

APPENDIX A

ANSWERS FOR THE QUESTIONS RAISED BY BADAN PENGAWASAN PEMEGANG SAHAM MINORITI BERHAD (“MSWG”)

Operational & Financial Matters

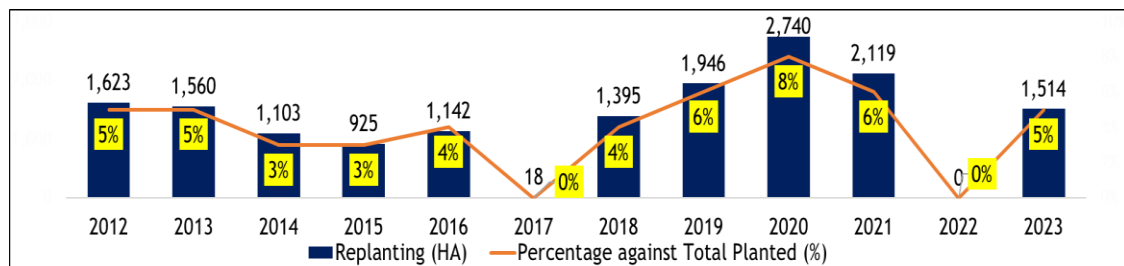
Question No. 1

TDM Plantation (TDMP) has an on-going programme initiated in FY2012 to progressively manage the age profile of our oil palm trees with a target of lowering the average age to 12 in order to sustain optimum yields and higher volume of FFB produced. (page 69 of Annual Report (AR) 2023)

- a. **What was the average age of TDMP’s palm trees as at the end of FY2023? Please provide the data for the annual replanting area since FY2012.**

Our Answer

The average age of palm trees stood at 17 years old at the end of FY2023. Below are the data for the annual replanting area since FY2012: -



- b. **Palm trees over 20 years old totalled 9,790 hectares in FY2023, accounting for 34% of TDMP’s total planted area. Does the Group have any plans to replant all the old areas? If yes, by when?**

Our Answer

Yes. By the year 2024-2027, total area to be replanted amounting to 6,000ha which is approximately 5% to 7% of total planted area per year. By 2027, the targeted average age profile for the mature area will be 14 years old.

- c. **What is TDMP’s target replanting area for FY2024 and what is the budgeted capex?**

Our Answer

The replanting programme has started since November 2023 amounting 5% (1,500ha) from the total planted area, and will continue in FY2024. The budgeted capex for this area is RM24.0 million.

Question No. 2

Following was TDM’s reply to MSWG’s question 1 (d), on CPO production cost, at last year’s AGM: -

Please refer to the screen on the CPO production cost in FY2022 compared to FY2021 and the expected cost for FY2023:

	FY2021 RM/MT CPO	FY2022 RM/MT CPO	FY2023 RM/MT CPO
Production costs (Ex-Mill)	3,031	3,940	3,176

- a. TDMP’s total production cost for CPO, at more than RM3,000 per MT, appears to be on the high side. By comparison, the industry average is about RM2,400-2,500 per MT. Are there any measures that the Group can implement to lower its production cost?

Our Answer

The Group has already taken step to reduce the impact of rising production cost by optimisation the estate operation and management through: -

1. Accelerating the mechanisation initiatives, specifically focusing on activities of harvesting FFB, pruning and fertiliser spreader.
 2. Embarking on precision agriculture initiatives to optimise estates operation (using E-Block Analytical System), oil palm replanting (digital design for future mechanisation programme) and drone usage for spraying activities.
 3. Improving quality and productivity programme for harvesters.
 4. Utilisation of biomass by application of FFB compost and EFB mulching to improve and sustain soil fertility.
- b. What was the actual total production cost for CPO in FY2023? What are the expectations for FY2024?

Our Answer

The CPO production cost in FY2023 compared to FY2022 and the expected cost for FY2024 as per below:

	FY2023 RM/MT CPO	FY2024 RM/MT CPO
Production costs (Ex-Mill)	3,623	3,270

Question No. 3

For the healthcare segment, the Group targets to have 849 operating beds (FY2023: 419) and to achieve a PAT of RM39 million in 2027. (page 53 of AR 2023)

- a. How many of the additional 430 operating beds will come from the acquisition of established hospitals?

