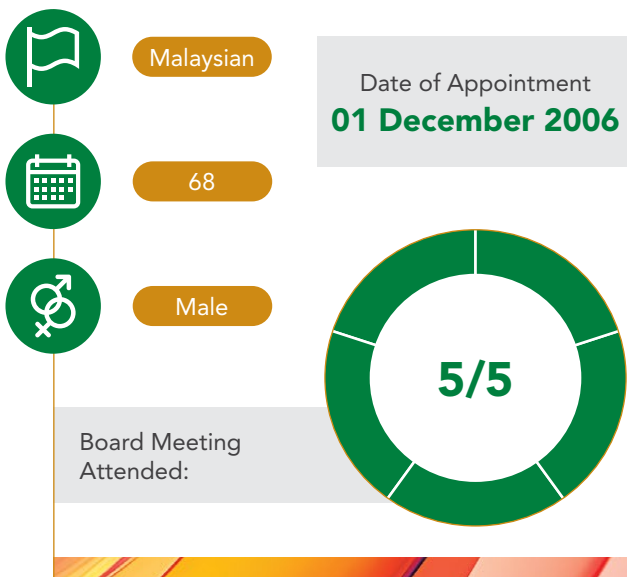
A Malaysian citizen, aged 68, was appointed as Non-Independent Non-Executive Director on 01 December 2006. He is also a member of MRGF Committee.

He graduated from Taiwan in Accounting and is currently the Chief Executive Director of a well-diversified Shin Yang Group of Companies in Sarawak. He has more than 30 years of managerial experience and is very hands on in the business of logging, plywood, shipping and shipbuilding, quarry operations, transportation, construction and project fields. He is the Group Managing Director of Shin Yang Group Berhad, a company listed on Bursa Malaysia Securities Berhad.

He is the brother of Tan Sri Datuk Ling Chiong Ho who is the Group Business Advisor of SOPB and is deemed connected party to Shin Yang Plantation Sdn Bhd, a substantial shareholder of the SOPB. He is deemed interested in various transactions between the SOPB Group and certain companies carried out in the ordinary course of business by virtue of his common directorships and/ or shareholdings in these companies.

He was elected as the Chairman of the Miri Chinese Chamber of Commerce and Industry for term of 2021 to 2023. He has been nominated and appointed as a permanent council member of Sarawak Timber Association since March 2010.

He has attended all five Board Meetings held during the financial year ended 31 December 2023. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.



PROFILE OF BOARD OF DIRECTORS



LING PAU PAU

Non-Independent Non-Executive Director



Malaysian



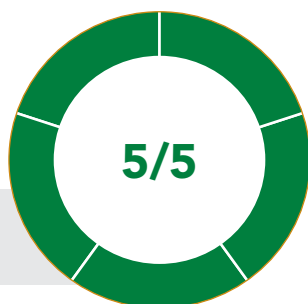
49



Female

Date of Appointment
01 March 2022

Board Meeting
Attended:



A Malaysian citizen, aged 49, was appointed to the Board of SOPB as a Non-Independent Non-Executive Director on 01 March 2022. She serves as a member of Group Audit and Risk Management Committee. She graduated from University of Auckland New Zealand with Bachelor of Commerce in Accounting and Finance. She is a Chartered Accountant (Malaysia) and is a member of several professional bodies including the Malaysian Institute of Accountants, Certified Practising Accountants of Australia.

She is currently the Finance Manager of Shin Yang Group of Companies. She joined Shin Yang Group of Companies since year 2004. Prior to year 2004, she was the audit senior of Ernst & Young, Sarawak and was deployed to undertake various portfolios involving supporting, planning, execution and delivery of audit engagements. She has more than 20 years working experience in financial and auditing (including accounting, tax, finance, treasury, and statutory reporting).

She is the daughter of Tan Sri Datuk Ling Chiong Ho who is the Group Business Advisor of SOPB, sister to the Group Executive Chairman, Mr. Ling Lu Kuang and is deemed a connected party to the major shareholder of the Company. She is deemed interested in various transactions between the SOPB Group and certain companies carried out in the ordinary course of business by virtue of her common directorships and/ or shareholdings in these companies.

She has attended all five Board Meetings held during the financial year ended 31 December 2023. She has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS



TAN TIONG ING

Non-Independent Non-Executive Director



Malaysian



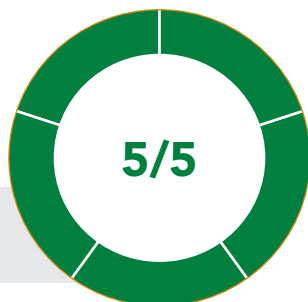
65



Male

Date of Appointment
16 June 1995

Board Meeting
Attended:



A Malaysian citizen, aged 65, has been a Non-Independent Non-Executive Director since 16 June 1995. He serves as a member of the Group Audit and Risk Management Committee and Nomination Committee. He graduated from University of Malaya with Bachelor in Accounting with Honours. He is a Chartered Accountant (Malaysia) and is a member of several professional bodies including the Malaysian Institute of Accountants, Chartered Tax Institute of Malaysia and Fellow Certified Practising Accountants of Australia and Malaysian Association of Company Secretaries.

His career started from Lau Hoi Chew & Co., a Certified Public Accounting firm in 1984 and was promoted to head the Miri Branch in 1985 till 1990. In 1991, he joined Shin Yang Group as a Group Accountant to oversee all the financial and accounting functions, corporate taxation, treasury, corporate planning and company secretarial function of the diversified Shin Yang Group. He is an appointed representative of Shin Yang Plantation Sdn. Bhd., a substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

He has attended all five Board Meetings held during the financial year ended 31 December 2023. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS



DATU MONALIZA BINTI ZAIDEL

Non-Independent Non-Executive Director
(Resigned on 13 March 2024)



Malaysian



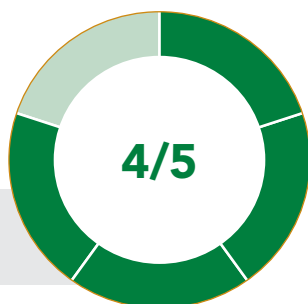
60



Female

Date of Appointment
26 July 2018

Board Meeting
Attended:



A Malaysian citizen, aged 60, was appointed to the Board of SOPB as a Non-Independent Non-Executive Director on 26 July 2018. She serves as a member of the Remuneration Committee, Investment Committee and ESOS Committee. She holds a Bachelor of Science in Electrical Engineering from the University of Bridgeport, Connecticut, USA, a Master of Science in Information Systems and Technology at City University, London and a Corporate Masters in Business Administration ("CMBA") at Ohio University, Ohio, USA.

She started her career as an Electrical Engineer at JKR Sarawak from August 1986 to March 2001. She was seconded to Sarawak Incorporated Sdn. Bhd. as a Manager of Facilities Management Services from March 2001 to September 2005. She was promoted as Senior Electrical Engineer at JKR Sarawak in October 2005. She was seconded to LCDA Holdings Sdn. Bhd. from 26 March 2007 until October 2009 as a Senior Manager of Property Management Division, to Jabatan Ketua Menteri ("JKM") from November 2010 until 01 May 2012 as a Deputy Director in Innovation Unit and to LCDA Holdings Sdn. Bhd. from 02 May 2012 to September 2016 as a Senior Manager of Property And Engineering Division. She was the Deputy Chief Executive Officer (Property Sector) of LCDA Holdings Sdn Bhd from April 2017 to 31 December 2019. She was promoted as Chief Executive Officer and Director of LCDA Holdings Sdn Bhd and Acting General Manager of Land Custody and Development Authority on 01 January 2020. She is currently holding the post of General Manager of Land Custody and Development Authority since 01 October 2021.

She is not related to any director and/or substantial shareholder of SOPB and does not have any conflict of interest with SOPB. She has attended four out of five Board Meetings held during the financial year ended 31 December 2023. She has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS



DATU HASMAWATI BINTI SAPAWI

Non-Independent Non-Executive Director



Malaysian



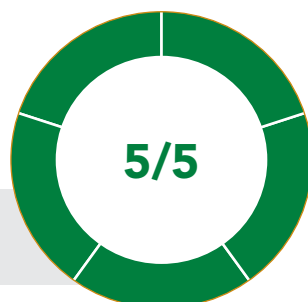
56



Female

Date of Appointment
29 July 2021

Board Meeting
Attended:



A Malaysian citizen, aged 56, was appointed as a Non-Independent Non-Executive Director to the Board of SOPB on 29 July 2021. She holds a Bachelor of Arts (Hons, Economics), Canada, a Master of Business Administration, Australia and a Master of Environmental Management (Development Planning), Malaysia. She started her career as an Economist in Investment Division at Land Custody & Development Authority ("LCDA") from November 1992 to December 2005 before serving the State Financial Secretary's Office ("SFSO") on a secondment basis until December 2007. Subsequently, she was employed on a permanent basis with SFSO. Presently, she is the Deputy State Financial Secretary and prior to that she held the post of the Director of Corporate Services & Investment Division at SFSO since April 2008 to June 2021, handling corporate finance and investment activities. Ms. Hasmawati was a Non-Executive Director in Sarawak Plantation Berhad, appointed on 25 November 2011 and also a Non-Executive Director (Independent) in Amanah Saham Sarawak Berhad, appointed on 31 October 2017.

She has attended all five Board Meetings held during the financial year ended 31 December 2023. She is not related to any director and/or substantial shareholder of SOPB and does not have any conflict of interest with SOPB. She has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS



BIBI UMIZAH BINTI OSMAN

Non-Independent Non-Executive Director

A Malaysian citizen, aged 50, was appointed as a Non-Independent Non-Executive Director on 01 March 2023. She holds a Degree in LLB (Hons) from International Islamic University of Malaysia, Kuala Lumpur ("IIUM") and also a Master of Science (Human Resource Development) from Universiti Malaysia Sarawak ("UNIMAS"). She started her carrier as Legal practitioner with Messrs. Abdul Rahim, Razak Tready Fadillah & Co. Advocates both Civil and Syariah matter from 2000 to 2003. On 01 April 2003, she joined LCDA Holdings Sdn Bhd ("LHSB") as Legal Executive until early 2017. In 2017 till 2018, she has been appointed as Senior Manager, Human Resource Division of LHSB. On September 2018 until 30 September 2022, she has been tasked to lead Land Management Division of LHSB and on 01 October 2022, she has been appointed as Senior Manager Legal and Secretarial Division and also covering for Senior Manager post for Land Management Division. She is an appointed representative of LCDA Holdings Sdn Bhd, a substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

She has attended all four Board Meetings held during the financial year ended 31 December 2023. She has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.



Malaysian



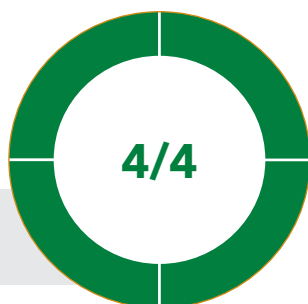
50



Female

Date of Appointment
01 March 2023

Board Meeting
Attended:



PROFILE OF BOARD OF DIRECTORS



**FONG YOO KAW @
FONG YEE KOW, VICTOR**
Independent Non-Executive Director



Malaysian



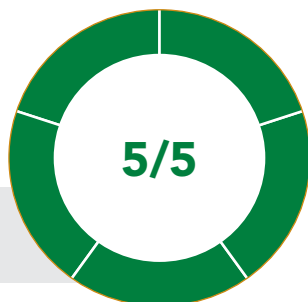
71



Male

Date of Appointment
28 April 2014

Board Meeting
Attended:



A Malaysian citizen, aged 71, was appointed as an Independent Non-Executive Director on 28 April 2014.

He serves as a Chairman of the Group Audit and Risk Management Committee, Nomination Committee, Remuneration Committee, and a member of the Investment Committee and ESOS Committee.

He received his education in Malaysia and in New Zealand where he graduated from Victoria University of Wellington, New Zealand with Bachelor's Degree in Commerce and Administration ("BCA") in 1975. He is a member of the Chartered Institute of Australia and New Zealand, a member of the Malaysian Institute of Accountants and an Associate member of the Institute of Chartered Secretaries and Administrator ("ACIS"). He started his career in New Zealand upon graduation and spent 4 years working there before returning to Malaysia. From 1979 to 1989, he was Group Financial Controller with a Sarawak-based group of companies before joining the international professional services firm of Ernst & Young in 1989. He was with Ernst & Young for over 20 years and retired as a Partner in 2010.

He is an Independent Non-Executive Director of Asteel Group Berhad (formerly known as YKGI Holdings Berhad) and DPI Holdings Berhad. He is not related to any director and/ or substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

He has attended all five Board Meetings held during the financial year ended 31 December 2023. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF BOARD OF DIRECTORS



PERPETUA PHANG

Independent Non-Executive Director

A Malaysian citizen, aged 67, was appointed as an Independent Non-Executive Director on 31 December 2022. She serves as a member of the Group Audit and Risk Management Committee.

She graduated from the University of Hull, England with a Bachelor of Laws (Honours) in 1980 and was called to the Degree of Utter Barrister and admitted to the Bar of England and Wales in 1981. In the same year, she was admitted to practise in the High Court of Borneo (now called the High Court of Sabah and Sarawak). She is also an Accredited Mediator.

She joined Reddi & Company, Advocates in 1981 and currently is a senior partner of the firm overseeing the banking, corporate and commercial division. She is also an Independent Non-Executive Director of Pansar Berhad. She is not related to any director and/ or substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

She has attended all five Board Meetings held during the financial year ended 31 December 2023. She has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.



Malaysian



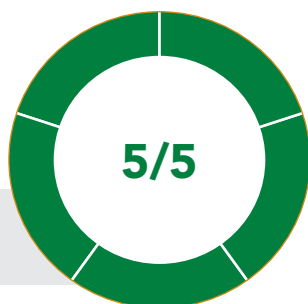
67



Female

Date of Appointment
31 December 2022

Board Meeting
Attended:



PROFILE OF BOARD OF DIRECTORS



CHUA CHEN SAN

Independent Non-Executive Director



Malaysian



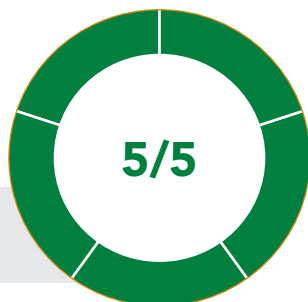
63



Male

Date of Appointment
01 March 2016

Board Meeting
Attended:



A Malaysian citizen, aged 63, was appointed as an Independent Non-Executive Director on 01 March 2016. He serves as a member of the Group Audit and Risk Management, Nomination Committee, Remuneration Committee, Investment Committee and ESOS Committees. He graduated with a Bachelor of Commerce Degree from the University of Canterbury, New Zealand in 1986. He is a member of the Malaysian Institute of Accountants, Chartered Tax Institute of Malaysia and Institute of Chartered Accountants Australia and New Zealand.

He was a Senior Accountant in Koller & Koller Accountants, New Zealand from 1988 to 1992. He joined Doyon Development Sdn Bhd, Samling Group as a Financial Accountant from 1992 to 1994. From 1994 to 2006, he was the Audit Manager in Liew & Co, Chartered Accountants and Internal Audit Manager in Shin Yang Group from 2006 to 2009. He is currently the Director of Audit in Andy Chia & Co, Chartered Accountants, and Director of ACCO Tax Services Sdn Bhd. He is not related to any director and/or substantial shareholder of SOPB and does not have any conflict of interest with SOPB.

He has attended all five Board Meetings held during the financial year ended 31 December 2023. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF Key Senior Management

WONG HEE KWONG

Group Chief Executive Officer



Year of Joining SOP Group: 1996

A Malaysian citizen, aged 61, was appointed as the Chief Executive Officer of Sarawak Oil Palms Berhad ("SOPB") in 1998 and was subsequently redesignated as Group Chief Executive Officer in 2010.

He is a Chartered Accountant (Malaysia), a member of the Malaysian Institute of Accountants and Fellow member of Association of Chartered Certified Accountants ("FCCA"), U.K. He worked in KPMG, EON Finance Berhad and a Government linked company before joining SOPB Group as the Group Finance Manager and Company Secretary in April 1996. His professional experiences include accounting, secretarial, management consultancy, taxation and banking and finance. Currently, he is a council member of Malaysian Palm Oil Association ("MPOA") and also a Board member of Trustees of Malaysian Palm Oil Council ("MPOC").

He is not related to any director or substantial shareholder of SOPB and does not have any conflict of interest with SOPB. His direct interests in the shares and share options under the Employee Share Option Scheme of SOPB at year end are 3,733,950 shares and 2,337,450 options respectively.

ERIC KIU KWONG SENG

Chief Operating Officer



Year of Joining SOP Group: 1998

A Malaysian citizen, aged 52, joined Sarawak Oil Palms Berhad ("SOPB") as Finance Manager cum Company Secretary in 1998, promoted to Group Finance Manager in 2003 and subsequently to Group Financial Controller in 2010. He was appointed to the current role of Chief Operating Officer in 2013.

He holds an engineering degree in Manufacturing & Management (Hons) from University of Nottingham, U.K. and also a Master of Business Administration from University of Leeds (Leeds University Business School, U.K.). He has about 24 years experiences in corporate secretarial practices and prior to joining SOPB, he worked in Steel Manufacturing sector, China and in Ernst & Young, Malaysia as a management consultant. Currently, he is the Chairman of Sarawak Oil Palm Plantation Owners Association since 2021. He is a Board member of Trustees of the Malaysian Palm Oil Certification Council ("MPOCC") and is on the Executive Committee of the Malaysian Biodiesel Association ("MBA").

He is the son-in-law of Tan Sri Datuk Ling Chiong Ho who is the Group Business Advisor of SOPB. He has not been convicted of any offence within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

PANG SENG NAM

Regional Plantation Controller



Year of Joining SOP Group: 1976

A Malaysian citizen, aged 67, was appointed as the Regional Plantation Controller of the group in 2020. He obtained HSC from College Tun Datuk Hj Openg in 1975 and started his career with SOPB in 1976 as the first batch of Agricultural Cadet.

He obtained the Advance Associate Diploma of the Incorporated Society of Planters ("AISP") in 1980. He left SOPB in 2000 and served with two other local prominent plantation groups in senior capacity. He re-joined SOPB in 2007. His professional experience includes land development in oil palm plantation, and replanting in both mineral and peat environment.

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

THO KHENG CHIANG

Chief Financial Officer cum General Manager



Year of Joining SOP Group: 2010

A Malaysian citizen, aged 45, was appointed as the Chief Financial Officer of the Group in 2019 and redesignated as Chief Financial Officer cum General Manager (Special Assignment in Plantation) in 2021.

He is a Chartered Accountant (Malaysia), a member of the Malaysian Institute of Accountants and a Fellow member of Association of Chartered Certified Accountants ("FCCA"), U.K. He worked in KPMG and a public listed company before joining SOPB as the Internal Audit Manager in year 2010. His professional experiences include audit and assurance, accounting and corporate exercises.

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

PROFILE OF KEY SENIOR MANAGEMENT

WONG SIEH TUNG

Head of Trading Operations cum General Manager



Malaysian

46

Male



Year of Joining SOP Group: 2004

A Malaysia citizen, aged 46, was appointed as the Head of Trading Operations in Year 2018 and redesignated as Head of Trading Operations cum General Manager (Special Assignment in Milling) in 2021. He is a Chartered Accountant (Malaysia), a member of Malaysia Institute of Accountants, Fellow member of Association Chartered Certified Accountants ("FCCA"), UK and member of Financial Planning Association of Malaysia ("CFP"). He started his career with Liew & Co, Miri and Shin Yang Plantations after which he joined SOPB as the Accounts Executive in year 2004. His professional experiences include accounting, audit and assurance.

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

LING TIONG ING

Assistant Head of Support & Services



Malaysian

49

Male



Year of Joining SOP Group: 2012

A Malaysia citizen, aged 49, was appointed as the Assistant Head of Support & Services in Year 2017. He is a Chartered Accountant (Malaysia), a member of the Malaysian Institute of Accountants and a Fellow membership of CPA Australia. He also holds a Master of Business Administration (with a specialisation in Accounting) from University of Southern Queensland, Australia. He started his career with Ernst & Young, Miri, Piasau Slipways Sdn Bhd, Baker Hughes (Malaysia) Sdn Bhd and a local company before joining SOPB as the Internal Audit Manager in year 2012. His professional experiences include accounting, audit and assurance.

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

CHAIRMAN'S *Statement*



REVIEW OF RESULTS

For the financial year 2023, SOPB has posted a lower after-tax profits of **RM314 million** against the last year's after-tax profits of RM504 million.



SUSTAINABILITY

A transparent, proactive and prudent approach in furtherance of its sustainability agendas.



PROSPECT

Reduce labour dependency in plantation operations.

LING LU KUANG
Group Executive Chairman



CHAIRMAN'S STATEMENT

REVIEW OF RESULTS

On behalf of the Board of Directors of Sarawak Oil Palms Berhad and its subsidiaries ("the Group"), it gives me much pleasure to present to you the Annual Report of our Group for the financial year ended 31 December 2023.

For the financial year 2023, SOPB has posted a lower after-tax profits of RM314 million against the last year's after-tax profits of RM504 million.

The Group's production of Fresh Fruit Bunches ("FFB") increased by 3% compared to the previous year, indicating a yield recovery after addressing the severe shortage of harvesters and backlog in plantation upkeep and maintenance through aggressive recovery plans. The production costs for this year remained consistent due to the stabilisation of fertilizer prices this year. However, other costs were elevated, such as higher wages upon return of workers, as well as increased in other operating expenses.

Palm products prices continue to trend downward this year, since the second quarter of 2023. The average price of crude palm oil ("CPO") realised by the Group during the year was RM3,862 per mt (year 2022: RM5,151 per mt).

Further details on our operational and financial review can be found in the Management Discussion and Analysis on pages 30 to 35.

DIVIDEND

The Group continues to maintain a prudent strategy, ensuring sufficient reserve funds for future developments and as a buffer against any potential market challenges. On the other hand, the Board is also mindful of the continuous support and loyalty of its shareholders. To this end, dividend payment to the shareholders would improve gradually.



CHAIRMAN'S STATEMENT

In the year 2023, a single-tier interim dividend of 4 sen per ordinary share was declared and paid on 12 January 2024. Besides, the Board recommends a final single-tier dividend of 6 sen per ordinary share for the financial year ended 31 December 2023, for shareholders' approval at the forthcoming Annual General Meeting to be convened, maintaining a dividend of 10 sen per share, as previous financial year.

SUSTAINABILITY

Environmental, Social, and Governance Sustainability ("ESG") are the foci of our contemporary society and it requires concerted efforts from every stratum of the society to fully achieve the intended goals of ESG.

Our Group will continue to embrace and embed ESG principles, and adopt a transparent, proactive and prudent approach in furtherance of its sustainability

agendas in balancing the needs of People, Planet and Profit. We remained committed to sustainable agricultural practices, good corporate governance, high standards of occupational safety, health and welfare of our workforce, and fulfilment of our corporate social responsibilities to the local communities.

At environmental fronts, conservation and biodiversity projects are ongoing with the collaboration of both local and foreign research bodies as well as universities.

More details on our sustainability agendas, milestones and attainments could be found in the Sustainability Report from pages 36 to 100.

PROSPECT

The Group has long-term plans to replant its existing oil palm plantations with best practices, evaluating the feasibility of the current estates with the goal of maintaining FFB production yield, securing future cash flows, and fostering growth in future periods.

Challenges which oil palm industry would continue to encounter includes rising costs of production, tariff and non-tariff trade restrictions and volatile palm products prices.

To minimize adverse impacts arising from these challenges, the Group will continue to intensify its program to raise workforce competency, efficiency and productivity and adopt mechanization to reduce labour dependency in plantation operations. The Group will also continue to monitor the progress of the replanting program, efficacy of manuring programs of its plantations and the movement of commodity prices.

APPRECIATION

On behalf of the Board, I wish to express heartfelt gratitude to all our shareholders, employees, customers, business associates and other stakeholders for their unwavering support and trust in the Group's ongoing pursuit of sustainable growth.

LING LU KUANG

GROUP EXECUTIVE CHAIRMAN



MANAGEMENT DISCUSSION

and Analysis



This review highlights details on financial and operation information of the Group for the year 2023.

1 OVERVIEW OF GROUP'S BUSINESS

The Group's core businesses are upstream operations – plantation and milling operations, and downstream operations which comprised of refining, trading and marketing of palm products.

On plantation operations, the FFB production in 2023 was 1,226,566 metric tonnes in comparison with 1,193,846 metric tonnes achieved in 2022. The yield increased to 15.02 metric tonnes per hectare compared to 14.50 metric tonnes in 2022 after the implementation of recovery plans to address backlogs issue arising during the pandemic years.

For the milling operations, the Group recorded higher oil and kernel extraction rate of 20.63% and 4.49% respectively, against 19.96% and 4.43% in preceding year.

The realised palm products prices in 2023 was lower with the CPO of RM3,862 per metric tonne compared to RM5,151 per metric tonne in 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

2 FINANCIAL RESULTS

(i) Abridged Group Income Statement

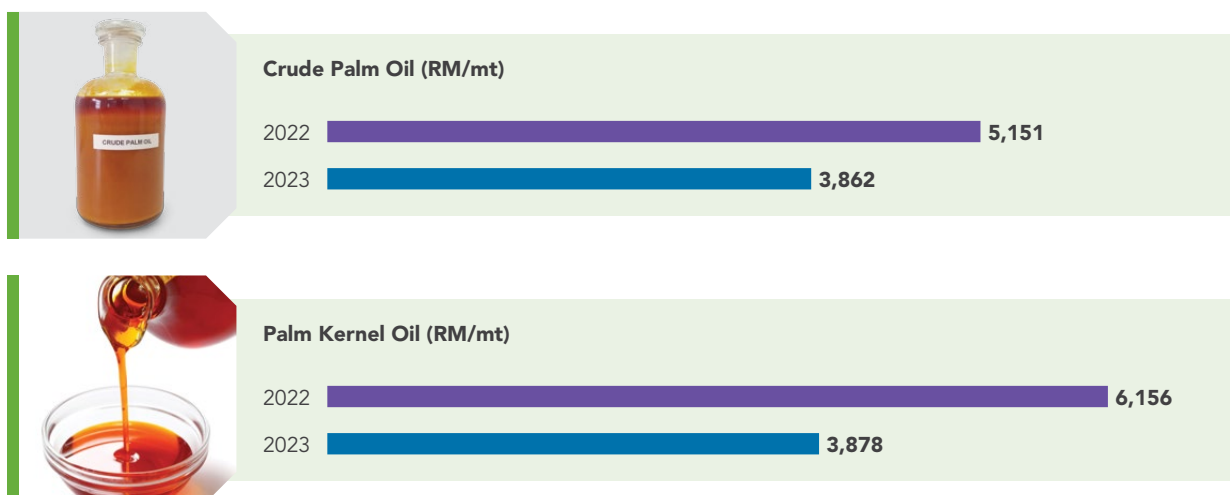
The total revenue of the Group in 2023 was RM5.1 billion compared to RM5.3 billion in 2022. The decrease was mainly due to lower prices realised for palm products sold, despite a higher sales volume.

The Group had registered a profit after tax of RM314 million in 2023 compared to RM504 million achieved in year 2022. The lower profit against preceding year were mainly due to lower realised selling prices of palm products.

Abridged Group income statement:-

<p>▶ Revenue (RM'million)</p> <p>5,124</p> <p>(2022: 5,308)</p>	<p>▶ Profit after tax (RM'million)</p> <p>314</p> <p>(2022: 504)</p>	<p>▶ Earnings per share (RM'million)</p> <p>Basic</p> <p>33.80</p> <p>(2022: 54.65)</p>
<p>▶ Profit before tax (RM'million)</p> <p>421</p> <p>(2022: 669)</p>	<p>▶ Earnings before interest, tax, depreciation and amortisation (RM'million)</p> <p>632</p> <p>(2022: 871)</p>	<p>Diluted</p> <p>33.77</p> <p>(2022: 54.53)</p>

Average Realised Prices for Palm Products:-



MANAGEMENT DISCUSSION AND ANALYSIS

(ii) Abridged Group Cash Flow Statement

	2023 RM'million	2022 RM'million
Operating activities		
(i) Cash generated before changes in working capital	587	872
(ii) Cash outflow after changes in working capital and payment of tax and interest	(219)	(126)
Net cash flows from operating activities	368	746
Financing activities		
(i) Net payment for trade financing, loans and borrowings	(117)	(266)
(ii) Proceeds from loans and borrowings	200	5
(iii) Dividend and interest payment	(96)	(112)
(iv) Cash inflow from other financing activities	1	77
Net cash flows used in financing activities	(12)	(296)
Investing activities		
(i) Capital expenditure on property, plant and equipment and bearer plants	(148)	(127)
(ii) Interest received	38	20
(iii) (Placement)/Upliftment of deposits under other investments	(746)	110
(iv) Cash inflow from other investing activities	24	3
Net cash flows (used in)/from investing activities	(832)	6
Net (decrease)/increase in cash and cash equivalents	(476)	456
Cash and cash equivalents at 1 January	1,254	797
Effect of exchange rate changes	1	1
Cash and cash equivalents at 31 December	779	1,254

For the year 2023, the Group generated net cash inflow of RM368 million from operating activities comprising cash generated before working capital changes of RM587 million, cash outflow from changes in working capital and net payment of tax and interest of RM219 million.

For financing activities, the changes in trade financing were RM177 million. Repayments of loans amounted to RM293 million and proceeds from sukuk drawdown during the year were RM200 million, resulting in a net increase in loans of RM84 million. Dividend and interest payments stood at RM61 million and RM35 million, respectively. Proceeds from the issuance of shares under the Employee Share Option Scheme ("ESOS") were RM1 million. The overall cash outflow in financing activities was RM12 million.

For investing activities, the Group incurred a capital expenditure of RM148 million in the replanting, upkeep and maintenance of immature palms, upgrade of palm oil mills and downstream plants. The cash inflows for other investing activities was RM24 million which consisted primarily of redemption of preference shares from investment in joint venture of RM23 million. Interest income received from short-term deposits with licensed banks was RM38 million.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year, RM746 million was placed in short-term fixed deposits with a tenor of more than three months, classified as other investments. The net decrease in cash and cash equivalents for the year was RM476 million. In total, cash and cash equivalents together with other investments was RM1,650 million as at 31 December 2023 compared to RM1,378 million in 2022, representing a net increase of RM272 million.

(iii) Abridged Group Statement of Financial Position

	2023 RM'million	2022 RM'million
Assets		
Non-current assets		
Property, plant and equipment	1,107	1,092
Bearer plants	823	865
Right-of-use assets	495	504
Other non-current assets	235	251
	2,660	2,712
Current assets		
Biological assets	24	22
Other current assets	879	782
Other investments	871	124
Cash and bank balances	779	1,254
	2,553	2,182
Total assets	5,213	4,894
Equity and liabilities		
Share capital	915	914
Reserves	2,599	2,381
Non-controlling interests	158	152
Total equity	3,672	3,447
Non-current liabilities		
Loans and borrowings	223	446
Other non-current liabilities	402	404
	625	850
Current liabilities		
Loans and borrowings	622	315
Other current liabilities	294	282
	916	597
Total liabilities	1,541	1,447
Total equity and liabilities	5,213	4,894

As at financial year ended 31st December 2023, the Group's total assets and liabilities was RM5,213 million and RM1,541 million respectively. Total equity stood at RM3,672 million and the gross gearing of the Group was at 0.24 times.

MANAGEMENT DISCUSSION AND ANALYSIS

3 REVIEW OF OPERATIONS

(i) Plantation Segment

(a) Plantation Areas Statistics

Palm Age (years)	As at 31.12.2023		As at 31.12.2022	
	Area (Ha)	%	Area (Ha)	%
Immature (below 4 years)	2,218	3%	3,175	4%
Young (4-10 years)	13,639	17%	14,304	17%
Prime (11-20 years)	55,463	67%	56,847	67%
Old (21 years & above)	10,989	13%	10,161	12%
Total	82,309	100%	84,487	100%

As at 31 December 2023 the Group's total planted area was 82,309 hectares compared to 84,487 hectares in 2022. A total of 4,548 hectares was replanted in 2023 compared to 2,384 hectares in 2022. The Group's weighted average palm age was 13.55 years.

(b) FFB Production and Extraction Rates

		2023	2022
Group total mature area	ha	80,091	81,312
Group FFB production	mt	1,226,566	1,193,846
Group FFB processed	mt	1,893,516	1,873,766
Group CPO production	mt	390,576	373,998
Group PK production	mt	84,951	83,007
Group FFB average yield	mt/ha	15.02	14.50
Group average oil extraction rate ("OER")	%	20.63%	19.96%
Group average kernel extraction rate ("KER")	%	4.49%	4.43%

In 2023, the total Group's FFB production was 1,226,566 metric tonnes, which is equivalent to yield per hectare of 15.02 metric tonnes. The oil extraction rate and kernel extraction rate attained was 20.63% and 4.49% respectively. With these, the Group registered oil per hectare of 3.10 metric tonnes against 2.89 metric tonnes in the preceding year.

A total of 1,893,516 metric tonnes of FFB was processed by the mills, representing an approximately 64% of the mill capacity utilisation rate.

MANAGEMENT DISCUSSION AND ANALYSIS

(ii) Downstream Segment

For downstream segment, the refinery and other downstream activities contributed a lower profit in year 2023. This was mainly attributed to the lower refining margin with the increase in costs of production. The refinery performance nevertheless would be very much dependent refining margin driven by costs of production and movements of world edible oil prices.

The Group continued to expand its market and product range in palm oil value-added products. However, its contribution to the overall revenue and profitability of the Group remained insignificant.

(iii) Property Development Segment

The property markets in Sarawak remains soft in year 2023 and the Group did not launch any new project. The overall take up rate of previously launched projects was approximately 77% in year 2023. The contribution from property development segment remains insignificant to the Group.

4 OUTLOOK FOR 2024

The performance of the Group would continue to be driven by the cyclical FFB production, global world edible oil price movement, price of fertilisers, chemicals and fuel which will affect the costs of production. The Group is taking steps to improve its production through aggressive recovery program, including cost control and replanting program.

The Group remains cautious as to the uncertainty of the global edible oil supply-demand dynamics and geopolitical headwinds. The business environment is expected to be challenging and the Group will continue to drive for operational improvement and cost-efficient structure to surmount the various challenges facing the Group.



SUSTAINABILITY

Report 2023

ABOUT THIS REPORT

WE ARE PLEASED TO PRESENT THE 2023 SUSTAINABILITY REPORT OF SARAWAK OIL PALMS BERHAD (“SOPB”) AND ITS SUBSIDIARIES (“GROUP”) AS FOLLOWS TO OUR STAKEHOLDERS ENCOMPASSING THE ENVIRONMENT, SOCIAL, AND GOVERNANCE (“ESG”) COMMITMENTS AND PERFORMANCE OF THE GROUP FOR THE REPORTING PERIOD FROM 1 JANUARY 2023 TO 31 DECEMBER 2023.



**SUSTAINABILITY
GOVERNANCE**



ENVIRONMENT



SOCIAL



MARKETPLACE

This is the 7th report published annually in accordance with Bursa Malaysia Sustainability Toolkit (3rd edition Sustainability Reporting Guide published in 2022), with enhanced disclosures wherever available. This report is also published in line with Global Reporting Initiative (“GRI”) Standards per GRI 101: Foundation Requirement.

EXTERNAL ASSURANCE

This report has been approved by the Group Management Committee and Board of Directors. No external assurance was conducted during this reporting period.

This Report is available in hard copy upon request or it can be downloaded from our website at www.sop.com.my. Should you require any further information or wish to share any feedback, please feel free to contact us at:

Sarawak Oil Palms Berhad

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SUSTAINABILITY REPORT 2023

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SUSTAINABILITY REPORT 2023

GROUP CHIEF EXECUTIVE OFFICER'S STATEMENT TO STAKEHOLDERS

Dear Stakeholders,

This Sustainability Report narrates our sustainability strategies implemented through practices encompassing environmental, social and sustainability governance aspects of our workplace and that of our supply chain partners. In presenting this report, we take cognizance of the industry's contemporary requirements and benchmark ourselves against the prevailing standards practiced by the industry.

The Group will continue to disseminate our sustainability commitments with relevant stakeholders such as our employees, customers, local communities, suppliers and other relevant parties. By doing so, the Group seeks to accomplish its sustainability objectives through consistent mutual supports, comprehension and dedication from all the stakeholders.

The Group recognizes that long-term success of its operations depends on proper management of the natural resources bases and ecosystems which are fundamental for all sustainable food and agricultural systems. The Group remains committed to environmental preservation through biodiversity conservation, mitigation of negative impacts by reducing greenhouse

gases emissions, optimizing water and energy usage, and efficient management of wastes.

The Group advocates that sustainable palm oil be produced in a manner that excludes conversion of high conservation value ("HCV") areas, minimizes greenhouse gases ("GHG") emissions, applies responsible agriculture practices, and protects the rights of workers and the local communities. As a pledge of these commitments, the Group had launched our Oil Palms Sustainability Policy ("OPSP") on no Deforestation, no Peat, and no Exploitation ("NDPE") in 2019. The OPSP is an integration of the Group's existing policies including Environmental Sustainability Policy, Social and Community Policy, Occupational Safety and Health Policy and Whistle-Blowing Policy & Procedure.

Thereon, the Group have made progresses towards transparency and traceability, and determined to achieve higher sustainability milestones.

The Group will always abide by the sustainability commitments declared in the OPSP and to conduct businesses as a good steward of the environment and social agenda while pursuing better economic returns.

Moving forward, the Group will also strive for improvements and conduct periodic reviews to identify gaps and comply with new requirements as and when necessary, to keep pace with the prevailing regulations and trends. The Group encourages feedback from all stakeholders while continuing its journey to be a globally recognized sustainable player in the oil palm industry.



WONG HEE KWONG
Group Chief Executive Officer

SUSTAINABILITY REPORT 2023

As with previous years, all operating units of the Group is Malaysian Sustainable Palm Oil ("MSPO") certified. The implementation of the Principles and Criteria set out in the MSPO Standards has been a valuable guide in respect of the Group's sustainability journey. With the implementation of MSPO Trace, the Group has been able to monitor the traceability status within its supply chain so as to ensure that our fresh fruit bunches ("FFB"), crude palm oil ("CPO") and palm kernel ("PK") are fully traceable. These have enabled the Group to market its products based on quality and sustainability credentials.

Last but not least, the Group will continue to uphold its commitments towards social welfare and to improve the well-being of the employees. These include continual upgrading of housing quarters and residential amenities, as well as conduct of regular meetings between the respective site management and employees to address any identifiable gaps. These empathetic approaches towards meeting the social needs of employees provided adequate support and relief to their livelihood.

On behalf of the Group, I would like to extend my sincere appreciation to our stakeholders for their staunch support, participation and encouragement which enable us to scale greater heights each year.

The details of our progresses and initiatives are further reported from pages 36 to 100.

One Team, One Mind, One Heart.

WONG HEE KWONG

GROUP CHIEF EXECUTIVE OFFICER



SUSTAINABILITY REPORT 2023



SUSTAINABILITY GOVERNANCE

SUSTAINABILITY GOVERNANCE STRUCTURE

The Group's Sustainability Governance Structure is a top-down approach with oversight from the Board of Directors who sets the policies and directions based on macroeconomic indicators in relation to the state of sustainability desired with the approval of sustainability policies.

The Group Management Committee ("GMC"), headed by Group Executive Chairman, comprises Senior Management personnel and Heads of Department formulates, sets strategies and procedures for the implementation of sustainability policies. GMC also deliberates on the current sustainability challenges and manages the Group's sustainability performance and reporting.

The Group Sustainability Committee ("GSC") which consists of Heads of Operational units ensures the implementation of approved sustainability procedures are embedded into the Group's operational activities. The GSC meets quarterly to review the progress of sustainability programs as well as to provide updates on current issues.

Consultants are engaged, where necessary, to provide reviews and updates on contemporary sustainability issues to ensure that latest sustainability standards are adhered to. GSC also ensures that sustainability standards are consistently practised across the Group.



Board of Directors

- Promotes sustainability with regards to environment, economic and social aspects.
- Oversees and approves sustainability policies.
- Oversees the Group's sustainability performance.



Group Management Committee

- Formulates sustainability goals, strategies, and implementation procedures and practices.
- Deliberates sustainability issues.
- Manages the Group's sustainability performance and sustainability reporting.



Group Sustainability Committee

- Ascertains sustainability performance across the Group.
- Engages stakeholders.
- Raises sustainability awareness among employees and supply chain.
- Ensures sustainability standards are consistently put into practice across the Group.

SUSTAINABILITY REPORT 2023

MATERIALITY MATRIX

The Group's Sustainability Reporting Team conducted the third triennial materiality assessment with reference to the guidelines under the 3rd Edition of the Bursa Malaysia Sustainability Toolkit with focus on Environmental, Social and Governance that comprises 3 phases: Identification, Prioritisation, and Validation.

Our stakeholders were asked to complete a questionnaire and the data sets were analyzed to identify the sustainability matters that were deemed as significant and were used to tabulate the Materiality Matrix. The Materiality Matrix was then assessed by the Group Sustainability Committee ("GSC") to steer the formulation and implementation of strategies responding to the sustainability matters identified.

Phase 1: Identification

Identified and prioritized Sustainability Matters with key internal stakeholders such as Board of Directors and employees and external stakeholders such as shareholders, investors, government agencies, regulators, customers, community, NGOs and suppliers.



Phase 2: Prioritisation

Stakeholder Engagement via a materiality survey.

The material matters were prioritised based on 2 dimensions:

- severity and likelihood of ESG impacts to the business.
- importance to the stakeholders, leveraging on the inputs from the stakeholder survey.

The outcome of the prioritisation translated into a preliminary materiality matrix.



Phase 3: Validation

The preliminary materiality matrix generated was reviewed by the GSC to align with the Group's overall strategy.

Thereafter the materiality matrix was presented to Group Audit and Risk Management Committee for consideration and for onwards submission to the Board for approval.



SUSTAINABILITY REPORT 2023

2017

Conducted the first full materiality analysis exercise with all the Group's stakeholders on significant environmental, economic, and social aspects, impacts, risks and opportunities which were crucial for the success and continued growth of the Group. The materiality process referenced Global Reporting Initiative ("GRI") Standards and Bursa Malaysia Sustainability Reporting Guidelines.

In the identification process, 20 key sustainability issues were assessed by the Group Sustainability Committee to ascertain if there were policies and procedures in place to address and manage those issues. If there was none, implementation plans were to be drawn up and presented to the Group Management Committee for consideration and approval for implementation.



2019

In 2019, the Group had adopted the Materiality Assessment approach to identify and prioritize sustainability matters focusing on environmental, economic and social ("EES") aspects which were significant to our stakeholders and ultimately for its success and continual growth. The assessment was guided by Bursa Malaysia Toolkit: Materiality Assessment (2nd Edition) and 24 sustainability matters were identified.

Sustainability matters were identified through qualitative and quantitative analysis of internal and external sources of information by considering the interests of our stakeholders such as employees, buyers, customers, local authorities, NGOs, smallholders, outgrowers, certification bodies, with reference to Global Reporting Initiative ("GRI") Standards: Core Option.



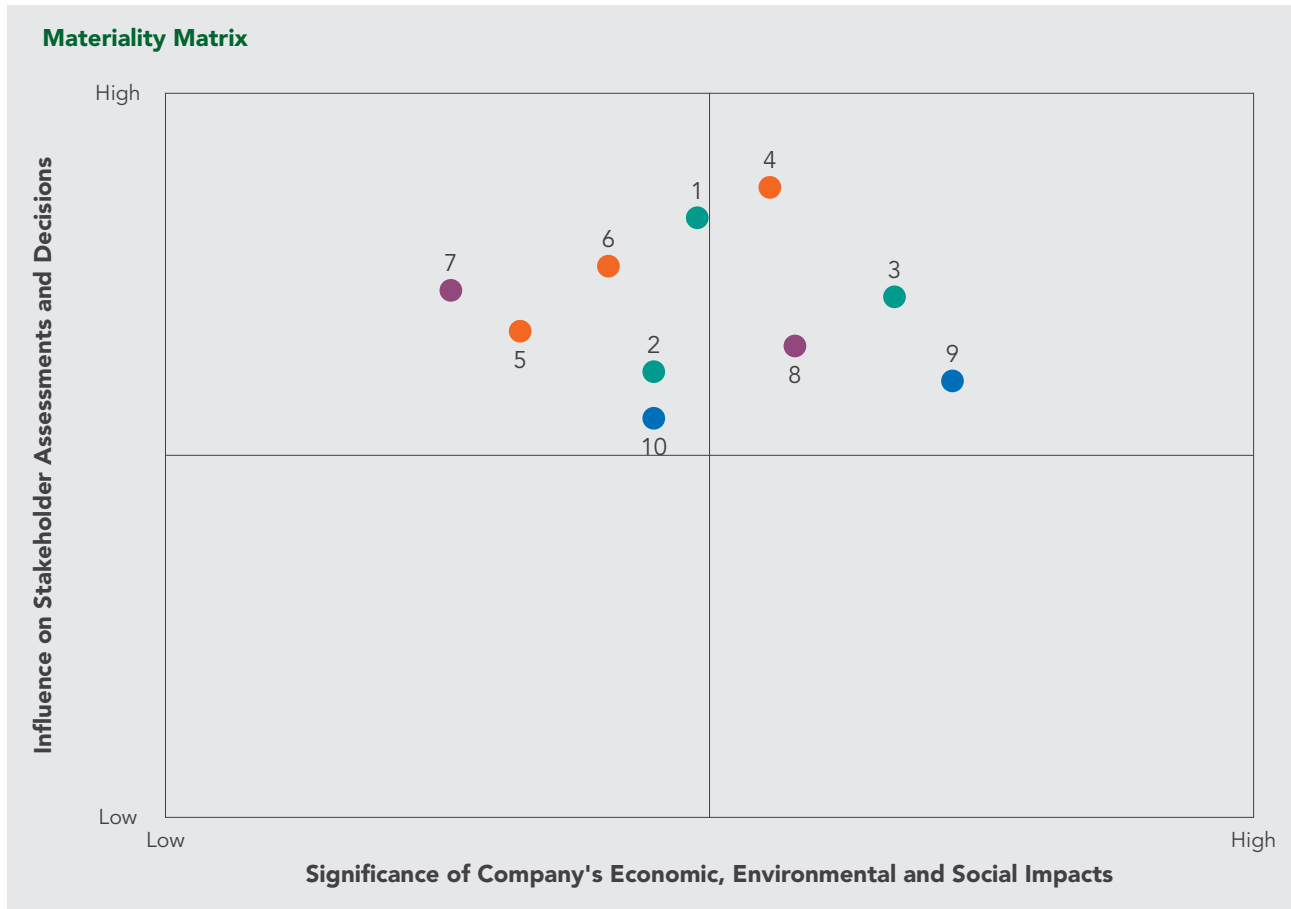
2023

The evaluation of materiality during the most recent reporting period resulted in the significant 10 material matters, all aligning with the Group's strategic emphasis on Environmental, Social, and Governance ("ESG") priorities, while also meet stakeholders' expectations.

