

# BATU KAWAN BERHAD

196501000504 (6292-U)

ANNUAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER

# 2021

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## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Fifty-Seventh Annual General Meeting of Batu Kawan Berhad (“**BKB**” or “**Company**”) will be held as a virtual meeting conducted through live streaming from the Broadcast Venue at Menara KLK, Level 10, No. 1, Jalan PJU 7/6, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 17 February 2022 at 2:15 p.m. for the following purposes:

### AGENDA

#### As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 30 September 2021 and the Directors’ and Auditors’ Reports thereon.
2. To re-elect the following Directors who retire by rotation in accordance with the Company’s Constitution:
 

Mr. Quah Chek Tin	(Ordinary Resolution 1)
Dr. Tunku Alina binti Raja Muhd Alias	(Ordinary Resolution 2)
3. To re-elect the following Directors who were appointed during the year and retire in accordance with the Company’s Constitution:
 

Mr. Lee Yuan Zhang	(Ordinary Resolution 3)
Mr. Lim Ban Aik	(Ordinary Resolution 4)
4. To approve the payment of Directors’ fees for the financial year ended 30 September 2021 amounting to RM1,187,528 (2020: RM920,000). (Ordinary Resolution 5)
5. To approve the payment of Directors’ benefits (other than Directors’ fees) for the period from this Fifty-Seventh Annual General Meeting to the Fifty-Eighth Annual General Meeting of the Company to be held in 2023. (Ordinary Resolution 6)
6. To re-appoint Messrs BDO PLT as Auditors of the Company for the financial year ending 30 September 2022 and to authorise the Board of Directors to fix their remuneration. (Ordinary Resolution 7)

#### As Special Business:

7. To consider and, if thought fit, pass the following resolutions:
  - (a) **PROPOSED RENEWAL OF AUTHORITY TO BUY BACK ITS OWN SHARES BY THE COMPANY** (Ordinary Resolution 8)

“THAT authority be given to the Company to buy back an aggregate number of shares in the Company (“**Authority to Buy Back Shares**”) as may be determined by the Directors from time to time through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit and expedient in the best interests of the Company provided that at the time of purchase, the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten percent (10%) of the total number of issued shares of the Company and that the maximum funds to be allocated for the Authority to Buy Back Shares shall not exceed the latest audited retained profits of the Company;

## Notice of Annual General Meeting (Continued)

THAT the shares purchased by the Company pursuant to Authority to Buy Back Shares may be dealt with by the Directors in all or any of the following manner:

- (i) distribute the shares as share dividends to the shareholders; or
- (ii) resell the shares or any of the shares on Bursa Malaysia Securities Berhad; or
- (iii) transfer the shares or any of the shares for the purposes of or under an employees' share scheme; or
- (iv) transfer the shares or any of the shares as purchase consideration; or
- (v) cancel the shares or any of the shares; or
- (vi) sell, transfer or otherwise use the shares for such other purposes as allowed by the Companies Act 2016.

AND THAT the Directors be and are hereby empowered to do all such acts and things to give full effect to the Authority to Buy Back Shares with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities AND THAT such authority shall commence upon passing of this ordinary resolution and will expire at the conclusion of the next Annual General Meeting of the Company following the passing of this ordinary resolution or the expiry of the period within which the next Annual General Meeting is required by law to be held (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in general meeting) but not so as to prejudice the completion of a purchase by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the guidelines issued by Bursa Malaysia Securities Berhad or any other relevant authority."

(b) **PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE** (Ordinary Resolution 9)

"THAT subject to the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and/or its subsidiaries to enter into all arrangements and/or transactions as set out in Appendix II of the Circular to Shareholders dated 31 December 2021 involving the interests of Directors, major shareholders or persons connected with Directors or major shareholders ("**Related Parties**") of the Company and/or its subsidiaries provided that such arrangements and/or transactions are:

- (i) recurrent transactions of a revenue or trading nature;
- (ii) necessary for the Group's day-to-day operations;
- (iii) carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public; and
- (iv) are not to the detriment of minority shareholders,

("Mandate").