Our Answer

A total of 175 additional beds are expected to be contributed via the brownfield acquisition strategy.

- b. What is the current status of KMI Chukai Medical Centre? When does the Group expect this new hospital to be completed? And what is the total capex and its breakdown?

Our Answer

For the construction of KMI Chukai, the 5.4-acre piece of land (previously owned by Majlis Perbandaran Kemaman (“MPK”)) has been transferred to KMI Asset Sdn Bhd. Construction works are expected to begin in March 2025 and it is estimated to be completed in the first quarter of 2027.

The total construction cost for KMI Chukai is estimated to be around RM108.0 million, with an additional capital expenditure of RM35.0 million, primarily for medical equipment and facility readiness.

- c. Besides KMI Chukai Medical Centre, does the Group have plans to build more new hospitals over the next two years?

Our Answer

Yes, the Group is also aiming to expand our hospital chain by developing a greenfield strategy to increase bed capacity. This is in line with our strategic business direction, particularly in the East Coast region.

Corporate Governance Matters**Question No. 4**

Practice 5.9 of the Malaysian Code of Corporate Governance stipulates that 30% of the Board should comprise women. As of FY2023, there was only one-woman director, representing 12.5% of the total directors on the Board.

Gender diversity is an important issue in corporate governance and TDM currently has a low women representation of 12.5% on its Board, with only one female director out of a total of eight directors.

What steps are being taken to achieve a 30% women representation on the Board as stipulated by the MCGG? What specific plans and strategies does the Board have in place to work towards this goal? And when do you expect to comply with Practice 5.9?

Our Answer

TDM Group practices non-discrimination in any form, including those based on age, gender, ethnicity, or religion, throughout the organisation.

The Board is mindful of the target of at least 30% women Directors and the Board is always on the lookout to expand the pool of potential women candidates for board candidacy.

TDM Berhad is in compliance with Paragraph 15.02(1)(b) of MMLR of Bursa Securities which mandates a listed issue to have at least one (1) Woman Director on its Board. The Board Charter of TDM Berhad includes the responsibility of the Board to ensure that there is gender diversity in the Board by appointing at least one (1) Woman Director as a member of the Board.

As stated in the Integrated Annual Report 2023, Page 213 and Page 46 of the CG Report 2023, the Board through NRC will continue to consider gender diversity as part of its future selection. The NRC shall pool resources to diligently source for, assess and where appropriate, recommend suitable female candidates for nomination to the Board, depending on the availability of qualified candidates and the Board's skills requirements.

The Board did not set any timeline to comply with Practice 5.9 of the MCGG.

Sustainability Matters

Question No. 5

The Group's total Scope 2 emissions from electricity consumption increased by 6% to 17.97 million kg CO₂e in FY2023. (page 182 of AR 2023)

- a. Has the Group set any targets for the reduction of Scope 2 emissions by 2030?

Our Answer

The Group is dedicated to continuous improvement for the reduction of Scope 2 emissions by 2030. We are committed to sustainability and actively tracking and monitoring our electricity usage and Scope 2 emissions. This ongoing monitoring allows us to identify areas for improvement and develop informed strategies to reduce our carbon footprint. We recognise the importance of reducing carbon emissions and are exploring various initiatives and technologies to support the Government's agenda for net zero emissions by 2050.

- b. How many of the Group's hospitals have been installed with solar energy systems?

Our Answer

There are none so far at our existing hospitals. But currently, we are exploring to install rooftop solar at our KMI Hospitals.

- c. What are the major challenges faced by TDM in transitioning to solar energy systems?

Our Answer

We have identified that the obstacles in implementing solar energy systems were due to the constraint of area/space. Additionally, solar energy systems involve high upfront costs for equipment and installation. While long-term savings are significant, the initial expenditure can be challenging for us.