The assessment of material matters highlights the increasing interest from stakeholders in environmental impact and carbon management strategy, as well as safeguarding of human rights, particularly concerning 'Climate Change' and 'Human Rights'. The revised materiality matrix, encompassing the materiality assessment process conducted, undergone scrutiny by GSC and approved by the Board of Directors.

SUSTAINABILITY REPORT 2023

The key Sustainability Material Matters identified in Materiality Assessment 2023 are illustrated in the diagram as follows:



All relevant matters identified above are grouped under the following themes:-



SUSTAINABILITY REPORT 2023

SUSTAINABILITY POLICIES

The Group's Sustainability Policies are the framework and basis for the Group and our supply chain partners to gain mutual understanding on sustainability agenda and collaboration to achieve sustainability goals. As such, the Group has established various policies to lay out the framework of our approaches to sustainable development and management of sustainability agenda such as Environmental Sustainability Policy, Occupational Safety & Health Policy, Social and Community Policy and Oil Palms Sustainability Policy ("OPSP").

Our Environmental Sustainability Policy affirms our commitment to the conservation and preservation of our surrounding environment. We are mindful that certain operational aspects of our estates and processing facilities can have detrimental environmental impacts if they are not managed properly. As such, we have adopted Zero Burning Policy in all of our oil palms cultivation, maintenance and harvesting activities. At palm oil milling and refining operations, we move towards Zero Waste Management. In addition, palm oil mill effluent ("POME") undergoes waste treatment processes in accordance to the applicable laws and regulations before it is discharged into nearby rivers or waterways.

Concurrently, we have established measures to mitigate the negative impacts to the environment such as the reduction of greenhouse gases emissions with the construction of methane capture facilities at the mills and using biomass to generate renewable energy.

Our Occupational Safety and Health Policy has been established since 1999 and was further updated and revised in 2017. It is in full compliance to the Occupational Safety and Health Act 1994 to ensure the safety and health of our workers in all operational units with the provision of a safe and conducive work environment.

The Social & Community Policy was established in 2014 and affirms the Group's commitment to protect and respect human rights for all employees including that of the local communities nearby our operations.

In order to deliver our sustainability commitments, these policies are reviewed periodically and implemented accordingly. The Group's OPSP was launched in January 2019 as the integral of all our current policies and further affirms our commitments to sustainability principles of NDPE which are applied throughout the Group's supply chain.

The adoption of the OPSP helps to ensure that the Group's palm products are sustainably produced without compromising on quality. Palm products are sourced from areas without deforestation, with High Conservation Value ("HCV") protected, and produced according to Good Agricultural Practices ("GAP"). The Group will not condone any new oil palms development without adequate HCV assessment, High Carbon Stock Approach ("HCSA") and on peats regardless of depth.

With respect to the social commitment, we support the Universal Declaration of Human Rights where all employees are treated fairly. Local, migrant and temporary workers have the freedom of association and the right to bargain collectively. We seek to eliminate all forms of illegal, forced, bonded, compulsory or child labour by adopting responsible recruitment practices throughout our recruitment process.

We have adopted the Free, Prior, and Informed Consent ("FPIC") Procedure to recognise the rights of the indigenous people and the local communities which is complemented by our Grievance Mechanism that is publicly available. The Whistle-Blowing Procedure is also an avenue for anyone to share his concerns and report any wrongdoings.

The 2022 MSPO standards mandate high conservation value concepts in accordance with the MSPO HCV guidelines. Other critical requirements include policies that commit to no deforestation, no peat development and no exploitation. Methods for measuring greenhouse gas ("GHG") emissions, land-use change Protocol 29, which outlines the International Labour Organisation ("ILO") labour standards had also been launched. Our Group has taken part in several Malaysian Palm Oil Certification Council ("MPOCC") pilot audits, providing an objective evaluation along our supply chain based on these revised standards.

In order to promote sustainability throughout our supply chain, suppliers are urged to attain MSPO certification with technical support from the Group. We believe this certification system has the potential to significantly enhance the supply chain sustainability by ensuring a commitment to sustainability implementation, evaluation, and progress demonstration thereby form the groundwork for a compliant, greener and credible supply chain.

SUSTAINABILITY REPORT 2023


SUSTAINABILITY COMMITMENTS AND SUSTAINABLE DEVELOPMENT GOALS

All United Nations ("UN") member states adopted the Sustainable Development Goals ("SDGs") in 2015, comprising of 17 goals to achieve the 2030 Agenda for Sustainable Development. The SDGs serve as a collective call to action for nations and societies to collaborate towards a sustainable future, which includes the elimination of poverty, improvement in health and education, sustainable economic growth, and addressing the challenges posed by climate change.

As a certified MSPO entity, we uphold the belief that the seven principles of MSPO certification strike a fair balance between the need for sustainability, economic growth, and attainment of the 2030 Agenda.







Summary of ESG Impact of the Group's Operational Activities and Mitigation Strategies on the 11 SDGs adopted by the Group:

Focus Area: Environmental Goals

Relevant SDGs	Material Matter	Importance & Relevance to SOPB	Our Approach	Target	Progress 2023
 15	Biodiversity & Conservation	<ul style="list-style-type: none"> Deforestation and other unsustainable practices have many negative consequences for people and the environment. We are therefore fully committed to protect forests and peatlands and uphold human and community rights. Nature is critical to living creatures' survival: nature provides oxygen, regulates weather patterns, pollinates crops and produces food, but it is under increasing stress. 	<ul style="list-style-type: none"> OPSP was launched in 2019 as a declaration of our commitment to No Deforestation of HCV areas within our land bank and that of our suppliers. Any new development areas will undergo integrated HCV and High Carbon Stock Approach ("HCSA") assessments and after taking into considerations of the National and State Agriculture and Land Use Policy; and where Free, Prior and Informed Consent ("FPIC") has been obtained from the rights-holders. Collaborate with subject experts from international and local universities to conduct research on flora and fauna in our unplanted areas, including riparian reserves. Ensure present oil palms on peat estates are managed based on industry's best management practice. 	<ul style="list-style-type: none"> To increase the carbon stock and enhance biodiversity. Continuous engagement with relevant bodies for consultation and expertise in promoting conservation and environment. 	<ul style="list-style-type: none"> Engaged third party for NDPE Implementation Reporting Framework ("NDPE IRF") Verification Gap Assessment in October 2023 as part of the implementation of our OPSP. Issued Moratorium on new land clearing since 2018. SOPB Conservation initiatives were established. Regular awareness talks on biodiversity and conservation had been conducted by internal and external parties such as MPOB, Universiti Malaysia Sarawak ("UNIMAS"), and Sarawak Forestry Corporation ("SFC").

SUSTAINABILITY REPORT 2023

Focus Area: Environmental Goals

Relevant SDGs	Material Matter	Importance & Relevance to SOPB	Our Approach	Target	Progress 2023
  	Sustainable Energy Management & Climate Change	<ul style="list-style-type: none"> Oil palms cultivation, processing of FFB into CPO, refining the CPO into industrial/consumer products and products distribution activities emit GHG. It is critical to optimise our energy efficiency to manage our carbon footprint and minimise our impact on climate change. 	<ul style="list-style-type: none"> Adoption of OPSP demonstrates our commitment on No Deforestation, No Peat and No Exploitation ("NDPE") applicable across own operations and our palm products suppliers. Install Electrostatic Precipitators ("ESP") at all mills and refineries to safeguard air quality. Ensure No Open Burning as part of the good agriculture practices. Conduct feasibility assessment such as carbon studies. 	<ul style="list-style-type: none"> Commit to reduce GHG emissions with the installation of methane capture facilities to reduce emissions at all mills. Installation of Electrostatic Precipitators ("ESP") in all mills and refinery to reduce dust emissions. 	<ul style="list-style-type: none"> Methane Capture - Out of seven (7) mills, two (2) mills have been fully commissioned, and three (3) mills are currently under construction whereby two (2) of them are scheduled to be commissioned in year 2024 whilst the remaining two (2) mills are in the final stages of planning. The refineries and five (5) Palm Oil Mills ("POM") had been installed with ESP, whilst installation of the ESP for the remaining two (2) POMs are in progress.
  	Effluent, Waste & Water Management	<ul style="list-style-type: none"> Water is a scarce resource. Efficient water management is critical to prevent stress on the water ecosystem. Our operations generated waste and wastewater are treated before discharged to prevent environmental contamination. The palm oil industry generates significant quantities of organic waste such as empty fruit bunches ("EFB"), palm kernel shells ("PKS"), palm oil mill effluent ("POME") as well as solid waste from processing activities. Any improper disposal of these waste can lead to pollution and contamination of the environment and threaten biodiversity and affect livelihoods of nearby communities. 	<ul style="list-style-type: none"> Provide free housing with clean potable water supply verified by regular water quality assessments conducted in the laboratory. Installation of water treatment plants in our operation units. Provision of water tanks for rainwater harvesting as complementary water supply. Set up system to identify, segregate and manage waste and by-products generated from our operations. Comply with Department of Environment's ("DOE") regulations through reporting for scheduled waste through Electronic Scheduled Waste Information System ("eSWIS"). Encourage the practice of 3Rs (Reduce, Recycle or Reuse). Recycle and apply Organic residues such as pruned fronds, empty fruit bunches and mill by-products in the field. 	<ul style="list-style-type: none"> Installation of additional water meters to manage water usage as a step to conserve water resources. Quantify waste generated from operational activities and ensure byproducts are efficiently utilized. Incentives and awareness to encourage recycling practices amongst the employees and their family members. 	<ul style="list-style-type: none"> Currently, there are 31 units of water treatment plants ("WTPs") installed across the estates. Regular awareness briefings on water usage and were conducted for all residential employees. Total amount of waste recycled increased compared to previous years. No Open Burning detected in the estates. Compliant with DOE regulations.


SUSTAINABILITY REPORT 2023

Focus Area: Social Responsibility

Relevant SDGs	Material Matter	Importance & Relevance to SOPB	Our Approach	Target	Progress 2023
 3 GOOD HEALTH AND WELL-BEING	Labour Relations and Protection of Human Rights	<ul style="list-style-type: none"> Our workforce is core to our operations. Employee are fairly treated with respect aligns with our core values. Potential health and safety risks due to occupational hazards must be identified, minimise and prevented to safeguard workers' well-being. 	<ul style="list-style-type: none"> The Social & Community Policy has been established since 2014 to affirm the Group's commitment to protect and respect human rights for all employees including the local communities in our landscape. All employees to be paid no less than the minimum wage as per the National legislations. All employees to undergo job-related Safety and Health trainings by both internal and external trainers annually. Regular safety inspections at all workplaces. Medical clinics to provide immediate first aid treatments for injuries and minor ailments free of charge to all employees and their dependents. Provide comfortable housing quarters and amenities to our employees at the operational units. 	<ul style="list-style-type: none"> Provide appropriate education facilities and accessibility to schooling for the children in the plantations. Embed safety culture at the workplace, and prioritise the importance of health and well-being of all employees. Improve and upgrade the housing quarters and facilities for the employees in the operational units. Reduce total accident rate to accomplish zero fatalities in all operational units. Provide access to appropriate medical care for all employees and their dependents. 	<ul style="list-style-type: none"> All local and foreign employees were paid accordingly, not less than the minimum wages as per Malaysian Minimum Wages Order 2022. No person under the age of 18 years old was employed to work within the Group. All children staying within our Group estates or mills were provided with access to primary education. For safety trainings – refer to page 73. The total number of reported accidents reduced by 19.64% compared to year 2022. All workers were provided with PPEs as per their job scope free of charge. New and upgraded housing quarters were in different stages of completion with contract sum of RM22 million awarded in the year 2023. Four operational medical clinics were established in areas far away from public medical facilities, supported by readily available in-house transportation to transfer injured or ill employees to public medical facilities where necessary.


SUSTAINABILITY REPORT 2023

Focus Area: Social Responsibility

Relevant SDGs	Material Matter	Importance & Relevance to SOPB	Our Approach	Target	Progress 2023
 3 GOOD HEALTH AND WELL-BEING	Human Capital Development	<ul style="list-style-type: none"> The growing need of enhancing and optimizing the skills, knowledge, and abilities of individuals within the workforce. It involves recognizing that people are valuable assets and emphasizes the importance of continuous learning and career opportunities for all employees and facets of society. 	<ul style="list-style-type: none"> Individual job-related training programs for all level of employees. Enhance participation of women in leadership roles at various levels of management. Program to foster needy students, to uplift socio-economic development of the local communities through Excellent Education Award Program of Young Achievers Awards ("YAA") and Student Adoption Programme ("SAP"). 	<ul style="list-style-type: none"> Design appropriate job-related training for individual employees of all levels. Facilitate participation of women in leadership roles at the various levels of management. Expand outreach to foster needy students, to uplift socio-economic development of the local communities through Excellent Education Award Program of Young Achievers Awards ("YAA") and Student Adoption Programme ("SAP"). 	<ul style="list-style-type: none"> In 2023, the trainings conducted can be referred to page 74. SOP Foundation, a charitable body established in 2023, participated and contributed towards sustainable development through education enrichment, community empowerment and environmental stewardship.


SUSTAINABILITY REPORT 2023

Focus Area: Social Responsibility

Relevant SDGs	Material Matter	Importance & Relevance to SOPB	Our Approach	Target	Progress 2023
 3 GOOD HEALTH AND WELL-BEING	Commitments to Our Local Communities	<ul style="list-style-type: none"> Respecting the land rights of indigenous people and local communities to avoid conflict and dispute. Get consent as guided by FPIC process to ensure all developments are legal. 	<ul style="list-style-type: none"> The Social & Community Policy has been established since 2014 to affirm the Group's commitment to protect and respect human rights for all employees including the local communities in our landscape. In January 2019, the Free, Prior and Informed Consent ("FPIC") Procedure was established. Conduct third-party HCV assessments community survey to understand the aspiration of local communities. Provide amenities such as roads to enhance accessibility to schools, clinics, healthcare, and delivery of crops to marketable places. Participate in community engagement programs that actively foster the well-being of the local communities. Provide job opportunities with training for necessary skills in the plantations and mills to the local communities. 	<ul style="list-style-type: none"> FPIC channel publicly available online and onsite at the operational units to allow lodgement of complaints. Execute the recommendation by HCV assessor related to improvement of community livelihoods. Continuous engagement with the local community and indigenous people in improving their sustainability practices through SOP Foundation. 	<ul style="list-style-type: none"> Continuous engagement with local communities was maintained through regular stakeholder consultations. Continuous engagement with local communities through programmes such as Vision Care Project, Blood Donation Drive, paediatric rehabilitation center, and Disaster Relief Aid. Briefing on social gap and MSPO new standard requirements throughout the operational units. A third-party was engaged to conduct a community survey by interacting with the local community and the villagers to understand the current conditions of the communities living around the Carbon Study project area to determine current community perceptions and biodiversity indicators.


SUSTAINABILITY REPORT 2023

Focus Area: Sustainability Governance

Relevant SDGs	Material Matter	Importance & Relevance to SOPB	Our Approach	Target	Progress 2023
	Governance and Grievance Mechanism	<ul style="list-style-type: none"> Offering a structured process for communication and resolving conflicts with internal and external stakeholders is the best approach to bridge differences and to be accountable to the stakeholders. Promotion of transparency and fairness in the implementation of our policy along the supply chain will allow us to build a resilient and sustainable supply chain. 	<ul style="list-style-type: none"> The code indicates our commitment in promoting good business conduct and maintaining a healthy corporate culture. The Group has established Anti-Bribery and Corruption Code. Whistle-Blowing Policy & Procedure has been established since January 2019 to serve as a proper channel for anyone to convey any concern or to report improper act or practice within the Group. Complaint and Grievance Procedure has been made available to allow anyone to lodge a complaint or grievance, suggest or highlight any vital matter which will be escalated to the management level for intervention. 	<ul style="list-style-type: none"> Code of Business Conduct and Ethics & Anti-Bribery and Corruption to be briefed to all employees in an effective, efficient, and transparent manner. Create several channels for communication such as through hotline, online and onsite platform, and emails. Analyse and monitor grievance handling performance to identify areas for improvement and implement corrective actions as needed. 	<ul style="list-style-type: none"> All grievances lodged had been addressed and actions taken to resolve the complaints. Grievances and resolutions can be referred to the link below: https://sop.com.my/grievancehandling/grievance-list/



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Focus Area: Sustainability Governance

Relevant SDGs	Material Matter	Importance & Relevance to SOPB	Our Approach	Target	Progress 2023
	Sustainability Certifications and Traceability	<ul style="list-style-type: none"> Certifications allow for third-party verifications of our commitments towards the credibility of our sustainability practices and that our products are sourced and produced sustainably. It is important to ensure that the sourcing and production of products are done in a sustainable manner throughout our supply chain. 	<ul style="list-style-type: none"> Internal and external audits are conducted in all operational units to monitor compliance as per certification requirements under Malaysian Sustainable Palm Oil ("MSPO") and International Sustainability & Carbon Certification ("ISCC") certification schemes. All qualifying plantations, mills and refineries to be certified with MSPO MS2530:2013 and MSPO Supply Chain Certification Standard ("SCCS") and ISCC. Any new certification requirements by stakeholders are to be evaluated. The Group has launched an online Sustainability Dashboard since 2019 as a communication channel to provide updates on our traceability status. 	<ul style="list-style-type: none"> Compliance with MSPO MS2530:2022 standard. To be certified under Green Gold Label ("GGL") for own mills as well as for third-party mills. Ensure third-party mills able to comply with GGL requirements. Actively engage with our palm product suppliers (smallholders and outgrowers) to comply with our OPSP as well as to be MSPO certified. To achieve full traceability throughout our supply chain including sources from third-party mills. 	<ul style="list-style-type: none"> Preparation completed for the Group to comply with the revised MSPO MS2530:2022 standard requirements. Green Gold Label ("GGL") audit had been conducted to the refinery and four (4) mills. Continuous engagement with third-party mills to prepare them for third party verification on GGL. All qualifying (six out of seven) POMs were ISCC EU & ISCC PLUS certified. On-going effort to get all suppliers to sign SOPB Supplier Code of Conduct, as a commitment to comply with our OPSP. The FFB sourced from Group's own plantations were 100% traceable. Third-party CPO & PK suppliers were 100% traceable to the mill. Engaged with third-party for NIDPE IRF Verification Gap Assessment as a next step towards full implementation of OPSP.

SUSTAINABILITY REPORT 2023

Focus Area: Marketplace

Relevant SDGs	Material Matter	Importance & Relevance to SOPB	Our Approach	Target	Progress 2023
 2 ZERO HUNGER	Product Quality and Food Safety	<ul style="list-style-type: none"> Globally, food safety and authenticity are receiving greater focus with the increasing volume of food supplies required to meet the growing demand. As a food producer, we are obliged to provide consumers with safe, high quality and nutritious products. 	<ul style="list-style-type: none"> Establish good agricultural practice ("GAP") at plantation level and good manufacturing practice ("GMP") at mill level. We undergo third-party verification by certification in various accreditation agencies on food safety and product quality assurance in all our processing and manufacturing facilities. We acknowledge our responsibility as a producer manufacturing food that is both safe and of good quality under various accreditation schemes so as to provide assurance to our consumers. 	<ul style="list-style-type: none"> Ensures that palm oil products delivered to customers and consumers meet stringent standards of food safety, product quality and are sustainable and traceable. 	<ul style="list-style-type: none"> Our products and processes were certified by various international standards as follows: ISO 9001, ISO 22000, ISO 17025, HACCP, GMP, GMP+, HALAL, MeSTI, FDA and KOSHER.
 8 DECENT WORK AND ECONOMIC GROWTH	Economic Performances	<ul style="list-style-type: none"> Sustainable business growth is essential to maintain long-term shared values with stakeholders. 	<ul style="list-style-type: none"> Incorporate and promote ESG across all business activities. The Group has established policies, procedures, and relevant code of conduct to guide all business activities towards achieving economic resilience with integrity. 	<ul style="list-style-type: none"> Continuous improvement as a sustainable business incorporating ESG compliance relevant to the industry. 	<ul style="list-style-type: none"> Successfully incorporated and promoted ESG compliance to ensure business resilience with sustainability excellence. Adopted Bursa Malaysia Reporting Guide 3rd Edition & Global Reporting Initiative ("GRI").

SUSTAINABILITY REPORT 2023

SUSTAINABILITY CERTIFICATIONS

Malaysian Sustainable Palm Oil ("MSPO") Certification

The MSPO Certification provides a path to credible sustainable and responsible management of the palm oil industry, to bring about positive environment, social and governance impacts, while minimizing the negative impacts, particularly on the people and the environment. The MSPO aligns the management of palm oil production with many existing national laws and regulations and to ensure that the Malaysian palm oil industry achieves the balance between economic and social development and protection of the environment.

MSPO certification scheme is subject to periodic review to ensure that the criteria and thresholds specified in the standards not only meet but exceed stakeholders' expectations through a comprehensive and participatory process. The new MSPO:2530:2022 standard was launched in 2022.

As of 31 December 2023, all our operational units and third-party supplying mills are MSPO certified as mandated.

International Sustainability & Carbon Certification ("ISCC")

The Group also commits to ISCC certification which is based on an open multi-stakeholder approach that guides a certified entity in producing sustainable raw materials and products, promote traceability within the supply chain and as well as reducing the greenhouse gases emissions.

The ongoing adoption of ISCC system in our operations demonstrates that the Group takes responsibility to ensure that our production processes minimize impacts and damages to the environment, and that the raw materials are traceable, harvested or sourced in a socially responsible manner. All these aspects are covered under the ISCC standards and our compliance assures that we are delivering on the sustainability commitments made to our stakeholders.

Green Gold Label ("GGL") Certification

GGL is an international certification program for sustainable biomass. GGL was established in 2002 and it has achieved a unique track record in the certification, tracking and tracing of sustainable biomass. GGL certification is done by independent, accredited third-party certification bodies. GGL certification covers the complete supply chain from production, processing, transport to final use for bioenergy and biobased applications.

The Group's refinery is GGL certified in year 2023, thereby reassuring that all Palm Kernel Shells supplied by the Group's seven mills comply with the GGL requirements.

STAKEHOLDER ENGAGEMENT





Multi-stakeholders' collaboration is certainly required to achieve desired sustainability objectives. We mobilise our employees to engage with all stakeholders such as local and indigenous communities, customers and NGOs. Meaningful balanced progress could be achieved through constructive dialogues and with transparent time-bound commitments. Through such dialogues, we also disseminate our sustainability policies to our supply chain and seek their collaboration.

All enquiries raised by our stakeholders are recorded and monitored closely. Our stakeholders engagements involved both virtual and physical meetings.

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Stakeholders	Engagement Modes	Areas of Concern	Frequency	Anticipated Outcomes
Employees 	<ul style="list-style-type: none"> • Management meetings • Events and functions • Staff meetings and internal trainings • Internal communication via newsletters and intranet • Recreational activities 	<ul style="list-style-type: none"> • Human & worker's rights • Social welfare • Sustainability updates • Safety & health • SOPB's sustainability performance updates • Training and development opportunities • Internal career advancement opportunities 	Annually/ As needed	<ul style="list-style-type: none"> • To understand, assimilate and uphold the commitments and targets laid out in SOPB's OPSP
Customers 	<ul style="list-style-type: none"> • Meetings, briefing sessions and seminars • Engagement surveys • Site visits to operational units 	<ul style="list-style-type: none"> • Product quality and food safety • Price competitiveness • NDPE policy implementation • High conservation value areas protection • Sustainability practices for all operational units • Traceability 	As needed	<ul style="list-style-type: none"> • Acceptance of the Group's commitments and practices in line with sustainability policies • Recognition of the Group as a sustainable supplier
Government & Regulators 	<ul style="list-style-type: none"> • Field visits and dialogue sessions • Events and seminars • Publications via newsletters and website 	<ul style="list-style-type: none"> • Compliance status to regulatory requirements • Human & worker's rights • Shortage of workforce 	As needed	<ul style="list-style-type: none"> • Recognition of the Group's commitments, policies and procedures
Smallholders, Outgrowers & Local Communities 	<ul style="list-style-type: none"> • CSR activities • Dialogues and workshops • Seminars 	<ul style="list-style-type: none"> • Certification requirements • Sustainability commitments • Market expectations and requirements 	Annually/ As needed	<ul style="list-style-type: none"> • Stronger rapport and support for the Group's policies by smallholders, outgrowers and local communities
Non-governmental Organizations ("NGOs") 	<ul style="list-style-type: none"> • Teleconference • Email • One-to-one meetings • Field visits • Documentation reviews 	<ul style="list-style-type: none"> • Sustainability policies and practices • Human & worker's rights • Supply chain traceability 	As needed	<ul style="list-style-type: none"> • Acknowledgement and acceptance of the Group's policies, procedures and progress on sustainability • Recognition of the Group as a sustainable supplier

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Stakeholders	Engagement Modes	Areas of Concern	Frequency	Anticipated Outcomes
Schools & Universities 	<ul style="list-style-type: none"> • Career fairs • Site visits • Internships • Awards • Seminars & workshops 	<ul style="list-style-type: none"> • Career opportunities and scholarships • Development of oil palms industry • Sustainability commitments • Research collaboration and deliverables 	Annually/ As needed	<ul style="list-style-type: none"> • Better understanding of the oil palms sector • Participation in the development of oil palms sector • Render financial assistance to those in need
Certification Bodies 	<ul style="list-style-type: none"> • Sustainability Certifications 	<ul style="list-style-type: none"> • Certification requirements • Compliance to related acts and laws • Sustainability commitments 	Annually	<ul style="list-style-type: none"> • Compliance to certification requirements • Assurance to stakeholders on supply chain monitoring and compliance to the Group's policies
Shareholders, Investors, Banks 	<ul style="list-style-type: none"> • Site visits • Quarterly updates • Briefing sessions 	<ul style="list-style-type: none"> • Sustainability certifications • Implementation and progress of commitments 	Quarterly/ As needed	<ul style="list-style-type: none"> • Assurance of the Group's sustainability commitments and progress
Suppliers 	<ul style="list-style-type: none"> • Surveys/ Questionnaires • One-to-one meetings/webinars • Contract bidding and tendering 	<ul style="list-style-type: none"> • Business ethics • Compliance to relevant laws • Market requirements on sustainability 	Annually/ As needed	<ul style="list-style-type: none"> • Full compliance to the Group's OPSP • Stronger rapport with the suppliers to address concerns raised by buyers and NGOs

SUSTAINABILITY REPORT 2023



ENVIRONMENTAL SUSTAINABILITY

NO DEFORESTATION AND NO DEVELOPMENT ON PEAT

The Group launched our integrated OPSP in 2019 as a declaration of our commitment to No Deforestation of HCV areas within our land bank and that of our suppliers. Any new development will have to undergo HCV and High Carbon Stock Approach ("HCSA") assessments in line with the National and State Agricultural Land Use Policy. We are working closely with our suppliers, contractors, other industry stakeholders and customers to implement this policy, create awareness and deliver on our commitment to sustainable palm oil production.

The Group stays true to our commitments and is fully compliant to the OPSP as we acknowledge that deforestation and other unsustainable practices have many negative consequences for people and the environment. We are therefore fully committed to protect forests and peatlands and uphold human and community rights. We conduct all operations with established in-house policies and procedures following industry's best practices. We have completed third-party HCV assessments for all our post-2005 plantings to guide us on the management of our internal environmental resources and enhance our understanding of the aspirations of the local communities in our landscape.

Our palm product suppliers are kept informed of the need to comply with our OPSP or bear the consequence of being excluded from our supply chain. To ensure that they are adhering to our OPSP, we actively engage them by providing tailored solutions and technical assistance to build up their capacity and enhance their environmental performance. We engage our suppliers and buyers alike addressing consumer sentiments through constructive dialogues. Through such exchanges, we hope to focus on near and long terms sustainability concerns, identify gaps and develop time-bound plans to meet leading global market requirements.

In order to monitor our progress in the implementation of our OPSP, we have established the Sustainability Policy Implementation Plan in 2019 to communicate our strategy to achieve our NDPE vision and goals leading up to 2020 and beyond. Internally, the Group has adopted a self-monitoring posture on any deforestation within our supply chain leveraging on the Global Forest Watch ("GFW") platform.

PEATLAND MANAGEMENT PRACTICES

The Group maintains the designated water and pH level in peat estates with proper drainage, water gates or tidal gates.

Subsidence poles and piezometers are installed in strategic locations in the estates so that peat subsidence and water level of the estates are regularly monitored, and ground water level are managed and maintained at desired level.

For replanting of oil palms on peat soil estates, a drainability study of the proposed area will be conducted by external consultants one year before replanting. The study will characterize the soil profile and determine the viability for the upcoming oil palms planting. For areas that are identified as less viable, other appropriate plans will be formulated for the management of the land.

SOIL CONSERVATION & RECYCLING BIOMASS

The Group practices nutrients recycling by returning oil palms organic by-products back into the fields, such as stacking pruned fronds, applying decanter cakes, and mulching empty fruit bunches. These practices improve soil fertility and maintain soil health, as the decomposing of organic biomass enhances the accumulation of soil organic matter and releases nutrients.

Sarawak experiences high annual rainfall of 3,500mm to 4,500mm. As such, the Group plants fast-growing beneficial leguminous cover crops (LCC) to provide immediate ground cover to reduce surface runoff. The LCC

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are planted immediately after the replanting of young oil palms in both mineral and peat estates. Besides, nitrogen fixation with soil bacteria takes place at LCC plant roots which helps to provide essential organic matter to the young oil palms.

Since 2020, the Group commits to stop using World Health Organization Class 1A & 1B pesticides and chemicals listed under Stockholm & Rotterdam Convention. Additionally, the Group commits to zero use of paraquat chemical.



Young oil palms on peat fully covered by Pueraria javanica proven to conserve peat soil, lower the soil surface temperature and improve the soil moisture content through mass organic matter returned to the soil ecosystem

ZERO BURNING POLICY

In all replanting activities, the Group practices a Zero Burning Policy where all the palm trunks are felled, chipped, mulched and left in-site for decomposition. This helps to avoid haze emission and also promote natural retention and regeneration of nutrients in maintaining organic balance of the soil.

As an added precaution, the Emergency Response Team ("ERT") has been established in all operational units since July 2016 as the first line of defence against any fire outbreak within the Group's plantations and premises. ERT is responsible to provide clear guidance on fire prevention by creating awareness, educating the employees and conducting fire drills.

No hotspots or incidents of fire were detected in the Group's estates or smallholders' planted areas during the year 2023.

INTEGRATED PEST MANAGEMENT ("IPM")

IPM is the use of holistic and compatible methods of pest and disease control to reduce crop damage and to increase productivity.

The Group adopts the IPM approach in pest management which involves biological control of pests with the introduction of beneficial nectar producing plants namely *Cassia cobanensis*, *Tunera subulata* and *Antigonon leptopus* to provide natural food sources and shelters for predators of insects.

In a situation where pest outbreak is unavoidable, the use of biological insecticides is preferred over the use of selective chemicals depending on the severity of outbreak. By choosing insecticides with suitable properties and using correct application techniques, biological balance is not adversely affected.

At the estates, regular trainings are conducted both in classroom and at the fields aiming at imparting knowledge of pests' life cycle, their ecology, and their natural enemies. A systematic monitoring or census system is also put in place to ensure that control measures are implemented. These measures significantly reduce the total amount of insecticides required without affecting the efficacy of the pest control.

BIODIVERSITY & CONSERVATION



Riparian Zone in Menawan Estate – forest vegetations are maintained

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Nursery & Rehabilitation of Riparian

Since the inception of Tinbarap Conservation Area ("TCA") in 2015, the restoring and rehabilitation of HCV areas have been the focus. The pilot project of restoring TCA started in 2018 and continuous efforts in seeds and seedlings collection for present and future rehabilitation programs have been progressing well with the setup of Tinbarap Conservation Nursery.



Tinbarap Conservation Tree Nursery – saplings ready for planting

In Year 2023, Sungai Pudu which is located in the northern part of Tinbarap Estate, has been selected as one of SOP's pilot programme for riparian. A stretch of Sungai Pudu, measuring about 0.6KM, has its riparian restored with planting of local species which were collected within TCA.

Collaboration and Research

The Group has been in collaboration and partnership with research institutions and organizations in the study of biodiversity conservation in order to gain more understanding on the impacts of oil palm cultivation and to minimize its negative effects to the environment ecosystem.

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Summary of Collaborations with Universities and Institutions on Conservation and Biodiversity

UNIVERSITY/INSTITUTE

University of Tokyo

PROJECT TITLE

Balancing Development of Oil Palm Plantations with Conservation of Tropical Forest Ecosystems

PROJECT SCOPE

In 2015, the Group, MPOB and University of Tokyo signed an agreement to conduct research on the ecosystem dynamics of oil palms plantations. Over the years, postgraduate students had performed research at Lambir Estate.

The research by University of Tokyo focuses on the movement of carbon in an oil palm dominated landscape via water and atmospheric flow.

Preliminary results, in the year 2023, of this study indicates that matured oil palm plantations on mineral soil acts as a carbon sink, similar to the results of another research in Sumatra (Meijide *et al.*, 2020).

LOCATION

Lambir 2 Estate

LEAD RESEARCHER/DELEGATE

Research Officer & Doctorate (PhD) researcher

STATUS OF PROJECT

Ongoing



Research officer from University of Tokyo checking the sap flow equipment

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UNIVERSITY/INSTITUTE

Universiti Malaysia Sarawak (UNIMAS)

PROJECT TITLE

Assessing the Importance of Landscape Heterogeneity Towards Development of Biodiversity Mapping System in Oil Palm Dominated Landscape – Measuring the Importance of Forest Patches Strategy on Birds Biodiversity Conservation in Oil Palm Dominated Landscape

PROJECT SCOPE

Universiti Malaysia Sarawak (UNIMAS) post-graduate student is currently conducting her studies in Sabaju and Sebungan Estates.

The M.Sc. student, under the guidance of Institute of Biodiversity and Environment Conservation (IBEC) Director, aims to understand how the habitat heterogeneity (oil palm plantations and forest patches) affects avian density and species richness. As of writing of this report, she is analysing the data collected from her 18-month period field data collection.

LOCATION

Sabaju & Sebungan Estate

LEAD RESEARCHER/DELEGATE

Masters (M.Sc.) researcher

STATUS OF PROJECT

Ongoing



The student with her field assistant surveying the forest patch in Sabaju Estates



Black-headed Bulbul (*Pycnonotus atriceps*)

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UNIVERSITY/INSTITUTE

Universiti Malaysia Sarawak (UNIMAS)

PROJECT TITLE

Life in the slow lane: Natural history of forest surrogates, and herpetofaunal richness in representative habitat types

PROJECT SCOPE

In the year 2023, two UNIMAS PhD students set out study on two species of snakes: Ripong, Borneo short-tailed python (*Python breitensteini*) and Sumatran spitting cobra (*Naja sumatrana*).

Their studies aim to understand habitat use and movement patterns of each species by attaching radio transmitters on the snakes and tracking them. This will also help to understand the human-wildlife interactions



PhD researcher explaining the radio transmitter's function to the MPOGCF officers

that often occurs in plantation life and perhaps lessen human-wildlife conflicts especially with venomous species such as the Sumatran spitting cobra.

Their findings may lead to the development of conservation strategies and management policies that can enhance the protection and management of such protected species.

LOCATION

Tinbarap Estate

LEAD RESEARCHER/DELEGATE

Doctorate (PhD) researcher

STATUS OF PROJECT

Ongoing



Reticulated python, *Malayopython reticulatus*

UNIVERSITY/INSTITUTE

Newcastle University

PROJECT TITLE

Barriers to tree re-establishment in secondary tropical rainforest in Borneo

PROJECT SCOPE

The project aims to recognise and identify the paths and routes where wildlife uses to move from one forest patch to another forest patch in Murum. By understanding the movement of these wildlife, a better plan could be drawn up to establish wildlife corridors in our landscape.

The researcher set up camera traps within the oil palm blocks and also at surrounding forest patches. The camera trapping was done for a period of 3 months and the researcher is now finalizing the analysis of the data collected.

LOCATION

Murum Estate

LEAD RESEARCHER/DELEGATE

Doctorate (PhD) researcher

STATUS OF PROJECT

Ongoing

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Environment and Conservation Awareness Program

The Group emphasizes the importance of awareness and education programs on environmental conservation and biodiversity. In 2023, the Group collaborated and engaged Sarawak Forestry Corporation ("SFC") and Lambir Hill National Park ("LHNP") to conduct environmental conservation and biodiversity awareness programme for the plantation estates adjacent to LHNP.

There was also a talk by Malaysian Palm Oil Board ("MPOB") officers and Universiti Malaysia Sarawak ("UNIMAS") officers, sharing their research outcomes from the study done within the Group's plantations. The event also sought to instill awareness of the environment around the plantations, which formed part of the wildlife habitats.

EFFLUENT & WATER MANAGEMENT

Water Consumption

Water usage is gaining attention due to the importance placed on water footprint ("WF") which is the quantification of water used at specific processes of a product.

We recognize the importance of water as a precious resource, and we have dedicated ourselves to mitigating our footprint through ongoing initiatives and responsible water management strategies. Besides the usage of raw water, treated wastewater is recycled and re-use for the refinery cooling tower system, and also in hot well for the vacuum system. Steam condensate is also recycled, returned and re-used in the boiler house. Besides these, rainwater is also collected for general cleaning purposes.

The Group places strong emphasis on the requirement to track the quantity and analyze the quality of water consumed both for domestic and industrial purposes.

In plantations and palm oil mills, potable water is provided to all employees and their households living in the Group's housing quarters. Water analysis is carried out by internal and external laboratories to ensure that the quality of water meets the requirements under the National Standard for Drinking Water.

Domestic Usage for workers	2022	2023
Total Usage (Liters/Worker/Day)	185	246

Water Usage (Thousand Liters/Mt)	2021	2022	2023
Mill (Liter/FFB Processed) ⁽³⁾	1,703	1,774	1,712
Downstream (Liter/Refined Products)	705	923	806

Effluent Management

In 2023, the Group complied with the Department of Environment's ("DOE") regulations for wastewater discharge.

All POME waste were properly treated in treatment ponds to meet the Biochemical Oxygen Demand ("BOD") and Chemical Oxygen Demand ("COD") discharge limits as required by EQ (Prescribed Premises) (Crude Palm Oil) Regulations 1977 – EQ (Prescribed Premises) (Crude Palm Oil) Amendment Regulation 1982 before being released into the waterways. The prescribed BOD limit is 20 mg/L.

	Average BOD Level of Plants (mg/L)		
	2021	2022	2023
Mill	21.2	17.3	13.3
Refinery	2.9	2.2	2.4
Biodiesel Plant	3.7	3.5	2.2

Year	Total Effluent Discharged (m ³)	
	POME	Downstream Effluent
2021	1,458,812	104,831
2022	1,648,207	126,134
2023	1,261,806	90,475

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WASTE MANAGEMENT

Towards Zero Waste Management

The Group adopts a zero waste approach as part of our journey towards corporate sustainability and value addition. The Group has established a waste management procedure to ensure that any waste is properly disposed of or processed into reusable product where applicable.

We strive to minimize the amount of wastes and by-products produced by our operations and are committed to reusing and recycling as much as possible. We follow best practices for by-product management at our upstream palm oil facilities and seek to recover and reuse all the by-products generated.



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Typically, wastes generated in the upstream are in the form of solid organic lignocellulosic biomass by-products from production processes including oil palm fronds ("OPF"), empty fruit bunches ("EFB"), mesocarp fiber and palm kernel shells ("PKS"), which are recycled as fuel or mulched as organic fertilizer.

On the other hand, hazardous wastes are properly disposed of by authorized third-parties in compliance with the authority's regulations whilst non-hazardous wastes are disposed in the estate landfills.

Domestic wastes that are biodegradable are sent to on-site landfills, while non-biodegradable domestic wastes are sent to government landfills. The employees are trained to segregate wastes to reduce the quantity of wastes sent to the landfills. Recycling booths are made available on-site at all operational units to encourage recycling. This helps in reducing our environmental footprint, while also streamlining the recycling process.

The table below is the information on the wastes disposed by category.

Hazardous wastes

Operation Units		Lubricant & Hydraulic Oil (SW305 & SW306)	Filter/ Contaminated Rags (SW410)	Used Chemical Container (SW409)	Used Battery (SW102)	Mixture Scheduled Waste & Non-scheduled Waste (SW422)	SW109	SW429
		In Metric Ton (MT)						
Plantations	2022	68	8.75	149.24	11.1	-	-	-
	2023	67	-	68.09	17.1	-	-	-
Mills	2022	45.74	2.97	1.78	2.5	0.45	-	-
	2023	25.22	2.26	2.08	-	1.05	0.19	0.12
Downstream	2022	-	-	0.2	-	-	-	-
	2023	2.1	-	-	-	-	0.18	0.4

The Group's operating units are registered on the DOE's Electronic Scheduled Waste Information System (eSWIS) and we have established a schedule for waste storage that is compliant with DOE's regulations.

Non-Hazardous wastes

Operation Units		Domestic Wastes	Recycling
In Metric Ton (MT)			
Plantations	2022	826.34	38.95
	2023	2,956.87	458.87
Mills	2022	123.08	73.92
	2023	148.51	86.84

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CARBON FOOTPRINT INITIATIVES

Greenhouse Gases ("GHG") Emissions

The requirement to quantify carbon footprint or greenhouse gases ("GHG") emissions has become the norm for responsible palm oil producers.

The Group is committed to reduce GHG emissions and carbon footprint at all operational units and to reach 35% reduction once methane capture installations are completed for all seven (7) palm oil mills ("POM"). The GHG emissions are managed and monitored at various stages of production from oil palms nursery, FFB cultivation, oil extraction at POMs and transportation of crude palm oil ("CPO") and palm kernel ("PK").

In 2023, the data sets were compiled, quantified and analyzed. Mitigation measures were put in place on areas identified to have significant emissions. Our GHG emissions value were quantified based on the ISCC 205 methodology according to European Union Renewable Energy Directive II ("REDII").

The emissions from the respective operating units are as follows:-

2023	Unit	Operating Unit			
		Plantation	Mill	Refinery	Biodiesel Plant
Scope 1		131,006	59,290	20,465	58,720
Scope 2	MT CO ₂ eq	0	0	14,455	10,501
Total Emission		131,006	59,290	34,920	69,221
Emission Intensity	MT CO ₂ eq/ MT Product	0.11	0.13	0.03	0.31

Note:

Scope 1: Direct GHG emissions are defined as emissions from sources that are owned or controlled by the Group such as usage of fertilizers, fossil fuel, pesticide, chemicals and lubricants

Scope 2: Indirect GHG emissions are defined as consumption of purchased grid electricity from utilities providers

Comparison of emission from respective operating units from 2021 to 2023 are as follows:-

Operational Unit	Total Greenhouse Gases ("GHG") Emission Values					
	VALUES (in tonnes CO ₂ eq)					
	2021		2022		2023	
	Scope 1	Scope 2	Scope 1	Scope 2	Scope 1	Scope 2
Plantation	102,734	-	105,071	-	131,006	-
Mill	90,848	-	114,717	58	59,290	-
Refinery	7,037	25,942	7,832	27,444	20,465	14,455
Biodiesel Plant	36,794	5,935	54,136	11,240	58,720	10,501

GHG intensity per mt of product are comparable over the past 3 years.

GHG Intensity (TCO ₂ eq/ MT Product)	Operating Unit			
	Plantation	Mill	Refinery	Biodiesel Plant
2021	0.08	0.19	0.04	0.26
2022	0.09	0.25	0.04	0.34
2023	0.11	0.13	0.03	0.31

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Biogas Plants for Methane Capture

In March 2023, the Group successfully commissioned another methane capture facility at Sabaju Palm Oil Mill ("POM"), in addition to the first installation at Metanik POM commissioned in 2020. The construction of methane capture facilities at another three (3) POMs are in progress. The Group expects to achieve a reduction of 35% in GHG emissions across all our POMs once methane capture installations are completed in all seven POMs.