THAT such authority shall commence upon the passing of this ordinary resolution and shall continue to be in force until:

- (i) the conclusion of the next Annual General Meeting of the Company following the Annual General Meeting at which such Mandate was passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (ii) the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 340(1) of the Companies Act 2016 but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016; or
- (iii) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is earlier.

## Notice of Annual General Meeting (Continued)

AND THAT the Directors of the Company be 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 Mandate.”

- (c) **PROPOSED RENEWAL OF THE AUTHORITY FOR DIRECTORS TO ALLOT AND ISSUE NEW ORDINARY SHARES IN THE COMPANY (“BKB SHARES”) IN RELATION TO THE DIVIDEND REINVESTMENT PLAN THAT PROVIDES THE SHAREHOLDERS OF THE COMPANY THE OPTION TO ELECT TO REINVEST THEIR CASH DIVIDEND ENTITLEMENTS IN BKB SHARES (“DIVIDEND REINVESTMENT PLAN”)** (Ordinary Resolution 10)

“THAT pursuant to the Dividend Reinvestment Plan (“DRP”) approved by the shareholders at the Annual General Meeting held on 13 February 2018 and subject to the approval of the relevant authorities (if any), approval be and is hereby given to the Company to allot and issue such number of BKB Shares pursuant to the DRP until the conclusion of the next Annual General Meeting, upon such terms and conditions and to such persons as the Directors may, in their absolute discretion, deem fit and in the best interest of the Company PROVIDED THAT the issue price of the said BKB Shares shall be fixed by the Directors at not more than ten percent (10%) discount to the adjusted five (5)-day volume weighted average market price (“VWAMP”) of BKB shares immediately prior to the price-fixing date, which VWAMP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price;

AND THAT the Directors be and are hereby authorised to do all such acts and enter into all such transactions, arrangements and documents as may be necessary or expedient in order to give full effect to the DRP with full power to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed or agreed to by any relevant authorities or consequent upon the implementation of the said conditions, modifications, variations and/or amendments, as they, in their absolute discretion, deem fit and in the best interest of the Company.”

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

**FURTHER NOTICE IS HEREBY GIVEN THAT** only members whose names appear on the General Meeting Record of Depositors or Register of Members as at 10 February 2022 shall be entitled to participate at this Annual General Meeting or appoint a proxy in his/her stead or in the case of a corporation, a duly authorised representative to participate, speak and vote in his/her stead.

By Order of the Board  
**YAP MIEW KIEN**  
**GOH SWEE ENG**  
**CHIEW CINDY**  
(Company Secretaries)

Ipoh, Perak Darul Ridzuan,  
Malaysia.

31 December 2021

## Notice of Annual General Meeting (Continued)

### NOTES:

#### (1) REMOTE PARTICIPATION AND VOTING

The Annual General Meeting (“AGM”) will be conducted entirely through live streaming and online remote voting using the Remote Participation and Voting (“RPV”) facilities provided by the appointed Poll Administrator for the AGM, Tricor Investor & Issuing House Services Sdn Bhd (“Tricor”) on its TIIH Online website at <https://tjih.online>. Please follow the procedures set out in the Administrative Guide for the AGM which is available on the Company’s website at [www.bkawan.com.my](http://www.bkawan.com.my) and Bursa Malaysia Securities Berhad’s website at [www.bursamalaysia.com](http://www.bursamalaysia.com) to register, participate, speak (in the form of real time submission of typed texts) and vote remotely via the RPV facilities.

The Broadcast Venue of the AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the chairperson of the meeting to be present at the main venue of the meeting. Members or proxies or representatives will not be allowed to be physically present at the Broadcast Venue on the day of the AGM. Therefore, members are strongly advised to participate and vote remotely at the AGM through the live streaming and online remote voting using the RPV facilities.

