

statement on corporate governance

DIRECTORS' COMMITMENT TO GOOD CORPORATE GOVERNANCE

The Board of Directors of TH Group fully subscribes to the principles and recommendations embodied in the Malaysian Code of Corporate Governance (Code) and strives to achieve the highest standards of corporate governance.

The Group believes in certain core values and principles in the conduct and management of the business in pursuit of its corporate vision and mission. Our core values are premised on the following:

- a) People – we consider information sharing and open communication as key for achieving our goals. All employees have the right and are encouraged to actively communicate with superiors and colleagues. Two-way communication is also an essential part of regular and informal feedback and performance reviews.
- b) Process – we develop our processes based on the underlying foundations; Innovation across all aspects of our business is an integral part of our business approaches. We consider change as an opportunity and encourage everyone in the Group to be open to new ideas.
- c) Organisation – we help our employees to understand the needs of the Group and encourage them to question the status quo, where applicable. We are committed to quality services and products, and employees have the flexibility to manage change.

Hence, the Board of Directors is highly committed in ensuring that high standards of corporate governance are practised throughout the TH Group in the best interest of all stakeholders.

The following statement outlines the principles of corporate governance and best practices as set out in Part 1 and Part 2 of the Malaysian Code on Corporate Governance respectively being applied to the Group for the financial year ended 31 December 2004:

Key Responsibilities

The Board determines the Group's long-term direction and strategies, monitor the achievement of business objectives and ensure that the Group meets its responsibilities to shareholders, customers and other stakeholders.

The Board, either through itself or the various committees it had established, has a number of matters reserved for its consideration, with principal responsibilities being to approve the Group's operational and capital budgets, overall strategy, investments, financial statements and major acquisitions and disposals.

The Board also monitors the performance of the Group and ensures that proper and sound risk management practices and internal controls are in place.

Board Balance

The current Board of seven members comprises an independent and non-executive chairman, three independent non-executive directors, two non-independent non-executive directors and an executive director, details of whom are set out in the Profile of Board of Directors.

The roles of the Chairman and the Group Managing Director, as the chief executive officer of the Company, are separate and with clearly defined division of responsibilities to ensure a clear segregation of duties and authority.

Two of the members of the Board are substantial shareholders of the Company. Nevertheless, there is a proper balance in the Board representation due to the presence of the independent non-executive directors who form a majority of the Board. All the independent directors have declared themselves to be independent of management and free of any relationship that could materially interfere with their judgement.

Supply of Information

All directors have full and timely access to relevant information, such as Board papers distributed in advance of meetings with the aim of enabling the directors to make informed decisions. The Company Secretaries are also available at all times to provide the directors with appropriate advice and services including compliance with the rules and regulations of the relevant authorities. Directors are entitled to get relevant information from senior management, including independent professional advice, to help them in their decision-making.

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Appointments to the Board

The Nomination Committee has been tasked to assist the Board to evaluate and recommend candidates for appointments to the Board. Pursuant to the Company's Articles of Association, at least one-third of the directors for the time being shall retire from office provided always that all directors shall also retire from office at least once in three years but shall be eligible for re-election.

Attendance at Board Meetings

Date of Meeting	20 Feb 2004	7 May 2004	22 May 2004	30 Jul 2004	5 Nov 2004	Total
Abu Bakar bin Abdul Karim	•	•		•	•	4/5
Lei Lin Thai	•	•	•	•	•	5/5
Wong Ah Kow	•	•	•	•	•	5/5
Tam Kam Too	•	•	•	•	•	5/5
Michael Ting Sii Cheng	•	•	•	•	•	5/5
Tunku Ahmad Burhanuddin bin Tunku Datuk Seri Adnan	•	•	•	•	•	5/5
Rohana Tan Sri Mahmood	•	•	•	•	•	5/5

All the above meetings were held in Kuala Lumpur.

Conflict of Interests

All the non-independent directors have interest, direct or indirect, in certain companies that have recurrent related party transactions (reviewed by the Audit Committee) with the Company and Group. A shareholders' mandate on the recurrent related party transactions was obtained at the last Annual General Meeting and the Company will be seeking a new mandate from shareholders during the forthcoming Annual General Meeting.