Installation of Electrostatic Precipitator ("ESP")

The Group has installed ESPs at five (5) POMs, following the government's revision of the permissible level of dust emissions load limit from 400 mg/m³ to 150 mg/m³. ESP at the remaining two POMs will be installed in year 2024.

ENERGY MANAGEMENT

Energy consumption in 2023 for the Group's respective operational units is summarized as follows:-

Energy consumption within the Group	Consumption (GJ) in 2023			
	Plantations	Mills	Refinery	Biodiesel Plant
a) Non-renewable energy fuel consumed	229,867	92,903	105,376	27,177
b) Renewable fuel consumed	-	12.80	941,300	-
c) Electricity, heating, cooling & steam purchased for consumption	-	-	60,306	32,930
d) Self-generated electricity, heating, cooling & steam (which are not consumed)	-	-	-	-
e) Electricity, heating, cooling & steam sold	-	-	-	-
f) Total energy consumption within the group = a) + b) + c) + d) - e)	229,867	92,916	1,106,982	60,107
g) Energy Intensity (GJ/Metric Ton Product)	0.19	0.20	1.12	0.29

Source of conversion factor:

- 1) 1,000 liter > 40.198 GJ (Diesel): <https://www.unitconverters.net/energy/fuel-oil-equivalent-kiloliter-to-gigajoule.htm>
- 2) 1,000 kWh > 3.6GJ: <http://convert-to.com/conversion/energy/convert-kwh-to-gj.html>
- 3) PK: 20.09 mj/kg; Fiber: 19.06 mj/kg: MPOB - Slide; MDPI (Multidisciplinary Digital Publishing Institute)

Comparison of Energy Intensity

Energy Intensity (GJ/MT Product)	Plantations	Mills	SOP Edible Oils	SOP Green Energy
2021	0.28	0.20	0.91	0.27
2022	0.24	0.22	1.05	0.29
2023	0.19	0.20	1.12	0.29

The Group will continue to monitor and assess means of more efficient energy consumption so as to manage its energy intensity.

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SOCIAL SUSTAINABILITY

APPROACH TO TAX/PAYMENTS TO GOVERNMENT

The Group is fully committed to adhering to all applicable tax laws and regulations in the countries in which it operates and making disclosure obligations in accordance with relevant tax laws and regulations.

The Group has in place in-house Accounting & Financial Technical Committee ("AFTC") headed by its Chief Financial Officer, and with committee members consisting of senior members of accounts & finance team. AFTC is responsible for assessing and monitoring tax risks and other tax-related matters of the Group to ensure its continual compliance with applicable tax laws and regulations. Tax-related briefings by AFTC is presented to the Group Management Committee on a quarterly basis. Besides these, the Board is also briefed should there be any foreseeable significant impacts to the Group arising from changes in tax laws or regulations.

The Group has also in place an established enterprise resource planning ("ERP") system that embedded strong internal controls, reliable accounting systems and business application software to facilitate compilation and generation of reports to ensure timely disclosure and accurate payment of taxes.

The Group adopts arm's length principles on intra-group transactions, and transfer pricing documentation are prepared in line with Organization for Economic Cooperation and Development ("OECD") guidelines and Transfer Pricing guidelines issued by the countries in which it operates. In addition, Country-by-Country Reporting is submitted in a timely manner to relevant authorities.

Accounting & Finance personnel of the Group are required to pursue continued professional education/training every year. Both in-house training and external training conducted by accredited trainers are available. The areas of training include, amongst others, updates of tax laws or regulations and contemporary tax issues to ensure competent level of tax-related knowledge and understanding is maintained within the Group. External tax advisors or consultants are

engaged, where necessary, to provide specific tax advisory services and opinions.

The Group maintains transparent and collaborative relationship with the relevant tax authorities. Timely and complete information or responses are provided to the relevant authorities whenever it is required.

HUMAN RIGHTS

Human Rights Assessment

The Group is committed to upholding the human rights of all its members and communities, respect and support the Universal Declaration of Human Rights and treat all employees fairly. We respect and recognize the rights of all workers including contract, temporary and migrant workers, the freedom of association and the right to bargain collectively.

Non-Discrimination

The Group believes in practicing non-discrimination and is committed to offering equality of opportunity to all employees and not to engage in or support discrimination in hiring, compensation, access to training, promotion, termination or retirement based on ethnic and national origin, caste, religion, sex, age, sexual orientation, union membership or political affiliation. Minority groups and women's committees have been set up in all operational units in 2023 to assist with incident reporting.

Total number of incidents of discrimination and corrective actions taken in 2023

Total number of incidents of discrimination being reported

Nil

Actions being taken

Nil

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Employee's Welfare

The Group, from time to time, upgrades its housing quarters, including converting, improving, modifying existing old buildings, amenities and facilities so as to improve the employees' working environment and quality of life.

The management at each site actively engaged with the employees through regular forums such as "*Mesyuarat Kebajikan dan Alam Sekitar*" to understand the social needs of the employees and thereafter took necessary and prompt actions to address their needs.

For medical benefits, the group provided insurance coverage, free medical checkups, and hospitalization allowance for all employees, including plantation workers. Additionally, clinics were set up in many of the group's estates to provide medical consultation and treatment for site medical emergencies. In cases where such facilities were not available, free transportation was provided for employees needing medical treatment to the nearest clinic or government hospital.

Housing and Amenities



The upgrading and construction of new housing quarters for our employees is currently ongoing. In 2023, new and upgraded housing quarters were in different stages of completion with RM22 million contract sum awarded in the year 2023.

Crèche

The Group has set up crèches as day care centers in all the estates since inception where babies, toddlers and young children are cared for in a safe environment when their parents are out working in the field. In 2023, there were 47 crèches operational.

Early Childhood Education – Community Learning Center ("CLC")



CLCs are established to provide early childhood education to the children of our employees. All children are taught by competent teachers based on reputable and recognized education syllabus to enable these children to learn and integrate to society better.

Child Labor

The Group is committed to upholding the human rights of all its members and communities under its Social and Community policy. Therefore, no one under 18 is employed to work within the Group.

Code of Business Conduct and Ethics

The Group's Code of Business Conduct and Ethics was established and revised in 2020 to promote good business conduct and maintain a healthy corporate culture that upholds integrity, honesty, transparency and fairness in the Group. The Code covers compliance to applicable laws, conflict of interest, anti-bribery and corruption, fair dealing and protection of assets and properties. The Group is committed to comply with the all the provisions set out

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in the Malaysian Anti-Corruption Commission ("MACC") Act 2009 and take adequate measures to prevent corrupt practices.

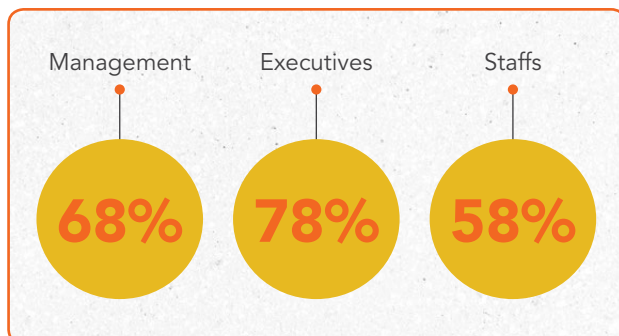
Core Areas of Conduct

- ✓ Compliance with Applicable Laws
- ✓ Conflict of Interest
- ✓ Anti-Bribery and Corruption
- ✓ Fair Dealing
- ✓ Protection of Assets and Funds
- ✓ Confidential Information
- ✓ Inside Information and Securities Trading
- ✓ Business Records and Control
- ✓ Health and Safety
- ✓ Sexual Harassment
- ✓ Fair and Courteous Behaviour
- ✓ Misconduct
- ✓ Whistle-Blowing

More details on the revised Code of Business Conduct and Ethics are available at the following link:
<https://sop.com.my/wp-content/uploads/2024/04/COBCE.pdf>

Anti-Bribery Corruption Trainings

In 2023, formal briefings were organized for all levels of employees on Anti-Bribery and Corruption Training. The table below shows the statistics of workers who attended the session.



Whistle-Blowing and Grievance Mechanism

The Group is committed to achieve and maintain a high standard of integrity, accountability and ethical behavior in the conduct of its businesses and operations. The Whistle-Blowing Policy aims to provide an avenue for employees by offering required safeguards for protection from reprisals or victimization when raising concerns on any improper conduct observed within the Group.

For further details on Whistle-Blowing Policy & Procedure, please refer to:

<https://sop.com.my/wp-content/uploads/2024/04/WBPP.pdf>

The Group believes that receiving feedback from stakeholders and third-parties is a viable "check and balance" approach to enhance our transparency and implementation of our Oil Palms Sustainability Policy.



This policy enables employees and stakeholders to raise any concerns or report improper acts or practices within the Group without fear of retaliation. It also serves as a proper channel for anyone to express any complaints or grievances related to the Group's operations or any sustainability issues concerning the palm product suppliers of the Group.

SUSTAINABILITY REPORT 2023

Whistle-Blowing Policy & Procedure

This policy was established in January 2019 and revised in November 2021 which allows employees and stakeholders to convey any concerns or report any improper act or misconduct within the Group without fear of retaliation. This policy provides an open channel for anyone to express any complaint or grievance in relation to the Group's operations.

Whistle-blowing policy containing the authorized personnel's contacts details and method to make anonymous disclosures are listed in the link below: <https://hq.sop.com.my/MvcWBIS/WhistleBlower/WhistleBlowerForm>.

Grievance Procedure (External Stakeholders)

Any potential or confirmed breaches of the Group's OPSP or palm product sourcing issues can be brought to the attention of to the Head of Sustainability. Grievances will be handled and investigated with the utmost care, and its findings will be brought up to the Group Sustainability Committee's attention and communicated to the stakeholder for resolution.

Head of Sustainability (HOS)

Contact number:

085-617966 (Ext 3201)

Email:

sop.sustainability@sopb.com.my
(Mark "Strictly Confidential")

Address:

Sarawak Oil Palm Berhad (SOPB)
No.124-126, Jalan Bendahara
P.O.Box 547, 980007 Miri, Sarawak

Note: All disclosures will be handled in a strictly confidential manner

Diagram illustrating Grievance Procedure for external stakeholders



There had been a cumulative of 30 grievances that have been raised and all of them have been resolved and closed. More information on the grievances is available at the following link: <https://sop.com.my/grievance-handling/grievance-list/>.

SUSTAINABILITY REPORT 2023

Local Management Complaint and Grievance Procedure

This system provides a mechanism to express one's concerns and have them addressed by the local operation management in a fair and consistent manner. It encourages local operation management to investigate and address the issues by means of mediation or conflict resolution as well as offers opportunities for employees to escalate their concerns to higher management levels.

'Suggestion/Complaint Forms' and physical 'Suggestion Box' are made available in every unit of operations within the Group and this is made known during annual refresher briefings and job orientations. Healthy working relationships between workers and management will uplift employee morale resulting in higher work performance.

Sexual Harassment Policy

The Group strives to create a harmonious and maintain a work environment that is free from any form of sexual harassment. Since inception of the Policy, the Group had received several reports alleging occurrence of sexual harassment. When a harassment case is reported, the Group Human Resource Department would investigate to determine if further sanctions are needed or if law enforcement actions need to be taken. The Group will not tolerate any false and/or frivolous sexual harassment allegations made against any of its employee and the Group seek to prevent, correct and discipline behavior that violates this Policy.

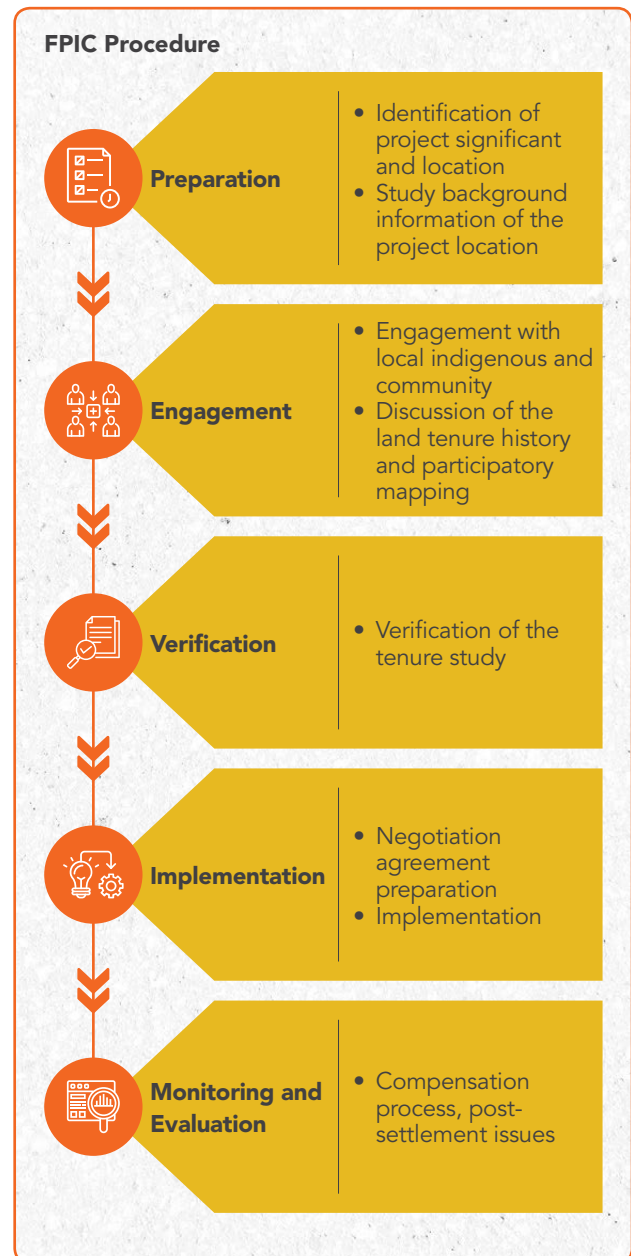
Free, Prior and Informed Consent Procedure

In January 2019, the Free, Prior and Informed Consent ("FPIC") Procedure was adopted in addition to the launching of the Group's Oil Palms Sustainability Policy (OPSP). More details of this procedure are available at this link: http://www.sop.com.my/sustainability/grievance_handling.php.

The FPIC Procedure is meant to complement existing reporting procedures to address any issues in relation to exploitation that may have been directly or indirectly related to the Group's activities.

The Group practices Free, Prior and Informed Consent ("FPIC") approach before developing any land to ensure

legal, communal or customary rights are respected. The FPIC recognizes the right of the indigenous and the local community complemented by our Grievance Mechanism that is publicly available.



The details of this procedure can be accessed at this link: <https://sop.com.my/wp-content/uploads/2024/04/SEP.pdf>.

SUSTAINABILITY REPORT 2023

Food Security

The Group places high emphasis on the security and availability of food for residential employees through its open canteen tendering processes and in-house mini-market outlets. Various checks and comparisons on prices, quality of food, satisfaction surveys and timely follow-ups on issues found are performed to ensure strict compliance with internal standards.

OUR WORKPLACE – OCCUPATIONAL SAFETY AND HEALTH ("OSH")

The Group takes a proactive stance in preventing accidents by organizing various programs and activities throughout the year to promote awareness of occupational safety and health issues at the respective workplaces. It also aims to reduce number of lost time injuries ("LTI") across our operations.

These are the key preventive measures for OSH:-

Commitment

- Observe and comply with OSH legal requirements.
- Promote and implement good OSH and conducts at the workplace.
- Inculcate a proactive culture by training, supervision and dissemination of information on OSH.
- Upgrading OSH system with digitalization.

System

- Revise OSH policy to support internal safe operating procedures and to ensure proactive management intervention.
- Induction program and refresher courses for employees at all levels.
- Reinforce the importance of safety by mandating near-miss reporting.
- Maintain risk management for effective hazard control at all operation units.
- Maintain clinics to provide medical support especially during emergencies.
- OSH Committee to communicate OSH issues to employees at all operation units.
- Upgrade online OSH system to facilitate more efficient and effective reporting by the respective units.

Governance

- Ensure compliance to Occupational Safety and Health Act and code of practice.
- Conduct workplace inspection and documentation audit.
- Investigate all incidents related to OSH.
- Conduct risk assessment in operation units.

Culture

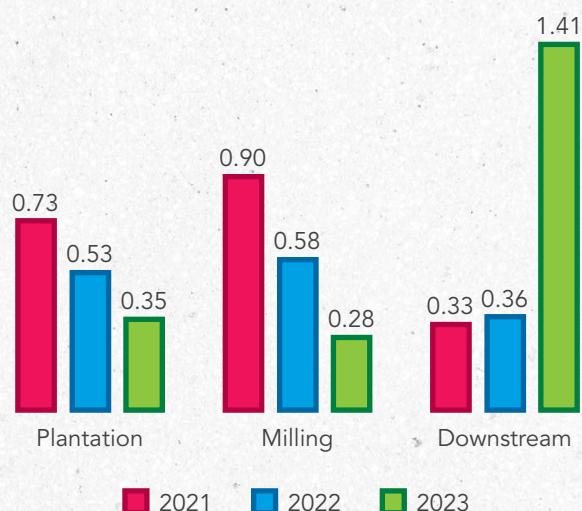
- Promote OSH programs across all operation units.

Lost Time Incident Rate ("LTIR")

$$\frac{\text{Number of lost time injuries}}{\text{Total number of hours worked}} \times 200,000$$

* The formula above is based on BURSA Malaysia Sustainability Reporting Guide 3rd Edition

Lost Time Injury Rate ("LTIR")



In 2023, there was a decrease of 30 - 59% in the LTIR for plantation and mill operations, whereas there was an increase in LTIR for downstream operations. Stringent measures are being taken to minimize LTIR.

SUSTAINABILITY REPORT 2023

Fatality

In 2023, there was a work-related fatality involving a farm tractor driver at one of our plantation estates. To strengthen our efforts in preventing similar occurrences in the future, safety culture and systems across all operations are further enhanced. Measures that has been taken are:

- The mandatory competency test for all newly appointed estate drivers and existing drivers. By year end 2023, 94.5% of drivers had completed this driving competency test. The remaining drivers have undergone testing in the 1st quarter of 2024.
- Regular, comprehensive inspections of estate vehicles and machinery were diligently conducted to ensure their optimal and safe functionality.
- The distribution of stickers to all farm machinery was completed by the end of 2023. These warning stickers serve as a reminder in promoting safety awareness during the operation of farm machinery.
- Estate management is prioritizing the upgrading and maintenance of estate roads, particularly in hilly and steep areas, to reduce the risk of machinery losing control while navigating these routes.

Safety and Health Training

Number of employees trained on health and safety standards

Training sessions were held internally by the Safety and Health Department across all operational units. The training curriculum covered a broad range of topics as well as specific work-related hazards and hazardous activities.

In 2023, the number of employees trained on health and safety standards is as follows:-

No.	Category	Number of Employees	Average Training Hours per Employee
1	Occupational Safety	1,998	66.83
2	Industrial Hygiene	200	45.50
3	Other Topics	38	41.00
Total		2,236	



Internal Training on Specific Work-Related Hazard



Internal Training on Occupational Safety and Health for Employees in the Workplace

SUSTAINABILITY REPORT 2023

OUR WORKPLACE – EDUCATION & TRAINING

Training sessions were held both internally and externally across all operational and support service units. The training curriculum covered a broad range of topics, including company policies such as Social and Community Policy relevant to Human Rights, Occupational Safety & Health, Anti-Bribery and Corruption, environmental and sustainability-related matters, and relevant agricultural and operational practices.

No.	Items	Figure
1	Average training hours per employee	9.58
i.	Total number of training hours provided to employees	13,563
ii.	Total number of employees who attended training	1,416
2	Average training hours per female	6.86
i.	Total number of training hours provided to female employees	2,718
ii.	Total number of female employees	396
3	Average training hours per male	10.63
i.	Total number of training hours provided to male employees	10,846
ii.	Total number of male employees	1,020
4	Average training hours per employee category (Management)	24.45
i.	Total number of training hours provided to each category of employees (Management)	3,154
ii.	Total number of employees in category (Management)	129
5	Average training hours per employee category (Executive)	17.24
i.	Total number of training hours provided to each category of employees (Executive)	6,325
ii.	Total number of employees in category (Executive)	367
6	Average training hours per employee category (Staff)	4.42
i.	Total number of training hours provided to each category of employees (Staff)	4,084
ii.	Total number of employees in category (Staff)	923

OUR COMMITMENT TO LOCAL COMMUNITIES

As part of the Group's commitment to the local communities in our landscape, in 2023, we continue to participate in community engagement programs that actively foster the well-being of the local communities in the areas such as healthcare, education and disaster relief.

Community Healthy & Well-Being Programs

I. Vision Care Project

The Vision Care Project, initiated in 2013, aims at raising awareness about healthy and quality living in the villages and longhouses around our operations. This initiative is conducted in collaboration with the Ministry of Health Malaysia and other non-profit organizations, reflecting a shared commitment to enhancing the well-being of communities. The primary focus of the Vision Care Project is to diagnose the early stages of eye diseases and to lower the risk of preventable blindness particularly among children and elderly folks in rural areas who do not have access to medical care.

SUSTAINABILITY REPORT 2023

In 2023, in observance of World Sight Day, the Group reaffirmed its dedication to community development through the continuation of its Corporate Social Responsibility (“CSR”) initiative, the SOP Vision Care Project. This project took place at TR. Andam Anak Wing's longhouse in Suai on Thursday, 12 October, 2023, with involvement from three longhouses: Rh. Andam Anak Wing, Rh. Juan Anak Suim, and Rh. Libau Anak Usang.

Year	Location	Number of Recipients	Total Value
2023	Suai, Miri	157	RM16,871



Residents of Rh. Andam Anak Wing received their eyeglasses



Eyeglasses frame selection after a visual acuity check during the eye-screening at Rh. Andam Anak Wing

II. Blood Donation Drive

Held twice a year, the SOPB Blood Donation Drive has consistently helped in contributing blood supply to Blood Transfusion Unit at Miri General Hospital.

In 2023, the SOPB Blood Donation Drive had collected a total of 142 pints of blood.

Year	Venue	Number of Pints of Blood
2023	Boulevard Shopping Mall, Miri	94
	Bintang Megamall, Miri	48

III. Healthy Strides Malaysia

Healthy Strides Malaysia, Therapists A broad Inc., The Healthy Strides Foundation, in partnership with the Group, have established a well- equipped paediatric rehabilitation centre in Miri. The centre is supported by renowned researchers, certified paediatric physiotherapists and occupational therapists. Children with neurological conditions and injuries can have access to a high quality of medical care to improve their health and well-being. The Group is committed to supporting initiatives that build healthier and happier communities for children with neurological conditions. We are proud to support the establishment of a rehabilitation centre in Miri to help children experiencing life-changing benefits of rehabilitation.



Physical therapy activity at a paediatric rehabilitation centre

SUSTAINABILITY REPORT 2023

Educational programs

As part of its corporate social responsibility efforts, the Group has implemented noble educational initiatives aimed at recognizing and incentivizing high-achieving students, as well as offering financial and material assistance to students residing in rural areas surrounding our estates. In the year 2023, a total of 219 students from various primary and secondary schools in Sarawak participated in the YAA and SAP programs.

I. Excellent Education Award Program: Young Achievers Awards ("YAA")

The YAA recognizes outstanding secondary school students who have performed exceptionally well in either Sijil Pelajaran Malaysia ("SPM") or Sijil Tinggi Pelajaran Malaysia ("STPM") public examinations. Each recipient is awarded with a certificate of achievement and cash incentive. Through the YAA, the Group hopes to inspire and encourage the youth to strive for academic excellence.

Year	Number of Recipients	Total Value
2023	125 students	RM34,420



YAA's recipients of SMK Suai in Miri

II. Student Adoption Program ("SAP")

The SAP by the Group provides financial assistance to underprivileged children from 41 schools within the vicinity of the Group's operations. The programme aims to cater for the educational needs of these children. Eligible student from the low-income families received financial assistance as well as educational stationeries.

Year	Number of Recipients	Total Value
2023	94 students	RM48,040



The Group's representative handing over SAP cash incentives and stationery packs to deserving students of SK Parish, Balingian

III. Miri Division Choral Speaking

In an effort to encourage artistic expression of the youth, the Group sponsored two choral speaking competitions: one for inter-primary school level and the other for inter-secondary school level within the division of Miri, with a total funding of RM21,065.



SUSTAINABILITY REPORT 2023

Disaster Relief Aid

The Group's corporate social responsibility program includes the establishment of a Disaster Relief Fund which provides relief to the local communities in our landscape who suffer losses due to natural disasters.

I. Fire Disaster

In August 2023, a fire broke out in one longhouse in Suai, Miri, leaving the residents devastated and in need of urgent assistance. Responding swiftly to the fire disaster, the Group donated cash, food rations and basic necessities to the affected families to lessen their suffering.



Handover of donations to the representatives of a longhouse destroyed by fire

II. Flood Disaster at Long Maro, Marudi

In December 2023, during the monsoon season, a village at Long Maro, Marudi, Miri, was inundated and access to the village was cut off that affected the supply of food to the 48 households there. The Group extended a helping hand by arranging a special river transportation to send essential food items to these households.



Handover of essential food items to representatives at Long Maro, Marudi

Social Contributions

I. SOP Foundation

SOP Foundation, a non-profit charitable organization of the Group and a company limited by guarantee was incorporated in year 2023 under the Companies Act, 2016.

It was launched in August 2023 and its objects, amongst others, are to carry out charitable activities/ purposes to (i) foster, develop and improve education, (ii) provide grants or other form of aid to deserving or needy students or school or other educational institution for purposes of education, research or sports development, (iii) contribution towards medical treatment or provision of health for individuals who have insufficient means, (iv) provide aid for the relief of distress, poverty and other purposes beneficial to the communities, (v) administer funds towards or in connection with conservation or protection of environment and animals.

With the establishment and via SOP Foundation, it is envisaged that the Group would have greater participation and impactful in social, educational, and community services, biodiversity and conservation agenda.



Launching of SOP Foundation on 25 August 2023, at Miri

SUSTAINABILITY REPORT 2023

OUR WORKPLACE – ACTIVITIES & TEAM BUILDING

The Group aspires to establish itself as the preferred employer, actively engaging in the recruitment, education, and training of its employees with a focus on meeting shared needs and fostering a healthy, safe, and ethical work environment. In 2023, the Group organized a diverse array of activities, encompassing festive celebrations, sports events and team building activities, aimed at cultivating camaraderie among staff and promoting a harmonious work-life balance.

I. Telematch series

Telematch was organized to commemorate our 55th Anniversary, featuring participation from all estates and mills across the Group. Scheduled monthly throughout 2023, the telematch featured a wide range of activities designed to cater to participants of all ages and fitness levels, provides an opportunity for employees to showcase their skills and talents.

The designated one-day event was brimming with various activities including mini-games, dance and karaoke performances, tug of war, sports competition, attractive lucky draws and employee awards presentation.



SUSTAINABILITY REPORT 2023

II. 55th Anniversary Annual Dinner and Family day

The Group marked its 55th Anniversary with a grand Annual dinner followed by a Family Carnival event. Both occasions were organized to promote a sense of unity and enjoyment among SOP staff and their families. It was a dedicated day emphasizing the work-life balance that the Group prioritizes.



III. Festival Celebrations and Sporting Events

Employees were given opportunities to participate in various festivities as well as sporting events. From sharing a meal together to friendly team sports competitions, our teambuilding event aims to strengthen bonds, boost morale, and enhance communication among team members.



SOP Gawai-Raya celebration



Karabungan Estate Sports carnival



SUSTAINABILITY REPORT 2023

IV. SOPB Wellness Program

a) SOPB Social Hiking

The Group organized a social hiking event at Niah National Park on 13 May 2023 with more than 200 staff and their families participating. The event aimed to promote a healthy lifestyle and foster teamwork amongst our employees and their loved ones.



b) 55 KM Virtual Run

The Group commemorated its 55th Anniversary in a remarkable way through the 55 KM Virtual Run, as part of the SOP Wellness Program. The event was designed to promote an active and healthy lifestyle among the staff while celebrating this significant milestone. The event provided participants with the flexibility to complete the required distance of 55 kilometers at their convenience within two months.



SUSTAINABILITY REPORT 2023

OUR WORKPLACE – FAIR EMPLOYMENT PRACTICES

Information on employees and other workers

Category	2022				2023			
	Male	Percentage	Female	Percentage	Male	Percentage	Female	Percentage
Management	158	76%	50	24%	166	77%	49	23%
Executive	185	67%	91	33%	189	65%	102	35%
Staff	1,140	79%	297	21%	1,153	79%	302	21%
General Worker	3,398	63%	1,971	37%	3,587	62%	2,186	38%
Overall	4,881	67%	2,409	33%	5,095	66%	2,639	34%

Year 2022:

Category	Age Group					
	Below 30	Percentage	30 - 50	Percentage	Above 50	Percentage
Management	1	1%	151	72%	56	27%
Executive	79	29%	175	63%	22	8%
Staff	519	36%	819	57%	99	7%
General Worker	1,638	30%	3,520	66%	211	4%
Overall	2,237	31%	4,665	64%	388	5%

Year 2023:

Category	Age Group					
	Below 30	Percentage	30 - 50	Percentage	Above 50	Percentage
Management	5	2%	161	75%	49	23%
Executive	110	38%	163	56%	18	6%
Staff	572	39%	797	55%	86	6%
General Worker	2,041	35%	3,546	62%	186	3%
Overall	2,728	35%	4,667	61%	339	4%

Nationality	Number of Employees	
	2022	2023
Malaysia	2,894	2,796
Indonesia	4,346	4,906
Bangladesh	44	28
Philippines	6	4
Overall	7,290	7,734

SUSTAINABILITY REPORT 2023

New employee hired and employee turnover

- a) Total number and ratio of new employees hired during the reporting period, by age group, gender and region

New Employees by Gender					
Year	Male	Ratio	Female	Ratio	Total
2022	955	71%	383	29%	1,338
2023	409	76%	132	24%	541

New Employees across Age Group							
Year	Below 30	Ratio	30 - 50	Ratio	Above 50	Ratio	Total
2022	791	59%	525	39%	22	2%	1,338
2023	366	68%	167	31%	8	1%	541

- b) Total number and ratio of employee turnover during the reporting period, by age group, gender and function

Turnover by Gender					
Year	Male	Ratio	Female	Ratio	Total
2022	1,281	70%	542	30%	1,823
2023	1,016	67%	501	33%	1,517

Year	Turnover by Age Group						Total
	Below 30	Ratio	30 - 50	Ratio	Above 50	Ratio	
2022	774	43%	987	54%	62	3%	1,823
2023	561	37%	853	56%	103	7%	1,517

Total number of employee turnover by level, function for year 2023

Turnover Rate:

Categories	2022	2023
AP & SG	17%	10%
Support & Services	19%	11%
Operation	18%	16%

Parental leave

Parental Leave is one of the employee benefits provided by the Company. The term "parental leave" is defined as Paternity Leave (married male employees) & Maternity Leave (married female employees). Based on the statistics for 2023, the Company has managed to achieve satisfactory return and retention rate.

SUSTAINABILITY REPORT 2023

a. Total number of employees that were entitled to parental leave, by gender

Year	Gender		Total
	Male	Female	
2022	764	246	1,010
2023	884	258	1,142

b. Total number of employees that took parental leave, by gender

Year	Gender		Total
	Male	Female	
2022	46	30	76
2023	54	28	82

c. Total number of employees that returned to work in the reporting period after parental leave ended, by gender

Year	Gender		Total
	Male	Female	
2022	46	30	76
2023	54	28	82

d. Total number of employees that returned to work after parental leave ended that were still employed 12 months after their return to work, by gender

Year	Gender		Total
	Male	Female	
2022	46	30	76
2023	54	28	82

e. Return to work and retention rates of employees that took parental leave, by gender

Return to work rate:

Year	Gender	
	Male	Female
2022	100%	100%
2023	100%	100%

Retention rate:

Year	Gender	
	Male	Female
2022	100%	100%
2023	100%	100%

SUSTAINABILITY REPORT 2023

Minimum notice period regarding operational changes

The Group had provided early notice to employees prior to any implementation of significant changes.

Ratio of basic salary and remuneration of women to men

All employees of the Group were remunerated not less than the minimum wage set by the Malaysian Government (Minimum Wages Order 2022). We also practice gender equality policy on wages payment and remuneration for all of our employees. General workers' average wages are as below:

	2021 (RM)	2022 (RM)	2023 (RM)
Average Earning per Day	71.71	80.83	82.05
Average Earning per Month	1,864	2,101	2,133

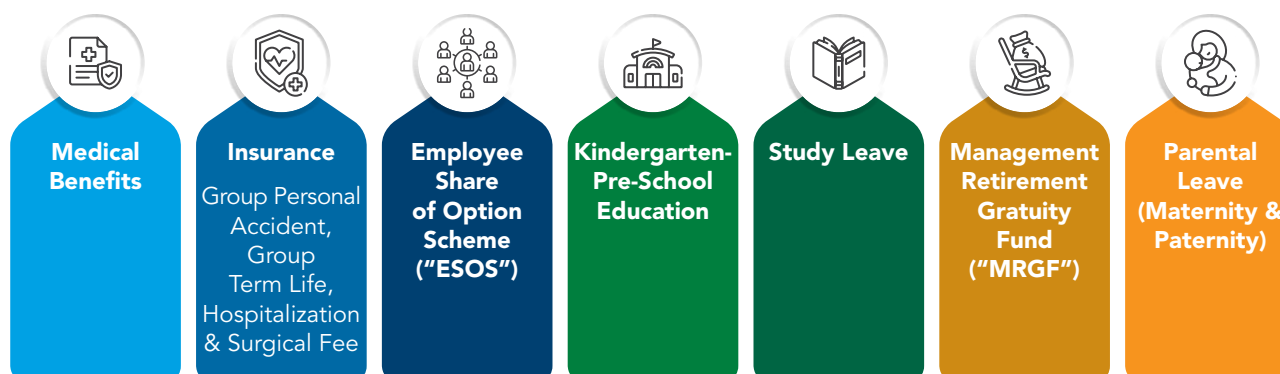
a. Ratio of basic salary and remuneration of women to men for each category, by significant locations of operations

	2022	2023
Executive	1:1.18	1:1.25
Staff	1:1.11	1:1.13
General worker	1:1.19	1:1.16

Percentage of employees that are contractors or temporary staff

	2022	2023
Total contractors or temporary staff	48	46
Percentage of contractual or temporary staff of total workforce	2%	2%

Benefits provided to full-time employees that were not provided to temporary or part-time employees



SUSTAINABILITY REPORT 2023



MARKETPLACE

LOCATION OF THE GROUP'S OPERATIONAL UNITS

ESTATE

SARAWAK OIL PALMS BERHAD

1. Suai 1 & Division
2. Lambir 1 & Lambir 2
3. Suai 2

SOPP (BALINGAN) SDN BHD

4. Sungai Liuk
5. Sungai Meris

SOPP (BELURU) SDN BHD

6. Tinbarap 1
7. Tinbarap 3
8. Tinbarap 4
9. Tinbarap 5
10. Tinbarap 6
11. Tinbarap 7 & 9

SOPP (NIAH) SDN BHD

12. Sungai Balim
13. Sungai Trus

SOPP (BORNEO) SDN BHD

14. Sepakau 1
15. Sepakau 2
16. Taniku 1 & Taniku 2

SOPP (KEMENA) SDN BHD

17. Kuala Tatau 1
18. Kuala Tatau 2
19. Sabaju 1
20. Sabaju 2
21. Sebungan

SOPP (SABAJU) SDN BHD

22. Sabaju 3
23. Sabaju 4 & 5

SOPP (SUAI) SDN BHD

24. Lamaus & Divisions
25. Telong & Division

SOP KARABUNGAN SDN BHD

26. Karabungan

SOP PELITA BATU LINTANG PLANTATIONS SDN BHD

27. Batu Lintang

SOPP (MURUM) SDN BHD

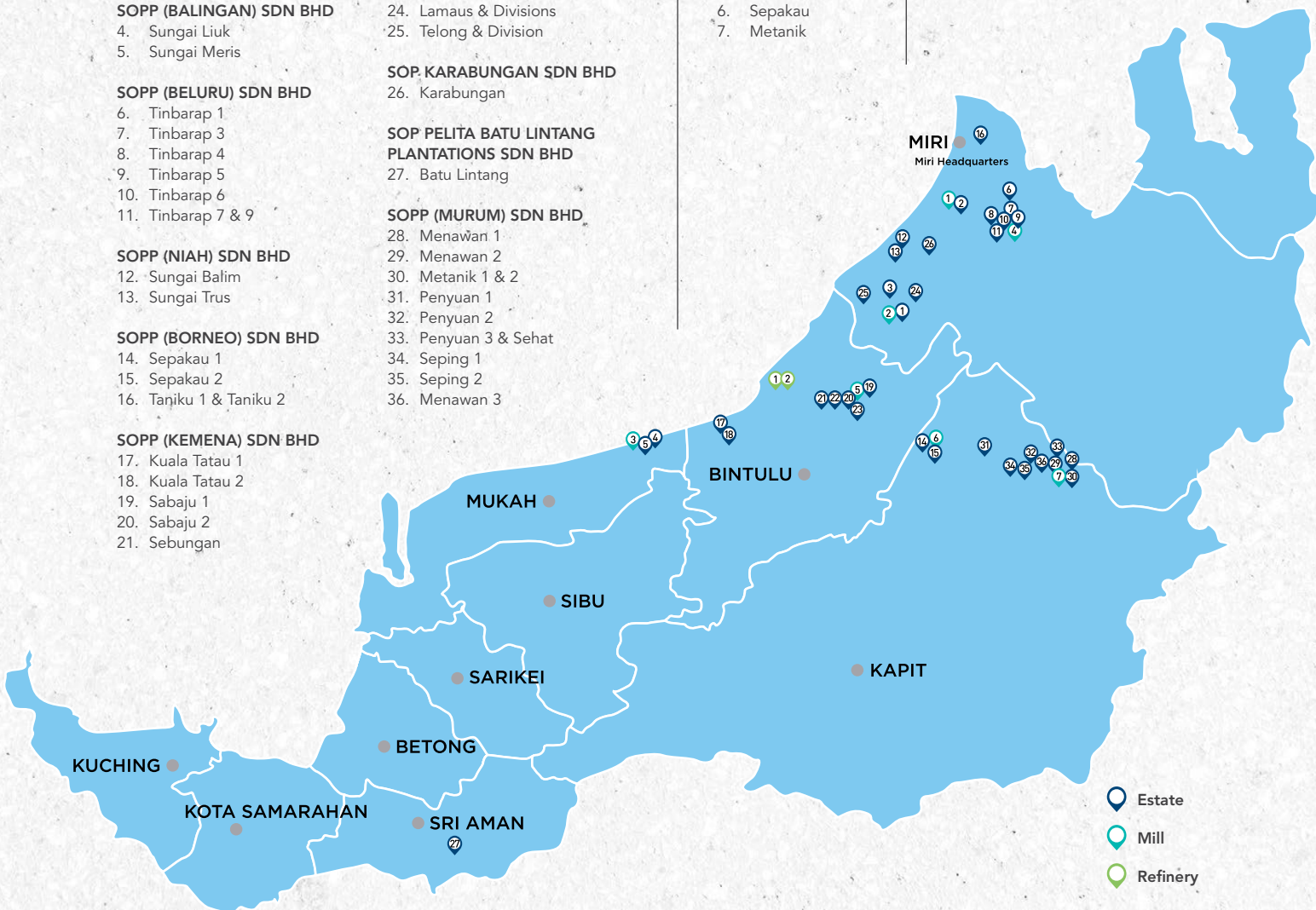
28. Menawan 1
29. Menawan 2
30. Metanik 1 & 2
31. Penyuan 1
32. Penyuan 2
33. Penyuan 3 & Sehat
34. Seping 1
35. Seping 2
36. Menawan 3

MILL

1. Lambir
2. Galasah
3. Balingian
4. Tinbarap
5. Sabaju
6. Sepakau
7. Metanik

DOWNSTREAM COMPLEX

1. SOP Edible Oils Sdn Bhd
2. SOP Green Energy Sdn Bhd



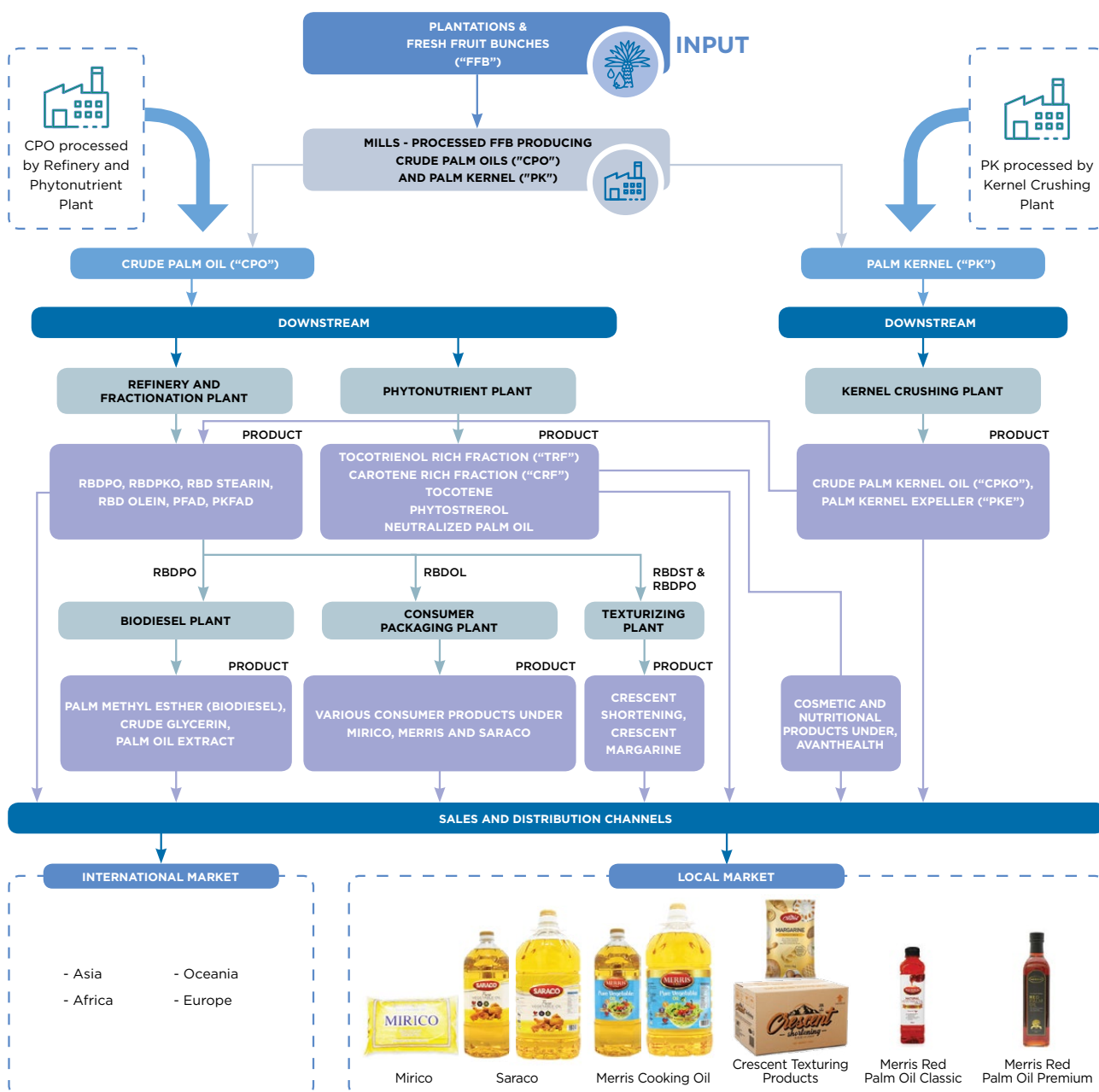
SUSTAINABILITY REPORT 2023

OVERVIEW OF THE GROUP'S SUPPLY CHAIN

The Group is an integrated oil palms industry player with our operational units spanning oil palms plantations, palm oil mills, refinery, kernel crushing plant, biodiesel plant, phytonutrient plant and consumer packaging plants.

As at 31 December 2023, the Group owns a total land bank of 123,016 hectares with 82,309 hectares planted with oil palms made up of 55% planted on mineral soil and 45% on peat land. The Group owns seven palm oil mills, a refinery, a kernel crushing plant, a biodiesel plant, a phytonutrient plant and two (2) consumer packaging plants. The Group's headquarters is located in Miri, Sarawak.

The Group's palm products, consumer products and pharmaceutical products are sold locally and also to international markets through its marketing office in Singapore. We distribute our products to various countries in Asia, Africa, Europe, and the Oceania.