#### (2) APPOINTMENT OF PROXY

- (a) A member of the Company entitled to participate and vote at the meeting is entitled to appoint not more than two (2) proxies to exercise all or any of his/her rights to participate at the same meeting on his/her behalf. A proxy may but need not be a member of the Company. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies in the instrument appointing the proxies the proportion of shareholdings to be represented by each proxy.
- (b) Where the proxy form is executed by a corporation, it must be signed under its common seal or where the corporation does not have a common seal, by any two (2) of its authorised officers or under the hand of its officer or attorney duly authorised. In the case of a corporation with a single director, it shall be signed by the single director and countersigned by the company secretary of the corporation.
- (c) Where a member of the Company is an exempt authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991, who holds shares in the Company for multiple beneficial owners in one (1) securities account (“**omnibus account**”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (d) Where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (e) The appointment of proxy may be made in hardcopy form or by electronic means as specified below and must be received by the Company not less than twenty-four (24) hours before the time appointed for the taking of the poll:
  - In hardcopy form  
The original proxy form shall be deposited to Tricor’s office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - Electronically via Tricor Online System (“TIIH Online”)  
The proxy form can be electronically lodged with Tricor via TIIH Online at <https://tjih.online>. Please follow the procedures set out in the Administrative Guide for such lodgement.
- (f) The power of attorney or other authority, if any, under which it is signed or a notarially certified of that power or authority, shall be deposited with Tricor not less than twenty-four (24) hours before the time appointed for the taking of the poll.

#### (3) EXPLANATORY NOTES TO ORDINARY BUSINESS

##### (a) Audited Financial Statements for financial year ended 30 September 2021

The Audited Financial Statements are laid in accordance with Section 340(1) of the Companies Act 2016 for discussion only and do not require members’ approval. Hence, Agenda 1 will not be put forward for voting.

## Notice of Annual General Meeting (Continued)

### NOTES: (Continued)

#### (3) EXPLANATORY NOTES TO ORDINARY BUSINESS (Continued)

##### (b) Re-election of Mr. Lee Yuan Zhang and Mr. Lim Ban Aik

In accordance with Article 136 of the Company's Constitution, a Director appointed by the Board shall hold office until the conclusion of the next Annual General Meeting of the Company and shall then be eligible for re-election.

Mr. Lee Yuan Zhang and Mr. Lim Ban Aik, who were appointed as Directors of the Company on 1 March 2021, retire pursuant to Article 136 of the Company's Constitution and being eligible, have offered themselves for re-election at this Annual General Meeting. Shareholders' approval is sought for the re-election of Mr. Lee Yuan Zhang and Mr. Lim Ban Aik under Ordinary Resolution 3 and Ordinary Resolution 4 respectively.

The profiles of Mr. Lee Yuan Zhang and Mr. Lim Ban Aik are listed in the Profile of Directors section.

##### (c) Payment of Directors' Fees and Benefits

Section 230(1) of the Companies Act 2016 provides amongst others, that the Directors' fees and any benefits payable to the Directors of the Company and its subsidiaries shall be approved at a general meeting.

The BKB Board has recommended that the Directors' fees would be held constant for three (3) years. The current annual fee for the Non-Executive Directors ("NEDs") was last approved by the Board of Directors in 2018 and that the fee had remained unchanged since financial year 2018.

During a review in October 2021, the Remuneration Committee recommended and the Board has approved, subject to shareholders' approval at this Annual General Meeting, for NEDs' fees and fees of Chairmen of Board Committees to be increased. The recommendations were made after having reviewed the remuneration structure of the NEDs with appropriate benchmarking to selected companies of the same industry, and taking note of the Securities Commission's Corporate Governance Monitor 2020 commentary on board remuneration of constituents of the FBM 100 index. The Board and Remuneration Committee had also taken into account the increasingly complex business environment, and rising stakeholder expectations, and acknowledged that the responsibilities and contribution required of Directors in terms of fiduciary and statutory duties, risk, intensity/complexity of work, commitment and effort are now higher. As such, the fees are proposed to be increased as this is necessary to align with the remuneration packages of comparable companies in the plantation sector, to attract talent and experience which can contribute to long-term business sustainability.