Relationships

Other than Lei Lin Thai and Tam Kam Too, who are brothers-in-law, there is no other family relationship between any director and/or substantial shareholder of the Company.

Training

Some Directors have completed the required Continuing Education Programme (CEP) implemented by Bursa Malaysia during the year. Extension of time was given until 31 Dec 2005 to the Directors who have yet to accumulate the required points in respect of the CEP. All directors newly appointed to the Board will be furnished with the relevant information of the Group, including familiarisation tours to the various business operations.

Board Committees

The Board assumes accountability for effective stewardship and control of the Group and delegates certain of its responsibilities to the Board Committees as described below with clearly defined terms of reference.

a) Executive Committee

The objective of the Executive Committee is to speed up the decision making process for the Group so as to improve on the efficiency and effectiveness in carrying out routine operational and administrative duties. This Committee is responsible for approving the Group's policies and procedures, delegation of authority in accordance with Group policies, operational and administrative matters, opening of bank accounts and any financial arrangements, acquisition and disposal of non-substantial assets and operating contracts not exceeding a certain value and budget. During the financial year, the Committee reviewed and approved a number of operational issues via circular resolutions.

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b) Audit Committee

The Audit Committee's membership, principal terms of reference and attendance at meetings are set out in the Report of the Audit Committee.

c) Nomination Committee

The principal objectives of the Nomination Committee are to assist the Board in its responsibilities in nominating new nominees to the Board and to assess the directors of the Company and its subsidiaries on an on-going basis. The duties and responsibilities of the Nomination Committee include reviewing annually the skills, experience and effectiveness of each member of the Board, recommending candidates for directorships and recommending nominees to fill the seats on the board committees. The majority of members of the Nomination Committee are independent and non-executive directors.

The term of office of the Nomination Committee shall be for a period of three years and members may be re-nominated by the Board of Directors. During the financial year, the Committee passed a resolution on the re-election of Directors.

d) Remuneration Committee

The principal objectives of the Remuneration Committee are to assist the Board in its responsibilities in assessing the remuneration packages of the directors. The duties and responsibilities of the Remuneration Committee include ensuring that levels of remuneration are sufficiently attractive to retain directors and structuring the remuneration packages to link rewards to corporate and individual performance. The majority of members of the Remuneration Committee are non-executive directors. The term of office of this Committee is the same as that of the Nomination Committee. During the financial year, the Committee reviewed and approved resolutions on bonus payments and salary increments.

e) Investment Committee

The Investment Committee was formed to evaluate and approve all the investment proposals including mergers, acquisitions, and disposals of assets or businesses, investments into new businesses including venture capital and quoted securities and derivatives. This Committee has been given the authority by the Board to make decisions on the viability of investments based on pre-determined criteria. The composition of the Committee comprises both directors and senior management. The Committee met three times during the financial year.

f) Risk Management Committee

The Risk Management Committee was formed to assist the Audit Committee in ensuring an effective process to continuously identify, assess, and manage risks. This Committee reviews the overall Group risk profiles before subsequent approval by the Audit Committee and the Board. The composition of the Committee comprises both directors and senior management. The Committee met four times during the financial year.

g) Budget Committee

The Budget Committee was formed to assist the Board in deliberating, reviewing and evaluating the budgets of the Group's operating subsidiaries. The Budget Committee is further entrusted with the authority to set achievable financial growth targets, to align the allocation of financial resources and to monitor the performance of the business units against the budgets. The composition of the Committee comprises both directors and senior management. The Committee met twice during the financial year.

h) ESOS Committee

The ESOS Committee has been formed to administer the employees' share option scheme of the Group. This committee has been given the authority by the Board to set out the policies and to implement the scheme in accordance with the provisions of ESOS by-laws. Currently, the composition of the Committee comprises a Director and senior management of the Group. The Committee met once during the financial year.

The Company has been granted exemption by the Companies Commission of Malaysia from having to disclose the names of employees who have been granted options to subscribe for less than 100,000 ordinary shares of RM1 each.