SUSTAINABILITY REPORT 2023

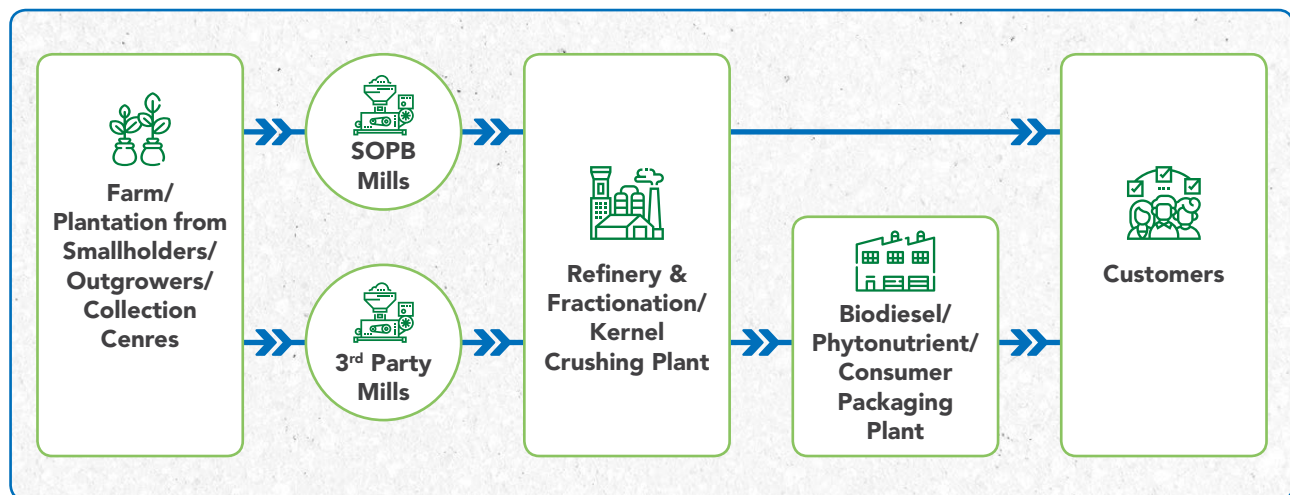
TRACEABILITY

Traceability is a tool to help companies along the palm oil supply chain identify the origin of the oil sourced. Knowing the mills and their locations makes it possible to identify and monitor if sustainable practices are adopted throughout the supply chain.

The Group's mills sourced FFB from our plantations and third-party suppliers. We are working with third-party mills in collaboration with an independent body to help our suppliers achieve full Traceability to Plantation ("TTP"), complemented by the MSPO Trace System, which acts as a certification monitoring and tracing platform. We hope to achieve full traceability throughout our supply chain with the support of our supply chain partners.

Traceability Status

The Group's online Sustainability Dashboard was launched in 2019 as a platform to provide updates on our traceability status and transparency in the sourcing of raw materials and palm products, including from third-party suppliers. Similar to previous years, the crude palm oil ("CPO") and palm kernel ("PK") for our refineries and kernel crushing plant are fully traceable up to the mill level.



Traceability to Mill

100%

Traceability to Plantation for CPO

45%

Traceability to Plantation for FFB sent to SOPB Mills

95%

Traceability to Plantation for PK

47%

Fully Traceable to Mill ("TTM")

3rd Party
Supplying Palm
Oil Mills

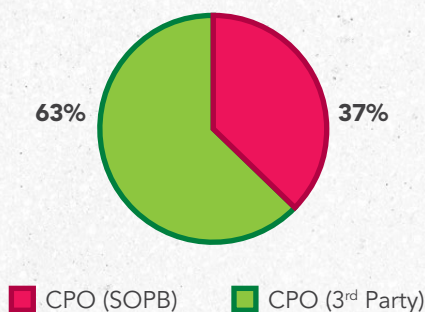
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SOPB
Palm
Oil Mills

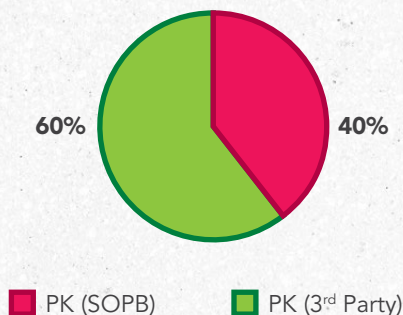
7

SUSTAINABILITY REPORT 2023

**Percentage CPO Received by Category
January-December 2023**

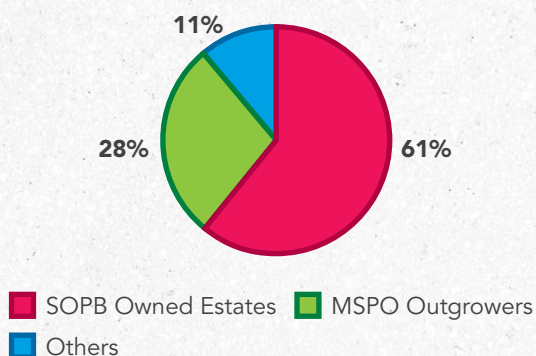


**Percentage PK Received by Category
January-December 2023**



The Group's Palm Oil Mill's FFB Supply (January to December 2023):

**Percentage of FFB Received by Category for
SOP Mills 2023**



TOTAL SPENDINGS ON LOCAL SUPPLIERS

In 2023, the Group spent 92.94% of its expenditures on local suppliers (2022: 98.25%). The Group is committed to supporting sustainable growth in the local economy through sourcing goods and services locally. This will help the surrounding communities as well as the Group by creating job opportunities and encouraging the opening of new businesses.

SUPPLIER ENGAGEMENT PROCEDURE

The Group's Supplier Engagement Procedure was launched on January 2019 to complement our Oil Palms Sustainability Policy ("OPSP") and to ensure full compliance by our suppliers to the Group's sustainability policies. The procedure was updated in August 2021 with the addition of Supply Chain Re-entry Procedure which is applicable to a supplier that has been suspended or placed on 'No Buy' list by the Group. All third-party CPO and PK suppliers are screened according to our Supplier Engagement Procedure as part of the onboarding process.

More information on the procedure is available at the following link:

<https://sop.com.my/wp-content/uploads/2024/04/SEP.pdf>

Supplier Engagement Mechanism

The Group actively engages with suppliers and buyers through constructive dialogues to address any grievances within our supply chain, investigate potential breaches and develop new solutions to tackle any problems that may arise with full transparency and accountability.

In 2023, we engaged with third-party supplying mills in order to achieve full traceability to plantations ("TTP") with the support of our buyers and consultants. At the same time, the Group's mills and plantations information were registered on GFW to detect any potential breach of our sustainability policies within our supply chain.

We had established an-house Geographic Information System ("GIS") to monitor any deforestation and fire across our estates and that of our suppliers, with basic geo-location information available from MSPO Trace. In year 2023, there was no incidences of fire outbreaks in our supply chain.

SUSTAINABILITY REPORT 2023

INVESTOR RELATIONS

The Group provides investors and other interested stakeholders with timely information regarding our business activities, developments and performance. The Group's website at sop.com.my also serves as one of the platforms to disseminate our information, announcements, disclosures and reports. In addition to the above, the Group's Annual General Meeting ("AGM") provides an additional avenue for shareholders to raise questions and seek clarifications where members of the board and key management personnel are present to address any queries.

In 2023, our Investor Relations team held several engagements with analysts and investors.

MEMBERSHIP OF ASSOCIATIONS

Food Safety, Quality & Management System Certifications

The Group actively engages with various local and national associations to ensure that we are making positive contributions to the industry and that our sustainability agenda and goals are disseminated and integrated into our businesses and industry. Our participation in various associations is as shown below:

Associations	Membership/Representatives
Malaysian Palm Oil Association ("MPOA")	Member and Council Member
Sarawak Oil Palms Plantations Owners Association ("SOPPOA")	Chairman and Permanent Council Member
Malaysian Palm Oil Certification Council ("MPOCC")	Representative for the National Steering Committee for MSPO Certification
Malaysia Palm Oil Board ("MPOB")	Representative for the MPOB National Committee Meeting
International Sustainability & Carbon Certification ("ISCC")	Active participation in the ISCC Technical Stakeholder Dialogue for South East Asia
The Palm Oil Refiners Association of Malaysia ("PORAM")	Board of Trustee

The Group is committed to product safety, reliability, and quality to ensure we provide our customers with safe and healthy products with sustainable sourcing. Our products and processes are certified by various international standards.

In 2023, our newly commissioned texturizing plant successfully attained ISO 22000 certification. Our refinery also obtained the GGL for the Palm Kernel Shell supply in 2023. This certification provides assurance that our biomass products meet stringent sustainability criteria.

The content and labelling for our packed products comply with the requirements of Malaysia Food Act, 1983.



SUSTAINABILITY REPORT 2023

Zoological Society of London ("ZSL") Sustainability Palm Oil Transparency Toolkit ("SPOTT")

For the sixth consecutive year, the Group participated in the annual SPOTT Assessment administered by the Zoological Society of London. SPOTT facilitates ESG risk management for the financial sector and supply chain stakeholders by conducting transparency evaluations of commodity producers and traders. The assessment encompasses a wide range of criteria, including sustainability procedures, current policies, organizational structures, best management practices, and responsible sourcing.

For 2023, the SPOTT score improved slightly compared to previous year's. Nevertheless, the Group will continue to collaborate with stakeholders to assess gaps and continue to endeavor to meet the changing requirements of our stakeholders.

For further details about the SPOTT assessment, please refer to this link: <https://www.spott.org/palm-oil>.

CUSTOMER PRIVACY AND SATISFACTION

Customer Privacy

The Group's employees are expected to safeguard confidential information obtained during the course of their work. They are prohibited from misusing any customer information without proper consent and authorization. The Group has established a Personal Data Protection Policy and implemented strict procedures on custody of data and access to data to safeguard and protect customer data.

In 2023, the Group did not receive any complaint in regards to violation of customer privacy.

Customer Satisfaction

The Group highly values our customer's perceptions and level of satisfaction in the course of dealing with our business units. The customer satisfaction survey is carried out annually to identify the customer's requirements and expectations.

	2021	2022	2023
Customer satisfaction survey	4.42	4.30	4.11

The score is based on a scale of 1 – 5. The declining customer satisfaction survey was attributed to customer's feedback that our service level fell short of their expectation. The Group views this feedback positively and are taking proactive measures in improving its customer satisfaction ratings.

SUSTAINABILITY REPORT 2023

BURSA COMMON SUSTAINABILITY MATTERS

Common Sustainability Matters	Common Indicators	Reference/Remark
1 Anti-corruption	1(a) Percentage of employees who have received training on anti-corruption by employee category	Sustainability Report – Social Sustainability – Anti-Bribery Corruption Trainings, Page 69
	1(b) Percentage of operations assessed for corruption-related risks	Year 2023: 65.71%
	1(c) Confirmed incidents of corruption and action taken	Year 2023: Nil
2 Community/society	2(a) Total amount invested in the community where the target beneficiaries are external to listed issuer	Sustainability Report – Social Sustainability – Our Commitment to Local Communities, Pages 74 to 77
	2(b) Total number of beneficiaries of the investment in communities	Sustainability Report – Social Sustainability – Our Commitment to Local Communities, Pages 74 to 77
3 Diversity	3(a) Percentage of employees by gender and age group, for each employee category	Sustainability Report – Social Sustainability – Our Workplace – Fair Employment Practices, Page 81
	3(b) Percentage of directors by gender and age group	Profile of Board of Directors, Pages 14 to 23
4 Energy management	4(a) Total energy consumption	Sustainability Report – Environmental Sustainability – Energy Management, Page 66
5 Health and safety	5(a) Number of work-related fatalities	Sustainability Report – Social Sustainability – Our Workplace – Occupational Safety & Health (“OSH”), Page 73
	5(b) Lost time incident rate	Sustainability Report – Social Sustainability – Our Workplace – Occupational Safety & Health (“OSH”), Page 72
	5(c) Number of employees trained on health and safety standards	Sustainability Report – Social Sustainability – Our Workplace – Occupational Safety & Health (“OSH”), Page 73
6 Labour practices and standards	6(a) Total hours of training by employee category	Sustainability Report – Social Sustainability – Our Workplace – Education & Training, Page 74
	6(b) Percentage of employees that are contractors or temporary staff	Sustainability Report – Social Sustainability – Our Workplace – Fair Employment Practices, Page 84
	6(c) Total number of employee turnover by employee category	Sustainability Report – Social Sustainability – Our Workplace – Fair Employment Practices, Page 82
	6(d) Number of substantiated complaints concerning human rights violations	Year 2023: Nil

SUSTAINABILITY REPORT 2023

Common Sustainability Matters	Common Indicators	Reference/Remark
7 Supply chain management	7(a) Proportion of spending on local suppliers	Sustainability Report – Sustainability Governance – Total Spending on Local Suppliers, Page 88
8 Data privacy and security	8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Year 2023: Nil Sustainability Report – Sustainability Governance – Customer Privacy and Satisfaction, Page 90
9 Water	9(a) Total volume of water used	Sustainability Report – Environmental Sustainability – Effluent & Water Management – Water Consumption, Page 62
10 Waste Management	10(a) Total waste generated, and a breakdown of the following:	
	(i) total waste diverted from disposal	Sustainability Report – Environmental Sustainability – Page 64
	(ii) total waste directed to disposal	Sustainability Report – Environmental Sustainability – Page 64
11 Emissions management	11(a) Scope 1 emissions in tonnes of CO ₂ e	Sustainability Report – Environmental Sustainability – Page 65
	11(b) Scope 2 emissions in tonnes of CO ₂ e	
	11(c) Scope 3 emissions in tonnes of CO ₂ e (at least for the categories of business travel and employee commuting)	Not Available

GLOBAL REPORTING INITIATIVES (“GRI”) CONTENT

GRI Standard/Disclosure	Reference Section	Page
GRI 2: General Disclosures 2021		
2-1 Organizational details	Cover Page Sustainability Report – Marketplace – Overview of The Group’s Supply Chain	i 86
2-2 Entities included in the organization’s sustainability reporting	About This Report	36
2-3 Reporting period, frequency and contact point	About This Report	36
2-4 Restatements of information	2023: None	N/A
2-5 External assurance	About This Report	36
2-6 Activities, value chain and other business relationships	Sustainability Report – Marketplace – Overview of The Group’s Supply Chain	86
2-7 Employees	Sustainability Report – Social Sustainability – Our Workplace – Fair Employment Practices	81
2-8 Workers who are not employees	Sustainability Report – Social Sustainability – Our Workplace – Fair Employment Practices	84
2-9 Governance structure and composition	Sustainability Report – Sustainability governance – Sustainability Governance Structure	40
2-10 Nomination and selection of the highest governance body	Corporate Governance Overview Statement	101

SUSTAINABILITY REPORT 2023

GRI Standard/Disclosure		Reference Section	Page
2-11	Chair of the highest governance body	Corporate Governance Overview Statement	101
2-12	Role of the highest governance body in overseeing the management of impacts	Corporate Governance Overview Statement	101
2-13	Delegation of responsibility for managing impacts	Sustainability Report – Sustainability governance – Sustainability Governance Structure	40
2-14	Role of the highest governance body in sustainability reporting	Sustainability Report – Sustainability governance – Sustainability Governance Structure	40
2-15	Conflicts of interest	Corporate Governance Overview Statement	101
2-16	Communication of critical concerns	Sustainability Report – Social Sustainability – Grievance Mechanism	69 - 71
2-17	Collective knowledge of the highest governance body	Corporate Governance Overview Statement	101
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Overview Statement	101
2-19	Remuneration policies	Corporate Governance Overview Statement	101
2-20	Process to determine remuneration	Corporate Governance Overview Statement	101
2-21	Annual total compensation ratio	Sustainability Report – Social Sustainability – Our Workplace – Fair Employment Practices	84
2-22	Statement on sustainable development strategy	Sustainability Report – Sustainability governance – Sustainability Policies	44
2-23	Policy commitments	Sustainability Report – Sustainability governance – Sustainability Policies	44
2-24	Embedding policy commitments	Sustainability Report – Sustainability governance – Sustainability Policies	44
2-25	Processes to remediate negative impacts	Sustainability Report – Sustainability governance – Grievance Mechanism	69 - 71
2-26	Mechanisms for seeking advice and raising concerns	Sustainability Report – Sustainability governance – Grievance Mechanism	69 - 71
2-27	Compliance with laws and regulations	Sustainability Report – Sustainability governance – Sustainability Policies	44
2-28	Membership associations	Sustainability Report – Marketplace – Membership of Associations	89
2-29	Approach to stakeholder engagement	Sustainability Report – Sustainability governance – Stakeholder Engagement	53 - 55
2-30	Collective bargaining agreements	Sustainability Report – Social Sustainability – Human Rights	67
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	Sustainability Report – Sustainability governance – Materiality Matrix	41
3-2	List of material topics	Sustainability Report – Sustainability governance – Materiality Matrix	43
3-3	Management of material topics	Sustainability Report – Sustainability governance – Materiality Matrix	42

SUSTAINABILITY REPORT 2023

GRI Standard/Disclosure		Reference Section	Page
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	Annual Report – Financial Statement	134
201-2	Financial implications and other risks and opportunities due to climate change	P&C	-
201-3	Defined benefit plan obligations and other retirement plans	Annual Report – Notes to the Financial Statements	187
201-4	Financial assistance received from government	2023: Nil	-
GRI 202: Market Presence 2016			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	Sustainability Report – Social Sustainability – Our Workplace – Fair Employment Practices	84
202-2	Proportion of senior management hired from the local community	2023: 100%	-
GRI 203: Indirect Economic Impacts 2016			
203-1	Infrastructure investments and services supported	Sustainability Report – Sustainability governance – Sustainability Commitments and Sustainable Development Goals	45 - 52
203-2	Significant indirect economic impacts	Sustainability Report – Sustainability governance – Sustainability Commitments and Sustainable Development Goals	45 - 52
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	Sustainability Report – Marketplace – Total Spendings on Local Suppliers	88
GRI 205: Anti-corruption 2016			
205-1	Operations assessed for risks related to corruption	65.71% of our operations have been assessed for corruption-related risks in 2023	N/A
205-2	Communication and training about anti-corruption policies and procedures	Sustainability Report – Social Sustainability – Our Workplace – Education & Training	69
205-3	Confirmed incidents of corruption and actions taken	Year 2023: Nil	N/A
GRI 206: Anti-competitive Behavior 2016			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Year 2023: Nil	N/A
GRI 207: Tax 2019			
207-1	Approach to tax	Sustainability Report – Social Sustainability – Approach to Tax/Payments to Government	67
207-2	Tax governance, control, and risk management	Sustainability Report – Social Sustainability – Approach to Tax/Payments to Government	67
207-3	Stakeholder engagement and management of concerns related to tax	Sustainability Report – Social Sustainability – Approach to Tax/Payments to Government	67
207-4	Country-by-country reporting	Sustainability Report – Social Sustainability – Approach to Tax/Payments to Government	67

SUSTAINABILITY REPORT 2023

GRI Standard/Disclosure	Reference Section	Page
GRI 301: Materials 2016		
301-1 Materials used by weight or volume	Sustainability Report – Environmental Sustainability – Energy Management	66
301-2 Recycled input materials used	Sustainability Report – Environmental Sustainability – Waste Management	63 - 64
301-3 Reclaimed products and their packaging materials	Information Not Available	N/A
GRI 302: Energy 2016		
302-1 Energy consumption within the organization	Sustainability Report – Environmental Sustainability – Energy Management	66
302-2 Energy consumption outside of the organization	Information Unavailable	N/A
302-3 Energy intensity	Sustainability Report – Environmental Sustainability – Energy Management	66
302-4 Reduction of energy consumption	Sustainability Report – Environmental Sustainability – Energy Management	66
302-5 Reductions in energy requirements of products and services	Sustainability Report – Environmental Sustainability – Energy Management	66
GRI 303: Water and Effluents 2018		
303-1 Interactions with water as a shared resource	Sustainability Report – Environmental Sustainability – Effluent & Water Management	62
303-2 Management of water discharge-related impacts	Sustainability Report – Environmental Sustainability – Effluent & Water Management	62
303-3 Water withdrawal	Sustainability Report – Environmental Sustainability – Effluent & Water Management	62
303-4 Water discharge	Sustainability Report – Environmental Sustainability – Effluent & Water Management	62
303-5 Water consumption	Sustainability Report – Environmental Sustainability – Effluent & Water Management	62
GRI 304: Biodiversity 2016		
304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Sustainability Report – Environmental Sustainability – Biodiversity & Conservation	57
304-2 Significant impacts of activities, products and services on biodiversity	Sustainability Report – Environmental Sustainability – Biodiversity & Conservation	57
304-3 Habitats protected or restored	Sustainability Report – Environmental Sustainability – Biodiversity & Conservation	58
304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations	Information Unavailable	N/A

SUSTAINABILITY REPORT 2023

GRI Standard/Disclosure		Reference Section	Page
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	Sustainability Report – Environmental Sustainability – Energy Management	65
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report – Environmental Sustainability – Energy Management	65
305-3	Other indirect (Scope 3) GHG emissions	Information Unavailable	N/A
305-4	GHG emissions intensity	Sustainability Report – Environmental Sustainability – Energy Management	65
305-5	Reduction of GHG emissions	Sustainability Report – Environmental Sustainability – Energy Management	65
305-6	Emissions of ozone-depleting substances (ODS)	Information Unavailable	N/A
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Information Unavailable	N/A
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	Sustainability Report – Environmental Sustainability – Towards Zero Waste Management	63 - 64
306-2	Management of significant waste-related impacts	Sustainability Report – Environmental Sustainability – Towards Zero Waste Management	63 - 64
306-3	Waste generated	Sustainability Report – Environmental Sustainability – Towards Zero Waste Management	63 - 64
306-4	Waste diverted from disposal	Sustainability Report – Environmental Sustainability – Towards Zero Waste Management	63 - 64
306-5	Waste directed to disposal	Sustainability Report – Environmental Sustainability – Towards Zero Waste Management	63 - 64
GRI 308: Supplier Environmental Assessment 2016			
308-1	New suppliers that were screened using environmental criteria	Information Unavailable	N/A
308-2	Negative environmental impacts in the supply chain and actions taken	Information Unavailable	N/A
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	Sustainability Report – Social Sustainability – Our Workplace – Fair Employment Practices	82
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Sustainability Report – Social Sustainability – Our Workplace – Fair Employment Practices	84
401-3	Parental leave	Sustainability Report – Social Sustainability – Our Workplace – Fair Employment Practices	82 – 83
GRI 402: Labor/Management Relations 2016			
402-1	Minimum notice periods regarding operational changes	Sustainability Report – Social Sustainability – Our Workplace – Fair Employment Practices	84

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GRI Standard/Disclosure		Reference Section	Page
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Sustainability Report – Social Sustainability – Our Workplace – Occupational Safety and Health ("OSH")	73
403-2	Hazard identification, risk assessment, and incident investigation	Sustainability Report – Social Sustainability – Our Workplace – Occupational Safety and Health ("OSH")	73
403-3	Occupational health services	Sustainability Report – Social Sustainability – Our Workplace – Occupational Safety and Health ("OSH")	73
403-4	Worker participation, consultation, and communication on occupational health and safety	Sustainability Report – Social Sustainability – Our Workplace – Occupational Safety and Health ("OSH")	73
403-5	Worker training on occupational health and safety	Sustainability Report – Social Sustainability – Our Workplace – Occupational Safety and Health ("OSH")	72 - 73
403-6	Promotion of worker health	Sustainability Report – Social Sustainability – Our Workplace – Occupational Safety and Health ("OSH")	72 - 73
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Report – Social Sustainability – Our Workplace – Occupational Safety and Health ("OSH")	72 - 73
403-8	Workers covered by an occupational health and safety management system	Sustainability Report – Social Sustainability – Our Workplace – Occupational Safety and Health ("OSH")	72 - 73
403-9	Work-related injuries	Sustainability Report – Social Sustainability – Our Workplace – Occupational Safety and Health ("OSH")	72 - 73
403-10	Work-related ill health	Sustainability Report – Social Sustainability – Our Workplace – Occupational Safety and Health ("OSH")	72 - 73
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	Sustainability Report – Social Sustainability – Our Workplace – Education & Training	74
404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report – Social Sustainability – Our Workplace – Education & Training	74
404-3	Percentage of employees receiving regular performance and career development reviews	Information Unavailable	N/A
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Sustainability Report – Social Sustainability – Our Workplace – Fair Employment Practices	81
405-2	Ratio of basic salary and remuneration of women to men	Sustainability Report – Social Sustainability – Our Workplace – Fair Employment Practices	84

SUSTAINABILITY REPORT 2023

GRI Standard/Disclosure		Reference Section	Page
GRI 406: Non-discrimination 2016			
406-1	Incidents of discrimination and corrective actions taken	Sustainability Report – Social Sustainability - Human Rights	67
GRI 407: Freedom of Association and Collective Bargaining 2016			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	Sustainability Report – Social Sustainability – Human Rights	67
GRI 408: Child Labor 2016			
408-1	Operations and suppliers at significant risk for incidents of child labor	Sustainability Report – Social Sustainability – Human Rights	68
GRI 409: Forced or Compulsory Labor 2016			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	Sustainability Report – Social Sustainability – Human Rights	67
GRI 410: Security Practices 2016			
410-1	Security personnel trained in human rights policies or procedures	Sustainability Report – Sustainability governance – Sustainability Policies	44
		Sustainability Report – Social Sustainability – Our Workplace – Education & Training	74
GRI 411: Rights of Indigenous Peoples 2016			
411-1	Incidents of violations involving rights of indigenous peoples	No incidents of violations involving rights of indigenous people occurred	N/A
GRI 413: Local Communities 2016			
413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability Report – Social Sustainability – Human Rights – Free, Prior and Informed Consent Procedure	71
		Sustainability Report – Sustainability governance – Stakeholder Engagement	53 - 55
413-2	Operations with significant actual and potential negative impacts on local communities	Sustainability Report – Social Sustainability – Human Rights – Free, Prior and Informed Consent Procedure	71
		Sustainability Report – Sustainability governance – Stakeholder Engagement	53
		Sustainability Report – Sustainability governance – Materiality Matrix	41 - 43
GRI 414: Supplier Social Assessment 2016			
414-1	New suppliers that were screened using social criteria	Information Unavailable	N/A
414-2	Negative social impacts in the supply chain and actions taken	Information Unavailable	N/A
GRI 415: Public Policy 2016			
415-1	Political contributions	2023: Nil	N/A

SUSTAINABILITY REPORT 2023

GRI Standard/Disclosure		Reference Section	Page
GRI 416: Customer Health and Safety 2016			
416-1	Assessment of the health and safety impacts of product and service categories	Sustainability Report – Marketplace – Food Safety, Quality & Management System Certifications	90
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	2023: Nil	90
GRI 417: Marketing and Labeling 2016			
417-1	Requirements for product and service information and labeling	Sustainability Report – Marketplace – Food Safety, Quality & Management System Certifications	89
417-2	Incidents of non-compliance concerning product and service information and labeling	2023: Nil	N/A
417-3	Incidents of non-compliance concerning marketing communications	2023: Nil	N/A
GRI 418: Customer Privacy 2016			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Sustainability Report – Marketplace – Customer Privacy and Satisfaction	90
		2023: Nil	N/A

SUSTAINABILITY REPORT 2023

STATEMENT OF ASSURANCE

This Sustainability Statement/Report 2023 has not been subjected to an external assurance process. Nevertheless, an internal review has been performed by the company's Internal Auditors and approved by the Group Audit and Risk Management Committee.

ASSURANCE UNDERTAKEN

An internal review was conducted by the Internal Auditors with respect to the marketplace, environmental, social, and governance indicators which had been subjected to scrutiny to ensure reasonable level of assurance regarding the processes and internal controls governing data collation and reporting.

Samples of indicators that had been reviewed for sustainability matters include:

1. The completeness of database sources.
2. Standard or factors application including the units of measurement.
3. Methodology of data compilation and calculation.

This review encompassed operations across Plantation, Milling, and Downstream, unless specified otherwise, with the boundary encompassing all operations mentioned.

This Sustainability Statement/Report has been prepared in accordance with the standards set forth by the Global Reporting Initiative ("GRI"). Following its preparation, it was reviewed by the Group Sustainability Committee, endorsed by the Group Audit and Risk Management Committee for onwards submission and approval by the Board of Directors.

Yours faithfully

On behalf of the Group Audit and Risk Management Committee

Fong Yoo Kaw @ Fong Yee Kow, Victor
Independent Non-Executive Director

Chua Chen San
Independent Non-Executive Director

CORPORATE GOVERNANCE

Overview Statement



The Board of Directors recognizes the importance of good corporate governance and continues to be committed to ensure high standards of corporate governance are continually practiced throughout the Group to promote business prosperity, corporate responsibility and sustainable growth for the interests of all its stakeholders.

The Board of Directors is pleased to present an overview of its corporate governance which takes its guidance from principles stated in the Malaysian Code on Corporate Governance ("MCCG") published by Bursa Malaysia in April 2017 and updated in April 2021.

The three (3) principles of corporate governance as set out in the MCCG are:-

PRINCIPLE

A

Board Leadership and Effectiveness

PRINCIPLE

B

Effective Audit and Risk Management

PRINCIPLE

C

Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

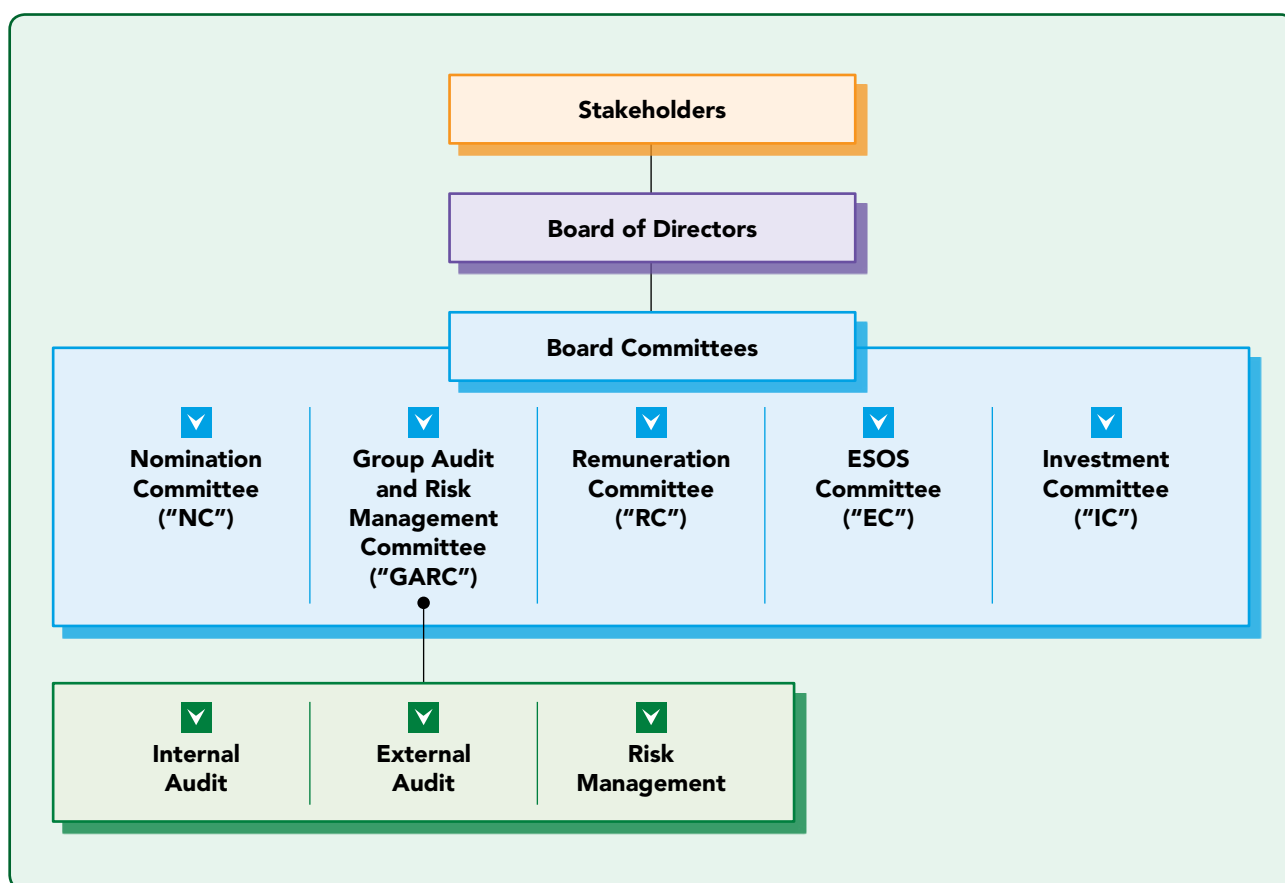
Detailed explanation on the application of the practices of corporate governance as set out in the MCCG are reported under Corporate Governance Report (CG Report) as published on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

Governance Framework

The diagram below portrays the governance framework of SOPB Group.



Board of Directors

The Group is led by an effective Board of Directors, comprising nine (9) members and headed by the Group Executive Chairman. Collectively, the Group Executive Chairman and all the Directors bring with them a wide range of experience and expertise in areas such as finance, corporate affairs, law, business acumen, management and operations to set the Group's goals, direction and strategies, and also ensure that good corporate governance practices, good systems and all necessary resources are in place for the Group to achieve its goals and objectives.

The nine (9) members of the Board comprise of (i) one (1) Executive Director (the Group Executive Chairman), (ii) five (5) Non-Independent Non-Executive Directors, and (iii) three (3) Independent Non-Executive Directors. The number of Independent Directors meets Bursa Malaysia Securities Berhad Main Market Listing Requirements which requires at least two (2) Directors or one-third (1/3) of the Board whichever is higher, to be Independent Directors.

The profile of each Director is presented on pages 14 to 23 of the Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is aware of the gender diversity agenda promulgated in the MCCG. No specific gender diversity targets have been set by the Group. Nevertheless, as at the date of this report's issuance, there were four (4) females who served as Board members. The Board acknowledges the value of individual Director appointed, regardless of gender difference, who will bring diverse opinions, perspectives, professionalism and integrity, expertise and experiences, and competency and wealth of knowledge to the Board.

None of the Board members holds more than five (5) directorships in public listed companies to ensure they devote sufficient time to carry out their responsibilities.

Roles and Responsibilities of the Board

(i) Board Charter

The Board takes full responsibility for the overall performance of the Company and of the Group.

The duties and responsibilities of the Board of Directors are spelt out in the Board Charter, which is available on the Company's website.

(ii) Summary of the principal duties and responsibilities of the Board includes the followings:

- a Set overall business strategies, plans and direction of the Group in promoting sustainability with balanced approach to economic, environmental and social aspects.
- b Oversee the conduct of Group's business to evaluate whether the business is properly managed.
- c Identify principal risks and ensure the implementation of appropriate risk management systems to mitigate the risks.
- d Review the adequacy and integrity of the management information and internal control systems.
- e Ensure full compliance with Listing Requirements of Bursa Securities and all other applicable laws, regulations and statutory requirements.

Board Committees

The Board establishes Committees to assist in carrying out its duties and responsibilities. The Board delegates functions to the following Committees which had been established to assist it in the execution of its responsibilities.

(i) Nomination Committee ("NC")

The NC has been established since 2001. The Committee, among others, is responsible for recommending the right candidate with the necessary skills, knowledge, expertise and experience including his/her professionalism and integrity to fill in the Board.

The Committee assesses the effectiveness of the Board, its Committees and the performance of each individual Director annually.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The members of the Nomination Committee are as follows:-

Fong Yoo Kaw @ Fong Yee Kow, Victor	Chairman, Independent Non-Executive Director
Tang Tiong Ing	Non-Independent Non-Executive Director
Chua Chen San	Independent Non-Executive Director

The Committee meets when necessary. For the financial year ended 31 December 2023, the Committee held one (1) meeting.

(ii) Group Audit and Risk Management Committee ("GARC")

The GARC has been established since 1992. The composition and terms of reference of this Committee together with its report are presented on pages 115 to 117 of the Annual Report.

(iii) Remuneration Committee ("RC")

The RC has been established since 1994. The Committee is responsible for recommending the remuneration framework for Directors, as well as the remuneration package of Executive Director to the Board for approval. The members of the Remuneration Committee are as follows:-

Fong Yoo Kaw @ Fong Yee Kow, Victor	Chairman, Independent Non-Executive Director
Datu Monaliza Binti Zaidel (<i>Resigned on 13 March 2024</i>)	Non-Independent Non-Executive Director
Chua Chen San	Independent Non-Executive Director

The Committee meets when necessary. For the financial year ended 31 December 2023, the Committee held two (2) meetings.

(iv) ESOS Committee ("EC")

On the 9th August 2017, the shareholders have approved a new Employees' Share Option Scheme ("ESOS") and its related ESOS By-Laws. The new ESOS is valid for a duration of 10 years and will expire in year 2027.

The ESOS Committee was established on 9th August 2017 to oversee the allocation of ESOS Options and its administration to ensure full compliance at all times with the By-Laws.

The members of the ESOS Committee are as follows:-

Ling Lu Kuang	Chairman, Group Executive Chairman
Chua Chen San	Independent Non-Executive Director
Datu Monaliza Binti Zaidel (<i>Resigned on 13 March 2024</i>)	Non-Independent Non-Executive Director
Fong Yoo Kaw @ Fong Yee Kow, Victor	Independent Non-Executive Director
Wong Hee Kwong	Group Chief Executive Officer

The Committee meets whenever necessary. For the financial year ended 31 December 2023, the Committee held one (1) meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(v) Investment Committee ("IC")

The IC was established on 29th August 2018. The Committee is responsible for evaluating, assessing, reviewing and recommending to the Board any proposed corporate exercise. Besides that, the IC appoints professional advisors, consultants, valuers, negotiators or undertakes any other necessary duties for the proposed corporate exercise.

The members of the Investment Committee are as follows:-

Ling Lu Kuang	Chairman, Group Executive Chairman
Fong Yoo Kaw @ Fong Yee Kow, Victor	Independent Non-Executive Director
Chua Chen San	Independent Non-Executive Director
Datu Monaliza Binti Zaidel (<i>Resigned on 13 March 2024</i>)	Non-Independent Non-Executive Director
Wong Hee Kwong	Group Chief Executive Officer

The Committee meets when necessary. For the financial year ended 31 December 2023, the Committee held one (1) meeting.

Sustainability and Social Corporate Responsibility

The Board is committed to adopt the Malaysian Sustainable Palm Oil ("MSPO") as the primary sustainability standard of the group. The Group will work and engage with our partners and all relevant stakeholders to meet the objectives of building a sustainable palm oil supply chain based on MSPO.

The Group's activities to promote sustainability during the financial year under review are disclosed in Sustainability Report set out on pages 36 to 100 of the Annual Report.

Supply of Information to Board Members

Board Meetings are structured with a pre-set agenda. Board papers for the Agenda are circulated to Directors at least five (5) working days before the meeting date to give Directors time to deliberate on the issues to be raised at the meeting. Quarterly reports on the financial performance of the Group are also circulated to the Directors for their views and comments. All proceedings of Board Meetings are minuted and signed by the Chairman of the Meeting.

At other times, Directors have direct access to the Senior Management and the service of the Company Secretary. Directors especially newly appointed ones are encouraged to visit the Group's operating centres to familiarise themselves with the various operations of the Group.

Board Meetings

For the financial year ended 31 December 2023, the Board held five (5) meetings. Directors' profiles and attendance to these meetings could be found in the profiles of Board of Directors on pages 14 to 23 and page 230 of Statement Accompanying Notice.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

At Board Meetings, strategies and performance of the Group are being reviewed and evaluated in the light of any changing circumstances whether economic, social or political. Although all the Directors have an equal responsibility for the Group operations, the role played by the independent Non-Executive Directors are vital to ensure that strategies formulated or transactions proposed by management are amply discussed in unbiased and independent manner, taking into account the interests not only of the Group but also the shareholders, employees, customers, suppliers, environment and community at large.

The attendance record of each Director is as follows:-

Directors	No. of Meeting during 2023 FYE
Ling Lu Kuang	5/5
Ling Chiong Sing	5/5
Ling Pau Pau	5/5
Tang Tiong Ing	5/5
Datu Monaliza Binti Zaidel (<i>Resigned on 13 March 2024</i>)	4/5
Datu Hasmawati Binti Sapawi	5/5
Bibi Umizah Binti Osman	4/4
Fong Yoo Kaw @ Fong Yee Kow, Victor	5/5
Perpetua Phang	5/5
Chua Chen San	5/5

Company Secretary

The Company Secretary, Mr. Eric Kiu Kwong Seng (LS No. 0007062) assumed his role in 1998 and thus has about 25 years' experience in corporate secretarial services.

The Board has direct access to the advice and services of Company Secretary, who supports the Board in the discharge of its functions. He plays an advisory role to the Board in relation to the Company's constitution, Board's policies and procedures and compliance with relevant regulatory requirements, codes of guidance and legislations. He supports the Board in managing the Group Governance Model, ensuring that it is effective and relevant. He attends all Board Meetings and ensures that the meetings are properly convened and that proceedings and deliberations at the Board and Board Committee are accurately recorded. He also facilitates the communication of key decisions and policies between the Board, Board Committees and Senior Management and to update the Board on the follow-up or implementation of its decisions / recommendations.

Good Business Conduct and Healthy Corporate Culture

The Board is committed to promoting good business conduct and maintaining healthy corporate culture. Towards this, the Group has promulgated the followings:

(i) Code of Business Conduct and Ethics

The Group's Code of Business Conduct and Ethics for Directors and employees governs the standards of ethics and good conduct expected of Directors and employees. The details of the Code of Business Conduct and Ethics are available on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(ii) Whistle-blowing policy

The Group is committed to achieve and maintain high standard of integrity, transparency and fairness in the conduct of its business and operations. The Group takes a serious view of any improper conduct on the part of any of its employees, management, directors and vendors in particular with respect to their obligations to the Group's interests. The policy is established to help the employees and stakeholders to raise concerns without fear of reprisal on any improper conduct that may be observed within the Group.

All reporting or disclosure by a whistleblower who has knowledge or is aware of any improper conduct within the Group is to be directed to any one of the designated persons as follows in accordance with the set procedures:

- Group Executive Chairman
- Group Chief Executive Officer
- Chairman of Group Audit and Risk Management Committee

Whistleblowers may use the in-house Whistle-blowing Disclosure System, located in the Company's staff Portal, which will enable whistleblowers to make disclosures while maintaining their anonymity.

(iii) Anti-Bribery and Corruption

The Group has a zero-tolerance approach to any act of bribery or corruption and will take disciplinary action up to and including dismissal, in the event of a breach. The Group is committed to comply with all the applicable provisions set out in Malaysian Anti-Corruption Commission ("MACC") Act 2009 and take preventative measures to prevent and detect corrupt practices.

Appointment and Re-election of Directors

The Company Constitution provides that at least one-third (1/3) of the Board is subject to retirement by rotation at each Annual General Meeting. The Directors to retire in each year are the Directors who have been longest in office since their appointment or re-appointment. A retiring Director is eligible for re-appointment. These provide an opportunity for the shareholders to renew their mandates. The election of each Director is voted on separately.

The appointment of new Director by the Board is dependent upon recommendation from the Nomination Committee. In making recommendations, the Nomination Committee has assessed the suitability of candidates by taking into account the required knowledge, professionalism, expertise and experience, integrity, competency and other qualities, which the candidates would bring to the Board. Directors are required to notify the Nomination Committee before accepting any new Directorship and to indicate the time expected to be spent on the new appointment.

Tenure of an Independent director would not exceed a cumulative term of nine (9) years. However, if an Independent director whose service is required beyond nine (9) years but less than twelve (12) years, shareholders' approval through a two-tier voting process would be sought in the Annual General Meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors' Training and Development

All the Directors have attended and completed the Mandatory Accreditation Programme prescribed by the Bursa Malaysia Training Sdn Bhd. The Board has undertaken an assessment of the training needs of each director and they were nominated to attend Continuing Education Programme organised by accredited organisations as and when necessary to keep abreast with the latest development that are relevant to the Group. During the financial year, the Directors have attended various training programmes, forums, conferences and seminars as follows:-

Title of Training Programmes	Duration of training per programme, day(s)
In-house Training Programme for State Financial Secretary Sarawak on "Corporate Directors Training Programme Essential"	1
Shared Responsibility in Strengthening AML/CFT Compliance: Risks, Challenges and Collaborations	2
Mandatory Accreditation Programme ("MAP")	3
Audit Evidence and Sampling	1
ISA 520 on International Standard on Auditing - Auditor's use of Analytical Procedures	1
Taxation of Foreign Source Income ("FSI")	1
Removal of Director - Step by Step	1
Corporate Governance Case Studies	1
Employment Act with Latest Updates - Applications and Implementations	1
AGM, Accounts, Annual Returns Under Companies Act 2016	1
Employer Statutory Obligation 2023	1
RPG Tax	1
Performance Management & Budgeting for Sustaina Cert Rcd	1
Sales & Service Tax ("SST") Latest Update	1
CPA Pot Budget 2024	1
CPA Consolidated & Group Financial Statement Reporting	1
CPA Latest Circular Guidelines, Practice Notes and Directives from SSM	1
MIA Director's Interest in Contracts & Conflict of Interest	1
Transfer Pricing Update	1

Directors' Remuneration

The Group pays its Non-Executive Directors annual fees, which are approved annually by the shareholders. In addition, its Directors and members to the Board Committee are paid a meeting allowance for each meeting they attended. The Directors are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Group.