The proposed fees are as set out below:

Category	Current Fees (RM per annum)	Proposed Fees (RM per annum)
Chairman of the Board	195,000	217,500
Non-Executive Board member	130,000	145,000
Chairman of Audit and Risk Committee	30,000	35,000
Chairman of Remuneration Committee	20,000	25,000
Chairman of Nomination Committee	20,000	25,000

The shareholders' approval is hereby sought under Ordinary Resolution 5 for the payment of Directors' fees to the NEDs in respect of the financial year 2021, as set out below:

	Board (RM per annum)	Audit and Risk Committee (RM per annum)	Other Board Committees (RM per annum)
Non-Executive Chairman	217,500	35,000	25,000
Non-Executive Directors	145,000	25,000	15,000

## Notice of Annual General Meeting (Continued)

### NOTES: (Continued)

#### (3) EXPLANATORY NOTES TO ORDINARY BUSINESS (Continued)

There is no revision to the Directors' benefits (which it is proposed under Ordinary Resolution 6 of the Agenda on payment of Directors' benefits for the period from this Fifty-Seventh Annual General Meeting to the next Annual General Meeting in 2023), as summarised in the table below:

Type of Benefit/Allowance	Amount
Meeting Allowance (Board and Committees)	RM2,000 per meeting
Overseas Travelling Allowance	RM1,000 per day
Other Benefits	Business travel, medical, insurance coverage, and other claimables and reimbursables for the purpose of enabling the Directors to perform their duties.

#### (4) EXPLANATORY NOTES TO SPECIAL BUSINESS

##### (a) Proposed Renewal of Authority to Buy Back Shares

Ordinary Resolution 8 proposed under Item 7(a) of the Agenda, if passed, will empower the Directors to buy back the Company's own shares. This authority will expire at the next Annual General Meeting of the Company unless earlier revoked or varied by ordinary resolution of the Company at a general meeting.

##### (b) Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")

Ordinary Resolution 9 proposed under Item 7(b) of the Agenda, if passed, will allow the Group to enter into Recurrent Related Party Transactions of a Revenue or Trading Nature in the ordinary course of business made on normal commercial terms not more favourable to the related parties than those generally available to the public, and are not to the detriment of the minority shareholders.

By obtaining the approval for the Proposed Shareholders' Mandate and the renewal of the same on an annual basis, the necessity to convene separate general meetings from time to time to seek members' approval as and when such Recurrent Related Party Transactions occur is avoided which would reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

##### (c) Proposed Renewal of Authority for Directors to Allot and Issue BKB Shares in relation to Dividend Reinvestment Plan

The shareholders had, at the Fifty-Third Annual General Meeting held on 13 February 2018, approved the authority for the Directors to allot and issue BKB Shares in relation to Dividend Reinvestment Plan ("DRP") and such authority will expire at the conclusion of the forthcoming Annual General Meeting.

Ordinary Resolution 10 proposed under Item 7(c) of the Agenda, if passed, will give authority to the Directors to allot and issue BKB Shares pursuant to the DRP in respect of any dividends declared, and such authority shall expire at the conclusion of the next Annual General Meeting of the Company.

For Ordinary Resolutions 8 and 9 mentioned above, further information is set out in the Circular to Shareholders of the Company dated 31 December 2021 which is available on the Company's website, [www.bkawan.com.my](http://www.bkawan.com.my).



## Notis Mesyuarat Agung Tahunan

**NOTIS DENGAN INI DIBERIKAN** bahawa Mesyuarat Agung Tahunan Batu Kawan Berhad (“**BKB**” atau “**Syarikat**”) yang Kelima Puluh Tujuh akan diadakan secara maya menerusi siaran secara langsung dari Tempat Penyiaran di Menara KLK, Aras 10, No. 1, Jalan PJU 7/6, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia pada hari Khamis, 17 Februari 2022 pada pukul 2.15 petang untuk tujuan-tujuan berikut:

### AGENDA

#### Sebagai Urusan Biasa:

1. Untuk menerima Penyata Kewangan Beraudit bagi tahun kewangan berakhir 30 September 2021 berserta Laporan Pengarah dan Juruaudit yang berkaitan dengannya.
2. Untuk memilih semula para Pengarah berikut yang akan bersara mengikut giliran menurut Perlembagaan Syarikat:
 

Encik Quah Chek Tin	(Resolusi Biasa 1)
Dr. Tunku Alina binti Raja Muhd Alias	(Resolusi Biasa 2)
3. Untuk memilih semula para Pengarah berikut yang dilantik dalam tahun semasa dan akan bersara menurut Perlembagaan Syarikat:
 

Encik Lee Yuan Zhang	(Resolusi Biasa 3)
Encik Lim Ban Aik	(Resolusi Biasa 4)
4. Untuk meluluskan bayaran fi para Pengarah berjumlah RM1,187,528 bagi tahun berakhir 30 September 2021 (2020: RM920,000). (Resolusi Biasa 5)
5. Untuk meluluskan bayaran faedah para Pengarah (tidak termasuk fi para Pengarah) bagi tempoh dari Mesyuarat Agung Tahunan Syarikat yang Kelima Puluh Tujuh sehingga Mesyuarat Agung Tahunan Syarikat yang Kelima Puluh Lapan yang akan diadakan pada tahun 2023. (Resolusi Biasa 6)
6. Untuk melantik semula Tetuan BDO PLT sebagai Juruaudit Syarikat bagi tahun kewangan berakhir 30 September 2022 dan memberi kuasa kepada para Pengarah untuk menetapkan saraan Tetuan BDO PLT. (Resolusi Biasa 7)

#### Sebagai Urusan Khas:

7. Untuk mempertimbangkan dan sekiranya difikirkan sesuai, meluluskan resolusi-resolusi berikut:
  - (a) **CADANGAN PEMBAHARUAN KUASA UNTUK MEMBELI BALIK SYER SYARIKAT** (Resolusi Biasa 8)

“BAHAWA kuasa diberikan kepada Syarikat untuk membeli balik agregat syer Syarikat (“**Cadangan Memberi Kuasa Membeli Balik Syer**”) dengan jumlah syer ditentukan oleh para Pengarah dari masa ke semasa melalui Bursa Malaysia Securities Berhad berdasarkan terma dan syarat yang dianggap sesuai dan wajar oleh para Pengarah demi kepentingan Syarikat tertakluk kepada syarat bahawa pada masa pembelian, bilangan agregat syer yang boleh dibeli dan/atau dipegang oleh Syarikat melalui resolusi ini adalah tidak melebihi sepuluh peratus (10%) daripada jumlah bilangan syer terbitan Syarikat dan dana maksima yang diperuntukkan untuk Cadangan Memberi Kuasa Membeli Balik Syer tidak melebihi jumlah keuntungan terkumpul Syarikat yang terkini dan telah diaudit;

## Notis Mesyuarat Agung Tahunan (Sambungan)

BAHAWA syer yang dibeli oleh Syarikat menurut Cadangan Memberi Kuasa Membeli Balik Syer boleh diuruskan oleh para Pengarah mengikut semua atau mana-mana cara yang berikut:

- (i) membahagikan syer tersebut sebagai dividen kepada pemegang syer; atau
- (ii) menjual semula syer tersebut atau mana-mana bahagian daripada syer itu melalui Bursa Malaysia Securities Berhad; atau
- (iii) memindah milik syer tersebut atau mana-mana bahagian daripada syer itu bagi tujuan atau di bawah pelaksanaan skim syer pekerja; atau
- (iv) memindah milik syer tersebut atau mana-mana bahagian daripada syer itu sebagai balasan pembelian; atau
- (v) membatalkan syer tersebut atau mana-mana bahagian daripada syer itu; atau
- (vi) menjual, memindah milik atau selainnya menggunakan syer itu bagi lain-lain tujuan sepertimana yang dibenarkan oleh Akta Syarikat 2016.