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DIRECTORS' REMUNERATION

For the year under review, the directors' fees have been endorsed by the Board for approval by the shareholders of the Company at the forthcoming Annual General Meeting. The aggregate and range of remuneration of directors for the financial year ended 31 December 2004 are as follows:

Aggregate of Remuneration

	Total (RM)	Executive Director	Non-Independent Non-Executive Directors	Independent Non-Executive Directors
Fees	291,000		36,000	255,000
Salaries	816,000	576,000	240,000	
Bonus	252,000	192,000	60,000	
EPF & Socso	66,200		66,200	
Total	1,425,200	768,000	402,200	255,000

Range of Remuneration

	Total	Executive Director	Non-Independent Non-Executive Directors	Independent Non-Executive Directors
0 to RM50,000	4		1	3
RM50,001 to RM100,000				
RM100,001 to RM300,000	2		1	1
RM300,000 to RM500,000				
RM500,001 to RM700,000	1	1		
Total	7	1	2	4

Investor Relations

The Company has established several investor relations programmes through the Public Affairs Unit. The Group Managing Director and the management make it a point to be accessible to the media and the investing community. All enquiries can be directed at the following persons:-

- (a) Lei Lin Thai, Group Managing Director at llei@thgroup.com.my; or
- (b) Angie Ang, Group General Manager at angieang@thgroup.com.my; or
- (c) Susie Chai, Head of Public Affairs Unit at susiechai@thgroup.com.my

i) Relationship with Shareholders

The Board of Directors considers communication with shareholders, whether large or small, to be extremely important. The Group makes it a point to hold briefings with fund managers, institutional investors and investment analysts. Press releases are also made to brief members of the media on key events of the Group. Investors' and analysts' feedback are sought to ensure principal issues are being effectively communicated and shareholders' objectives are made known. In addition, shareholders are encouraged to provide feedback directly to the attention of the Chairman of the Company at abk@thgroup.com.my.

All shareholders are encouraged to attend and participate in the general meetings. The 15th Annual General Meeting was held on 21 April 2004. Information on the Group is readily available at <http://www.thgroup.com.my> and all public announcements are posted to the Bursa Malaysia website.

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ii) Relations with holders of BAIDS

The Board of Directors places due importance on a good relationship with the holders of BAIDS and ensure they are updated on the progress of the Group. Public documents issued to shareholders of the company are made available to the trustees for the BAIDS, acting on behalf of holders of the BAIDS.

iii) Relationship with holders of Warrants

In accordance with the Deed Poll, holders of the Company's Warrants are entitled to a copy of public documents issued to the shareholders of the company upon written requests and paying such costs which from time to time the company may prescribe as approved by the Bursa Malaysia.

Accountability and Audit

i) Financial Reporting

Statements explaining the directors' responsibility for preparing the company's financial statements are set out in the Statement of Directors' Responsibilities on page 49 of the Annual Report.

ii) Internal Control

The Board acknowledges its overall responsibility for the state of internal control to ensure that the interests of the various stakeholders of the Group are properly safeguarded. This is elaborated in the Statement on Internal Control on page 52 to 53 of the Annual Report.

iii) Relationship with Auditors

The Board of Directors through the Audit Committee maintains formal and transparent arrangements in the review of the external auditors' plan and report, internal control issues and procedures and the assistance given by the management to the external auditors. The Audit Committee terms of reference and the activities for the financial year is included on pages 50 to 51 of this Annual Report.

statement on directors' responsibility

for the Financial Statements

Pursuant to Paragraph 15.27 of the Listing Requirements, the Directors are required by the Companies Act, 1965 to prepare financial statements which give a true and fair view of the state of affairs of the company and of the Group as at end of the financial year and of the results of the operations and cash flow for the year ended on that date.

In preparing those financial statements, the directors are required to:-

- Adopt suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- Ensure applicable approved accounting standards have been followed, and any material departures have been disclosed and explained in the financial statements;
- Ensure provisions of the Companies Act 1965 have been observed, where applicable;

The directors are also responsible for safeguarding the assets of the Group, and hence for ensuring there are reasonable steps for the prevention and detection of fraud and other irregularities. In line with this, maintenance of proper accounting records is integral.

audit committee report

CONSTITUTION

The Audit Committee was established by the Board of Directors on 21 July 1994.