The policy practised by the Group is to provide remuneration package necessary to attract, retain and motivate Directors. The structure of remuneration package of Executive Director is also linked to corporate and individual performance. Where applicable, the Board also takes into consideration information provided by independent consultants or survey data on comparable companies in determining the remuneration package. The Directors are entitled to take independent professional advice with the expense borne by the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The aggregate and range of the Directors' remuneration for the Company for the financial year ended 31 December 2023 are as follows:-

	COMPANY					SUBSIDIARIES			GROUP
	Fees RM'000	Salaries and bonus RM'000	Benefits in kind RM'000	Others RM'000	Total RM'000	Fees RM'000	Salaries and bonus RM'000	Others RM'000	Total RM'000
EXECUTIVE									
Ling Lu Kuang	65	1,664	-	217	1,946	175	1,781	60	3,962
NON-EXECUTIVE									
Ling Chiong Sing	65	-	-	4	69	126	-	-	195
Ling Pau Pau	75	-	-	6	81	24	-	-	105
Tang Tiong Ing	75	-	-	7	82	3	-	-	85
Datu Monaliza Binti Zaidel (Resigned on 13 March 2024)	65	-	-	2	67	140	-	-	207
Datu Hasmawati Binti Sapawi	65	-	-	4	69	24	-	-	93
Bibi Umizah Binti Osman	54	-	-	2	56	-	-	-	56
Fong Yoo Kaw @ Fong Yee Kow, Victor	75	-	-	7	82	-	-	-	82
Perpetua Phang	75	-	-	5	80	-	-	-	80
Chua Chen San	75	-	-	7	82	-	-	-	82
TOTAL	689	1,664	-	261	2,614	492	1,781	60	4,947

There are no contracts of service between any Directors and the Company other than the Group Executive Chairman, Ling Lu Kuang, whose term is concurrent with the tenure of his directorship.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

Group Audit and Risk Management Committee ("GARC")

The GARC was established to assist the Board in overseeing the Group's financial reporting process, internal controls, risk management and governance.

The Group Audit and Risk Management Committee Report is set out on pages 115 to 117 of the Annual Report.

Risk Management and Internal Controls

The Statement on Risk Management and Internal Control is set out on pages 112 to 114 of the Annual Report.

Relationship with the Auditors

Key features underlying the relationship of the Group Audit and Risk Management Committee with the external auditors are included in the Group Audit and Risk Management Committee's terms of reference as detailed on pages 115 to 117 of the Annual Report.

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

Integrity in Corporate Reporting

The Board aims to provide and present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements, quarterly and half yearly announcement of results to shareholders as well as the Chairman's statement, and Management Discussion and Analysis in the annual report. The Board is assisted by the Group Audit and Risk Management Committee to oversee the Group's financial reporting processes and the quality of its financial reporting. The Company announces its quarterly and full year results within the mandatory period.

Communication with Shareholders and Investors

The Group recognises the importance of communicating with its shareholders and does this through the Annual Report, Annual General Meeting ("AGM") and analyst meetings. The policy of the Group is to maintain an active dialogue with its shareholders with the intention of giving shareholders as clear and complete picture of the Group's performance and position as possible. The primary contact with shareholders/stakeholders is through the Investor Relations Team, Company Secretary and Group Chief Executive Officer who attend dialogue sessions with institutional investors and deliver presentations to analysts periodically.

The key elements of the Group's dialogue with its shareholders/stakeholders is the opportunity to gather view of and answer questions from both private and institutional shareholders on all issues relevant to the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

At AGM, the Group Executive Chairman, Group Chief Executive Officer and members of the Board are present to address queries during the meeting. It has also been the Group's practice to send the Notice of the Annual General Meeting and related papers to shareholders at least twenty-eight (28) working days before the meeting. The shareholders are encouraged to ask questions about both the resolutions being proposed and the Group's operations in general. Where it is not possible to provide immediate answers, the Board will undertake to furnish the shareholders with a written answer after the AGM. The Group Executive Chairman and Group Chief Executive Officer also addresses to the shareholders on the review of the Group's operations for the financial year and outlines the prospects of the Group for subsequent financial year.

All resolutions put forth for shareholders' approval at AGM are voted by poll. Polling agent and scrutineer are engaged to facilitate counting and independent verification of votes.

The Group's website, www.sop.com.my is also used as a forum to communicate with the shareholders and investors and to provide information on the Group's business activities.

The Group has appointed Mr. Fong Yoo Kaw @ Fong Yee Kow, Victor as the Independent Non-Executive Director to whom investors and shareholders may refer to express their concerns.

At all times, investors and shareholders may contact the Company Secretary for information on the Group.

Corporate Governance Report

Pursuant to Listing Requirements paragraph 15.25(2), the Corporate Governance Report which discloses the application of each Practice of the MCCG by the Group in the format prescribed by Bursa Malaysia is available at the Group's website, www.sop.com.my.

This Corporate Governance Overview Statement is made in accordance with a resolution of the Board of Directors dated 29 February 2024.

STATEMENT ON RISK MANAGEMENT *and Internal Control*

The Board is pleased to provide Statement on Risk Management and Internal Control pursuant to Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements on the Group's compliance with the Principles, Intended Outcomes and Practices relating to risk management and internal controls as stipulated in the MCGG and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

Pursuant to paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement on Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report ("AAPG 3") issued by the Malaysian Institute of Accountants ("MIA") for inclusion in the annual report of the Group for the year ended 31 December 2023, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report of the Group, in all material respects: has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and management thereon. The report from the external auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the listing requirements of Bursa Malaysia Securities Berhad and for no other purposes or parties. The external auditors do not assume responsibility to any person other than the Board of Directors in respect of any aspect of this report.

The Board is satisfied with adequacy and effectiveness of the Group's risk management and internal control system. The board has received assurance from Group Chief Executive Officer ("GCEO"), Chief Operating Officer ("COO") and Chief Financial Officer ("CFO") that the Group's risk management and internal control system, is operating adequately and effectively, in all material aspects.

BOARD RESPONSIBILITY

The Board affirms its responsibility for the Group's system of risk management and internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and effectiveness. The system of risk management and internal control consists of financial controls, operational and compliance controls, cyber security controls and risk management to safeguard shareholders' investments and the Group's assets.

In view of the limitations that are inherent in any system of risk management and internal control, the system is designed to manage, rather than eliminate the risk of failure to achieve corporate objectives. Accordingly, the system could provide only reasonable but not absolute assurance against material misstatement, operational failure, fraud and loss.

KEY COMPONENTS OF INTERNAL CONTROL ENVIRONMENT

Risk Management Framework

The risk management procedure has been established based on the ISO 31000:2009 Risk management – Principles and Guidelines and will be used for guidance by everyone involved in the application of risk management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

A formal and on-going process of identifying, evaluating, managing and monitoring principal risks that affect the achievement of the Group's business objectives in a structured manner has been in place since 2002. The Group has established procedures for reporting and monitoring of risks and controls. Regular reviews are conducted on quarterly basis with additional reviews to be carried out as and when required.

The Group Audit and Risk Management Committee has been entrusted to oversee the risk management activities and approve appropriate risk management procedures and measurement methodologies across the Group.

The on-going process is monitored by the Group Risk Management Committee Team, which consists of GCEO and Heads of Department within the Group. The Group Risk Management Team reports to the Group Audit and Risk Management Committee on a quarterly basis.

The Group's risk management framework is set out in the diagram below:



OTHER KEY COMPONENTS OF INTERNAL CONTROL SYSTEM

The other key components of the Group's internal control system are described below:-

Board Meetings

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Group Executive Chairman together with GCEO lead the presentation of board papers and provide comprehensive explanation of pertinent issues. In arriving at any decision, on recommendation by the Management, a thorough deliberation and discussion by the Board is a prerequisite. In addition, the Board is kept updated on the Group's activities and operations on a regular basis.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Organisational Structure with Formally Defined Responsibility Lines and Delegation of Authority

There is in place an organisational structure with formally defined responsibility lines and authorities to facilitate quick response to changes in the dynamic business environment and accountability for operation performance. Capital and non-capital expenditures, acquisition and divestment are subject to appropriate approval processes.

Performance Management Framework

Comprehensive management reports are generated on a regular and consistent basis and presented to the Board for its review of the Group's financial and operating performance. The review encompasses areas such as financial and non-financial key performance indicators, variances between budget and operating results and compliance with laws and regulations.

The Group has in place a detailed and well-controlled budgeting process that provides a responsibility accounting framework.

Operational Policies and Procedures

The documented policies and procedures form an integral control system to safeguard the Group assets against material losses and ensure complete and accurate financial information. The documents consist of memoranda, circulars, manuals and handbooks that are continuously being revised and updated to meet operational needs and regulatory requirements.

Group Internal Control

The Internal Audit reports regularly on the internal control system and the effectiveness of risk management system of the Group in its quarterly reports to Group Audit and Risk Management Committee Report.

Continuous management efforts are in place to improve the internal control system. The Board is not aware of any material losses were incurred during the year due to the weaknesses in the internal control system.

This statement is made in accordance with a resolution of the Board dated 29 February 2024.

GROUP AUDIT AND RISK MANAGEMENT

Committee Report

TERMS OF REFERENCE

The Committee was established in 1992 and with effect from 2013, it was renamed as the Group Audit and Risk Management Committee, to serve as a Committee of the Board of Directors, with the terms of reference as set out below:-

COMPOSITION OF THE COMMITTEE

- The Committee shall comprise not less than three (3) members;
- All members of the Committee must be Non-Executive Directors, with a majority of them being Independent Non-Executives Directors;
- All members of the Committee should be financially literate and at least one member of the Committee must be a member of Malaysian Institute of Accountants ("MIA") or shall fulfill such other requirements as prescribed in the listing requirement;
- No alternate Director shall be appointed as a member of the Committee;
- The Chairman who shall be elected by the members of the Committee must be an Independent Non-Executive Director.
- Any vacancy in the Committee resulting in non-compliance of the said requirements must be filled within three (3) months.
- The terms of office and performance of the Committee and each of its members must be reviewed by the Board at least once every three (3) years.

DUTIES AND RESPONSIBILITIES

The Committee shall:-

- Provide assistance to the Board of Directors in fulfilling its fiduciary responsibilities relating to the management of financial risk processes, corporate accounting and reporting practices for the Company and Group.
- Maintain a direct line of communication between the Board and the external and internal auditors.
- Act upon the Board's request to direct and where appropriate supervise any special projects or investigation considered necessary and review investigation reports on any major issues or concerns with regard to the management of the Group.
- Review and monitor to ensure that an adequate system of risk management for the management to safeguard the Group's assets and operations.
- Prepare reports, if the circumstances arise or at least once (1) a year, to the Board summarising the work performed in fulfilling the Committee's primary responsibilities.
- Any other activities, as authorised by the Board.
- Report promptly to Bursa Malaysia on any matter reported to the Board which has not been satisfactorily resolved resulting in a breach of Bursa Malaysia Main Market Listing Requirement.

AUTHORITY

- The Committee is authorised to seek any information it requires from employees, who are required to co-operate with any request made by Committee.
- The Committee shall have full and unlimited access to any information pertaining to the Group as well as direct communication to the internal and external auditors and with senior management of the Group.
- The committee shall have the resources that are required to perform its duties. The committee can obtain at the expense of the Group, outside legal or other independent professional advice it considers necessary.

GROUP AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

COMMITTEE MEETINGS

During the financial year ended 31 December 2023, five (5) Committee meetings were held. A record of the attendance to these meetings is as follows:-

Directors	No. of Meetings Attended
Fong Yoo Kaw @ Fong Yee Kow, Victor, CA(M)	5/5
Tang Tiong Ing, CA(M)	5/5
Chua Chen San, CA(M)	5/5
Ling Pau Pau, CA(M)	5/5
Perpetua Phang	5/5

The Committee met five (5) times in the financial year. The quorum for a meeting of at least two (2) members with the majority of members present being independent Directors was adhered to. The Committee also met with the external auditors one (1) time in the financial year without the presence of the Management. Other Directors and employees were invited to attend Committee meeting on need basis at the Committee's invitation and specific to the relevant meeting. The Company Secretary is the Secretary of the Committee. Minutes of each meeting are distributed to each Board member and the Chairman of the Committee reports on key issues discussed at each meeting to the Board.

Financial Procedures and Financial Reporting

Review the quarterly results and the year-end financial statements, prior to the approval by the Board, ensure compliance with appropriate accounting policies, accounting standards and disclosure requirements.

Related Party Transaction

Monitor any related party transaction and conflict of interest situation that may arise within the Group, including any transaction, procedure or course of conduct that raises question on management integrity.

Allocation of Share Options

Verification on the allocation of any Employee Share Options Scheme ("ESOS") to ensure compliance with the provisions in the ESOS By-Laws and Listing Requirements.

External Audit

- Review with the external auditors, the audit scope and plan.
- Review the independence and objectivity of the external auditors and their services, including non-audit services and the professional fees, so as to ensure a proper balance between objectivity and value for money.
- Review the external audit reports and to evaluate their findings and recommendations for actions to be taken.
- Review the appointment and performance of external auditors, the audit fee and any question of resignation or dismissal before making recommendation to the Board.

GROUP AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

Internal Audit

- Review and approve the yearly internal audit plan, internal audit charter and audit programmes.
- Review the adequacy of the internal audit scope, functions and resources of the internal audit and that it has the necessary authority to carry out its work.
- Review the results of the internal audit and ensure that appropriate action is taken by the management on the recommendations of the internal audits.
- Review the performance of the internal audit to ensure that they are able to exercise independence in discharging their duties.
- Approve any appointment or termination of the senior staff members of the internal audit function.
- Review movement of the internal audit staff members and provide opportunity for resigning staff member to submit reasons for resigning.

Risk Management

- Review the adequacy and effectiveness of risk management, internal control and governance systems in identify risks and risk mitigation.
- Ensure that the Group has a widespread understanding of risk management principles.

SUMMARY ACTIVITIES OF THE INTERNAL AUDIT FUNCTION

The Group has an Internal Audit ("IA") function to undertake independent regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. During the year the IA function is led by an Internal Audit Manager who has over six (6) years' experience in finance, accounting and auditing across multiple industries, and with a team of 9 members, majority of whom are Bachelor Degree holders.

The IA reports directly to the Committee with independent and objective reports on the state of internal control of the various operating units within the Group. In addition, the IA also conducts investigations and special reviews at the request of management. Follow-up audits are then carried out to determine whether corrective actions have been taken by the management.

The IA attends the Committee meeting quarterly to present the internal audit findings and makes appropriate recommendations on areas of concern for the Committee's deliberation.

During the year, the IA carried out a total of 10 audits and reviews covering the Group's operations in the area of plantation, mill, downstream operation, trading, finance and administration. The costs incurred by the IA for the financial year was RM698,442 (2022: RM787,077).

STATEMENT ON *Directors' Responsibility*

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

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

In preparing the financial statements for the year ended 31 December 2023 set out in pages 136 to 217, the Directors have used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, followed the applicable approved accounting standards in Malaysia, the provision of the Companies Act, 2016 and the Listing Requirements of the Bursa Malaysia Securities Berhad. The Directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy financial information for preparation of the financial statements. The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

This statement is made in accordance with the resolution of the Board of Directors dated 26 April 2024.

ADDITIONAL COMPLIANCES

Information

1. NON-AUDIT FEES

The non-audit fees paid and payable to the Group's external auditors, KPMG PLT and its affiliates for the financial year ended 31 December 2023 were amounting to RM114,720 which mainly for the tax advisory and professional development services.

2. NO MATERIAL CONTRACTS

There were no material contracts involving the interest of Directors and major shareholders pursuant to paragraph 21, Part A, Appendix 9C of the Listing Requirements of Bursa Malaysia entered into by the Group since the end of the previous financial year up to 31 December 2023 except as disclosed in the following recurrent related party transactions.

3. RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("RRPT")

Name of Transacting Party	Nature of Transaction	Related Party #	Year 2023 Actual (RM'000)
1 The Group	Purchase of lubricant, spare parts, tyres and mild steel plate for the tractors and machinery from Shin Yang Trading Sdn. Bhd. ("SY Trading")	(a) SYHSB has more than 20% direct interest in SY Trading. ⁽¹⁾ (b) Tan Sri Datuk Ling Chiong Ho ⁽²⁾ (c) Ling Chiong Sing ⁽³⁾ (d) Ling Lu Kuang ⁽⁴⁾ (e) Ling Pau Pau ⁽⁵⁾ (f) Tang Tiong Ing ⁽⁶⁾	1,528
2 The Group	Purchase of gravel from Hollystone Quarry Sdn. Bhd. ("HQ")	(a) SYHSB has more than 20% indirect interest in HQ. ⁽¹⁾ (b) Tan Sri Datuk Ling Chiong Ho ⁽²⁾ (c) Ling Chiong Sing ⁽³⁾ (d) Ling Lu Kuang ⁽⁴⁾ (e) Ling Pau Pau ⁽⁵⁾ (f) Tang Tiong Ing ⁽⁶⁾	4,243
3 The Group	Provision of maintenance services and supply of lubricants, spare parts and tyres for the tractors and machinery by Dai Lieng Trading Sdn. Bhd. ("DLT")	(a) SYHSB has more than 20% indirect interest in DLT. ⁽¹⁾ (b) Tan Sri Datuk Ling Chiong Ho ⁽²⁾ (c) Ling Chiong Sing ⁽³⁾ (d) Ling Lu Kuang ⁽⁴⁾ (e) Ling Pau Pau ⁽⁵⁾ (f) Tang Tiong Ing ⁽⁶⁾	10,969
4 The Group	Provision of heavy equipment, machinery and related spare parts by Dai Lieng Machinery Sdn. Bhd. ("DLM")	(a) SYHSB has more than 20% indirect interest in DLM. ⁽¹⁾ (b) Tan Sri Datuk Ling Chiong Ho ⁽²⁾ (c) Ling Chiong Sing ⁽³⁾ (d) Ling Lu Kuang ⁽⁴⁾ (e) Ling Pau Pau ⁽⁵⁾ (f) Tang Tiong Ing ⁽⁶⁾	13,865
5 The Group	Purchase of fresh fruit bunches from Linau Mewah Sdn. Bhd. ("LMSB")	(a) Tan Sri Datuk Ling Chiong Ho ⁽²⁾ (b) Ling Chiong Sing ⁽³⁾ (c) Ling Lu Kuang ⁽⁴⁾ (d) Ling Pau Pau ⁽⁵⁾ (e) Tang Tiong Ing ⁽⁶⁾	82,926

ADDITIONAL COMPLIANCES INFORMATION

Name of Transacting Party	Nature of Transaction	Related Party #	Year 2023 Actual (RM'000)
6 The Group	Purchase of fresh fruit bunches from Shin Yang Forestry Sdn. Bhd. ("SYFSB")	(a) SYHSB has more than 20% indirect interest in SYFSB. ⁽¹⁾ (b) Tan Sri Datuk Ling Chiong Ho ⁽²⁾ (c) Ling Chiong Sing ⁽³⁾ (d) Ling Lu Kuang ⁽⁴⁾ (e) Ling Pau Pau ⁽⁵⁾ (f) Tang Tiong Ing ⁽⁶⁾	3,564
7 The Group	Land transport services from Melinau Transport Sdn. Bhd. ("MTSB")	(a) SYHSB has more than 20% indirect interest in MTSB. ⁽¹⁾ (b) Tan Sri Datuk Ling Chiong Ho ⁽²⁾ (c) Ling Chiong Sing ⁽³⁾ (d) Ling Lu Kuang ⁽⁴⁾ (e) Ling Pau Pau ⁽⁵⁾ (f) Tang Tiong Ing ⁽⁶⁾	6,972
8 The Group	Purchase of motor vehicles and rental of premises from Boulevard Jaya Sdn. Bhd. ("BJSB")	(a) SYHSB has more than 20% direct interest in BJSB. ⁽¹⁾ (b) Tan Sri Datuk Ling Chiong Ho ⁽²⁾ (c) Ling Chiong Sing ⁽³⁾ (d) Ling Lu Kuang ⁽⁴⁾ (e) Ling Pau Pau ⁽⁵⁾ (f) Tang Tiong Ing ⁽⁶⁾	776
9 The Group	Purchase of fresh fruit bunches, crude palm oil and/or palm kernel and/or palm kernel shell from Primaluck (M) Sdn. Bhd. ("PSB")	(a) SYHSB has more than 20% indirect interest in PSB. ⁽¹⁾ (b) Tan Sri Datuk Ling Chiong Ho ⁽²⁾ (c) Ling Chiong Sing ⁽³⁾ (d) Ling Lu Kuang ⁽⁴⁾ (e) Ling Pau Pau ⁽⁵⁾ (f) Tang Tiong Ing ⁽⁶⁾	757
10 The Group	Shipping services from Shin Yang Shipping Sdn. Bhd. ("SYShipping")	(a) SYHSB has more than 20% indirect interest in SYShipping. ⁽¹⁾ (b) Tan Sri Datuk Ling Chiong Ho ⁽²⁾ (c) Ling Chiong Sing ⁽³⁾ (d) Ling Lu Kuang ⁽⁴⁾ (e) Ling Pau Pau ⁽⁵⁾ (f) Tang Tiong Ing ⁽⁶⁾	-
11 The Group	Purchase of chemicals from Shin Yang Chemical Sdn. Bhd. ("SYCSB")	(a) SYHSB has more than 20% direct interest in SYCSB. ⁽¹⁾ (b) Tan Sri Datuk Ling Chiong Ho ⁽²⁾ (c) Ling Chiong Sing ⁽³⁾ (d) Ling Lu Kuang ⁽⁴⁾ (e) Ling Pau Pau ⁽⁵⁾ (f) Tang Tiong Ing ⁽⁶⁾	5,955
12 The Group	Purchase of fresh fruit bunches from Danum Sinar Sdn. Bhd. ("DSSB")	(a) Tan Sri Datuk Ling Chiong Ho ⁽²⁾	26,599

ADDITIONAL COMPLIANCES INFORMATION

Name of Transacting Party	Nature of Transaction	Related Party #	Year 2023 Actual (RM'000)
13 The Group	Purchase of fresh fruit bunches from Dataran Seping Sdn. Bhd. ("DSePing")	(a) SYHSB has more than 20% direct interest in DSePing. ⁽¹⁾ (b) Tan Sri Datuk Ling Chiong Ho ⁽²⁾ (c) Ling Chiong Sing ⁽³⁾ (d) Ling Lu Kuang ⁽⁴⁾ (e) Ling Pau Pau ⁽⁵⁾ (f) Tang Tiong Ing ⁽⁶⁾	5,346
14 The Group	Purchase of fresh fruit bunches from Selangau Plantation Sdn. Bhd. ("SPSB")	(a) SYHSB has more than 20% indirect interest in SPSB. ⁽¹⁾ (b) Tan Sri Datuk Ling Chiong Ho ⁽²⁾ (c) Ling Chiong Sing ⁽³⁾ (d) Ling Lu Kuang ⁽⁴⁾ (e) Ling Pau Pau ⁽⁵⁾ (f) Tang Tiong Ing ⁽⁶⁾	1,758
15 The Group	Purchase of fresh fruit bunches from Dataran Linau Sdn. Bhd. ("DLSB")	(a) SYHSB has more than 20% direct interest in DLSB. ⁽¹⁾ (b) Tan Sri Datuk Ling Chiong Ho ⁽²⁾ (c) Ling Chiong Sing ⁽³⁾ (d) Ling Lu Kuang ⁽⁴⁾ (e) Ling Pau Pau ⁽⁵⁾ (f) Tang Tiong Ing ⁽⁶⁾	4,810
16 The Group	Supply of motor vehicles and provision of maintenance services for motor vehicles by Boulevard Motor Sdn. Bhd. ("BMSB")	(a) Ling Lu Kuang has 14.9985% indirect interest in BMSB. (b) Tan Sri Datuk Ling Chiong Ho ⁽²⁾ (c) Ling Chiong Sing ⁽³⁾	1,978
17 The Group	Provision of services of heavy machineries and vehicles by Dai Lieng Industry Sdn. Bhd. ("DLI")	(a) SYHSB has more than 20% indirect interest in DLI. ⁽¹⁾ (b) Tan Sri Datuk Ling Chiong Ho ⁽²⁾ (c) Ling Chiong Sing ⁽³⁾ (d) Ling Lu Kuang ⁽⁴⁾ (e) Ling Pau Pau ⁽⁵⁾ (f) Tang Tiong Ing ⁽⁶⁾	3,200
18 The Company	Purchase of fresh fruit bunches from Shin Yang Agriculture Sdn. Bhd ("SYAgri")	(a) SYHSB has more than 20% direct interest in SYAgri. ⁽¹⁾ (b) Tan Sri Datuk Ling Chiong Ho ⁽²⁾ (c) Ling Chiong Sing ⁽³⁾ (d) Ling Lu Kuang ⁽⁴⁾ (e) Ling Pau Pau ⁽⁵⁾ (f) Tang Tiong Ing ⁽⁶⁾	3,609
19 The Group	Purchase of plastic and packaging items from Kian Hang Plastic Sdn. Bhd ("KHPSB")	(a) SYHSB has more than 20% direct interest in KHPSB. ⁽¹⁾ (b) Tan Sri Datuk Ling Chiong Ho ⁽²⁾ (c) Ling Chiong Sing ⁽³⁾ (d) Ling Lu Kuang ⁽⁴⁾ (e) Ling Pau Pau ⁽⁵⁾ (f) Tang Tiong Ing ⁽⁶⁾	2,383

ADDITIONAL COMPLIANCES INFORMATION

Name of Transacting Party	Nature of Transaction	Related Party #	Year 2023 Actual (RM'000)
20 The Group	Supply of motor vehicles and provision of maintenance services for the motor vehicles by Dai Max Automobile Sdn. Bhd ("DMASB")	(a) SYHSB has more than 20% indirect interest in DMASB. ⁽¹⁾ (b) Tan Sri Datuk Ling Chiong Ho ⁽²⁾ (c) Ling Chiong Sing ⁽³⁾ (d) Ling Lu Kuang ⁽⁴⁾ (e) Ling Pau Pau ⁽⁵⁾ (f) Tang Tiong Ing ⁽⁶⁾	3,272
21 The Group	Purchase of fresh fruit bunches from Linau Sinar Sdn. Bhd ("LSSB")	(a) SYHSB has more than 20% indirect interest in LSSB. ⁽¹⁾ (b) Tan Sri Datuk Ling Chiong Ho ⁽²⁾ (c) Ling Chiong Sing ⁽³⁾ (d) Ling Lu Kuang ⁽⁴⁾ (e) Ling Pau Pau ⁽⁵⁾ (f) Tang Tiong Ing ⁽⁶⁾	4,359
22 The Company	Purchase of fresh fruit bunches from VC Megamas Sdn. Bhd ("VCMSB")	(a) SYHSB has more than 20% indirect interest in VCMSB. ⁽¹⁾ (b) Tan Sri Datuk Ling Chiong Ho ⁽²⁾ (c) Ling Chiong Sing ⁽³⁾ (d) Ling Lu Kuang ⁽⁴⁾ (e) Ling Pau Pau ⁽⁵⁾ (f) Tang Tiong Ing ⁽⁶⁾	968

Note

- ⁽¹⁾ Shin Yang Holding Sdn. Bhd. ("SYHSB"), a major shareholder of SOPB with indirect interest of 27.41% held through Shin Yang Plantation Sdn. Bhd. ("SYPSB"). SYPSB is wholly owned by Shin Yang Corporation Sdn. Bhd. ("SYCSB") and SYCSB is, in turn, wholly owned by SYHSB.
- ⁽²⁾ Tan Sri Datuk Ling Chiong Ho is a major shareholder of SOPB and is also the Director of SYHSB, SY Trading, HQ, DLT, DLM, LMSB, SYFSB, MTSB, BJSB, SYShipping, DSSB, DSeping, SPSB, DLSB, BMSB, DLI, SYAgri, KHPSB, LSSB and VCMSB. He has substantial direct/indirect interest in SYHSB, SY Trading, HQ, DLT, DLM, LMSB, SYFSB, MTSB, BJSB, PSB, SYShipping, SYCSB, DSeping, SPSB, DLSB, BMSB, DLI, SYAgri, KHPSB, DMASB, LSSB and VCMSB. He is also the Group Business Advisor of SOPB.
- ⁽³⁾ Ling Chiong Sing is the Non-Executive Director of SOPB and is also the Director of SYHSB, SY Trading, HQ, DLT, DLM, LMSB, SYFSB, MTSB, BJSB, SYShipping, SYCSB, DSeping, SPSB, DLSB, BMSB, DLI, SYAgri, KHPSB, LSSB and VCMSB. He has substantial direct/indirect interest in SYHSB, SY Trading, HQ, DLT, DLM, LMSB, SYFSB, MTSB, BJSB, PSB, SYShipping, SYCSB, DSeping, SPSB, DLSB, BMSB, DLI, SYAgri, KHPSB, DMASB, LSSB and VCMSB.
- ⁽⁴⁾ Ling Lu Kuang is the Group Executive Chairman of SOPB and is also the Non-Executive Director of SYShipping. He is a deemed person connected to Tan Sri Datuk Ling Chiong Ho and also authorised representative of Shin Yang Group.
- ⁽⁵⁾ Ling Pau Pau is the Non-Executive Director, member of the Audit and Risk Management Committee of SOPB. She is a deemed person connected to Tan Sri Datuk Ling Chiong Ho and also authorised representative of Shin Yang Group.
- ⁽⁶⁾ Tang Tiong Ing is the Non-Executive Director, member of the Audit and Risk Management Committee and Nomination Committee of SOPB. He is authorised representative and also an employee of Shin Yang Group.

4. ADDITIONAL ESOS INFORMATION

Pursuant to paragraph 27, Part A, Appendix 9C of the Listing Requirements of Bursa Malaysia, the aggregate maximum allocation of ESOS applicable to Directors and Senior Management is up to 50%. Since the commencement of the ESOS up to 31 December 2023, approximately 36% of the options were granted to Directors and Senior Management.

FINANCIAL *Statements*

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DIRECTORS'

Report

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, cultivation of oil palms and operations of palm oil mills. There has been no significant change in the nature of these activities during the financial year.

SUBSIDIARIES

The principal activities and other details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year attributable to:		
Owners of the Company	300,866	170,063
Non-controlling interests	13,506	-
	314,372	170,063

RESERVES AND PROVISIONS

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

DIVIDEND

Since the end of the previous financial year, the Company had paid the following dividends:

- (i) In respect of the financial year ended 31 December 2022, a final single-tier dividend of 6 sen per ordinary share totalling RM53,416,650 was paid on 14 July 2023; and
- (ii) In respect of the financial year ended 31 December 2023, a first interim single-tier dividend of 4 sen per ordinary share totalling RM35,612,878 was paid on 12 January 2024.

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2023, of 6 sen per ordinary share on 890,885,004 ordinary shares, amounting to a dividend payable of RM53,453,100 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial statements for the financial year ending 31 December 2024.

DIRECTORS OF THE COMPANY

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

Ling Lu Kuang*
Ling Chiong Sing*
Ling Pau Pau*

DIRECTORS' REPORT

DIRECTORS OF THE COMPANY (CONTINUED)

Tang Tiong Ing*
 Datu Hasmawati Binti Sapawi*
 Bibi Umizah Binti Osman
 Fong Yoo Kaw @ Fong Yee Kow
 Perpetua Phang
 Chua Chen San*
 Datu Monaliza Binti Zaidel* (Resigned on 13.03.2024)

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

DIRECTORS OF THE SUBSIDIARIES

The following is the list of directors of the subsidiaries (excluding those who are also directors of the Company as mentioned above) in office during the financial year until the date of this report:

Chan Kim Hong
 Cheang Chu King
 Chua Chin Wei
 Datu Haji Sarudu Bin Haji Hoklai
 Datuk Tan Thian Siang
 Eric Kiu Kwong Seng
 George Lentton Anak Indang
 Datu John Wayne Anak Chamberlin Sirau
 Mersal Bin Abang Rosli
 Datu Haji Abdul Hadi Bin Datuk Haji Abdul Kadir
 Wong Hee Kwong
 Wong Kai Song
 Dato Chung Soon Nam
 Tho Kheng Chiang
 Mohammad Faisal Bin Jaffar

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares and options over 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 1.1.2023	Acquired/ ESOS exercised	Sold	At 31.12.2023
The Company				
<u>Direct interest</u>				
Ling Lu Kuang	4,280,850	-	-	4,280,850
Ling Chiong Sing	225,000	-	-	225,000
Tang Tiong Ing	307,696	-	-	307,696

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

	Number of ordinary shares			
	At 1.1.2023	Acquired/ ESOS exercised	Sold	At 31.12.2023
<u>Deemed interest</u>				
Ling Lu Kuang	98,909,505	-	-	98,909,505
Ling Chiong Sing	244,181,850	-	-	244,181,850
Ling Pau Pau	2,442,973	-	-	2,442,973
Tang Tiong Ing	187,071	-	-	187,071
	Number of ESOS options over ordinary shares			
	At 1.1.2023	Granted	Exercised	At 31.12.2023
Share options of the Company at RM2.40 per share				
Fong Yoo Kaw @ Fong Yee Kow	225,000	-	-	225,000
Chua Chen San	225,000	-	-	225,000
Share options of the Company at RM2.29 per share				
Ling Lu Kuang	-	2,854,000	-	2,854,000
Ling Pau Pau	-	150,000	-	150,000
Datu Monaliza Binti Zaidel	-	150,000	-	150,000
Datu Hasmawati Binti Sapawi	-	150,000	-	150,000

By virtue of their interest in the shares of the Company, Ling Chiong Sing is also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

The other Directors, Perpetua Phang and Bibi Umizah Binti Osman holding office at 31 December 2023 did not have any interest in the shares and options over 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.

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'000	From subsidiary companies RM'000
Directors of the Company:		
Fees	689	492
Remuneration	1,925	1,841
	2,614	2,333

DIRECTORS' REPORT

DIRECTORS' BENEFITS (CONTINUED)

Save for ESOS options as disclosed above, 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.

ISSUE OF SHARES AND DEBENTURES

During the financial year, the Company issued 158,150 new ordinary shares for cash totalling RM264,245 arising from the exercise of the employees' share options at an average exercise price of RM1.67 per share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

There were no 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 apart from the issue of options pursuant to the ESOS.

At an Extraordinary General Meeting held on 9 August 2017, the Company's shareholders approved the establishment of an ESOS of not more than 10% of the issued share capital of the Company to eligible Directors and employees of the Group.

The salient features and other terms of the ESOS are disclosed in Note 18 to the financial statements.

During the financial year, the Company granted 5,006,700 share options under the scheme. These options expire on 18 September 2027 and are exercisable if the employee remains in service.

The options offered to take up unissued ordinary shares and the exercise prices are as follows:

Date of Offer	Expiry date	Exercise price	Number of ESOS options over ordinary shares				At 31.12.2023
			At 1.1.2023	Granted	Exercised	Forfeited	
28.09.2017	18.09.2027	2.40	15,072,600	-	(24,500)	(396,600)	14,651,500
25.05.2018	18.09.2027	2.08	662,250	-	(9,300)	(17,250)	635,700
03.04.2019	18.09.2027	1.48	750,600	-	(90,900)	(57,900)	601,800
17.04.2020	18.09.2027	1.49	454,800	-	(31,050)	(54,600)	369,150
06.04.2021	18.09.2027	2.38	474,450	-	-	(46,200)	428,250
12.04.2022	18.09.2027	3.46	2,101,200	-	-	(255,450)	1,845,750
10.04.2023	18.09.2027	2.21	-	1,702,700	(2,400)	(118,400)	1,581,900
01.09.2023	18.09.2027	2.29	-	3,304,000	-	-	3,304,000
			19,515,900	5,006,700	(158,150)	(946,400)	23,418,050

DIRECTORS' REPORT

INDEMNITY AND INSURANCE COSTS

a. Directors

During the financial year, the Company maintained a Directors' and Officers' Liability Insurance to provide appropriate insurance cover for the Directors and Officers of the Company. The total insured limit for the Directors' and Officers' Liability Insurance effected for the Directors and Officers of the Company and its subsidiaries was RM100,000,000 per occurrence and in the aggregate. The insurance premium for the Group was RM197,800.

b. Auditors

Any indemnity given to or insurance effected for the auditors of the Company is to be made to the extent as permitted under Section 289 of the Companies Act 2016. There is no amount of such 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

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 RM645,000 and RM120,000 respectively.

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

Fong Yoo Kaw @ Fong Yee Kow
Director

Chua Chen San
Director

Miri,

Date: 26 April 2024

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 136 to 217 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:

Fong Yoo Kaw @ Fong Yee Kow
Director

Chua Chen San
Director

Miri,

Date: 26 April 2024

STATUTORY *Declaration*

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

I, **Sim Yen You**, the officer primarily responsible for the financial management of Sarawak Oil Palms Berhad, do solemnly and sincerely declare that the financial statements set out on pages 136 to 217 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 **Sim Yen You**, NRIC: 840926-13-5374, MIA CA31839, at Miri in the State of Sarawak on 26 April 2024.

Sim Yen You

Before me:

INDEPENDENT

Auditors' Report

TO THE MEMBERS OF SARAWAK OIL PALMS BERHAD
REGISTRATION NO. 196801000358 (7949 - M)
(INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sarawak Oil Palms 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 136 to 217.

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

Key Audit Matters

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

1. Valuation of goodwill – Group

Refer to Note 6 – Intangible assets and its material accounting policy information.

The key audit matter

Goodwill on consolidation of the Group arose from acquisition of subsidiaries in the plantations segment in prior years. The Group is required to perform annual goodwill assessment based on estimated future cash flows to support the goodwill amounting to RM168,123,000 as at 31 December 2023.

We determined the impairment assessment of goodwill to be a key audit matter due to the impairment assessment prepared by the Group contained certain degree of judgement and involved assumptions of future events that are inherently uncertain. It required us to exercise a significant level of judgement in evaluating the Group's impairment assessment.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- we evaluated the design and implementation of the controls over the preparation of the valuation model used to determine recoverable amount of the cash generating units ("CGUs");
- we performed a retrospective review by comparing the actual results during the current year with those included in the prior year's forecasts in order to assess the accuracy of the Group's budgeting process;

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SARAWAK OIL PALMS BERHAD

REGISTRATION NO. 196801000358 (7949 - M)

(INCORPORATED IN MALAYSIA)

Key Audit Matters (continued)

1. Valuation of goodwill – Group (continued)

How the matter was addressed in our audit (continued)

- we evaluated and challenged the Group's key assumptions such as prices and production of fresh fruit bunches, operational costs in plantations, palm oil prices, sales and production volume and discount rates by making comparisons to actual results, externally derived data and industry norms;
- we obtained confirmation that the key assumptions were subject to oversight from the Directors; and
- we assessed the adequacy of the Group's disclosures in respect of key assumptions and assessed whether the sensitivity of the outcome of impairment assessment to changes in the key assumptions reflected the risk inherent in the valuation of goodwill.

2. Valuation of investment in subsidiaries – Company

Refer to Note 7 – Investment in subsidiaries and its material accounting policy information.

The key audit matter

Certain subsidiaries of the Company were loss making for the financial year ended 31 December 2023 which indicated that there may be an impairment on the investment in these subsidiaries. The Company has evaluated the indicator and performed impairment assessment to determine the recoverable amount.

We determined this to be a key audit matter due to the degree of judgement involved in preparing and considering the prospective financial information based on the assumptions and events which may occur in the next 12 months and beyond by the Group. In view of the inherent uncertainties involved in forecasting and discounting future cash flows, as well as the appropriateness of the key assumptions used to derive the projections, it required us to exercise a significant level of judgement in evaluating the Group's assessment on investment in subsidiaries.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- we obtained an understanding on the process in relation to the Company's assessment on investment in subsidiaries and evaluated the design and implementation of the controls over the preparation of the valuation model used to determine the recoverable amount of those affected subsidiaries;
- we performed a retrospective review by comparing the actual results during the current year with those included in the prior year's forecasts in order to assess the accuracy of the Company's budgeting process;
- we evaluated and challenged the Company's key assumptions such as prices and production of fresh fruit bunches, operational costs in plantations, palm oil prices, sales and production volume, gross profit margin, discount rates by making comparisons to actual results, externally derived data and industry norms; and
- we compared the carrying amount of the investment against its recoverable amount based on value-in-use. Where the recoverable amount was less than carrying amount of the investment, assessed if the impairment loss has been properly recognised in the profit or loss.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SARAWAK OIL PALMS BERHAD

REGISTRATION NO. 196801000358 (7949 - M)

(INCORPORATED IN MALAYSIA)

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

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.

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.
- 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SARAWAK OIL PALMS BERHAD
REGISTRATION NO. 196801000358 (7949 - M)
(INCORPORATED IN MALAYSIA)

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

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 7 to the financial statements.

Other Matter

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

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

Miri,

Date: 26 April 2024

Nicholas Chia Wei Chit
Approval Number: 03102/03/2026 J
Chartered Accountant

STATEMENTS OF

Financial Position

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Assets					
Property, plant and equipment	3	1,107,002	1,091,834	187,385	184,840
Bearer plants	4	823,649	864,726	161,816	161,314
Right-of-use assets	5	495,700	504,174	39,784	40,142
Intangible assets	6	168,246	168,255	-	-
Investment in subsidiaries	7	-	-	1,629,850	1,650,289
Investment in joint venture	8	2,944	19,632	-	-
Inventories	9	59,065	58,191	-	-
Deferred tax assets	10	3,101	5,151	-	-
Total non-current assets		2,659,707	2,711,963	2,018,835	2,036,585
Agricultural produce	11	24,050	21,930	4,165	3,620
Inventories	9	542,571	470,637	32,889	60,548
Trade and other receivables	12	267,696	248,107	215,451	250,557
Contract assets	13	28,399	42,444	-	-
Prepayments and other assets		5,815	2,033	443	401
Derivatives	14	8,660	1,605	-	-
Current tax recoverable		26,388	17,309	-	-
Other investments	15	870,638	124,302	374,919	20,443
Cash and cash equivalents	16	779,317	1,253,646	242,731	412,783
Total current assets		2,553,534	2,182,013	870,598	748,352
Total assets		5,213,241	4,893,976	2,889,433	2,784,937

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Equity					
Share capital	17	914,901	914,474	914,901	914,474
Other reserves	17	5,893	2,922	-	-
Employee share option reserve	18	19,694	16,006	19,694	16,006
Retained earnings		2,573,545	2,361,709	1,540,250	1,459,217
Total equity attributable to owners of the Company		3,514,033	3,295,111	2,474,845	2,389,697
Non-controlling interests	7	158,161	152,203	-	-
Total equity		3,672,194	3,447,314	2,474,845	2,389,697
Liabilities					
Loans and borrowings	19	223,079	446,125	20,000	220,000
Lease liabilities		712	895	1,485	1,442
Government grants	20	12,210	13,274	313	386
Deferred tax liabilities	10	388,963	389,212	49,632	47,660
Total non-current liabilities		624,964	849,506	71,430	269,488
Loans and borrowings	19	622,009	314,829	200,000	5,000
Lease liabilities		1,372	655	477	365
Trade and other payables	21	281,885	270,232	136,707	114,592
Current tax payable		9,592	10,328	5,901	5,722
Government grants	20	1,064	1,064	73	73
Derivatives	14	161	48	-	-
Total current liabilities		916,083	597,156	343,158	125,752
Total liabilities		1,541,047	1,446,662	414,588	395,240
Total equity and liabilities		5,213,241	4,893,976	2,889,433	2,784,937

The notes on pages 149 to 217 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'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	22	5,123,689	5,308,285	1,454,273	1,797,977
Cost of sales		(4,379,258)	(4,259,981)	(1,161,537)	(1,530,546)
Gross profit		744,431	1,048,304	292,736	267,431
Other income	23	41,530	53,776	21,966	18,107
Administrative expenses		(28,821)	(25,500)	(13,061)	(11,564)
Other operating expenses		(32,885)	(30,887)	(25,403)	(13,024)
Selling and marketing expenses		(322,327)	(363,103)	(74,228)	(88,480)
Changes in fair value of agricultural produce	11	2,120	(12,239)	545	(935)
Net gain on impairment of financial instruments		-	3,348	-	-
Results from operating activities		404,048	673,699	202,555	171,535
Finance income	24	47,087	26,887	20,091	13,310
Finance costs	25	(33,488)	(29,266)	(8,291)	(6,783)
Net finance income/(costs)		13,599	(2,379)	11,800	6,527
Share of profit/(loss) of equity-accounted joint venture, net of tax	8	3,074	(2,531)	-	-
Profit before tax		420,721	668,789	214,355	178,062
Taxation	26	(106,349)	(164,539)	(44,292)	(40,936)
Profit for the financial year	27	314,372	504,250	170,063	137,126

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other comprehensive income, net of tax					
Item that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		3,257	1,975	-	-
Cash flow hedge	29	(286)	1,740	-	-
Other comprehensive income for the financial year, net of tax		2,971	3,715	-	-
Total comprehensive income for the financial year		317,343	507,965	170,063	137,126
Profit attributable to:					
Owners of the Company		300,866	479,652	170,063	137,126
Non-controlling interests	7	13,506	24,598	-	-
Profit for the financial year		314,372	504,250	170,063	137,126
Total comprehensive income attributable to:					
Owners of the Company		303,837	483,367	170,063	137,126
Non-controlling interests	7	13,506	24,598	-	-
Total comprehensive income for the financial year		317,343	507,965	170,063	137,126
Basic earnings per ordinary share (sen)	30	33.80	54.65		
Diluted earnings per ordinary share (sen)	30	33.77	54.53		

The notes on pages 149 to 217 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF

Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Note	Attributable to owners of the Company			Distributable			Total equity RM'000
		Non-distributable		Employee share option reserve	Retained earnings	Total	Non-controlling interests	
		Share capital RM'000	Other reserves RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2022		823,162	(793)	26,481	1,953,269	2,802,119	136,592	2,938,711
Foreign currency translation differences for foreign operations		-	1,975	-	-	1,975	-	1,975
Cash flow hedge	29	-	1,740	-	-	1,740	-	1,740
Total other comprehensive income for the financial year		-	3,715	-	-	3,715	-	3,715
Profit for the financial year		-	-	-	479,652	479,652	24,598	504,250
Total comprehensive income for the financial year		-	3,715	-	479,652	483,367	24,598	507,965
Contributions by and distributions to owners of the Company								
Share options granted	18	-	-	3,461	-	3,461	-	3,461
Share options exercised	18	13,936	-	(13,936)	-	-	-	-
Dividends to owners of the Company	31	-	-	-	(71,212)	(71,212)	-	(71,212)
Dividends to non-controlling interests in subsidiaries		-	-	-	-	-	(8,987)	(8,987)
Issue of ordinary shares pursuant to exercise of share options	17	77,376	-	-	-	77,376	-	77,376
Total transaction with owners of the Company		91,312	-	(10,475)	(71,212)	9,625	(8,987)	638
At 31 December 2022		914,474	2,922	16,006	2,361,709	3,295,111	152,203	3,447,314

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		Attributable to owners of the Company						
		Non-distributable			Distributable			
Group (continued)	Note	Share capital RM'000	Other reserves RM'000	Employee share option reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2023		914,474	2,922	16,006	2,361,709	3,295,111	152,203	3,447,314
Foreign currency translation differences for foreign operations		-	3,257	-	-	3,257	-	3,257
Cash flow hedge	29	-	(286)	-	-	(286)	-	(286)
Total other comprehensive income for the financial year		-	2,971	-	-	2,971	-	2,971
Profit for the financial year		-	-	-	300,866	300,866	13,506	314,372
Total comprehensive income for the financial year		-	2,971	-	300,866	303,837	13,506	317,343
Contributions by and distributions to owners of the Company								
Share options granted	18	-	-	3,851	-	3,851	-	3,851
Share options exercised	18	163	-	(163)	-	-	-	-
Dividends to owners of the Company	31	-	-	-	(89,030)	(89,030)	-	(89,030)
Dividends to non-controlling interests in subsidiaries		-	-	-	-	-	(7,576)	(7,576)
Changes in ownership interest in subsidiaries		-	-	-	-	-	28	28
Issue of ordinary shares pursuant to exercise of share options	17	264	-	-	-	264	-	264
Total transaction with owners of the Company		427	-	3,688	(89,030)	(84,915)	(7,548)	(92,463)
At 31 December 2023		914,901	5,893	19,694	2,573,545	3,514,033	158,161	3,672,194

STATEMENT OF

Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

		← Attributable to owners of the Company →		← Non-distributable → Distributable	
Company	Note	Share capital RM'000	Employee share option reserve RM'000	Retained earnings RM'000	Total RM'000
At 1 January 2022		823,162	26,481	1,393,303	2,242,946
Profit and total comprehensive income for the financial year		-	-	137,126	137,126
<i>Contributions by and distributions to owners of the Company:</i>					
- Share options granted	18	-	3,461	-	3,461
- Share options exercised	18	13,936	(13,936)	-	-
- Dividends to owners of the Company	31	-	-	(71,212)	(71,212)
- Issue of ordinary shares pursuant to exercise of share options	17	77,376	-	-	77,376
Total transaction with owners of the Company		91,312	(10,475)	(71,212)	9,625
At 31 December 2022/1 January 2023		914,474	16,006	1,459,217	2,389,697
Profit and total comprehensive income for the financial year		-	-	170,063	170,063
<i>Contributions by and distributions to owners of the Company:</i>					
- Share options granted	18	-	3,851	-	3,851
- Share options exercised	18	163	(163)	-	-
- Dividends to owners of the Company	31	-	-	(89,030)	(89,030)
- Issue of ordinary shares pursuant to exercise of share options	17	264	-	-	264
Total transaction with owners of the Company		427	3,688	(89,030)	(84,915)
At 31 December 2023		914,901	19,694	1,540,250	2,474,845

The notes on pages 149 to 217 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'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from operating activities					
Profit before tax		420,721	668,789	214,355	178,062
<i>Adjustments for:</i>					
Change in fair value of agricultural produce	11	(2,120)	12,239	(545)	935
Amortisation of bearer plants	4	75,822	74,765	8,764	7,779
Amortisation of government grants	20	(1,064)	(1,064)	(73)	(73)
Amortisation of intangible assets	6	25	22	-	-
Depreciation of property, plant and equipment	3.2	93,776	89,112	25,593	24,120
Depreciation of right-of-use assets	5	9,646	9,714	985	1,011
Reversal of impairment loss on financial instruments		-	(3,348)	-	-
Dividend income from subsidiaries	22	-	-	(59,378)	(31,678)
Gain on disposal of property, plant and equipment		(1,136)	(574)	(694)	(378)
Gain on disposal of right-of-use assets		(15)	-	-	-
Net gain on lease modifications/ terminations		-	(19)	-	(19)
Reversal of impairment loss on investment in a joint venture		(2,969)	-	-	-
Impairment loss on investment in a subsidiary	7	-	-	13,061	-
Finance income	24	(47,087)	(26,887)	(20,091)	(13,310)
Finance costs	25	33,488	29,266	8,291	6,783
Fair value changes on derivatives		(7,320)	7,516	-	-
Inventories written down	9	5,804	3,788	-	-
Inventories written off	9	224	77	41	-
Property, plant and equipment written off		744	453	26	93
Bearer plants written off		5,155	2,875	-	-
Bad debts written off		7	-	3	-
Unrealised loss/(gain) on foreign exchange		2,393	(188)	(3)	(10)
Share options granted under ESOS	18	3,851	3,461	1,807	1,041
Share of (profit)/loss of equity-accounted joint venture, net of tax		(3,074)	2,531	-	-
Operating profit before changes in working capital		586,871	872,528	192,142	174,356

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from operating activities (continued)					
Change in inventories		(78,634)	1,431	27,652	(3,224)
Change in trade and other receivables, prepayments and other assets		(4,550)	42,894	(3,926)	127
Change in trade and other payables		(29,920)	(23,921)	(9,795)	(16,590)
Net movement in subsidiaries balances		-	-	25,256	150,243
Cash generated from operations		473,767	892,932	231,329	304,912
Net tax paid		(114,271)	(153,566)	(42,142)	(40,618)
Interest/Profit paid		(357)	(526)	(260)	(260)
Interest received		9,109	7,180	3,811	3,413
Net cash from operating activities		368,248	746,020	192,738	267,447
Cash flows from investing activities					
Acquisition of property, plant and equipment	(i)	(109,849)	(106,996)	(28,485)	(35,159)
Additional investment in subsidiaries		-	-	(12,622)	(20,258)
Additions to intangible assets		(16)	(13)	-	-
Additions to right-of-use assets		-	(252)	-	-
Dividends received		-	-	59,378	31,678
Interest received		37,978	19,707	16,280	9,897
Additions to bearer plants	(ii)	(38,274)	(19,473)	(8,705)	(9,999)
(Placement)/Upliftment of fixed deposits with original maturities exceeding three months		(746,336)	109,967	(354,476)	37,909
Proceeds from disposal of property, plant and equipment		1,712	2,636	1,569	1,847
Proceeds from disposal of right-of-use assets		15	-	-	-
Proceeds from redemption of preference shares from joint venture		22,731	-	-	-
Proceeds from redemption of preference shares from subsidiaries		-	-	30,000	-
Net cash (used in)/from investing activities		(832,039)	5,576	(297,061)	15,915

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from financing activities					
Net movement in trade financing	(iii)	176,708	(78,925)	-	-
Repayment of loans and borrowings	(iii)	(290,693)	(182,721)	(5,000)	(100,000)
Repayment of hire purchase financing	(iii)	(1,852)	(4,068)	-	(41)
Payment of lease liabilities	(iii)	(636)	(730)	(472)	(507)
ESOS capital contribution from subsidiaries		-	-	2,044	2,420
Proceeds from exercise of ESOS		264	77,376	264	77,376
Proceeds from loans and borrowings	(iii)	-	5,000	-	5,000
Proceeds from issuance of Sukuk Murabahah		200,000	-	-	-
Changes in ownership interest in subsidiaries		28	-	-	-
Dividends paid to owners of the Company	31	(53,417)	(71,212)	(53,417)	(71,212)
Dividends paid to non-controlling interests		(7,576)	(8,987)	-	-
Interest paid		(34,435)	(31,790)	(9,151)	(8,678)
Net cash used in financing activities		(11,609)	(296,057)	(65,732)	(95,642)
Net (decrease)/increase in cash and cash equivalents		(475,400)	455,539	(170,055)	187,720
Effect of exchange rate changes		1,071	1,414	3	10
Cash and cash equivalents at beginning of financial year		1,253,646	796,693	412,783	225,053
Cash and cash equivalents at end of financial year	16	779,317	1,253,646	242,731	412,783
Cash outflows for leases as a lessee					
Included in net cash from operating activities:					
Payment related to short-term leases		(2,191)	(1,946)	(252)	(196)
Payment relating to variable lease payments not included in the measurement of lease liabilities		(10,178)	(8,588)	-	-
Interest paid in relation to lease liabilities		(119)	(91)	(103)	(98)
Included in net cash from financing activities:					
Payment of lease liabilities		(636)	(730)	(472)	(507)
Total cash outflows for leases		(13,124)	(11,355)	(827)	(801)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Notes:

(i) Acquisition of property, plant and equipment

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Amount paid using internal fund		109,849	106,996	28,485	35,159
Finance cost capitalised	3.1	792	2,356	792	1,194
Aggregate cost of property, plant and equipment acquired during the year	3	110,641	109,352	29,277	36,353

(ii) Additions to bearer plants

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Addition of bearer plants (including personnel expenses)	4	39,900	21,121	9,266	10,796
Depreciation capitalised	4.1	(1,038)	(879)	(204)	(265)
Finance costs capitalised	4.1	(588)	(769)	(357)	(532)
		38,274	19,473	8,705	9,999

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Notes: (continued)

(iii) Reconciliation of liabilities arising from financing activities

	At 1.1.2022 RM'000	Net changes financing cash flows RM'000	Addition/ modification/ terminations of leases (net) RM'000	Interest amortisation on financial liabilities RM'000	Foreign exchange movement RM'000	At 31.12.2022 RM'000
Group						
Term loans	683,183	(182,721)	-	-	481	500,943
Sukuk Murabahah	19,461	-	-	75	-	19,536
Revolving credits	-	5,000	-	-	-	5,000
Hire purchase financing	5,943	(4,068)	-	-	-	1,875
Trade banking facilities	309,202	(78,925)	-	-	3,323	233,600
Lease liabilities	1,649	(730)	631	-	-	1,550
Total liabilities from financing activities	1,019,438	(261,444)	631	75	3,804	762,504
Company						
Term loans	300,000	(100,000)	-	-	-	200,000
Sukuk Murabahah	20,000	-	-	-	-	20,000
Revolving credits	-	5,000	-	-	-	5,000
Hire purchase financing	41	(41)	-	-	-	-
Lease liabilities	1,810	(507)	504	-	-	1,807
Total liabilities from financing activities	321,851	(95,548)	504	-	-	226,807

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Notes: (continued)

(iii) Reconciliation of liabilities arising from financing activities (continued)

	At 31.12.2022/ 1.1.2023 RM'000	Net changes financing cash flows RM'000	Addition/ modification/ terminations of leases (net) RM'000	Interest amortisation on financial liabilities RM'000	Foreign exchange movement RM'000	At 31.12.2023 RM'000
Group (continued)						
Term loans	500,943	(285,693)	-	-	188	215,438
Sukuk Murabahah	19,536	200,000	-	76	-	219,612
Revolving credits	5,000	(5,000)	-	-	-	-
Hire purchase financing	1,875	(1,852)	-	-	-	23
Trade banking facilities	233,600	176,708	-	-	(293)	410,015
Lease liabilities	1,550	(636)	1,170	-	-	2,084
Total liabilities from financing activities	762,504	83,527	1,170	76	(105)	847,172
Company (continued)						
Term loans	200,000	-	-	-	-	200,000
Sukuk Murabahah	20,000	-	-	-	-	20,000
Revolving credits	5,000	(5,000)	-	-	-	-
Lease liabilities	1,807	(472)	627	-	-	1,962
Total liabilities from financing activities	226,807	(5,472)	627	-	-	221,962

The notes on pages 149 to 217 are an integral part of these financial statements.

NOTES TO THE *Financial Statements*

Sarawak Oil Palms Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are No. 124 - 126, Jalan Bendahara, 98000 Miri, Sarawak.

The consolidated financial statements of the Group 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") and the Group's interests in joint venture.

The Company is principally engaged in investment holding, cultivation of oil palms and operations of palm oil mills, while the principal activities of its subsidiaries and joint venture are stated in Note 7 and Note 8 to the financial statements respectively.

These financial statements were authorised for issue by the Board of Directors on 26 April 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 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 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 those accounting standards, interpretations and amendments that are effective for annual periods beginning on or after 1 January 2024.
- from the annual period beginning on 1 January 2025 for those accounting standards, interpretations and amendments that are effective for annual periods beginning on or after 1 January 2025.

The initial application of the 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 items, which are measured based on the measurement bases stated below:

Items	Measurement bases
Derivatives	Fair value
Agricultural produce	Fair value
Employee share option reserve	Black Scholes model

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (CONTINUED)

(c) Functional and presentation currency

The individual financial statements of each entity in the Group are prepared using the currency of the primary economic environment in which the entity operates, which is the functional currency. The Group's and the Company's financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and presentation currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(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 those disclosed in the following notes:

- Note 6 - impairment testing of goodwill;
- Note 7 - impairment testing of investment in subsidiaries;
- Note 11 - measurement of agricultural produce; and
- Note 12 and 33.4 - measurement of expected credit loss ("ECL").

2. CHANGE 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 – Disclosures 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 amendments 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.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings and nursery RM'000	Furniture and office equipment RM'000	Infra-structures RM'000	Plant, machinery and field equipment RM'000	Motor vehicles and vessels RM'000	Capital work-in-progress RM'000	Total RM'000
Cost							
At 1 January 2022	420,915	33,015	528,396	758,547	153,780	98,266	1,992,919
Additions	2,272	3,578	1,628	39,776	13,371	48,727	109,352
Disposals	(21)	(122)	-	(4,960)	(2,865)	-	(7,968)
Reclassification	10,358	438	12,768	38,167	-	(61,731)	-
Write-offs	(349)	(632)	-	(3,814)	(1,265)	-	(6,060)
Exchange translation differences	885	12	-	-	-	-	897
At 31 December 2022/1 January 2023	434,060	36,289	542,792	827,716	163,021	85,262	2,089,140
Additions	7,283	3,029	14,855	41,642	14,877	28,955	110,641
Disposals	-	(94)	-	(4,647)	(4,650)	-	(9,391)
Reclassification	8,859	65	340	40,398	-	(49,662)	-
Write-offs	(652)	(710)	-	(5,297)	(1,074)	(52)	(7,785)
Exchange translation differences	976	13	-	-	-	-	989
At 31 December 2023	450,526	38,592	557,987	899,812	172,174	64,503	2,183,594
Accumulated depreciation							
At 1 January 2022	207,383	23,523	76,290	501,649	109,760	-	918,605
Depreciation for the financial year	18,877	3,411	8,406	50,674	8,747	-	90,115
Disposals	(21)	(89)	-	(3,549)	(2,247)	-	(5,906)
Write-offs	(348)	(583)	-	(3,479)	(1,197)	-	(5,607)
Exchange translation differences	91	8	-	-	-	-	99
At 1 December 2022/1 January 2023	225,982	26,270	84,696	545,295	115,063	-	997,306
Depreciation for the financial year	19,451	3,198	8,664	54,482	9,221	-	95,016
Disposals	-	(74)	-	(4,620)	(4,121)	-	(8,815)
Write-offs	(406)	(673)	-	(4,976)	(986)	-	(7,041)
Exchange translation differences	118	8	-	-	-	-	126
At 31 December 2023	245,145	28,729	93,360	590,181	119,177	-	1,076,592
Carrying amounts							
At 31 December 2022	208,078	10,019	458,096	282,421	47,958	85,262	1,091,834
At 31 December 2023	205,381	9,863	464,627	309,631	52,997	64,503	1,107,002

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Buildings and nursery RM'000	Furniture and office equipment RM'000	Infra-structures RM'000	Plant, machinery and field equipment RM'000	Motor vehicles and vessels RM'000	Capital work-in-progress RM'000	Total RM'000
Cost							
At 1 January 2022	155,409	20,999	28,933	293,425	22,579	30,819	552,164
Additions	1,174	1,449	576	12,334	2,956	17,864	36,353
Disposals	(21)	(95)	-	(2,688)	(559)	-	(3,363)
Write-offs	(2)	(279)	-	(352)	-	-	(633)
Reclassification	1,413	-	-	11,030	-	(12,443)	-
At 31 December 2022/1 January 2023	157,973	22,074	29,509	313,749	24,976	36,240	584,521
Additions	507	1,151	990	12,545	3,554	10,530	29,277
Disposals	-	(85)	-	(3,621)	(1,990)	-	(5,696)
Write-offs	-	(417)	-	(1,392)	-	-	(1,809)
Reclassification	1,138	-	-	21,928	-	(23,066)	-
At 31 December 2023	159,618	22,723	30,499	343,209	26,540	23,704	606,293
Accumulated depreciation							
At 1 January 2022	95,716	13,891	2,667	246,587	18,862	-	377,723
Depreciation for the financial year	6,518	1,978	486	14,458	952	-	24,392
Disposals	(21)	(76)	-	(1,501)	(296)	-	(1,894)
Write-offs	(2)	(257)	-	(281)	-	-	(540)
At 31 December 2022/1 January 2023	102,211	15,536	3,153	259,263	19,518	-	399,681
Depreciation for the financial year	6,280	1,667	499	16,168	1,217	-	25,831
Disposals	-	(70)	-	(2,978)	(1,773)	-	(4,821)
Write-offs	-	(395)	-	(1,388)	-	-	(1,783)
At 31 December 2023	108,491	16,738	3,652	271,065	18,962	-	418,908
Carrying amounts							
At 31 December 2022	55,762	6,538	26,356	54,486	5,458	36,240	184,840
At 31 December 2023	51,127	5,985	26,847	72,144	7,578	23,704	187,385

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.1 Additions to property, plant and equipment

Additions during the year include:

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Finance costs capitalised	25	792	2,356	792	1,194

Included in additions to property, plant and equipment during the year are finance costs capitalised at rates ranging from 3.91% to 4.35% (2022: 2.81% to 4.50%) per annum.

3.2 Allocation of depreciation

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Recognised in profit or loss	27	93,776	89,112	25,593	24,120
Capitalised into bearer plants	4.1	1,038	879	204	265
Recognised in inventories		202	124	34	7
		95,016	90,115	25,831	24,392

3.3 Security

Assets under hire purchase financing are charged to secure the hire purchase financing of the Group (see Note 19).

The carrying amount of property, plant and equipment of the Group pledged to banks for banking facilities granted to the Group (see Note 19) are as follows:

	2023 RM'000	2022 RM'000
Buildings	32,241	33,771

3.4 Material accounting policy information

(a) Recognition and measurement

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

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

3.4 Material accounting policy information (continued)

(b) 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. 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:

Buildings and nursery	5 - 20 years
Furniture and office equipment	5 - 10 years
Infrastructures	47 - 99 years
Plant, machinery and field equipment	4 - 10 years
Motor vehicles and vessels	5 - 10 years

4. BEARER PLANTS

	Note	Group RM'000	Company RM'000
Cost			
At 1 January 2022		1,376,578	192,144
Additions		21,121	10,796
Written off		(12,488)	-
At 31 December 2022/1 January 2023		1,385,211	202,940
Additions		39,900	9,266
Written off		(32,859)	(6,053)
At 31 December 2023		1,392,252	206,153
Accumulated amortisation			
At 1 January 2022		455,333	33,847
Amortisation for the financial year	27	74,765	7,779
Written off		(9,613)	-
At 31 December 2022/1 January 2023		520,485	41,626
Amortisation for the financial year	27	75,822	8,764
Written off		(27,704)	(6,053)
At 31 December 2023		568,603	44,337
Carrying amounts			
At 31 December 2022/1 January 2023		864,726	161,314
At 31 December 2023		823,649	161,816

NOTES TO THE FINANCIAL STATEMENTS

4. BEARER PLANTS (CONTINUED)

During the financial year ended 31 December 2023, the Group and the Company identified and assessed the carrying amount of the bearer plants to determine the recoverable amounts based on future economic benefits.

The bearer plants that are no longer expected to contribute to future cash flows were earmarked for clearing and replanting. The carrying amount of the bearer plants was derecognised as write-off in accordance with the accounting policy, which requires the removal of the carrying amount of assets that are no longer expected to contribute to future cash flows.

Consequently, the Group recognised a write-off of bearer plants of RM5,155,000 during the financial year.

4.1 Additions to bearer plants

Additions to bearer plants include the capitalisation of the following expenditure:

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Depreciation of property, plant and equipment	3.2	1,038	879	204	265
Finance costs	25	588	769	357	532
Personnel expenses					
- wages, salaries and others		7,025	4,813	3,026	2,533

The finance costs are capitalised at rates ranging from 3.91% to 4.87% (2022: 2.81% to 4.00%) per annum.

4.2 Material accounting policy information

Bearer plants are living plants used in the production or supply of agricultural produce; are expected to bear produce for more than one period; and have a remote likelihood of being sold as agricultural produce except for incidental scrap sales.

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 economic useful life of the oil palms, calculated from the time when the palms are declared mature, normally 36 months after initial planting. Upon maturity all subsequent maintenance expenditure is charged to profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

4.3 Security

At 31 December, bearer plants with total carrying amount of RM21,415,000 (2022: RM26,528,000) was planted on the twenty-five (2022: twenty-five) parcels of land which are charged as security for the Sukuk Murabahah Programme.

NOTES TO THE FINANCIAL STATEMENTS

5. RIGHT-OF-USE ASSETS

	Leasehold land RM'000	Land use rights RM'000	Buildings RM'000	Plant and machinery RM'000	Total RM'000
Group					
Cost					
At 1 January 2022	594,459	6,040	2,991	2,454	605,944
Additions	252	-	847	53	1,152
Modifications/terminations	-	-	(1,058)	-	(1,058)
Exchange translation difference	-	-	114	-	114
At 31 December 2022/ 1 January 2023	594,711	6,040	2,894	2,507	606,152
Additions	-	-	1,170	-	1,170
Modifications/terminations	-	-	(473)	-	(473)
Exchange translation difference	-	-	137	2	139
At 31 December 2023	594,711	6,040	3,728	2,509	606,988
Accumulated depreciation					
At 1 January 2022	89,752	898	1,910	398	92,958
Depreciation for the financial year	8,769	120	695	130	9,714
Modifications/terminations	-	-	(808)	-	(808)
Exchange translation difference	-	-	114	-	114
At 31 December 2022/ 1 January 2023	98,521	1,018	1,911	528	101,978
Depreciation for the financial year	8,769	84	658	135	9,646
Modifications/terminations	-	-	(473)	-	(473)
Exchange translation difference	-	-	137	-	137
At 31 December 2023	107,290	1,102	2,233	663	111,288
Carrying amounts					
At 31 December 2022	496,190	5,022	983	1,979	504,174
At 31 December 2023	487,421	4,938	1,495	1,846	495,700

NOTES TO THE FINANCIAL STATEMENTS

5. RIGHT-OF-USE ASSETS (CONTINUED)

	Leasehold land RM'000	Land use rights RM'000	Buildings RM'000	Total RM'000
Company				
Cost				
At 1 January 2022	50,739	993	2,173	53,905
Additions	-	-	773	773
Modifications/terminations	-	-	(1,058)	(1,058)
At 31 December 2022/1 January 2023	50,739	993	1,888	53,620
Additions	-	-	627	627
Modifications/terminations	-	-	(473)	(473)
At 31 December 2023	50,739	993	2,042	53,774
Accumulated depreciation				
At 1 January 2022	11,780	132	1,363	13,275
Depreciation for the financial year	510	67	434	1,011
Modifications/terminations	-	-	(808)	(808)
At 31 December 2022/1 January 2023	12,290	199	989	13,478
Depreciation for the financial year	510	67	408	985
Modifications/terminations	-	-	(473)	(473)
At 31 December 2023	12,800	266	924	13,990
Carrying amount				
At 31 December 2022	38,449	794	899	40,142
At 31 December 2023	37,939	727	1,118	39,784

As a lessee

Group

Right-of use assets are in relation to lease of land from state government which is single one-off upfront lease payment, lease of Native Customary Rights land ("land use rights"), lease of land from third party, lease of office building from third party and lease of natural gas pipeline and metering station.

Company

Right-of use assets are mainly in relation to lease of land from state governments and subsidiaries and lease of office building from third party.

NOTES TO THE FINANCIAL STATEMENTS

5. RIGHT-OF-USE ASSETS (CONTINUED)

5.1 Security

At 31 December 2023, certain leasehold land of the Group with total carrying amount of RM67,066,000 (2022: RM76,393,000) are pledged to banks for banking facilities granted to the Group (see Note 19).

5.2 Variable lease payments

Fixed and variable rental payments for the year ended 31 December 2023 were as follows:

	Fixed payments* RM'000	Variable payments RM'000	Total payments RM'000	Estimated annual impact on rent of 1% increase in usage RM'000
Leases with lease payments based on usage	1,632	10,178	11,810	102

The Group applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.

5.3 Material accounting policy information

(a) Lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the Group and the Company 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 and the Company 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.

(b) Recognition exemption

The Group and the Company 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 and the Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

When the Group and the Company 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 and the Company applies the exemption described above, then it classifies the sublease as an operating lease.

NOTES TO THE FINANCIAL STATEMENTS

6. INTANGIBLE ASSETS – GROUP

	Goodwill RM'000	Trademark RM'000	Total RM'000
Cost			
At 1 January 2022	168,123	181	168,304
Additions	-	13	13
At 31 December 2022/1 January 2023	168,123	194	168,317
Additions	-	16	16
At 31 December 2023	168,123	210	168,333
Accumulated amortisation			
At 1 January 2022	-	40	40
Amortisation for the year	-	22	22
At 31 December 2022/1 January 2023	-	62	62
Amortisation for the year	-	25	25
At 31 December 2023	-	87	87
Carrying amount			
At 31 December 2022	168,123	132	168,255
At 31 December 2023	168,123	123	168,246

Goodwill

Goodwill has been allocated to the Group's CGUs identified, which is the plantations segment as follows:

6.1 Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the respective cash generating units ("CGU") in respect of the following subsidiaries in the plantations segment, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group	
	2023 RM'000	2022 RM'000
SOP Plantations (Murum) Sdn. Bhd.	162,941	162,941
SOP Plantations (Borneo) Sdn. Bhd.	1,026	1,026
SOP Industries Sdn. Bhd.	696	696
SOP Karabungan Sdn. Bhd.	500	500
SOP Plantations (Sabaju) Sdn. Bhd.	2,960	2,960
	168,123	168,123

NOTES TO THE FINANCIAL STATEMENTS

6. INTANGIBLE ASSETS – GROUP (CONTINUED)

6.1 Impairment testing for cash-generating units containing goodwill (continued)

The Group performs the impairment testing on an annual basis or more frequently if there is an indication that the goodwill may be impaired. An impairment testing may be performed at any time within an annual reporting period provided the test is performed at the same time annually. This testing involves determining the CGUs' value in use and comparing to the carrying amount of the CGUs. Where the value in use exceeds the carrying value of the CGUs, the asset is not impaired, but where the carrying amount exceeds the value in use, an impairment loss is recognised to reduce the carrying amount of the CGUs to its value in use. Estimates of value in use are key judgemental estimates in the financial statements. A number of key assumptions have been made as a basis for the impairment tests. In each case, these key assumptions have been made by management reflecting past experiences and are consistent with relevant external sources of information.

The recoverable amount of the CGUs has been estimated using the value-in-use method. Value in use was determined by discounting the projected cash flow based on operating results over the expected useful life of the bearer plants on the following key assumptions:

- (i) Average selling prices was determined based on long term pricing of crude palm oil, palm kernel and fresh fruit bunches of RM3,600/MT, RM2,200/MT and RM693/MT (2022: RM3,695/MT, RM2,071/MT and RM738/MT) respectively;
- (ii) Yield rates ranging from 17.04MT/HA to 21.26MT/HA (2022: 17.13MT/HA to 23.20MT/HA) depend on the age profile of the bearer plants; and
- (iii) Pre-tax discount rates of 12% (2022: 10%).

As the estimated recoverable amount exceeds the carrying amount of the CGUs, there is no impairment necessary.

The values assigned to the key assumptions represent management's assessment of future trends in the plantation industry and are based on historical data from both external and inter sources.

6.2 Sensitivity to changes in assumptions

The estimated value-in-use is most sensitive to the following key assumptions:

- (i) An increase of 1 percentage point in the discount rate used would have resulted in a reduction in recoverable amount by RM56,464,000 (2022: RM83,117,000), without any impairment;
- (ii) Reduction in the average selling price by 5% would have resulted in a reduction in recoverable amount by RM209,058,000 (2022: RM257,162,000), without any impairment; and
- (iii) Reduction in the production volume by 5% would have resulted in a reduction in recoverable amount by RM201,434,000 (2022: RM271,114,000), without any impairment.

6.3 Material accounting policy information

Recognition and measurement

Intangible assets, other than goodwill that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT IN SUBSIDIARIES – COMPANY

	2023 RM'000	2022 RM'000
Unquoted shares, at cost		
Ordinary shares	1,350,017	1,349,895
Redeemable preference shares	292,894	300,394
	1,642,911	1,650,289
Less: Impairment loss	(13,061)	-
	1,629,850	1,650,289

During the year, the Company assessed the recoverable amounts of a wholly owned subsidiary, Asia Oils Investment Pte. Ltd., that holds the investment in the Group's joint venture which has leased its operation after disposing of its fleets of marine vessel. The recoverable amounts of the investment in subsidiary after considering the fair value of the net realisable assets of the joint venture, was lower than its carrying amount. As a result, the Company recognised an impairment loss of RM13,061,000 in the profit or loss as "other operating expenses".

Certain subsidiaries of the Company were loss making for the financial year ended 31 December 2023 which indicated that there may be an impairment on the investment in these subsidiaries. The Company has evaluated the indicator and performed impairment testing of these investments to evaluate whether the investment in subsidiaries are stated in excess of their recoverable amounts. The estimated recoverable amount is determined with reference to the underlying assets and liabilities of the subsidiaries as well as the anticipated future performance of the subsidiaries from the financial budgets and forecasts approved by management, an exercise that entails a high degree of estimation uncertainty. These key assumptions include long term average selling price, production volume and budgeted operation cost of the respective subsidiaries. The pre-tax discount rate used is 12%. As the recoverable amount is higher than the carrying amount, the Company has concluded no impairment to the investment in subsidiaries is necessary.

Plantation segment

The key assumptions for plantation companies are similar to the impairment assessment on the intangible assets, which have been set out in Note 6 to the financial statements.

Others

The key assumption for others are estimated transport rate and transport cost to remain consistent over five years.

On 25 August 2022, the Board of Directors have approved the proposal of a wholly owned subsidiary, SOP Plantations (Beluru) Sdn. Bhd. to restructure and convert 160,000,000 ordinary shares into a 4% non-cumulative redeemable preference shares.

On 20 December 2023, the Company has received partial redemption for 20,000,000 Redeemable Non-Convertible Preference Shares of RM1 each at RM20,000,000 from SOP Plantations (Beluru) Sdn. Bhd.

During the year, the Company:

- (i) subscribed for additional 11,000,000 (2022: 15,000,000) redeemable preference shares in SOP Properties Sdn. Bhd., a wholly owned subsidiary of the Company, for a total consideration of RM11,000,000 (2022: RM15,000,000).
- (ii) subscribed for 1,500,000 redeemable preference shares in SOP Industries Sdn. Bhd., a wholly owned subsidiary of the Company for a total consideration of RM1,500,000.
- (iii) subscribed for 42,250 ordinary shares in SOP Plantations (Suai) Sdn. Bhd. for a total consideration of RM42,250.
- (iv) subscribed for 39,933 ordinary shares in SOP Plantations (Niah) Sdn. Bhd. for a total consideration of RM39,933.
- (v) subscribed for 39,915 ordinary shares in SOP Plantations (Balingian) Sdn. Bhd. for a total consideration of RM39,915.

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT IN SUBSIDIARIES – COMPANY (CONTINUED)

		Principal place of business/ country of incorporation	Effective ownership interest and voting interest	
			2023 %	2022 %
Name of subsidiaries	Principal activities			
Held by the Company:				
SOP Karabungan Sdn. Bhd.	Cultivation of oil palms	Malaysia	70	70
SOP Pelita Batu Lintang Plantation Sdn. Bhd.	Cultivation of oil palms	Malaysia	60	60
SOP Plantations (Balingian) Sdn. Bhd.	Cultivation of oil palms	Malaysia	80	80
SOP Plantations (Beluru) Sdn. Bhd.	Cultivation of oil palms	Malaysia	100	100
SOP Plantations (Borneo) Sdn. Bhd.	Cultivation of oil palms	Malaysia	85	85
SOP Plantations (Kemena) Sdn. Bhd.	Cultivation of oil palms	Malaysia	100	100
SOP Plantations (Niah) Sdn. Bhd.	Cultivation of oil palms	Malaysia	80	80
SOP Plantations (Sarawak) Sdn. Bhd.	Investment holding	Malaysia	100	100
SOP Plantations (Suai) Sdn. Bhd.	Cultivation of oil palms	Malaysia	85	85
SOP Plantations (Sabaju) Sdn. Bhd.	Cultivation of oil palms	Malaysia	100	100
SOP Plantations (Murum) Sdn. Bhd.	Cultivation of oil palms and operations of palm oil mill	Malaysia	100	100
SOP Resources Sdn. Bhd.	Supply of goods	Malaysia	100	100
SOP Services Sdn. Bhd.	Rendering of insurance services	Malaysia	100	100
SOP Industries Sdn. Bhd.	Investment holding	Malaysia	100	100
SOP Properties Sdn. Bhd.	Property development	Malaysia	100	100
SOP Agro Sdn. Bhd.	Processing oil palm by-products into fertilisers	Malaysia	100	100
SOP Corporate Services Sdn. Bhd.	Corporate support and services	Malaysia	100	100
SOP Transport Sdn. Bhd.	Transportation service	Malaysia	100	100
Asia Oils Investment Pte. Ltd.*	Investment holding	Singapore	100	100
Asia Oils (Labuan) Pte. Ltd. (formerly known as Asia Oils Captive Pte. Ltd.)	Inactive	Labuan, Malaysia	100	100
Titian Megamas Sdn. Bhd.	Licensed money lending activities	Malaysia	100	100
Healthy Strides Malaysia Sdn. Bhd.	Physiotherapy and training centre, health and medical related activities	Malaysia	100	100
SOP Mutual Sdn. Bhd.	Inactive	Malaysia	100	100
SOP Capital Sdn. Bhd.	Issuance of bonds, Sukuk or other securities to potential investors	Malaysia	100	100
Held through SOP Plantations (Beluru) Sdn. Bhd.:				
Setia Wiramaju Sdn. Bhd.	Management and maintenance of road and barge	Malaysia	62.75^	62.75^

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT IN SUBSIDIARIES – COMPANY (CONTINUED)

Name of subsidiaries	Principal activities	Principal place of business/ country of incorporation	Effective ownership interest and voting interest	
			2023 %	2022 %
Held through SOP Properties Sdn. Bhd.:				
Wawasan Asiamaju Sdn. Bhd.	Property development	Malaysia	100	100
Held through SOP Industries Sdn. Bhd.:				
SOP Green Energy Sdn. Bhd.	Manufacturing of biodiesel and phytonutrient products	Malaysia	100	100
SOP Edible Oils Sdn. Bhd.	Refining and trading of palm products	Malaysia	100	100
SOP Foods Sdn. Bhd.	Manufacturing, trading and distribution of food products and cooking oil	Malaysia	100	100
SOP Nutraceuticals Sdn. Bhd.	Selling and distribution of health and food products	Malaysia	100	100
Avantsar Sdn. Bhd.	Research and development	Malaysia	100	100
Held through SOP Edible Oils Sdn. Bhd.:				
Asia Oils Pte. Ltd.*	Sales and marketing agents and trading of palm products	Singapore	100	100
Held through SOP Foods Sdn. Bhd.:				
Subur Asiamas Sdn. Bhd.	Packaging and distribution of cooking oil	Malaysia	70	70
TSEA Sdn. Bhd.	Packaging and distribution of cooking oil	Malaysia	70	70
Held through Avantsar Sdn. Bhd.:				
Avantsar International Sdn. Bhd.	Marketing, selling health and food products	Malaysia	100	100

* The financial statements of these subsidiaries are audited by a member of KPMG International.

^ Included ownership interest held by the Company of 3.83% (2022: 3.83%).

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT IN SUBSIDIARIES – COMPANY (CONTINUED)

7.1 Non-controlling interests in subsidiaries

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

2023	SOP Plantations (Niah) Sdn. Bhd. RM'000	SOP Plantations (Balingian) Sdn. Bhd. RM'000	SOP Plantations (Borneo) Sdn. Bhd. RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	20%	20%	15%		
Carrying amount of NCI	40,968	33,546	48,557	35,090	158,161
Profit allocated to NCI	3,063	2,136	1,578	6,729	13,506

Summarised financial information before intra-group elimination

As at 31 December 2023

Non-current assets	61,342	35,032	84,577
Current assets	160,619	143,907	232,856
Non-current liabilities	(13,120)	(6,798)	(17,322)
Current liabilities	(3,999)	(4,412)	(7,600)
Net assets	204,842	167,729	292,511

Year ended 31 December 2023

Revenue	40,575	34,475	68,957
Profit for the year, representing total comprehensive income	15,313	10,682	12,692
Cash flows from operating activities	20,373	16,601	14,089
Cash flow used in investing activities	(77,458)	(49,308)	(122,468)
Cash flow used in financing activities	(7,950)	(9,950)	(10,000)
Net decrease in cash and cash equivalents	(65,035)	(42,657)	(118,379)
Dividend paid to NCI	1,600	2,000	1,500

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT IN SUBSIDIARIES – COMPANY (CONTINUED)

7.1 Non-controlling interests in subsidiaries (continued)

2022	SOP Plantations (Niah) Sdn. Bhd. RM'000	SOP Plantations (Balingian) Sdn. Bhd. RM'000	SOP Plantations (Borneo) Sdn. Bhd. RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	20%	20%	15%		
Carrying amount of NCI	39,496	33,399	48,479	30,829	152,203
Profit allocated to NCI	5,324	3,804	3,494	11,976	24,598

Summarised financial information before intra-group elimination

As at 31 December 2022

Non-current assets	49,115	32,491	78,779
Current assets	162,645	142,987	234,555
Non-current liabilities	(10,115)	(6,249)	(16,550)
Current liabilities	(4,166)	(2,232)	(6,965)
Net assets	197,479	166,997	289,819

Year ended 31 December 2022

Revenue	65,788	53,451	101,137
Profit for the year, representing total comprehensive income	26,619	19,019	26,374
Cash flows from operating activities	32,630	21,545	26,933
Cash flow from/(used in) investing activities	22,491	(1,392)	27,018
Cash flow used in financing activities	(8,000)	(10,000)	(10,000)
Net increase in cash and cash equivalents	47,121	10,153	43,951
Dividend paid to NCI	1,600	2,000	1,500

7.2 Material accounting policy information

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

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN JOINT VENTURE – GROUP

	2023 RM'000	2022 RM'000
Investment in shares	17,393	42,834
Share of post-acquisition losses	(16,657)	(19,731)
Less: Impairment loss (Note 8.1)	(3,471)	(3,471)
Add: Reversal of impairment loss (Note 8.1)	2,969	-
Add : Foreign exchange gain arising from redemption of preference shares	2,710	-
	2,944	19,632

Details of the joint venture are as follows:

Name of entity	Principal place of business/ country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2023 %	2022 %
Seaworth Pte. Ltd.	Singapore	Investment holding, chartering of ships, barges and boats with crew and shipping agencies, ship owner and ocean freight operator	50	50

During the year, a subsidiary of the Group has redeemed its investment in redeemable preference shares of the joint venture of SGD7,423,500 as equivalent to RM25,441,000.

8.1 Impairment and reversal of impairment loss

In prior years, an accumulated impairment loss RM3,471,000 was made against the carrying amount of the investment in joint venture, based on the estimated recoverable amount of the said investment. The recoverable amount is determined based on the estimated fair value of the net assets in the joint venture at the reporting date (fair value less cost to sell), using the valuation of the marine vessels which was performed by an external valuer.

During the year, the Group reassessed the recoverable amounts of investment in joint venture after it ceased operation following the disposing of marine vessels in the current financial year. The recoverable amounts of the investment in joint venture are determined based on the fair value of the net realisable assets of the joint venture as at the end of the reporting period. Following the assessment, the Group recognised a reversal of impairment loss of RM2,969,000 in the investment of joint venture.

The table as shown in the ensuing page summarises the financial information of the Group's joint venture, adjusted for any differences in accounting policies and reconciles the summarised financial information to the carrying amount of the Group's interest in the joint venture, which is accounted for using the equity method.

NOTES TO THE FINANCIAL STATEMENTS

8. INVESTMENT IN JOINT VENTURE – GROUP (CONTINUED)

	Seaworth Pte. Ltd.	
	2023 RM'000	2022 RM'000
Group		
Summarised financial information		
As at 31 December		
Non-current assets	-	22,115
Current assets	55	2,237
Cash and cash equivalents	6,432	24,859
Current liabilities	(601)	(1,207)
Net assets	5,886	48,004
Year ended 31 December		
Profit/(Loss)/Total comprehensive income/(loss) for the financial year	6,148	(5,062)
<i>Included in the profit/(loss)/total comprehensive income/(loss) is:</i>		
Revenue	3,986	29,597
Depreciation	(1,676)	(6,025)
Impairment loss on goodwill	(2,932)	(1,713)
Gain on disposal of property, plant and equipment	13,588	2,224
Finance costs	(7)	(22)
Tax income/(expense)	55	(105)
Reconciliation of net assets to carrying amount		
Group's share of net assets	2,943	24,002
Goodwill	1,250	1,250
Impairment losses	(502)	(3,471)
Effect of movements in exchange rates	(747)	(2,149)
Carrying amount in the statement of financial position	2,944	19,632
Group's share of results for the financial year ended 31 December		
Group's share of profit/(loss)/total comprehensive income/(loss)	3,074	(2,531)

8.2 Material accounting policy information

Investment in joint venture is measured in the Company's statement of financial position at cost less any impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

9. INVENTORIES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
Cost				
Land held for property development (Note 9.1)	59,065	58,191	-	-
Current				
Cost				
Raw materials	135,275	146,639	1,328	3,168
Finished goods	199,605	104,171	11,141	33,871
Nursery inventories	12,603	7,463	2,520	595
Stores and consumables	68,956	80,341	17,900	22,914
Construction materials	86	121	-	-
Completed properties	12,327	13,541	-	-
	428,852	352,276	32,889	60,548
Net realisable value				
Finished goods	3,305	115,752	-	-
Raw material	108,845	-	-	-
Completed properties	1,569	2,609	-	-
	113,719	118,361	-	-
	542,571	470,637	32,889	60,548
	601,636	528,828	32,889	60,548
Recognised in profit or loss:				
Inventories recognised as cost of sales	2,846,768	2,453,040	1,161,388	1,530,279
Written off (Note 27)	224	77	41	-
Write down to net realisable value (Note 27)	5,804	3,788	-	-

The Directors apply judgement and consider factors such as the latest selling price, current stock level, whether the product line has been discontinued and future use of the inventory to determine the appropriate allowance or write-off for slow-moving or obsolete inventories.

NOTES TO THE FINANCIAL STATEMENTS

9. INVENTORIES (CONTINUED)

9.1 Land held for property development – Group

	2023 RM'000	2022 RM'000
Leasehold land ("right-of-use assets")	37,086	36,430
Development costs	21,979	21,761
	59,065	58,191

9.2 Material accounting policy information

Cost of spare parts and consumables are based on the weighted average basis.

Cost of land includes expenditure that are directly attributable to the acquisition of the land and any other costs directly attributable to bringing the land to working condition for its intended use.

Property development cost comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Cost of completed properties are determined on a specific identification basis and includes land, construction costs and other related development costs attributable to developing the properties to completion.

Inventories are measured at the lower of cost and net realisable value. The cost of 'Inventories' is calculated using the weighted average method.