CURRENT COMPOSITION AND ATTENDANCE AT MEETINGS

- a. Michael Ting Sii Ching
Chairman/Independent Non-Executive Director
 - b. Tunku Ahmad Burhanuddin bin Tunku Datuk Seri Adnan*
Member/Independent Non- Executive Director
 - c. Lei Lin Thai
Member/Group Managing Director
- * Member of Malaysian Institute of Accountants ("MIA").

The Audit Committee held four meetings during the financial year ended 31 December 2004. The attendance at the Audit Committee Meetings were as follows:

	20/2/04	7/5/04	30/7/04	5/11/04
Michael Ting Sii Ching	•	•	•	•
Tunku Ahmad Burhanuddin	•	•	•	•
Lei Lin Thai	•	•	•	•

Membership

The Audit Committee shall be appointed by the Board of Directors from amongst its members, and shall comprise not less than three members, a majority of whom shall be independent directors and at least one member must be a member of the Malaysian Institute of Accountants or possesses such other qualifications and/or experience as approved by the Bursa Malaysia.

In the event of any vacancies in the Audit Committee resulting in the number of members reduced to below three, the Board of Directors shall, within three months of that event, appoint such number of new members as may be required to make up the minimum number of three members.

Chairman

The members of the Audit Committee shall elect a chairman from among their number who shall be an independent director. He shall report on each meeting of the Committee to the Board. In the absence of the Chairman, the other independent director shall be the Chairman for that meeting. No alternate director shall be appointed as a member of the Audit Committee.

TERMS OF REFERENCE

The Audit Committee is governed by the following terms of reference:-

1. Objective

The principal objective of the Audit Committee is to assist the Board in carrying out its statutory duties relating to accounting and reporting practices of the Group.

2. Authority

The Audit Committee is authorised by the Board of Directors to investigate any activities within its terms of reference and shall have unrestricted access to both the internal and external auditors and senior management of the Group. The Audit Committee shall convene meetings with the external auditors, excluding the attendance of the executive member of the Committee, whenever deemed necessary.

The Audit Committee is authorised by the Board of Directors to obtain outside legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers necessary.

3. Duties and Responsibilities

The duties and responsibilities of the Audit Committee includes the following:-

- To review the proper maintenance and control of an effective accounting system;
- To review the Group's public accountability and compliance with the law and regulations;
- To ensure the adequacy of internal and external audit procedures;
- To recommend the nomination of a person or persons as external auditors and their remuneration;
- To provide liaison between the external auditors, the management and the Board of Directors;
- To review the findings of the internal and external auditors;
- To review the quarterly results and year end financial statements prior to the approval by the Board of Directors, focusing on:-
 - i. Going concern assumption
 - ii. Compliance with accounting standards and other legal requirements
 - iii. Any changes in accounting policies and practices
 - iv. Significant issues
 - v. Major judgemental areas
- To review any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

audit committee report

- To report its findings on the financial and management performance, and other material matters to the Board of Directors;
- To review the effectiveness of the Group's risk management framework, policies and processes;
- To carry out such other responsibilities, functions or assignments as may be defined jointly by the Committee and the Board of Directors from time to time; and
- To promptly report to the Bursa Malaysia in the event that matters reported to the Board have not been satisfactorily resolved resulting in a breach of the Listing Requirements of the Bursa Malaysia.

4. Review of the Audit Committee

The Board of Directors shall review the term of office and performance of the Audit Committee and each of its members at least once every 3 years to determine whether the Committee and its members have carried out their duties in accordance with their terms of reference.

5. Meetings

a. Meetings

- The Audit Committee meetings shall not be less than four times a year. In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion.
- The members of the Audit Committee and the Unit Head of Group Audit & Risk Management will normally be in attendance at the meetings. Representatives of external auditors are to be in attendance at meetings where matters relating to the audit of the statutory accounts and/or the external auditors are to be discussed.
- Other appropriate officers of the Group may be invited to attend, except for those portions of the meetings where their presence is considered inappropriate, as determined by the Chairman of the Audit Committee.

b. Quorum

A quorum shall consist of a majority of Independent Directors.

c. Minutes of meetings

Minutes of each meeting shall be kept and distributed to each member of the Audit Committee and also to the other members of the Board of Directors. The Audit Committee Chairman shall report on each meeting to the Board of Directors. The Company Secretary shall be the Secretary to the Audit Committee.

SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR ENDED

31 DECEMBER 2004

During the year 2004, the Committee discharged its duties as specified in the terms of reference. The key activities carried out include:

- Reviewed the Group's quarterly unaudited results and relevant disclosures prior to submission to the Board for consideration and approval.
- Reviewed the annual audited financial statements with external auditor prior to submission to the Board for approval.
- Reviewed/approved recommendations tabled by Risk Management Committee, pursuant to the review of the Group's risk profile and the risk management process and when necessary, submit to the board for final approval.
- Reviewed the audit scope and resource requirements of the internal audit function to ensure all critical areas are covered.
- Reviewed internal audit reports, issues raised and management resolution of matters arising.
- Verified key related party transactions presented by the management prior to submission to the Board of Directors for consideration and shareholders for approval.
- Verified allocation of options pursuant to Employees Share Option Scheme as being in compliance with established criteria.
- Discussed with external auditors the audit plan, strategy and scope of work.

INTERNAL AUDIT FUNCTION

The Group Audit & Risk Management Unit covers both the internal audit and risk management activities. The Group Audit Unit undertakes independent and systematic reviews of the systems of internal control to provide reasonable assurance that such systems continue to operate satisfactorily. The Audit Committee is aware of the fact that an independent and adequately resourced internal audit function is essential to assist the Committee in carrying out its duties and responsibilities.

The Risk Management unit monitors the risk management process and prepares quarterly report to the Risk Management Committee. This Committee was set up to assist the Audit Committee and the Board of Directors in reviewing and monitoring the risk management activities of the Group.

During the year, the Group Audit Unit issued a total of 23 audit reports. Also, follow-up on 10 reports issued earlier were completed.

statement on internal control

The Board of Directors (“the Board”) strongly supports the need for good corporate governance and acknowledges its responsibility for maintaining a sound system of internal controls to safeguard shareholders’ investment and the Group’s assets. The Board is pleased to provide the following Statement about the state of internal control in the Group during the year pursuant to Paragraph 15.27(b) of the Listing Requirements of Bursa Malaysia Berhad.

The Board is ultimately responsible for the Group’s system of internal control which includes the establishment of an appropriate control environment and framework as well as reviewing its adequacy and integrity. In view of the limitations inherent in any system of internal control, the Group’s system is designed to manage risks at an acceptable level rather than to eliminate them. Hence, in achieving the Group’s objectives, internal controls provide reasonable and not absolute assurance against material misstatement and loss mitigation. Furthermore, the system of internal controls designed is not restricted to addressing risks relating to financial matters but also operations and compliance with applicable laws and regulations.

The Board has established a process for identifying, evaluating, monitoring and managing significant risks that may materially affect the achievement of its corporate objectives. This process has been in place throughout the year under review up to date of this report, and this process is reviewed by the Board and accords with the Internal Control Guidance.

The Audit Committee with the assistance of the Group Audit Risk Management Unit reviews the adequacy and integrity of the system of internal controls in the Group and to ensure that appropriate work is carried out to obtain the level of assurance required by the Board.

The key processes that have been established in reviewing the adequacy and integrity of the system of internal control include the following:

CONTROL ENVIRONMENT

The Board places importance to the human capital and the attributes, such as integrity and competence are integral to the Group pursuits. There is an ongoing review on the organization structure to ensure business activities are effectively planned, executed and monitored.

Clearly defined authority limits have been established for all aspects of the businesses. The responsibilities and authority limits established are subject to periodic review to ensure effective decision-making in response to business risks.