NOTES TO THE FINANCIAL STATEMENTS

10. DEFERRED TAX ASSETS/(LIABILITIES)

10.1 Recognised deferred tax assets and liabilities

Deferred taxation is attributable to the followings:

	Assets		Liabilities		Net	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Group						
Property, plant and equipment	-	-	(166,672)	(165,656)	(166,672)	(165,656)
Bearer plants	-	-	(193,238)	(203,170)	(193,238)	(203,170)
Rights-of-use assets	-	-	(89,642)	(91,163)	(89,642)	(91,163)
Fair value adjustment on cash flow hedge	-	-	-	(92)	-	(92)
Fair value adjustment on agricultural produce	-	-	(5,772)	(5,263)	(5,772)	(5,263)
Unutilised tax losses	9,537	19,760	-	-	9,537	19,760
Unabsorbed capital allowance and agriculture allowance	51,413	52,534	-	-	51,413	52,534
Others	8,512	8,989	-	-	8,512	8,989
Tax assets/(liabilities)	69,462	81,283	(455,324)	(465,344)	(385,862)	(384,061)
Set off of tax	(66,361)	(76,132)	66,361	76,132	-	-
Net tax assets/(liabilities)	3,101	5,151	(388,963)	(389,212)	(385,862)	(384,061)
Company						
Property, plant and equipment	-	-	(14,272)	(13,208)	(14,272)	(13,208)
Bearer plants	-	-	(38,836)	(38,715)	(38,836)	(38,715)
Fair value adjustment on agricultural produce	-	-	(1,000)	(869)	(1,000)	(869)
Others	-	-	4,476	5,132	4,476	5,132
Tax liabilities	-	-	(49,632)	(47,660)	(49,632)	(47,660)

NOTES TO THE FINANCIAL STATEMENTS

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

10.2 Recognised deferred tax assets and liabilities – net movement during the year

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

Group	At 1.1.2022 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	At 31.12.2022/ 1.1.2023 RM'000	Recognised in profit or loss RM'000	Recognised in other comprehensive income RM'000	At 31.12.2023 RM'000
Property, plant and equipment	168,762	(3,106)	-	165,656	1,016	-	166,672
Bearer plants	215,301	(12,131)	-	203,170	(9,932)	-	193,238
Rights-of-use assets	92,689	(1,526)	-	91,163	(1,521)	-	89,642
Fair value adjustment on cash flow hedge	(458)	-	550	92	-	(92)	-
Fair value adjustment on agricultural produce	8,200	(2,937)	-	5,263	509	-	5,772
Unutilised tax losses	(65,972)	13,438	-	(52,534)	1,121	-	(51,413)
Unabsorbed capital allowance and agriculture allowance	(41,035)	21,275	-	(19,760)	10,223	-	(9,537)
Others	(19,440)	10,451	-	(8,989)	477	-	(8,512)
	358,047	25,464	550	384,061	1,893	(92)	385,862

Under the Income Tax Act 1967, unabsorbed business losses from a year of assessment can fully be carried forward up to 10 consecutive year of assessment ("YA") effective from YA2019. Unutilised capital allowance 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 allowance & losses will not be available to the affected group entities if there has been a change of 50% or more in the shareholding thereof.

Carried forward until end of YA:

	RM'000
2028	50,687
2029	665
2033	61
	51,413

NOTES TO THE FINANCIAL STATEMENTS

10. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

10.2 Recognised deferred tax assets and liabilities – net movement during the year (continued)

	At 1.1.2022 RM'000	Recognised in profit or loss RM'000	At 31.12.2022/ 1.1.2023 RM'000	Recognised in profit or loss RM'000	At 31.12.2023 RM'000
Company					
Deferred tax liabilities					
Property, plant and equipment	15,641	(2,433)	13,208	1,064	14,272
Bearer plants	37,991	724	38,715	121	38,836
Fair value adjustment on agricultural produce	1,093	(224)	869	131	1,000
Others	(6,950)	1,818	(5,132)	656	(4,476)
	47,775	(115)	47,660	1,972	49,632
		(Note 26)		(Note 26)	

10.3 Unrecognised deferred tax assets - Group

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

	2023 RM'000	2022 RM'000
Unabsorbed tax losses carried forward	24,927	22,283
Unutilised capital allowances	6,496	6,576
Others	2,532	2,650
	33,955	31,509

Deferred tax assets of RM8,149,000 (2022: RM7,562,000) 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.

Under the Income Tax Act 1967, unabsorbed business losses from a year of assessment can only be carried forward up to 10 consecutive year of assessment ("YA") effective from YA2019. 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.

Carried forward until end of YA:	RM'000
2028	16,584
2029	1,101
2030	449
2031	1,188
2032	2,069
2033	3,536
	24,927

The estimation of future taxable profits requires management to make judgments, estimates and assumptions about future events that are inherently uncertain. Accordingly, the deferred tax assets recognised are subject to estimation uncertainties and may be adjusted in subsequent periods as a result of changes in the accounting estimates.

NOTES TO THE FINANCIAL STATEMENTS

11. AGRICULTURAL PRODUCE

	Group RM'000	Company RM'000
Unharvested fresh fruit bunches		
<i>Fair value</i>		
At 1 January 2022	34,169	4,555
Changes in fair value less costs to sell	(12,239)	(935)
At 31 December 2022/1 January 2023	21,930	3,620
Changes in fair value less costs to sell	2,120	545
At 31 December 2023	24,050	4,165

Agricultural produce of the Group and of the Company is in relation to unharvested fresh fruit bunches ("FFB") in the oil palm plantation.

During the financial year, the Group and the Company harvested approximately 1.23 million metric tonne ("mt") (2022: 1.2 million mt) and 193,000 mt (2022: 179,000 mt) of FFB respectively. The estimated quantity of unharvested FFB of the Group and of the Company as at 31 December 2023 included in the fair valuation was 149,000 mt (2022: 137,000 mt) and 24,000 mt (2022: 22,000 mt) respectively.

The fair value less costs to sell measurement of agricultural produce involves the use of unobservable inputs that are subject to estimation uncertainties that may result in a higher or a lower carrying amounts of agricultural produce in subsequent reporting periods. Any gain or loss in fair value less costs to sell of biological assets is recognised in the profit or loss as "changes in fair value of agricultural produce".

11.1 Fair value information

Fair value of the agricultural produce are categorised as Level 3. Level 3 fair value is estimated using unobservable inputs for the agricultural produce.

The following table summarises the valuation method and assumptions used in the determination of fair value less cost to sell within Level 3, as well as the significant unobservable inputs used in the valuation model of the Group and the Company.

Description of valuation technique and inputs used	Significant unobservable inputs of the Group	Significant unobservable inputs of the Company	Inter-relationship between key unobservable inputs and fair value measurement
The fair value measurement is determined by using the market approach, which takes into consideration the market prices of fresh fruits bunches ("FFB"), adjusted for estimated oil content of unharvested FFB, less harvesting, transport and other costs to sell.	<ul style="list-style-type: none"> Expected FFB production of 149,000 mt (2022: 137,000 mt) Expected oil content of 56,000 mt (2022: 51,000 mt) Average FFB sales price (2023: RM571/mt – RM754/mt; 2022: RM545/mt – RM763/mt;) Average harvesting and collection cost (2023: RM56/mt – RM156/mt; 2022: RM60/mt – RM169/mt) 	<ul style="list-style-type: none"> Expected FFB production of 24,000 mt (2022: 22,000 mt) Expected oil content of 9,000 mt (2022: 8,000 mt) Average FFB sales price (2023: RM666/mt – RM730/mt; 2022: RM659/mt – RM728/mt) Average harvesting and collection cost (2023: RM59/mt – RM94/mt; 2022: RM64/mt – RM99/mt) 	The estimated fair value would increase/(decrease) if: <ul style="list-style-type: none"> Expected FFB production were higher/(lower); Expected oil content were higher/(lower); Average FFB sales price were higher/(lower); Average harvesting and collection cost were lower/(higher).

NOTES TO THE FINANCIAL STATEMENTS

11. AGRICULTURAL PRODUCE (CONTINUED)

11.2 Sensitivity analysis

The sensitivity analysis below indicates the approximate change in the Group's and the Company'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 agricultural produce and profit before tax for the year RM'000	Increase/ (Decrease) in price and volume	Increase/ (Decrease) in fair value of agricultural produce and profit before tax for the year RM'000
Group				
Selling price	10%	2,310	10%	2,190
	(10%)	(2,589)	(10%)	(2,113)
FFB metric	10%	2,411	10%	2,193
tonnage	(10%)	2,400	(10%)	(2,193)
Company				
Selling price	10%	356	10%	311
	(10%)	(420)	(10%)	(311)
FFB metric	10%	416	10%	362
tonnage	(10%)	(416)	(10%)	(362)

11.3 Risk management strategy related to agriculture activities

The Group and the Company are primarily exposed to the following risks relating to its oil palm plantations.

i) *Regulatory and environmental risk*

The Group and the Company have established environmental policies and procedures in an effort to drive towards greater commitments in sustainable palm oil practices while ensuring compliance with local environmental regulations and other applicable laws.

ii) *Supply and demand risk*

The Group and the Company is exposed to risks arising from fluctuations in the price and production volume of fresh fruit bunches. When possible, the Group and the Company managed the risk by aligning its forward contract against projected production volume to market supply and demand trend. Management performs regular industry trend analysis to formulate the quantum and period of forward contract to mitigate the risk.

NOTES TO THE FINANCIAL STATEMENTS

11. AGRICULTURAL PRODUCE (CONTINUED)

11.3 Risk management strategy related to agriculture activities (continued)

iii) Climate and other risk

The Company plantations are exposed to the risk of damages from climatic changes, diseases, forest fires and other natural forces. The Company has underlying best plantation practices and policy in place aimed at monitoring and mitigating those risks.

11.4 Material accounting policy information

A gain or loss arising on initial recognition of an agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of an agricultural produce shall be included in profit or loss for the period in which it arises.

12. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade					
Trade receivables		231,009	219,518	-	-
Less: Allowance for impairment losses		(125)	(125)	-	-
		230,884	219,393	-	-
Amount due from subsidiaries		-	-	58,368	62,462
		230,884	219,393	58,368	62,462
Non-trade					
Other receivables		32,007	26,113	6,383	4,006
Less: Allowance for impairment losses		(464)	(464)	-	-
		31,543	25,649	6,383	4,006
Amount due from subsidiaries	12.2	-	-	157,007	191,900
Less: Allowance for impairment losses		-	-	(9,904)	(9,904)
		-	-	147,103	181,996
		31,543	25,649	153,486	186,002
Refundable deposits		5,269	3,065	3,597	2,093
		36,812	28,714	157,083	188,095
Total trade and other receivables		267,696	248,107	215,451	250,557

12.1 Assessment of impairment losses on receivables

The main collectability risk of trade and other receivables is customer insolvencies. Management determines allowance for impairment losses of doubtful receivables based on an on-going review and evaluation performed as part of its credit risk evaluation process. These include assessment of customers' past payment records, sales level, financial standing and the age of debts.

12.2 Non-trade amount due from subsidiaries of RM110,303,000 (2022: RM127,702,000) is unsecured, bears interest at 4.75% (2022: 4.50%) per annum and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

13. CONTRACT ASSETS – GROUP

	2023 RM'000	2022 RM'000
Contract assets	28,399	42,444

The contract assets are in relation to the Group's rights to consideration for sales of goods which remain unbilled at the reporting date.

Significant changes to contract assets balances during the period are as follows:

	2023 RM'000	2022 RM'000
Contract assets at the beginning of the period not transferred to trade receivables due to change in time frame	42,444	37,934
Contract assets at the beginning of the period transferred to trade receivables	(42,444)	(34,763)
Revenue recognised during the year	28,399	47,774
Progress billing during the year	-	(8,501)
	28,399	42,444

13.1 Impairment assessment on contract assets

Credit risk on contract assets arose from sales of goods. As at the end of the reporting period, the maximum exposure to credit risk arising from contract assets is represented by the carrying amount in the statements of financial position. Management has taken reasonable steps to ensure the contract assets are not credit impaired.

The Group assessed the risk of loss of each customer individually based on their financial information and external credit rating, where applicable. All of these customers have low risk of default.

14. DERIVATIVES

	2023			2022		
	Nominal amount RM'000	Assets RM'000	Liabilities RM'000	Nominal amount RM'000	Assets RM'000	Liabilities RM'000
Group						
Derivatives at fair value through profit or loss						
- Forward commodity contracts	29,052	2,341	161	61,071	44	48
- Forward currency contracts	512,191	6,319	-	271,970	1,183	-
Derivatives used for hedging						
- Cash flow hedges	-	-	-	150,000	378	-
Total derivatives		8,660	161		1,605	48

NOTES TO THE FINANCIAL STATEMENTS

14. DERIVATIVES (CONTINUED)

a) Derivatives not designated as hedging instruments

The Group uses forward commodity contracts and forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flows or fair value hedges and are entered into for period consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge the Group's sales denominated in USD for which firm commitments existed at the reporting date.

b) Cash flow hedges

The interest rate swaps are being used to hedge the exposure to changes in the floating interest rates of its secured loans. The management considers the interest rate swaps as effective hedging instruments as the secured loans and the swaps have identical critical terms.

15. OTHER INVESTMENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fixed deposits with original maturities exceeding three months (Note 15.1)	870,638	124,302	374,919	20,443

15.1 Material accounting policy information

The Group classifies deposits with licensed banks not held for working capital purposes that has a maturity of more than three months as other investments.

16. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash on hand and at banks	389,175	331,933	162,437	179,467
Fixed deposits with original maturities not exceeding three months	390,142	921,713	80,294	233,316
	779,317	1,253,646	242,731	412,783

NOTES TO THE FINANCIAL STATEMENTS

17. CAPITAL AND RESERVES – GROUP AND COMPANY

17.1 Share capital

	2023		2022	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Ordinary shares				
<i>Issued and fully paid shares with no par value classified as equity instruments:</i>				
At 1 January	914,474	890,164	823,162	571,694
Exercise of share options	264	158	77,376	21,749
Transfer from employee share option reserve	163	-	13,936	-
Bonus issue	-	-	-	296,721
At 31 December	914,901	890,322	914,474	890,164

On 19 July 2022, the Company completed its bonus issue of 296,721,158 new ordinary shares on the basis of one (1) bonus share for every two (2) ordinary shares held in the Company.

During the financial year, the Company issued 158,150 new ordinary shares for cash totaling RM264,245 arising from the exercise of the employees share options at an average exercise price of RM1.67 per share.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

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.

17.2 Other reserves – Group

	Hedge reserve RM'000	Foreign currency translation reserve RM'000	Total RM'000
At 1 January 2022	(1,454)	661	(793)
Other comprehensive income:			
Exchange differences on translation of the financial statements of foreign entities	-	1,975	1,975
Fair value adjustment on cash flow hedge	1,740	-	1,740
At 31 December 2022/1 January 2023	286	2,636	2,922
Other comprehensive income:			
Exchange differences on translation of the financial statements of foreign entities	-	3,257	3,257
Fair value adjustment on cash flow hedge	(286)	-	(286)
At 31 December 2023	-	5,893	5,893

17.3 Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

NOTES TO THE FINANCIAL STATEMENTS

17. CAPITAL AND RESERVES – GROUP AND COMPANY (CONTINUED)

17.4 Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

18. EMPLOYEE SHARE OPTION RESERVE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	16,006	26,481	16,006	26,481
Share options granted under ESOS recognised in profit or loss	3,851	3,461	1,807	1,041
Charged to subsidiaries	-	-	2,044	2,420
Transfer to share capital arising from exercise of share options	(163)	(13,936)	(163)	(13,936)
At 31 December	19,694	16,006	19,694	16,006

The employee share option reserve represents the value of equity-settled share options granted to eligible Directors and employees.

The Sarawak Oil Palms Berhad Employees' Share Option Scheme ("ESOS") was approved by the shareholders at the Extraordinary General Meeting held on 9 August 2017. The ESOS was implemented on 19 September 2017 and to be in force for a period of 10 years from the date of implementation.

The salient features of the ESOS are as follows:

- (i) The ESOS Committee appointed by the Board of Directors to administer the ESOS, may from time to time grant ESOS Option ("Options") to eligible employees of the Group and also Directors of the Company (collectively referred to "eligible person") to subscribe for new shares in the Company in accordance with the by-laws.
- (ii) Subject to the discretion of the ESOS Committee, any eligible person who has served for at least one year shall be eligible to participate in the ESOS.
- (iii) The maximum number of new shares which may be made available under the ESOS shall be up to 10% of the total number of issued shares of the Company at any point of time during the tenure of the ESOS.
- (iv) The aggregate allocation of Options to the Directors of the Company and senior management of the Group shall not exceed 50% of the total number of shares to be issued under the ESOS. In addition, not more than 10% of the shares available under the ESOS are to be allocated to any eligible person who, either singly or collectively through persons connected to the eligible person, holds 20% or more in the issued shares of the Company.
- (v) The subscription price for each share under the ESOS shall be based on the 5-day volume weighted average market price of the shares of the Company as quoted on Bursa Securities immediately preceding the date on which the option is granted, subject to a discount of not more than 10% or such other limit in accordance with any prevailing guideline issued by Bursa Securities or any other relevant authorities as may be amended from time to time.
- (vi) The new shares of the Company to be allotted and issued upon any exercise of the Options will upon such allocation and issuance, rank pari passu in all respects with the then existing issued shares, save and except that the new shares so issued will not be entitled to any dividends, rights, allocations and/or other form of distributions that may be declared, made or paid to shareholders, the entitlement date (namely the date as at the close of business on which shareholders must be registered on the Register of Depositors in order to be entitled to any dividends, rights, allocations and/or other distributions) of which is prior to the date of allotment of the new shares.
- (vii) The Options shall not carry any right to vote any general meeting of the Company.

NOTES TO THE FINANCIAL STATEMENTS

18. EMPLOYEE SHARE OPTION RESERVE (CONTINUED)

The salient features of the ESOS are as follows: (continued)

(viii) Fair value of share options granted during the year:

The fair value of share options granted during the year was estimated using a Black Scholes model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at granted date and the assumptions are as follows:

	2023		2022
Grant dates	01.09.2023	10.04.2023	12.04.2022
Fair value of share option (RM)	0.29	0.62	2.96
Weighted average share price (RM)	2.58	2.47	6.20
Weighted average exercise price (RM)	2.29	2.21	5.18
Expected volatility (%)*	9.62	52.80	87.79
Expected life (years)	3	3	3
Risk free rate (%)	2.75	2.50	2.00
Expected dividend yield (%)	-	-	-

The expected life of the options is based on historical date and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

* The expected volatility is based on 2 years average historical volatility.

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in share options during the year.

	Outstanding 1 January '000	Granted '000	Exercised '000	Forfeited and other adjustment '000	Adjustment for bonus issue during the year 31 December '000	Outstanding 31 December '000	Exercisable 31 December '000
2023							
2023 options	-	5,007	(2)	(118)	-	4,887	3,708
2022 options	2,101	-	-	(255)	-	1,846	752
2021 options	474	-	-	(46)	-	428	188
2020 options	455	-	(31)	(55)	-	369	189
2019 options	751	-	(91)	(58)	-	602	341
2018 options	662	-	(9)	(17)	-	636	394
2017 options	15,073	-	(25)	(397)	-	14,651	10,514
WAEP (RM)	2.45	2.26	1.67	2.55	-	2.41	2.38

NOTES TO THE FINANCIAL STATEMENTS

18. EMPLOYEE SHARE OPTION RESERVE (CONTINUED)

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in share options during the year. (continued)

	Outstanding 1 January '000	Granted '000	Exercised '000	Forfeited and other adjustment '000	Adjustment for bonus issue during the year 31 December '000	Outstanding 31 December '000	Exercisable 31 December '000
2022							
2022 options	-	1,543	-	(188)	746	2,101	427
2021 options	593	-	(134)	(185)	200	474	93
2020 options	491	-	(146)	(52)	162	455	131
2019 options	987	-	(368)	(163)	295	751	221
2018 options	947	-	(425)	(93)	233	662	269
2017 options	31,588	-	(20,676)	(935)	5,096	15,073	8,184
WAEP (RM)	3.53	5.18	3.56	3.57	2.44	2.45	2.40

(i) Details of share options outstanding at the end of the year:

Grant date	WAEP RM	Exercisable period
2023	2.29	01.9.2023-18.9.2027
2023	2.21	10.4.2023-18.9.2027
2022	3.46	12.4.2022-18.9.2027
2021	2.38	06.4.2021-18.9.2027
2020	1.49	17.4.2020-18.9.2027
2019	1.48	2.5.2019-18.9.2027
2018	2.08	25.5.2018-18.9.2027
2017	2.40	27.10.2017-18.9.2027

(ii) Share options exercised during the year:

Option exercised during the financial year resulted in the issuance of 158,150 (2022: 21,748,800) ordinary shares at an average price of RM1.67 (2022: RM3.56) each. The related weighted average share price at the date of exercise was RM2.49 (2022: RM3.42).

NOTES TO THE FINANCIAL STATEMENTS

19. LOANS AND BORROWINGS

Note	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
Secured:				
Hire purchase financing	19.1	-	23	-
Term loans		3,467	426,566	-
Sukuk Murabahah	19.2	219,612	19,536	20,000
		223,079	446,125	20,000
				220,000
Current				
Secured:				
Hire purchase financing	19.1	23	1,852	-
Term loans		211,971	74,377	200,000
		211,994	76,229	200,000
				-
Unsecured:				
Bankers acceptances/short term loans		410,015	233,600	-
Revolving credits		-	5,000	-
		410,015	238,600	-
				5,000
		622,009	314,829	200,000
				5,000
Total loans and borrowings		845,088	760,954	220,000
				225,000

19.1 Hire purchase financing

Hire purchase financing are payable as follows:

	Payment RM'000	Interest RM'000	Principal RM'000
Group			
2023			
Less than one year	23	-	23
Between one and two years	-	-	-
	23	-	23
2022			
Less than one year	1,886	34	1,852
Between one and two years	23	-	23
	1,909	34	1,875

NOTES TO THE FINANCIAL STATEMENTS

19. LOANS AND BORROWINGS (CONTINUED)

19.2 Sukuk Murabahah

In financial year 2020, the Group had secured and entered into a Sukuk Murabahah Programme for the issuance of Sukuk Murabahah of up to a nominal value of RM1.00 billion with a tenure of up to 20 years from the first issue date.

The tenure of the Sukuk Murabahah Programme is 20 years from the first issue date of the Sukuk Murabahah under the Sukuk Murabahah Programme. The Sukuk Murabahah may be issued in series and shall have a tenure of more than one year and up to 20 years from the Issue Date. All Sukuk Murabahah shall mature upon the expiry of the Sukuk Murabahah Programme Tenure.

OCBC Al-Amin Bank Berhad ("OCBC") has made available Sukuk Murabahah of up to RM400 million in nominal value to be issued (whether in one or more series) under the Sukuk Murabahah Programme during the availability period for the Sukuk Murabahah to be subscribed for by OCBC.

The first issuance of RM20 million out of the RM400 million Sukuk Murabahah subscribed by OCBC under the Sukuk Murabahah programme was on 6 November 2020. The first issuance was within ninety (90) days after the date of fulfilment of the conditions precedent defined in the Sukuk Murabahah programme.

On 18 October 2023, the Company completed the second issuance of Sukuk Murabahah amounting to RM200 million, subscribed by OCBC under the existing Sukuk Murabahah Programme. The proceeds from the second issuance were disbursed to a related company for utilisation under the terms and conditions specified in the trust deed of the Sukuk Murabahah programme.

(i) Repayment terms of the Sukuk Murabahah programme

The OCBC Sukuk Murabahah shall be issued with each Tranche having a tenure as stated below, and which shall be redeemed based on the following redemption schedule:

Tenure of each Tranche of Sukuk Murabahah	Percentage Nominal Value of each Series of OCBC Sukuk Murabahah	
	First Issuance	Second Issuance
3 years	-	Thirty per cent. (30%)
4 years	-	Thirty per cent. (30%)
5 years	-	Forty per cent. (40%)
6 years	Twenty per cent. (20%)	-
7 years	Twenty per cent. (20%)	-
8 years	Twenty per cent. (20%)	-
9 years	Twenty per cent. (20%)	-
10 years	Twenty per cent. (20%)	-
Total	One hundred per cent. (100%)	One hundred per cent. (100%)

(ii) Periodic profit payment terms under the Sukuk Murabahah programme

The periodic profit rate is determined prior to the issuance of the Sukuk Murabahah. Sukuk Murabahah is issued with periodic profit payments which are payable quarterly. The periodic profit payments are determined based on pricing spread above OCBC's three months cost of fund during the tenure.

(iii) Securities

OCBC Sukuk Murabahah is secured by third party first land charge over the leasehold lands of the subsidiaries with total planted area of not less than 13,837 hectares.

NOTES TO THE FINANCIAL STATEMENTS

19. LOANS AND BORROWINGS (CONTINUED)

19.3 Securities

Banker's acceptances and short term trade loans are secured by corporate guarantees provided by the Company.

The term loans are secured by way of legal charges over certain leasehold land (see Note 5), building and palm oil mill (see Note 3) of the Group.

Assets under hire purchase are charged to secure the hire purchase facilities of the Group (see Note 3).

20. GOVERNMENT GRANTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cost:				
At 1 January and 31 December	19,356	19,356	726	726
Accumulated amortisation:				
At 1 January	5,018	3,954	267	194
Amortisation for the year (Note 27)	1,064	1,064	73	73
At 31 December	6,082	5,018	340	267
Net carrying amount:				
At 31 December	13,274	14,338	386	459
Current	1,064	1,064	73	73
Non-current	12,210	13,274	313	386
	13,274	14,338	386	459

The government grant of RM15,630,000 was received to partly finance the construction of an advanced integrated bio-refinery plant. The construction of bio-refinery plant was completed in 2017, hence the commencement of the amortisation of the government grant, which is recognised as "other income" in profit or loss.

In the earlier financial year, a research project in relation to crude palm oil washing facilities, which was acquired in FY2019 was completed, hence, amortisation of government grant was recognised as 'other income' in profit or loss over the useful life of the plant. Total grant received in relation to the research project was RM726,000.

Another government grant of RM3,000,000 was received to partly finance a project to mitigate 3-monochloropropanediol ("3-MCPD") and glycidyl acid esters ("GE") level in palm oil. The project was completed in 2022 and amortisation of the government grant is recognised as "other income" in profit or loss over the useful life of the plants.

NOTES TO THE FINANCIAL STATEMENTS

21. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current					
Trade					
Trade payables	21.1	114,744	140,527	28,730	35,065
Amount due to subsidiaries		-	-	23,658	27,269
		114,744	140,527	52,388	62,334
Non-trade					
Amount due to subsidiaries		-	-	572	692
Retention sums payable to contractors		7,735	5,831	2,912	2,665
Deposits received					
- Others		911	814	94	94
- Subsidiary		-	-	737	720
Other payables and accrued expenses	21.1	122,882	123,060	44,391	48,087
Dividend payable	31	35,613	-	35,613	-
		167,141	129,705	84,319	52,258
Total		281,885	270,232	136,707	114,592

21.1 Trade and other payables

Included in trade and other payables of the Group and of the Company are the amounts of RM8,261,000 (2022: RM7,568,000) and RM3,978,000 (2022: RM4,736,000) respectively due to companies in which certain Directors of the Company have substantial financial interest.

22. REVENUE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers	5,123,689	5,308,285	1,394,895	1,766,299
Other revenue				
Dividend income from subsidiaries	-	-	59,378	31,678
	5,123,689	5,308,285	1,454,273	1,797,977

NOTES TO THE FINANCIAL STATEMENTS

22. REVENUE (CONTINUED)

22.1 Disaggregation of revenue

	Oil palm operations		Property development		Total	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Group						
Major products and service lines						
Sales of oil palm based products and other related income	5,118,073	5,296,293	-	-	5,118,073	5,296,293
Sales of completed properties	-	-	5,616	11,992	5,616	11,992
	5,118,073	5,296,293	5,616	11,992	5,123,689	5,308,285
Geographical markets						
Malaysia	1,837,967	1,947,398	5,616	11,992	1,843,583	1,959,390
Asia-Pacific	3,044,501	2,910,007	-	-	3,044,501	2,910,007
Others	235,605	438,888	-	-	235,605	438,888
	5,118,073	5,296,293	5,616	11,992	5,123,689	5,308,285
Timing and recognition						
At a point in time	5,118,073	5,296,293	5,616	11,992	5,123,689	5,308,285
					2023 RM'000	2022 RM'000
Company						
Major products and service lines						
Sales of oil palm based products					1,394,895	1,766,299
Geographical markets						
Malaysia					1,394,895	1,766,299
Timing of recognition						
At a point in time					1,394,895	1,766,299
Revenue from contracts with customers					1,394,895	1,766,299
Other revenue					59,378	31,678
Total					1,454,273	1,797,977

NOTES TO THE FINANCIAL STATEMENTS

22. REVENUE (CONTINUED)

22.2 Nature of goods and services

The following information reflects the typical transactions of the Group and the Company:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Warranty
Oil palm products	<u>Export sales</u> Revenue is recognised at the point in time when goods are shipped on board. <u>Local sales</u> Revenue is recognised at the point in time when goods are delivered and accepted by the customers at their premises, when the goods are transferred to the purchaser or when goods are shipped on board.	<u>Export sales</u> By irrevocable letter of credit at sight, advance payment or cash against documents through bank. <u>Local sales</u> Credit period of 14 - 45 days from invoice date or advance payment.	Not applicable.	Not applicable.
Completed properties	Revenue is recognised at a point in time when the control of the property is transferred to the purchaser.	Payment within 14 to 21 days upon signing of sales and purchase agreement.	Discounts or rebates granted during promotional periods.	Defect liability period from 6 up to 18 months as established in contracts.

23. OTHER INCOME

Included in other income of the Group and the Company are net realised gain on derivatives of RM20,095,000 (2022: RM46,066,000) and head quarter reallocate charge of RM13,015,000 (2022: RM13,661,000) respectively.

24. FINANCE INCOME

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest income of financial assets calculated using the effective interest method that are at amortised cost:				
- Short-term deposits	37,978	19,707	10,962	3,312
- Current accounts	9,109	7,180	3,811	3,413
- Advances to subsidiaries	-	-	5,318	6,585
Recognised in profit or loss	47,087	26,887	20,091	13,310

NOTES TO THE FINANCIAL STATEMENTS

25. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expense/profit payments of financial liabilities that are not at fair value through profit or loss:				
- Term loans	18,623	18,932	8,221	7,523
- Sukuk Murabahah	4,284	1,526	958	726
- Bankers acceptances	11,194	7,806	-	-
- Hire purchase financing	25	145	-	-
- Revolving credits	117	7	62	7
- Trust receipts	99	15	-	-
- Interest rate swap	159	3,268	-	-
- Others	248	601	96	155
	34,749	32,300	9,337	8,411
Interest expense on lease liabilities	119	91	103	98
	34,868	32,391	9,440	8,509
Recognised in profit or loss	33,488	29,266	8,291	6,783
Interest expense/profit payments of financial liabilities that are not at fair value through profit or loss capitalised into qualifying assets:				
- property, plant and equipment (Note 3.1)	792	2,356	792	1,194
- bearer plants (Note 4.1)	588	769	357	532
	34,868	32,391	9,440	8,509

26. TAXATION

Recognised in profit or loss

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current tax expense				
Malaysian - current year	104,350	139,945	42,359	41,940
- prior year	106	(870)	(39)	(889)
	104,456	139,075	42,320	41,051
Deferred tax expense (Note 10)				
Origination and reversal of temporary differences	2,793	28,129	1,681	2,023
(Over)/Under provision in prior year	(900)	(2,665)	291	(2,138)
	1,893	25,464	1,972	(115)
Total taxation	106,349	164,539	44,292	40,936

NOTES TO THE FINANCIAL STATEMENTS

26. TAXATION (CONTINUED)

Recognised in profit or loss (continued)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Reconciliation of taxation				
Profit for the financial year	314,372	504,250	170,063	137,126
Total taxation	106,349	164,539	44,292	40,936
Profit excluding tax	420,721	668,789	214,355	178,062
Income tax calculated using Malaysian tax rate of 24%	100,973	160,509	51,445	42,734
Effect of tax rates in foreign jurisdiction	(448)	(1,373)	-	-
Effect of cukai makmur at tax rate of 33%	-	6,458	-	4,893
Difference in effective tax rate of equity accounted associates	(738)	607	-	-
Non-deductible expenses	7,777	9,269	6,846	3,939
Movements in unrecognised deferred tax assets	587	(7,396)	-	-
Income not subject to taxation	(1,008)	-	(14,251)	(7,603)
	107,143	168,074	44,040	43,963
(Over)/Under provision prior year	(794)	(3,535)	252	(3,027)
Total taxation	106,349	164,539	44,292	40,936

27. PROFIT FOR THE FINANCIAL YEAR

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit for the financial year are arrived at after charging/(crediting):				
Auditors' remuneration:				
- Statutory audit				
- KPMG PLT	419	416	110	110
- Overseas affiliates of KPMG PLT	216	202	-	-
- Non-audit fees:				
- KPMG PLT	10	10	10	10
- Local affiliates of KPMG PLT	105	116	26	38

NOTES TO THE FINANCIAL STATEMENTS

27. PROFIT FOR THE FINANCIAL YEAR (CONTINUED)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Material expenses/(income)				
Depreciation of property, plant and equipment (Note 3.2)	93,776	89,112	25,593	24,120
Depreciation of right-of-use assets (Note 5)	9,646	9,714	985	1,011
Amortisation of bearer plants (Note 4)	75,822	74,765	8,764	7,779
Amortisation of government grant (Note 20)	1,064	1,064	73	73
Gain on disposal of property, plant and equipment	(1,136)	(574)	(694)	(378)
Personnel expenses (including key management personnel):				
- Contributions to the state plans	14,372	12,834	4,738	4,412
- Wages, salaries and others	332,207	275,273	77,885	67,857
- Social security contributions	2,363	2,334	660	632
- Share options granted under ESOS	3,847	3,461	1,807	1,041
Property, plant and equipment written off	744	453	26	93
Bearer plants written off	5,155	2,875	-	-
Inventories written down (Note 9)	5,804	3,788	-	-
Inventories written off (Note 9)	224	77	41	-
Net loss/(gain) on foreign exchange	18,824	10,292	(3)	(10)
Fair value (gain)/loss on derivatives	(7,320)	7,516	-	-
Net gain on derivatives	(20,095)	(46,066)	-	-
Fair value (gain)/loss on agricultural produce (Note 11)	(2,120)	12,239	(545)	935
Reversal of impairment loss on joint venture (Note 8)	(2,969)	-	-	-
Impairment loss on investment in a subsidiary (Note 7)	-	-	13,061	-
Expenses arising from leases:				
Expenses relating to short-term leases	2,191	1,946	252	196
Expenses relating to variable lease payments not included in the measurement of lease liabilities	10,178	8,588	-	-
Net gain on impairment loss on financial instruments:				
Financial assets at amortised cost	-	(3,348)	-	-

NOTES TO THE FINANCIAL STATEMENTS

28. COMPENSATIONS TO KEY MANAGEMENT PERSONNEL

Compensations to key management personnel are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors:				
- Fees	1,181	1,179	689	681
- Short term employee benefits (including estimated benefits-in-kind)	3,445	7,725	1,664	5,587
- Post employment benefits	274	194	214	138
- Other emoluments	47	63	47	48
- Share options granted under ESOS	958	-	958	-
	5,905	9,161	3,572	6,454
Other key management personnel:				
- Fees	383	316	-	-
- Short term employee benefits (including estimated benefits-in-kind)	11,895	11,951	10,067	10,641
- Post employment benefits	1,279	1,400	1,279	1,347
- Share options granted under ESOS	247	413	247	413
	13,804	14,080	11,593	12,401
	19,709	23,241	15,165	18,855

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

29. OTHER COMPREHENSIVE INCOME

	Before tax RM'000	2023 Tax benefit RM'000	Net of tax RM'000	Before tax RM'000	2022 Tax benefit RM'000	Net of tax RM'000
Item that is reclassified subsequently to profit or loss						
Cash flow hedge						
- (Loss)/Gain during the year	(219)	53	(166)	5,558	(1,334)	4,224
- Reclassification adjustment for gain in profit or loss	(159)	39	(120)	(3,268)	784	(2,484)
	(378)	92	(286)	2,290	(550)	1,740

NOTES TO THE FINANCIAL STATEMENTS

30. EARNINGS PER ORDINARY SHARE – GROUP

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

Diluted earnings per share is calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	2023 RM'000	2022 RM'000
Profit attributable to owners of the Company	300,866	479,652

Weighted average number of ordinary shares

	2023 '000	2022 '000
Weighted average number of ordinary shares (basic)	890,253	580,996
Bonus shares issued	-	296,721
Adjusted weighted average number of ordinary shares (basic)	890,253	877,717
Effect of dilution of share options	683	1,889
Adjusted weighted average number of ordinary shares (diluted)	890,936	879,606

Basic and diluted earnings per share

	2023 Sen	2022 Sen
Basic earnings per share	33.80	54.65
Diluted earnings per share	33.77	54.53

NOTES TO THE FINANCIAL STATEMENTS

31. DIVIDENDS

Dividends recognised by the Company:

	Sen per share (single-tier)	Total RM'000	Date of payment
2023			
Final 2022 ordinary	6	53,417	14 July 2023
Interim 2023 ordinary	4	35,613	12 January 2024
		89,030	
2022			
Final 2021 ordinary	6	35,606	15 July 2022
Interim 2022 ordinary	4	35,606	6 October 2022
		71,212	

The Directors have proposed the following dividend which is subject to shareholders' approval at the forthcoming Annual General Meeting:

	Per ordinary shares Sen	Total amount RM'000
Final dividend for year ended 31 December 2023	6	53,453

At the forthcoming Annual General Meeting, a final dividend in respect of the financial year ended 31 December 2023, of 6 sen per ordinary share on 890,885,004 ordinary shares, amounting to a dividend payable of RM53,453,100 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial statements for the financial year ending 31 December 2024.

32. OPERATING SEGMENTS

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

- Oil palms - Cultivation of oil palms, processing, refining and trading of palm products.
- Property development - Development of residential and commercial properties.

Performance is measured based on segment profit before tax as included in the internal management reports. Segment 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.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment assets total is used to measure the return of assets of each segment.

Segment liabilities

Information on segment liabilities aggregates the total liabilities, including borrowings, to allow the Group's Chief Executive Officer to review and plan for the liquidity requirements of the Group.

NOTES TO THE FINANCIAL STATEMENTS

32. OPERATING SEGMENTS (CONTINUED)

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets other than goodwill.

	Oil palms		Property development		Elimination		Consolidated	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Segment profit/(loss)	418,393	668,009	(788)	2,897	3,116	(2,117)	420,721	668,789
Included in the measure of segment profit are:								
Revenue from external customers	5,118,073	5,296,293	5,616	11,992	-	-	5,123,689	5,308,285
Finance income	52,405	32,683	82	789	(5,400)	(6,585)	47,087	26,887
Finance costs	(39,983)	(29,358)	(332)	(6,471)	6,827	6,563	(33,488)	(29,266)
Write-down of inventories to net realisable value	(5,729)	(3,788)	(75)	-	-	-	(5,804)	(3,788)
Write-off of inventories	(224)	(61)	-	(16)	-	-	(224)	(77)
Share of profit/(loss) of equity-accounted joint venture, net of tax	-	-	-	-	3,074	(2,531)	3,074	(2,531)
Depreciation and amortisation	(179,040)	(173,348)	(229)	(265)	-	-	(179,269)	(173,613)
Fair value gain/(loss) on derivatives	7,320	(7,516)	-	-	-	-	7,320	(7,516)
Fair value gain/(loss) on agricultural produce	2,120	(12,239)	-	-	-	-	2,120	(12,239)
Reversal of impairment loss on financial assets	-	3,348	-	-	-	-	-	3,348
Property, plant and equipment written off	(744)	(449)	-	(4)	-	-	(744)	(453)
Bearer plants written off	(5,155)	(2,875)	-	-	-	-	(5,155)	(2,875)
Other information								
Segment assets	5,117,107	4,811,579	98,515	84,841	(2,381)	(2,444)	5,213,241	4,893,976
Segment liabilities	1,539,580	1,424,880	5,572	40,379	(4,105)	(18,597)	1,541,047	1,446,662
Included in the measure of segment assets are:								
Additions to property, plant and equipment	110,627	109,334	14	18	-	-	110,641	109,352
Additions to bearer plants	39,900	21,121	-	-	-	-	39,900	21,121
Additions to right-of-use assets	1,170	1,152	-	-	-	-	1,170	1,152

NOTES TO THE FINANCIAL STATEMENTS

32. OPERATING SEGMENTS (CONTINUED)

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments (including investments in joint venture), intangible assets, deferred tax assets and inventories.

	2023 RM'000	2022 RM'000
Revenue		
Malaysia	1,843,583	2,034,380
Asia-Pacific	3,044,501	2,910,007
Others	235,605	363,898
	5,123,689	5,308,285
Non-current assets		
Malaysia	2,411,888	2,447,125
Singapore	14,178	13,609
	2,426,066	2,460,734

Major customers

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

	Revenue		
	2023 RM'000	2022 RM'000	Segment
Customer A	-	534,473	Oil Palms
Customer B	545,968	-	Oil Palms

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS

33.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Fair value through profit or loss ("FVTPL")
 - Mandatorily required by MFRS 9
- (b) Amortised cost ("AC")

	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	Derivatives used for hedging RM'000
2023					
Financial assets					
Group					
Trade and other receivables	12	267,696	267,696	-	-
Derivative financial assets	14	8,660	-	8,660	-
Other investments	15	870,638	870,638	-	-
Cash and cash equivalents	16	779,317	779,317	-	-
		1,926,311	1,917,651	8,660	-
Company					
Trade and other receivables	12	215,451	215,451	-	-
Other investments	15	374,919	374,919	-	-
Cash and cash equivalents	16	242,731	242,731	-	-
		833,101	833,101	-	-
2023					
Financial liabilities					
Group					
Loans and borrowings	19	845,088	845,088	-	-
Trade and other payables	21	281,885	281,885	-	-
Derivative financial liabilities	14	161	-	161	-
		1,127,134	1,126,973	161	-
Company					
Loans and borrowings	19	220,000	220,000	-	-
Trade and other payables	21	136,707	136,707	-	-
		356,707	356,707	-	-

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.1 Categories of financial instruments (continued)

	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	Derivatives used for hedging RM'000
2022					
Financial assets					
Group					
Trade and other receivables	12	248,107	248,107	-	-
Derivative financial assets	14	1,605	-	1,229	376
Other investments	15	124,302	124,302	-	-
Cash and cash equivalents	16	1,253,646	1,253,646	-	-
		1,627,660	1,626,055	1,229	376
Company					
Trade and other receivables	12	250,557	250,557	-	-
Other investments	15	20,443	20,443	-	-
Cash and cash equivalents	16	412,783	412,783	-	-
		683,783	683,783	-	-
	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	Derivatives used for hedging RM'000
2022					
Financial liabilities					
Group					
Loans and borrowings	19	760,954	760,954	-	-
Trade and other payables	21	270,232	270,232	-	-
Derivative financial liabilities	14	48	-	48	-
		1,031,234	1,031,186	48	-
Company					
Loans and borrowings	19	225,000	225,000	-	-
Trade and other payables	21	114,592	114,592	-	-
		339,592	339,592	-	-

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.2 Net gains/(losses) arising from financial instruments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net gains/(losses) on:				
Financial assets at amortised cost				
- reversal of impairment of loss on trade and other receivables	-	3,348	-	-
- interest income	47,087	26,887	20,091	13,310
- net (loss)/gain on foreign exchange	(19,119)	(10,046)	3	10
	27,968	20,189	20,094	13,320
Financial assets at fair value through profit or loss				
Mandatorily required by MFRS 9				
- fair value changes on derivatives	7,432	(7,468)	-	-
	7,432	(7,468)	-	-
Financial liabilities at fair value through profit or loss				
Mandatorily required by MFRS 9				
- fair value changes on derivatives	(112)	(48)	-	-
- realised gain on derivatives	20,095	46,066	-	-
	19,983	46,018	-	-
Financial liabilities measured at amortised cost				
- interest expense/profit payments	(34,749)	(32,300)	(9,337)	(8,411)
- net gain/(loss) on foreign exchange	295	(246)	-	-
	(34,454)	(32,546)	(9,337)	(8,411)
	20,929	26,193	10,757	4,909

33.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

33.4 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 its trade and other receivables. 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.

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.4 Credit risk (continued)

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.

The contract assets (see Note 13.1) have substantially the same risk characteristics as the trade receivables from the same categories of customers.

The Group assess periodically 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.

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.

The Group assessed the risk of loss of each major 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'000	Loss allowances RM'000	Net balance RM'000
2023			
Group			
Current (not past due)	253,593	-	253,593
1 – 30 days past due	2,207	-	2,207
31 – 60 days past due	2,351	-	2,351
61 – 90 days past due	528	-	528
More than 90 days past due	604	-	604
	259,283	-	259,283

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.4 Credit risk (continued)

Trade receivables (continued)

Recognition and measurement of impairment losses (continued)

	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
2023 (continued)			
Credit impaired			
Individually impaired	125	(125)	-
Trade receivables	259,408	(125)	259,283
Trade receivables	231,009	(125)	230,884
Contract assets	28,399	-	28,399
	259,408	(125)	259,283

	Gross carrying amount RM'000	Loss allowances RM'000	Net balance RM'000
2022			
Group			
Current (not past due)	261,492	-	261,492
1 – 30 days past due	191	-	191
31 – 60 days past due	9	-	9
61 – 90 days past due	42	-	42
More than 90 days past due	103	-	103
	261,837	-	261,837
Credit impaired			
Individually impaired	125	(125)	-
Trade receivables	261,962	(125)	261,837
Trade receivables	219,518	(125)	219,393
Contract assets	42,444	-	42,444
	261,962	(125)	261,837

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

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.4 Credit risk (continued)

Trade receivables (continued)

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 and deposits with licensed banks

The cash and cash equivalents and deposits with licensed banks 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 receivables

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.