RISK MANAGEMENT FRAMEWORK

The Group has diversified into new business units in technology and healthcare, while building on its more established units in plantation and contracting. The Board continues to assess the risk profile of each division based on the enterprise-wide risk management framework which was established in the previous year to identify, assess and manage significant business risks faced by the Group. The Board has delegated to the Management the responsibility for managing risks via existing internal controls and/or action plans associated with the activities of the Group.

statement on internal control

The key features of the Group's risk management process are:

- Risk reporting structure that shows the roles and responsibilities of the Board, Audit Committee, Risk Management Committee, Group Audit & Risk Management as well as the respective business units management.
- The Board is responsible to approve the processes and policies for implementation throughout the Group.
- The respective business divisions are responsible to review and maintain established risk prioritization criteria to facilitate risk assessment and the development of action plans.
- The respective business divisions provide confirmations on the state of the internal controls.

INTERNAL AUDIT ACTIVITIES

- Internal audits were undertaken to provide independent assessments on internal control in key business processes of the various business units.
- Internal audit visits are organised based on selected areas duly approved by the Audit Committee. Auditable areas are duly identified and approved on a three-year work plan, which is subject to periodic review. This is to ensure that there is due assessment of the adequacy of the audit scope and resources, in line with changing business and organizational circumstances.

OTHER ELEMENTS OF INTERNAL CONTROL

The Group has detailed budgeting process in place, within which key operating subsidiaries prepare budgets for the coming year that are then approved by the Board. The Board has access to Monthly Management Report that covers the monitoring of results against budget, with major variances and remedial action taken being highlighted.

The Board believes that the development of the system of internal controls is an ongoing process and has taken steps throughout the year to improve its internal control system. The Board and the management shall continue to take measures to strengthen the internal control environment.

other disclosure

RELEVANT DISCLOSURE UNDER PART A OF SCHEDULE 9C OF THE BURSA MALAYSIA LISTING REQUIREMENTS

(i) Status of Utilisation of Proceeds Raised from any Corporate Proposal

The company had on 31 January 2002, issued RM150 million nominal amount of BAIDS with 142,462,363 detachable warrants on a "bought deal" basis to a primary subscriber.

The status of the utilisation as at 28 February 2005, was as follows:-

Purpose	Amount as approved	Actual Amount Utilised
	RM'000	RM'000
Acquisition of an office complex in Cyberjaya, Selangor	18,288	18,188
Investment in biotechnology, internet and other high technology related companies	10,000	10,000
Repayment of Group's existing bank borrowings	83,500*	77,287
Working Capital	35,712	41,925
Defraying incidental expenses of the Proposal	2,500	2,048
Total	150,000	149,448

* The excess of the approved amount over the repayment of Group's existing bank borrowings will be utilized as additional working capital.

(ii) Amount of Non-Audit Fees Paid to Auditors

The amount of non-audit fees paid to the external auditors of the Group for the financial year for taxation, consultancy and other fees was approximately RM81,410.

(iii) Material Contracts

No material contracts were entered into by the company or its subsidiaries involving directors' and substantial shareholders' interest (other than in relation to related party transactions disclosed in Note 32 of the financial statements and where a shareholders' general mandate has been obtained) since the end of the previous financial year or subsisting at the end of the financial year.

Other disclosure requirements under Part A of Schedule 9C of the Bursa Malaysia Listing Requirements not listed above were not applicable for the financial year ended 31 December 2004.

other disclosure

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

With reference to the Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue Nature (“RRPT”) obtained during the Annual General Meeting on 21 April 2004, the transactions for the financial year ended 31 December 2004 were as follows:

Nature of Recurrent Related Party	Transacting Party	Transactions for the period Jan to Dec 2004 (RM'000)
Transactions with companies in which certain directors of the Company are also directors and major shareholder:		
Management fees receivable	Pinsah Plantations Sdn Bhd ⁽¹⁾	108
	Renown Yield Sdn Bhd ⁽¹⁾	41
Workshop, equipment and road maintenance fees	Pinsah Plantations Sdn Bhd ⁽¹⁾	12
	Syarikat Sri Mesapol (KP) Sdn Bhd ⁽¹⁾	2
Provision of internal audit services	Tung Hup Holdings Sdn Bhd ⁽¹⁾	22
Purchases of fresh fruit bunches	Pinsah Plantations Sdn Bhd ⁽¹⁾	12,991
	Renown Yield Sdn Bhd ⁽¹⁾	1,257
Purchases of cocoa	Tentu Permai Sdn Bhd ⁽¹⁾	15
Software and hardware maintenance & IT consultation fees	Pinsah Plantations Sdn Bhd ⁽¹⁾	28
	Tung Hup Holdings Sdn Bhd ⁽¹⁾	0
Rental of premises payable ⁽²⁾	Tung Hup Holdings Sdn Bhd ⁽¹⁾	143
Transport, materials and labour supplies	Syarikat Sri Mesapol (KP) Sdn Bhd ⁽¹⁾	1
Transactions with a director of the Company or with a company in which he is a director and major shareholder		
Rental of premises payable ⁽³⁾	Linta Holdings Sdn Bhd	14
Rental of premises payable ⁽⁴⁾	Lei Lin Thai	120
Transactions with a director of the Company or person related to a director of the Company		
Business consultancy fees payable	Rohana Tan Sri Mahmood ⁽⁶⁾	20
	Zainal Abidin bin Tan Sri Mahmood ⁽⁷⁾	35

Notes:-

- ⁽¹⁾ The directors of the Company namely Lei Lin Thai, Wong Ah Kow and Tam Kam Too are also directors and major shareholders, directly or indirectly, in these companies. Tung Hup Holdings Sdn Bhd is the major shareholder of the Company.
- ⁽²⁾ The premises are located at:-
(i) Seguntor, Mile 12, Labuk Road, 90000 Sandakan, Sabah,
(ii) TB1832 Batu 2, Jalan Apas, 91000 Tawau, Sabah,
(iii) TB 1259 /1260, Yeong Ji Light Industrial, KM 5, Jalan Apas, 91000 Tawau, Sabah.
- ⁽³⁾ The premise is located at 2nd Floor, Lot A, Block C-8, Sentosa Court, Mile 2-5, North Road, 90000 Sandakan, Sabah.
- ⁽⁴⁾ The premise is located at Unit 50-07-01 and 50-07-02, 7th Floor, Wisma UOA Damansara, No.50, Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur.
- ⁽⁵⁾ In respect of the rental of premises, stated in (2), (3) and (4) above, the lease does not exceed 3 years and do not involve a payment on a lump sum basis.
- ⁽⁶⁾ Rohana Tan Sri Mahmood is an independent non-executive director of the Company.
- ⁽⁷⁾ Zainal Abidin bin Tan Sri Mahmood is the brother of Rohana Tan Sri Mahmood, an independent non-executive director of the Company.

corporate social responsibility statement

Community initiatives continue to be a priority for the Group in 2004 in line with our commitment to practise good corporate citizenship.

The "Back to School" programme in 2004 was conceptualised to focus on providing children, who represent the future of our nation, with the necessary resources for a good education. Under the programme, we supported a number of schools in the vicinity of our plantation, construction and timber operations. The students of primary schools were provided with science books, dictionaries and stationery kits. This programme was run on 12 January and 20 February in 2004 and benefited 1280 students from Sekolah Kebangsaan Taman Tun Dr Ismail Jaya in Selangor and 600 students from Sekolah Kebangsaan Pekan Pitas in Sabah.

In 2005, the Group will instil a Corporate Social Responsibility Programme to promote science and technology education focusing on rural school(s). The programme will be launched in the first quarter of 2005. Through this programme, we hope to instil enthusiasm and passion for science among young students, especially the underprivileged. We have selected an Orang Asli School in Klang Valley as the pioneer school for this programme. This programme encompasses the basics of forensics science, to give school children a better understanding and awareness of life sciences. This programme engaged the school children by giving them opportunity to conduct hands-on experiments to understand more about human DNA. This fun and educational programme was jointly designed and executed by TH Group and a group of life science specialists under Amdon Malaysia Sdn Bhd.

ENVIRONMENTAL POLICIES

The Group has adopted policies and procedures to align its management practices to those stipulated by the regulators and governing bodies, such as the Department of Environment. This ensures that we have a systematic environmental management programme and are socially responsible in our management practices.