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

	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2023			
Low credit risk	31,543	-	31,543
Credit impaired	464	(464)	-
	32,007	(464)	31,543
2022			
Low credit risk	25,649	-	25,649
Credit impaired	464	(464)	-
	26,113	(464)	25,649

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.4 Credit risk (continued)

Recognition and measurement of impairment losses

Generally, the Group considers other receivables have low credit risk. As the Group is able to determine the timing of payments of the other debtors when they are payable, the Group considers the other receivables to be in default when the other debtors are not able to pay when demanded. The Group considers other receivables to be credit impaired when the other debtor is unlikely to repay its payables to the Group in full.

There is no movements in the allowance for impairment in respect of other receivables 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 advance on an individual basis.

The Company has undertaken to provide financial support to certain subsidiaries to enable them to continue to operate as going concerns.

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.

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

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 is continuously loss making and is having a deficit shareholders' fund.

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.4 Credit risk (continued)

Inter-company loans and advances (continued)

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 and ECLs for subsidiaries' loans and advances as at the end of the reporting period was:

	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
2023			
Low credit risk	120,007	-	120,007
Credit impaired	37,000	(9,904)	27,096
	157,007	(9,904)	147,103
2022			
Low credit risk	144,900	-	144,900
Credit impaired	47,000	(9,904)	37,096
	191,900	(9,904)	181,996

There is no movement in the allowance for impairment in respect of inter-company loans and advances during the year.

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 the subsidiaries. The Company monitors on an ongoing basis the results of the subsidiaries and repayments made by the subsidiaries. In addition, the Company has issued letters of financial support to certain subsidiaries and have indicated its willingness to provide continuing financial support to these subsidiaries.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk relating to facilities granted to certain subsidiaries up to a limit of RM1,133,734,000 (2022: RM1,069,413,000) of which RM247,677,000 (2022: RM163,162,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at the end of the reporting period, there was no indication that the subsidiaries 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.

The financial guarantee is not recognised since the probability of default was low.

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.5 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.

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:

Group	Carrying amount RM'000	Contractual interest rate/ discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
2023							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	281,885	-	281,885	281,885	-	-	-
Term loans	215,438	4.53-5.08	217,843	214,356	3,487	-	-
Sukuk Murabahah	219,612	4.60	260,710	10,120	10,120	231,949	8,521
Hire purchase financing	23	4.53	23	23	-	-	-
Bank acceptances/short term loans	410,015	3.22-3.56	410,015	410,015	-	-	-
Lease liabilities	2,084	3.50-5.25	2,513	720	578	605	610
	1,129,057		1,172,989	917,119	14,185	232,554	9,131
<i>Derivative financial liabilities</i>							
Forward commodity swap	161	-	161	161	-	-	-
	161		161	161	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM'000	Contractual interest rate/ discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
2023							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	136,707	-	136,707	136,707	-	-	-
Sukuk Murabahah	20,000	4.60	24,978	922	920	2,302	20,834
Term loan	200,000	4.35	201,908	201,908	-	-	-
Lease liabilities	1,962	3.50-5.00	2,360	560	406	770	624
Financial guarantee contracts	-	-	247,677	247,677	-	-	-
	358,669		613,630	587,774	1,326	3,072	21,458

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.5 Liquidity risk (continued)

Maturity analysis (continued)

Group	Carrying amount RM'000	Contractual interest rate/ discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
2022							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	270,232	-	270,232	270,232	-	-	-
Revolving credit	5,000	4.04	5,017	5,017	-	-	-
Term loans	500,943	3.91-5.45	613,613	87,973	505,752	19,888	-
Sukuk Murabahah	19,536	3.75	24,838	809	815	10,266	12,948
Hire purchase financing	1,875	4.53-5.23	1,909	1,886	23	-	-
Bank acceptances/short term loans	233,600	3.22-3.56	233,600	233,600	-	-	-
Lease liabilities	1,550	3.50-5.00	1,859	390	351	447	671
	1,032,736		1,151,068	599,907	506,941	30,601	13,619
<i>Derivative financial liabilities</i>							
Forward commodity swap	48	-	48	48	-	-	-
	48		48	48	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.5 Liquidity risk (continued)

Maturity analysis (continued)

Company	Carrying amount RM'000	Contractual interest rate/ discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000	2-5 years RM'000	More than 5 years RM'000
2022							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	114,592	-	114,592	114,592	-	-	-
Revolving credit	5,000	4.04	5,017	5,017	-	-	-
Sukuk Murabahah	20,000	4.90	26,272	974	980	2,679	21,639
Term loan	200,000	3.91-3.93	209,512	7,820	201,692	-	-
Lease liabilities	1,807	3.50-5.00	2,233	444	420	649	720
Financial guarantee contracts	-	-	163,162	163,162	-	-	-
	341,399		520,788	292,009	203,092	3,328	22,359

33.6 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.

33.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD") and Singapore Dollar ("SGD").

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

The Group uses forward foreign currency contracts to hedge its foreign currency risk with maturities of less than one year after the end of the reporting period. Where necessary, the forward foreign currency contracts are rolled over maturity.

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.6 Market risk (continued)

33.6.1 Currency risk (continued)

(ii) Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows:

	2023 USD RM'000	2022 USD RM'000
Balances recognised in the statement of financial position		
Trade and others receivables	19,706	13,656
Trade and other payables	(1,860)	(94)
	17,846	13,562

(iii) Currency risk sensitivity analysis

A 10% strengthening of RM against the primary foreign currency - USD at the end of the reporting period would impact on post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant.

	2023 RM'000	2022 RM'000
USD	(1,356)	(1,031)

A 10% weakening of RM against the above currency at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

33.6.2 Interest rates risk

The primary interest 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 twelve months.

The Group's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest 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 managed its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. To manage this, the Group enters into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amount calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligation. The swap mature next year following the maturity of a floating rate term loan and has a fixed swap (2022: fixed swap) rate of nil (2022: 4.81%).

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.6 Market risk (continued)

33.6.2 Interest rates risk (continued)

Exposure to interest rates risk

The interest 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'000	2022 RM'000	2023 RM'000	2022 RM'000
Fixed rate instruments				
Fixed deposits	1,260,780	1,046,015	455,213	253,759
Hire purchase financing	(23)	(1,875)	-	-
Banker acceptances/short term loans	(410,015)	(233,600)	-	-
Revolving credits	-	(5,000)	-	(5,000)
Lease liabilities	(2,084)	(1,550)	(1,962)	(1,807)
	848,658	803,990	453,251	246,952
Floating rate instruments				
Term loans	(215,438)	(500,943)	(200,000)	(200,000)
Sukuk Murabahah	(219,612)	(19,536)	(20,000)	(20,000)
Amount due from subsidiaries	-	-	110,303	127,702
	(435,050)	(520,479)	(109,697)	(92,298)

Interest 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 for financial assets and financial liabilities 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.

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.6 Market risk (continued)

33.6.2 Interest rates risk (continued)

Interest rates risk sensitivity analysis (continued)

Cash flow sensitivity analysis for variable rate instruments (continued)

	2023		2022	
	Profit or loss		Profit or loss	
	100 bp increase RM'000	100 bp decrease RM'000	100 bp increase RM'000	100 bp decrease RM'000
Group				
Floating rate instruments	(3,306)	3,306	(3,956)	3,956
Company				
Floating rate instruments	(834)	834	(701)	701

33.7 Hedging activities

Interest rate swap

The Group has entered into an interest rate swaps to hedge the cash flow risk in relation to the floating interest rate of the term loan of RM200 million. The interest rate swaps have the nominal value of nil (2022: RM150 million) and is settled every quarter, consistent with the interest repayment schedule of the term loan. During the year, loss of RM286,000 (2022: gain of RM1,740,000) was recognised in other comprehensive income.

The following table indicates the periods in which the cash flows are expected to occur.

	Carrying amount RM'000	Expected cash flow RM'000	Under 1 year RM'000	Between 1-2 years RM'000	Between 2-5 years RM'000
2022					
Interest rate risk					
Interest rate swap					
Net exposure	286	378	378	-	-
Fixed interest rate	-	-	4.81%	-	-

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.7 Hedging activities (continued)

Interest rate swap (continued)

The following table provides reconciliation by risk category of components of equity and analysis of OCI items, net of tax, resulting from cash flow hedge accounting.

	Hedging reserve RM'000
Balance at 1 January 2022	(1,454)
<i>Changes in fair value</i>	
Interest rate risk	4,224
<i>Amount reclassified to profit or loss</i>	
Interest rate risk	(2,484)
Balance at 31 December 2022/1 January 2023	286
<i>Changes in fair value</i>	
Interest rate risk	(165)
<i>Amount reclassified to profit or loss</i>	
Interest rate risk	(121)
Balance at 31 December 2023	-

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.8 Fair value information

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

The tables below analyses other financial instruments at fair value.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
Group 2023										
Financial assets										
Forward currency contracts	-	6,319	-	6,319	-	-	-	-	6,319	6,319
Forward commodity contracts	-	2,341	-	2,341	-	-	-	-	2,341	2,341
	-	8,660	-	8,660	-	-	-	-	8,660	8,660
Financial liabilities										
Forward commodity contracts	-	(161)	-	(161)	-	-	-	-	(161)	(161)
Term loans	-	-	-	-	-	-	(3,467)	(3,467)	(3,467)	(3,467)
Sukuk Murabahah	-	-	-	-	-	-	(219,612)	(219,612)	(219,612)	(219,612)
	-	(161)	-	(161)	-	-	(223,079)	(223,079)	(223,240)	(223,240)

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.8 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
Group										
2022										
Financial assets										
Forward currency contracts	-	1,183	-	1,183	-	-	-	-	1,183	1,183
Forward commodity contracts	-	44	-	44	-	-	-	-	44	44
Cash flow hedges	-	378	-	378	-	-	-	-	378	378
	-	1,605	-	1,605	-	-	-	-	1,605	1,605
Financial liabilities										
Forward commodity contracts	-	(48)	-	(48)	-	-	-	-	(48)	(48)
Term loans	-	-	-	-	-	-	(426,566)	(426,566)	(426,566)	(426,566)
Sukuk Murabahah	-	-	-	-	-	-	(19,536)	(19,536)	(19,536)	(19,536)
Hire purchase financing	-	-	-	-	-	-	(21)	(21)	(21)	(23)
	-	(48)	-	(48)	-	-	(446,123)	(446,123)	(446,171)	(446,173)

NOTES TO THE FINANCIAL STATEMENTS

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.8 Fair value information (continued)

Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
2023										
Financial liabilities										
Term loan	-	-	-	-	-	-	-	-	-	-
Sukuk Murabahah	-	-	-	-	-	-	(20,000)	(20,000)	(20,000)	(20,000)
	-	-	-	-	-	-	(20,000)	(20,000)	(20,000)	(20,000)
2022										
Term loan	-	-	-	-	-	-	(200,000)	(200,000)	(200,000)	(200,000)
Sukuk Murabahah	-	-	-	-	-	-	(20,000)	(20,000)	(20,000)	(20,000)
	-	-	-	-	-	-	(220,000)	(220,000)	(220,000)	(220,000)

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.

Derivatives

The fair value of forward currency contracts and forward commodity swap are based on banker quotes.

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

33. FINANCIAL INSTRUMENTS (CONTINUED)

33.8 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 directions).

Level 3 fair value

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

The following table shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Financial instruments not carried at fair value

Type	Description of valuation technique and inputs used
Sukuk Murabahah	Discounted cash flows using a rate based on the current market rate of borrowing of the Group at the reporting date (2023: 4.60%, 2022: 3.75%).
Term loans	The fair value of term loans approximate their carrying amounts as these are variable rate borrowings.
Hire purchase financing	Discounted cash flows using a rate based on the current market rate of borrowing of the Group at the reporting date (2023: Nil, 2022: 3.84%).

33.9 Material accounting policy information

The Group or the Company applies settlement date accounting for regular way purchase or sale of financial assets.

34. 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.

	2023 RM'000	2022 RM'000
Total loans and borrowings (Note 19)	(845,088)	(760,954)
Lease liabilities	(2,084)	(1,550)
Gross debts	(847,172)	(762,504)
Less: Other investments (Note 15)	870,638	124,302
Less: Cash and cash equivalents (Note 16)	779,317	1,253,646
Net cash	802,783	615,444
Total equity	3,672,194	3,447,314
Gross debt to equity ratio	0.23	0.22
Net debt to equity ratio	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

35. CAPITAL COMMITMENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Contracted but not provided for				
Property, plant and equipment	48,847	57,492	26,508	28,178
Bearer plants	17,373	5,767	530	2,590
	66,220	63,259	27,038	30,768

36. 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 as disclosed in Note 7;
- (ii) its joint venture entity as disclosed in Note 8;
- (iii) key management personnel as disclosed in Note 28; and
- (iv) companies in which certain Directors and their close family members have or deemed to have substantial interest.

Significant related party transactions

Significant related party transactions of the Group and of the Company, other than compensations to key management personnel (see Note 28) and those disclosed elsewhere in the financial statements, are shown below.

Transaction with its subsidiaries

	Company	
	2023 RM'000	2022 RM'000
Dividend income	(59,378)	(31,678)
Head quarter reallocate charge	(13,015)	(13,661)
Interest income	(5,318)	(6,585)
Management fee	(260)	(260)
Rental income	(191)	(61)
Rental expense	432	463
Corporate service fee	2,387	3,617
Purchase of goods and services	24,219	23,145
Purchase of oil palm fresh fruit bunches	486,836	685,284
Sales of goods and services	(1,393,538)	(1,762,815)
Sales of property, plant and equipment	(958)	(301)
Purchase of property, plant and equipment	1,174	962

NOTES TO THE FINANCIAL STATEMENTS

36. RELATED PARTIES (CONTINUED)

Significant related party transactions (continued)

Transaction in which certain Directors and their close family members have or deemed to have substantial interest

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Purchase of oil palm fresh fruit bunches	134,315	183,954	87,050	117,200
Sales of goods and services	(295)	(255)	(256)	(255)
Sales of property, plant and equipment	-	(80)	-	-
Transport services	7,264	6,923	48	14
Purchase of property, plant and equipment	24,438	16,918	8,449	5,483
Purchase of goods and services	28,812	20,506	4,371	2,986

The balances related to the above transactions are shown in Notes 12 and 21. There is no allowance for impairment loss on doubtful receivables provided against the outstanding balances of related parties.

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.

PROPERTIES OF

The Group

AS AT 31 DECEMBER 2023

Location of Properties	Year of Acquisition/ Revaluation	Tenure	Year of Expiry	Area in Hectares	Description	Age of Building (Years)	Net Book Value As at 31 Dec 2023 (RM'000)	Net Book Value As at 31 Dec 2022 (RM'000)
Lambir 1, 2 Estate KM 41, Miri – Bintulu Road, Miri Sarawak	1971-1981	Leasehold 87 to 97 years	2067	4,572	Oil Palm Estate Palm Oil Mill	17	285,318	277,614
Suai 1 Estate KM 120, Miri – Bintulu Road, Miri Sarawak	1989-1991	Leasehold 99 years	2084-2090	3,183	Oil Palm Estate Palm Oil Mill	22		
Suai 2 Estate KM 115, Miri – Bintulu Road, plus further 9KM	1989-2019	Leasehold 99 years	2085-2118	2,877	Oil Palm Estate			
Tinbarap 9 Estate KM 22, Miri – Bintulu Road, Off KM 45, From BLD Junction	2010-2011	Leasehold 60 years	2068-2070	1,194	Oil Palm Estate			
Miri Office No. 124-126, Jalan Bendahara, 98000 Miri	2004	Leasehold 60 years	2042	-	Registered Office - 445 sq.m.	39		
Lot 2415 & Lot 6918, Block 1, Lambir Land District	2021	Leasehold 60 years	2069	-	Shophouses - 869 sq.m.	3		
Kuala Lumpur Office 183 Level 26 Building M1, Lot 70 Section 70, Bandar Kuala Lumpur	2019	Freehold	-	-	Office Unit - 172 sq.m.	5		
SOP Tower Lot 275 & Lot 1007 Block 9 Miri Concession Land District	2021	Leasehold 99 years	2109-2114	-	Office under construction	-		
Balingian Estate KM 8, Balingian – Mukah Road, Balingian	1997-1999	Leasehold 60 years	2057-2059	3,978	Oil Palm Estate Palm Oil Mill	17	43,622	42,079
Tibus Estate Lot 157, Suai	2003	Leasehold 60 years	2063	1,494	Oil Palm Estate		55,894	58,479

PROPERTIES OF THE GROUP

AS AT 31 DECEMBER 2023

Location of Properties	Year of Acquisition/ Revaluation	Tenure	Year of Expiry	Area in Hectares	Description	Age of Building (Years)	Net Book Value As at 31 Dec 2023 (RM'000)	Net Book Value As at 31 Dec 2022 (RM'000)
Lamaus Estate KM 3, Jalan Ulu Niah, Off KM 110, Miri – Bintulu Road, Miri	2003	Leasehold 60 years	2063	3,814	Oil Palm Estate			
Suai Estate, Niah Lot 157, Suai	2004	Leasehold 60 years	2064	3,337	Oil Palm Estate			
Niah Estate KM 3, Kubur Road, Off Sepupok, Niah	1999	Leasehold 60 years	2059	4,960	Oil Palm Estate		56,201	45,844
Taniku Estate Jalan Pujut 7, Permyjaya KM 9 East of Miri	2003	Leasehold 60 years	2058	4,858	Oil Palm Estate		85,273	80,540
Sepakau Estate KM 81, Jalan Bakun off KM 53, Jalan Bintulu – Miri	2003	Leasehold 60 years	2057-2059	9,030	Oil Palm Estate Oil Palm Mill	15		
Karabungan Estate KM 48, Miri – Bintulu Road, Miri	2005	Leasehold 60 years	2058	2,023	Oil Palm Estate		19,620	20,185
Tatau Estate KM 40, Bintulu – Sibul Road, Off KM 13, Tatau	2008	Leasehold 99 years	2103	3,840	Oil Palm Estate		164,494	170,309
Sebunguan Estate KM 25, Bintulu – Miri Road, KM 19 To Sebauh	2006	Leasehold 99 years	2103	1,646	Oil Palm Estate			
Sabaju 1, 2 Estate KM 53, Bintulu – Miri, KM 31 Bakun Road	2006	Leasehold 99 years	2104	4,880	Oil Palm Estate Palm Oil Mill	12		
Tinbarap Estate KM 22, Miri – Bintulu Road, Off KM 45, From BLD Junction	2007	Leasehold 99 years	2106	12,905	Oil Palm Estate Palm Oil Mill	10	202,881	217,580

PROPERTIES OF THE GROUP

AS AT 31 DECEMBER 2023

Location of Properties	Year of Acquisition/ Revaluation	Tenure	Year of Expiry	Area in Hectares	Description	Age of Building (Years)	Net Book Value As at 31 Dec 2023 (RM'000)	Net Book Value As at 31 Dec 2022 (RM'000)
Batu Lintang Estate Ulu Undop NCR, Sri Aman District	2008	NCR Native Land 60 years	NA	2,334	Oil Palm Estate		39,324	41,266
Sabaju Estate KM 53, Bintulu – Miri, KM 31 Bakun Road	2010	Leasehold 99 years	2114	5,091	Oil Palm Estate		60,449	62,508
POIC, Bintulu Lot 4270, 4277, 4278, Block 26, Kemena LD	2012	Leasehold 60 years	2074	40	Palm Oil Refinery Plant, Palm Kernel Crushing Plant, Biodiesel Plant, Phytonutrient Plant, Consumer Packaging Plant & Other Amenities	9 to 12	119,248	276,689
Land - Kuching/Miri Lot 6918, Lambir LD Lot 76, 172, 919-921, Block 233, Kuching North LD	2007-2021	Leasehold 60 to 99 years	2038-2069	30	Land Held for Future Development		41,255	41,217
Murum Estate Sungai Maleh, Belaga Blk 89 & Blk 90 Murum LD 96950 Murum Sarawak	2016	Leasehold 60 years	2076	47,000	Oil Palm Estate Palm Oil Mill	12	608,393	635,622
Singapore Office 133 New Bridge Road, #20-09/10 Chinatown Point, Singapore 059413	2016	Leasehold 99 years	2079	-	Office Unit - 223 sq.m.	32	14,178	13,609

ANALYSIS of Shareholdings

AS AT 05 APRIL 2024

SHARE CAPITAL

Authorised	: 5,000,000,000 Ordinary Shares
Issued and Fully Paid	: 890,885,004 Ordinary Shares
Voting Rights	: One Vote Per Share

DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Capital
Less than 100	239	5.25	5,534	0.00
100 - 1,000	723	15.87	402,933	0.05
1,001 - 10,000	2,344	51.44	10,086,942	1.13
10,001 - 100,000	1,046	22.95	29,420,538	3.30
100,001 to less than 5% of issued shares	200	4.39	266,984,302	29.97
5% and above of issued shares	5	0.11	583,984,755	65.55
TOTAL	4,557	100.00	890,885,004	100.00

SUBSTANTIAL SHAREHOLDERS

	No. of Shares Held	% of Issued Capital
1. LCDA HOLDINGS SDN BHD	173,439,900	19.47
2. AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR SHIN YANG PLANTATION SDN BHD	154,596,717	17.35
3. CIMB GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS-PB)	98,909,505	11.10
4. SHIN YANG PLANTATION SDN BHD	89,585,133	10.06
5. TAN SRI DATUK LING CHIONG HO	68,633,250	7.70
6. STATE FINANCIAL SECRETARY SARAWAK	67,453,500	7.57

ANALYSIS OF SHAREHOLDINGS

AS AT 05 APRIL 2024

Directors' Interests in Shares

Size of Holdings	Direct Interest		Deemed Interest	
	No. of Shares	% of Issued Capital	No. of Shares	% of Issued Capital
In the company				
Ling Lu Kuang	4,280,850	0.48	98,909,505 ⁽²⁾	11.10
Ling Chiong Sing	225,000	0.03	244,181,850 ⁽¹⁾	27.41
Ling Pau Pau	-	-	2,442,973 ⁽³⁾	0.27
Tang Tiong Ing	307,696	0.04	187,071 ⁽³⁾	0.02
Datu Monaliza Binti Zaidel (Resigned on 13 March 2024)	-	-	-	-
Datu Hasmawati Binti Sapawi	-	-	-	-
Bibi Umizah Binti Osman	-	-	-	-
Fong Yoo Kaw @ Fong Yee Kow	-	-	-	-
Perpetua Phang	-	-	-	-
Chua Chen San	-	-	-	-

Note

⁽¹⁾ Indirect interest held through Shin Yang Plantation Sdn. Bhd.

⁽²⁾ Indirect interest held through Agape International Pte. Ltd.

⁽³⁾ Indirect interest held through his/her spouse.

THIRTY LARGEST *Shareholders*

AS AT 05 APRIL 2024

No.	Name	No. of Shares	Shares %
1	LCDA HOLDINGS SDN BHD	173,439,900	19.47
2	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR SHIN YANG PLANTATION SDN BHD	154,596,717	17.35
3	CIMB GROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR DBS BANK LTD (SFS-PB)	98,909,505	11.10
4	SHIN YANG PLANTATION SDN BHD	89,585,133	10.06
5	STATE FINANCIAL SECRETARY SARAWAK	67,453,500	7.57
6	LING CHIONG HO	37,883,250	4.25
7	AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT – AMBANK (M) BERHAD FOR LING CHIONG HO	30,750,000	3.45
8	UOBM NOMINEES (ASING) SDN BHD UNITED OVERSEAS BANK NOMINEES (PTE) LTD FOR PERRA GROUP LIMITED	27,085,627	3.04
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD LAW KIU KIONG	17,000,000	1.91
10	PEKAN MEGAH SDN BHD	11,215,764	1.26
11	TEOH GUAN KOK & CO. SDN. BERHAD	9,755,182	1.10
12	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAW KIONG HOLDINGS SDN. BHD.	9,001,300	1.01
13	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (FOREIGN)	7,712,600	0.87
14	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR WONG ING YUNG (PB)	5,813,700	0.65
15	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAW KIU KIONG	5,471,600	0.61
16	LING LU KUANG	4,280,850	0.48
17	WONG HEE KWONG	3,733,950	0.42
18	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT AL-FAUZAN (5170)	3,716,450	0.42
19	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	3,408,150	0.38
20	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC TREASURES GROWTH FUND	2,834,150	0.32

THIRTY LARGEST SHAREHOLDERS

AS AT 05 APRIL 2024

No.	Name	No. of Shares	Shares %
21	NEOH CHOO EE & COMPANY, SDN. BERHAD	2,625,000	0.30
22	LAW KIU KIONG	2,500,000	0.28
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ERIC KIU KWONG SENG	2,402,485	0.27
24	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INSURANCE BERHAD (EQUITY FUND)	2,340,000	0.26
25	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (PHEIM)	2,334,000	0.26
26	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LAW KIU KIONG (6000710)	2,300,000	0.26
27	CITIGROUP NOMINEES (ASING) SDN BHD CBNY FOR EMERGING MARKET CORE EQUITY PORTFOLIO DFA INVESTMENT DIMENSIONS GROUP INC	2,298,839	0.26
28	AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	2,253,600	0.25
29	ADINAMAJU SDN BHD	2,029,680	0.23
30	UOB KAY HIAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	2,016,625	0.23

NOTICE OF Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 56th Annual General Meeting of Sarawak Oil Palms Berhad ("SOPB" or "Company") will be held at the Conference Room of Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak on 26 June 2024 at 10.00 a.m. for the following purposes:-

AGENDA

- | | | |
|------|---|---------------------------|
| 1. | To receive and adopt the annual accounts for the year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon. | Explanatory Note 1 |
| 2. | To declare a Final Dividend in respect of the financial year ended 31 December 2023 as recommended by the Directors. | (Resolution 1) |
| 3. | To approve the payment of Directors' Fees for the financial year ending 31 December 2024, payable quarterly in arrears after each month of completed service of the Directors during the financial year. | (Resolution 2) |
| 4. | To approve the payment of Directors' benefit for the period from 1 January 2024 until the conclusion of the next Annual General Meeting. | (Resolution 3) |
| 5. | To re-elect the following Directors who retire pursuant to Article 93 of the Company's Constitution and being eligible, offer themselves for re-election. | |
| | (a) Ling Chiong Sing | (Resolution 4) |
| | (b) Fong Yoo Kaw @ Fong Yee Kow, Victor | (Resolution 5) |
| | (c) Tang Tiong Ing | (Resolution 6) |
| 6. | To appoint Messrs KPMG PLT as Auditors of the Company and to authorise the Board of Directors to fix their remuneration. | (Resolution 7) |
| 7. | As Special Businesses | |
| | To consider and, if thought fit, to pass the following ordinary resolutions:- | |
| (i) | Continuation in office as Independent Non-Executive Director | (Resolution 8) |
| | "THAT approval be and is hereby given to Directors who has served as an Independent Non-Executive Director of the Company for a cumulative term of nine (9) years, to continue to act as an Independent Non-Executive Director of the Company." | |
| | (a) Fong Yoo Kaw @ Fong Yee Kow, Victor | |
| (ii) | Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature | (Resolution 9) |
| | "THAT subject always to the Listing Requirements of the Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiary companies to enter into Recurrent Related Party Transactions of a revenue or trading nature with those Related Parties as stated in Section 2.2 of the Circular to Shareholders dated 30 April 2024 ("Shareholders' Mandate") which are necessary for its day-to-day operations subject further to the following:- | |
| | (a) That the transactions are in the ordinary course of business and are made on an arm's length basis and on normal commercial terms which are not more favourable to the Related Parties than those available to the public and not to the detriment of the minority shareholders; and | |
| | (b) That disclosure will be made in the annual report of the Company of the breakdown of the aggregate value of transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year based on information such as the type of the Recurrent Transactions made and the names of the related parties involved in each type of the Recurrent Transactions made and their relationship with the company. | |

NOTICE OF ANNUAL GENERAL MEETING

- (c) That such approval shall continue to be in force until:-
- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company;
 - (ii) the expiration of the period within which the next AGM of the Company after the date it is required to be held pursuant to section 340(2) of the Companies Act, 2016 ("Acts") but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or
 - (iii) revoked or varied by resolution passed by the shareholders in a general meeting, whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate, with full powers to assents to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities.

- (iii) "That, pursuant to Sections 75 and 76 of the Companies 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby authorized to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that in the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the issued shares (excluding treasury shares) of the Company for the time being AND THAT the Directors be and are also authorized to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

(Resolution 10)

- (iv) Proposed Granting of ESOS Options to **Perpetua Phang**

(Resolution 11)

"THAT, subject to the approvals of all relevant authorities (where applicable) being obtained, the Board be and is hereby authorised at any time, and from time to time, to specifically offer and grant to **Perpetua Phang**, being the Independent Non-Executive Director of the Company, of up to 150,000 options to subscribe for new SOPB Shares in the Company under the Scheme, provided that (i) not more than ten percent (10%) of the total SOPB Shares available under the Scheme are allocated to any individual eligible employee and/or director who, singly or collectively through persons connected with the eligible employee and/or director, holds twenty percent (20%) or more of the total issued ordinary shares the Company (excluding treasury shares) and (ii) not more than fifty percent (50%) of the total ESOS Options / SOPB Shares to be issued under the ESOS shall be allocated in aggregate to the directors of the Company and senior management of the Group;

AND THAT subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws of the ESOS, the Board be and is hereby authorised to issue and allot from time to time such number of new SOPB Shares in the Company to **Perpetua Phang** pursuant to the exercise of such options, to execute, sign and deliver on behalf of the Company all such agreements, arrangements and documents as may be necessary to give full effect to, complete and implement the aforesaid proposed allocation to **Perpetua Phang** as well as to deal with all matters relating thereto and/or to do all such acts and things as the directors may deem fit and expedient in the best interest of the Company."

- (v) Proposed Granting of ESOS Options to **Bibi Umizah Binti Osman**

(Resolution 12)

"THAT, subject to the approvals of all relevant authorities (where applicable) being obtained, the Board be and is hereby authorised at any time, and from time to time, to specifically offer and grant to **Bibi Umizah Binti Osman**, being the Non-Independent Non-Executive Director of the Company, of up to 150,000 options to subscribe for new SOPB Shares in the Company under the Scheme, provided that (i) not more than ten percent (10%) of the total SOPB Shares available under the Scheme are allocated to any individual eligible employee and/or director who, singly or collectively through persons connected with the eligible employee and/or director, holds twenty percent (20%) or more of the total issued ordinary shares the Company (excluding

NOTICE OF ANNUAL GENERAL MEETING

treasury shares) and (ii) not more than fifty percent (50%) of the total ESOS Options / SOPB Shares to be issued under the ESOS shall be allocated in aggregate to the directors of the Company and senior management of the Group;

AND THAT subject always to such terms and conditions and/or any adjustments which may be made in accordance with the By-Laws of the ESOS, the Board be and is hereby authorised to issue and allot from time to time such number of new SOPB Shares in the Company to **Bibi Umizah Binti Osman** pursuant to the exercise of such options, to execute, sign and deliver on behalf of the Company all such agreements, arrangements and documents as may be necessary to give full effect to, complete and implement the aforesaid proposed allocation to **Bibi Umizah Binti Osman** as well as to deal with all matters relating thereto and/or to do all such acts and things as the directors may deem fit and expedient in the best interest of the Company."

8. To transact any other business for which due notice shall be given in accordance with the Companies Act 2016.

NOTICE OF ENTITLEMENT AND PAYMENT OF FINAL DIVIDEND

NOTICE IS HEREBY GIVEN THAT the Final Dividend of 6 sen per ordinary share for the financial year ended 31 December 2023, if approved at 56th Annual General Meeting will be paid on 19 July 2024 to Shareholders whose names appear in the Records of Depositors and Register of Members at the close of business on 28 June 2024.

A Depositor shall qualify for entitlement only in respect of:

- (a) Shares deposited into Depositor's Securities Account before 12:30pm on 26 June 2024. (In respect of shares which are exempted from mandatory deposit);
- (b) Shares transferred into the Depositor's Securities Account before 4:30pm on 28 June 2024 in respect of transfers; and
- (c) Shares bought on the Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of the Bursa Malaysia Securities Berhad.

By Order of the Board

Eric Kiu Kwong Seng

Secretary

Miri

30 April 2024

Notes:-

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may put need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the Member to speak at the Meeting.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/ she specifies the proportions of his/ her shareholdings to be represented by each proxy.
3. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy or proxies shall be writing (in the common and usual form) under the hand of the appointer or his attorney duly authorised in writing or, if such appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.

NOTICE OF ANNUAL GENERAL MEETING

5. The instrument appointing a proxy must be deposited to either of the following offices not less than forty-eight (48) hours before the time appointed for holding the meeting:
 - (i) The Office of the Share Registrars, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.
 - (ii) The Registered office of the Company at No. 124-126, Jalan Bendahara, 98000 Miri, Sarawak.
6. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
7. Depositor whose name appear in the Record of Depositors as at 18 June 2024 shall be entitled to attend the said meeting or appoint a proxy to attend and/ or vote on his/ her behalf.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this notice shall be put to vote by poll.

Explanatory Note on Ordinary Business:

1. Audited Financial Statements for the financial year ended 31 December 2023

This agenda is meant for discussion only as under the provisions of Section 340(1) of the Companies Act 2016, the Audited Financial Statements do not require formal approval of the shareholders. Hence, this item of the Agenda will not be put forward for voting.

2. Ordinary Resolution 1 – Final Dividend

On 30 April 2024, the Board of Directors ("the Board") of the Company announced the declaration and payment of Final Dividend of 6 sen per ordinary share for the financial year ended 31 December 2023 subject to shareholders approval being obtained at the 56th AGM. If passed, the dividend will be paid on 19 July 2024 to shareholders whose name appears on the Record of Depositors at the close of business on 28 June 2024.

3. Ordinary Resolution 2 and 3 – Directors' Fees and Directors' Benefits

Pursuant to Section 230(1) of Companies Act 2016, the fees of the directors and any benefits payable to the directors of a listed company and its subsidiary shall be approved at general meeting. In this respect, approval of shareholders is sought on the directors' fees for the financial year ending 31 December 2024. Approval from shareholders is also sought on the payment of director's benefits for the period from 1 January 2024 until the next annual general meeting in 2025.

4. Ordinary Resolution 4 to 6 on Re-election of Directors, Mr. Ling Chiong Sing, Mr. Fong Yoo Kaw @ Fong Yee Kow, Victor and Mr. Tang Tiong Ing

Article 93 of the Company's Constitution expressly states that the AGM in every subsequent year, one-third of the Directors for the time being or if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election.

Pursuant to Article 93 of the Company's constitution, Mr. Ling Chiong Sing, Mr. Fong Yoo Kaw @ Fong Yee Kow, Victor and Mr. Tang Tiong Ing are standing for re-election at this AGM.

The profiles of the Directors standing for re-election are provided on pages 15, 17 and 21 of the Profile of Board of Directors in the Annual Report 2023.

The Nominating Committee ("NC") of the Company has assessed the evaluation, criteria contribution of the Directors and assess the fit and proper criteria of the respective directors standing for re-election in recommending their re-election. The Board has also endorsed the NC's recommendation that the retiring Directors be re-elected as Directors of the Company.

5. Ordinary Resolution 7 – Re-appointment of Auditors

The Group Audit Committee and the Board have considered the re-appointment of Messrs. KPMG PLT as Auditors of the Company and collectively agreed that KPMG PLT has met the relevant prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia.

NOTICE OF ANNUAL GENERAL MEETING

6. **Ordinary Resolution 8** – Proposed Retention of Independent Non-Executive Director

Pursuant to Practice 5.3 of the Malaysian Code on Corporate Governance published in April 2021, the tenure of an independent director should not exceed a term limit of 9 years. Upon completion of 9 years, an independent director may continue to serve on the Board as a non-independent director. If the board intends to retain as independent director beyond 9 years, shareholders' approval must be sought through two-tier process and the Board must provide justifications for the retention.

The proposed Ordinary Resolution 8 is intended to retain Mr. Fong Yoo Kaw @ Fong Yee Kow, Victor who has served as an Independent Non-Executive Director of the Company for a term limit of more than 9 years but less than 12 years and recommended him to continue to act as Independent Non-Executive Director of the Company.

The Nomination Committee has assessed the independence of Mr. Fong Yoo Kaw @ Fong Yee Kow, Victor on the following justification:-

- (a) Mr. Fong Yoo Kaw @ Fong Yee Kow, Victor has fulfilled the criteria stated under the definition of Independent Director as defined in the Listing Requirements of Bursa Malaysia Securities Berhad and he would be able to provide proper check and balance thus bringing an element of objectivity to the Board;
- (b) His length of services on the Board for a cumulative term of more than 9 years do not in any way interfere his exercise of objective judgement or his ability to act in the best interest of the Company and the Group. In fact, he is familiar with the Group's business operation and has always actively participated in the Board and Board Committee discussion and has continuously provided an independent view to the Board; and
- (c) He has exercised due care during this tenure as Independent Director of the Company and has discharge his duties with reasonable skill and competence, bring independent judgement into decision making of the Board and in the best interest of the Company and its shareholders.

7. **Ordinary Resolution 9** – Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a revenue or trading nature

If passed, will authorize the Company and/or its subsidiary companies to enter into Recurrent Related Party Transactions of revenue or trading nature. This authority, unless revoked or varied by the Company at the general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

8. **Ordinary Resolution No. 10** – Proposed Authority to issue and allot share pursuant to Sections 75 and 76 of the Companies Act 2016

The Board continues to consider strategic opportunities to broaden the earning potential of the Company and this may involve equity deals which may require the Company to issue new shares. If passed, it will grant authority to the Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 and will provide flexibility to the Directors to undertake any possible fund raising activities, including but not limited to further placing of shares for the funding of the Company's future investment projects, working capital and/or acquisitions, by issuance of shares at any time up to an aggregate amount not exceeding 10% of the total issued share of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

The Company did not utilize this Shareholders' Mandate that was approved in 55th Annual General Meeting. This authority, unless revoked or varied by the Company at a general meeting, will expire at the conclusion.

9. **Ordinary Resolution No.11 and 12** – Proposed Granting of ESOS Options

If passed, will authorize the Company to offer and grant ESOS Options under Company's Employees' Share Option Scheme ("ESOS") as approved by the Shareholder on 9 August 2017, to eligible Directors and empowers the eligible Directors to subscribe the proposed allocation of ESOS Options, in accordance with the Constitution of the Company and By-Laws of ESOS dated 9 August 2017.

In addition, Directors will abstain from voting on resolutions pertaining to their respective specific allocation of ESOS Option as well as the specific allocations to any persons connected with them (where applicable).

Personal Data Privacy

By submitting the proxy form, the shareholder accepts and agrees to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or services providers) for the purpose of preparation and compilation of documents relating to AGM (including adjournment thereof).

STATEMENT ACCOMPANYING NOTICE OF THE FIFTY-SIXTH ANNUAL GENERAL MEETING OF

Sarawak Oil Palms Berhad

1. Directors who are standing for Re-election

- | | |
|---|----------------|
| (a) Ling Chiong Sing | (Resolution 4) |
| (b) Fong Yoo Kaw @ Fong Yee Kow, Victor | (Resolution 5) |
| (c) Tang Tiong Ing | (Resolution 6) |

Details of Directors who are standing for re-election are set out in the Directors' Profile appearing on pages 15, 17 and 21 of the Annual Report.

2. Directors who are seeking for continuation of office as Independent Non-Executive Director

- | | |
|---|----------------|
| (a) Fong Yoo Kaw @ Fong Yee Kow, Victor | (Resolution 8) |
|---|----------------|

Profile of the Director appears on page 21 of the Annual Report.

3. Details of Attendance of Directors of Board Meetings

Name of Directors	Date of Appointment	Board Attendance
Ling Lu Kuang	27/06/2008	5/5
Ling Chiong Sing	01/12/2006	5/5
Ling Pau Pau	01/03/2022	5/5
Tang Tiong Ing	16/06/1995	5/5
Datu Monaliza Binti Zaidel	26/07/2018 (Resigned on 13/03/2024)	4/5
Datu Hasmawati Binti Sapawi	29/07/2022	5/5
Bibi Umizah Binti Osman	01/03/2023	4/4
Fong Yoo Kaw @ Fong Yee Kow, Victor	28/04/2014	5/5
Perpetua Phang	31/12/2022	5/5
Chua Chen San	01/03/2016	5/5

Number of meetings attended (first figure) number of meetings held while in office (second figure).

4. Details of the Board of Directors' Meeting held

Five Board Meetings were held during the year.

Board Meeting	Time	Place
28 February 2023	2.00 p.m.	Conference Room of SOPB, No. 124-126, Jalan Bendahara, Miri, Sarawak
17 April 2023	4.00 p.m.	Conference Room of SOPB, No. 124-126, Jalan Bendahara, Miri, Sarawak
19 May 2023	2.00 p.m.	Conference Room of SOPB, No. 124-126, Jalan Bendahara, Miri, Sarawak
25 August 2023	9.00 a.m.	Conference Room of SOPB, No. 124-126, Jalan Bendahara, Miri, Sarawak
29 November 2023	2.00 p.m.	Conference Room of SOPB, No. 124-126, Jalan Bendahara, Miri, Sarawak

5. Details of persons who are standing for election as Directors

No individual is seeking election as Director at the Fifty-Sixth Annual General Meeting of the Company.

FORM OF PROXY

SARAWAK OIL PALMS BERHAD

Registration No. 196801000358 (7949-M)
(Incorporated in Malaysia)

No. of ordinary shares held	CDS Account No.

I/ We _____ NRIC/ Company No. _____

of _____

(address/ tel no.)

being a member/ members of the above Company, hereby appoint *Chairman of the meeting or

Name of Proxy/ Email Address/ Tel No.	NRIC/ Passport No.	Proportion of Shareholdings (%)
and/ or failing him/ her		

as *my/ our proxy to vote for* me/ us and on* my/ our behalf at the Fifty-Sixth Annual General Meeting (56th AGM) of the Company will be held at the Conference Room of Imperial Hotel, Jalan Pos, 98000 Miri, Sarawak on 26 June 2024 at 10.00 a.m. The proxy is to vote on the resolutions set out in the Notice of Annual General Meeting as indicated with an "X" in the appropriate spaces.

NO.	RESOLUTIONS	FOR	AGAINST
1	Declaration of Final Dividend		
2	Approval of Directors' fees for financial year ending 31 December 2024 payable on quarterly in arrears		
3	Approval of Directors' Benefits for the period from 1 January 2024 until the conclusion of the next Annual General Meeting		
4	Re-election of retiring director: Ling Chiong Sing		
5	Re-election of retiring director: Fong Yoo Kaw @ Fong Yee Kow, Victor		
6	Re-election of retiring director: Tang Tiong Ing		
7	Appointment of Auditors		
SPECIAL BUSINESSES			
8	Continuation of terms in office of Fong Yoo Kaw @ Fong Yee Kow, Victor as Independent Non-Executive Director		
9	Proposed Renewal and New Shareholders' Mandate for Recurrent Related Party Transactions of a revenue of trading nature		
10	Authorise the Directors to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
11	Proposed Granting of ESOS Options to Perpetua Phang		
12	Proposed Granting of ESOS Options to Bibi Umizah Binti Osman		

(Please indicate with an "X" in the space provided above on how you wish your proxy to vote. If no instruction is given this form will be taken to authorise the proxy to vote at his/ her discretion)

Dated this _____ day of _____ 2024

Signature and/ or Common Seal of Shareholders

Notes:-

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A proxy may put need not be a member of the Company. A proxy appointed to attend and vote at the Meeting shall have the same rights as the Member to speak at the Meeting.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/ she specifies the proportions of his/ her shareholdings to be represented by each proxy.
3. Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there shall be no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
4. The instrument appointing a proxy or proxies shall be writing (in the common and usual form) under the hand of the appointer or his attorney duly authorised in writing or, if such appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.
5. The instrument appointing a proxy must be deposited to either of the following offices not less than forty-eight (48) hours before the time appointed for holding the meeting:
 - (i) The Office of the Share Registrars, Boardroom Share Registrars Sdn. Bhd. at 11th Floor, Menara Symphony, No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.
 - (ii) The Registered Office of the Company at No. 124-126, Jalan Bendahara, 98000 Miri, Sarawak.

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AFFIX
STAMP
HERE

The Company Secretary
Sarawak Oil Palms Berhad (7949-M)
No. 124-126,
Jalan Bendahara,
98000 Miri,
Sarawak, Malaysia.

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6. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
7. Depositor whose name appear in the Record of Depositors as at 18 June 2024 shall be entitled to attend the said meeting or appoint a proxy to attend and/ or vote on his/ her behalf.
8. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this notice shall be put to vote by poll.

Personal Data Privacy

By submitting the proxy form, the shareholder accepts and agrees to the collection, use and disclosure of the shareholder's personal data by the Company (or its agents or services providers) for the purpose of preparation and compilation of documents relating to AGM (including adjournment thereof).





www.sop.com.my

SARAWAK OIL PALMS BERHAD

Registration No. 196801000358 (7949-M)

No. 124-126, Jalan Bendahara,
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