DAN BAHAWA para Pengarah adalah dan dengan ini diberi kuasa untuk melaksanakan segala tindakan dan perkara yang berkaitan bagi memberi kesan sepenuhnya kepada Cadangan Memberi Kuasa Membeli Balik Syer untuk menyetujui dan mematuhi sebarang syarat, pengubahsuaian, penilaian semula, variasi dan/atau pindaan (jika ada) yang dikuatkuasakan oleh pihak berkuasa berkaitan; DAN BAHAWA kuasa tersebut akan bermula pada masa resolusi biasa ini diluluskan dan akan tamat pada penutupan Mesyuarat Agung Tahunan Syarikat yang berikutnya, berikutan dengan kelulusan resolusi biasa ini atau penamatan tempoh di mana Mesyuarat Agung Tahunan yang berikutnya kelulusan resolusi biasa ini atau penamatan tempoh di mana Mesyuarat Agung Tahunan yang berikutnya sepatutnya diadakan mengikut syarat undang-undang (melainkan dibatalkan atau diubah melalui resolusi biasa para pemegang syer Syarikat dalam mesyuarat agung), namun tidak menjejaskan penyempurnaan pembelian oleh Syarikat sebelum tarikh tamat yang dinyatakan dan, dalam apa jua keadaan, menurut peruntukan garis panduan yang dikeluarkan oleh Bursa Malaysia Securities Berhad atau pihak berkuasa lain yang berkenaan.”

**(b) CADANGAN PEMBAHARUAN MANDAT PARA PEMEGANG SYER UNTUK MELULUSKAN TRANSAKSI DAGANGAN SERING BERULANG DENGAN PIHAK-PIHAK YANG BERKAITAN**

(Resolusi Biasa 9)

“BAHAWA, tertakluk kepada Akta Syarikat 2016 dan Keperluan Penyenaraian Pasaran Utama Bursa Malaysia Securities Berhad, kelulusan diberikan kepada Syarikat dan/atau syarikat subsidiarinya untuk mementerai perjanjian bagi transaksi dengan pihak-pihak yang berkaitan seperti yang tertera di Appendik II dalam Surat Pekeliling Syarikat kepada para pemegang syer yang bertarikh 31 Disember 2021 yang melibatkan kepentingan para Pengarah atau pemegang syer utama atau pihak-pihak yang berkaitan dengan para Pengarah atau para pemegang syer utama (“**Pihak-pihak Berkaitan**”) Syarikat dan/atau subsidiari-subsidiarinya sekiranya transaksi-transaksi tersebut adalah:

- (i) sering berulang dan bersifat perdagangan;
- (ii) merupakan keperluan untuk urusan perniagaan harian;
- (iii) dilaksanakan secara perniagaan biasa seumpama transaksi dijalankan dengan pihak umum dan tidak memberikan kelebihan kepada pihak-pihak berkaitan; dan
- (iv) tidak merugikan atau menjejaskan kepentingan para pemegang syer minoriti,

(“**Mandat**”).

## Notis Mesyuarat Agung Tahunan (Sambungan)

DAN BAHAWA, Mandat tersebut akan berkuatkuasa selepas kelulusan resolusi biasa ini dan akan berkuatkuasa sehingga:

- (i) penamatan Mesyuarat Agung Tahunan Syarikat berikutnya selepas Mesyuarat Agung Tahunan pada mana Mandat tersebut diluluskan bila mana ia akan luput, melainkan resolusi diluluskan untuk memperbaharui Mandat, diperolehi dalam mesyuarat tersebut; atau
- (ii) tamatnya tempoh bilamasa Mesyuarat Agung Tahunan perlu diadakan mengikut Seksyen 340(1) Akta Syarikat 2016 tetapi tidak dilanjutkan kepada lanjutan yang dibenarkan dibawah Seksyen 340(4) Akta Syarikat 2016 tersebut; atau
- (iii) dimansuhkan atau diubah oleh resolusi biasa baru yang diluluskan oleh para pemegang syer dalam mesyuarat agung;

yang mana lebih terdahulu.

DAN BAHAWA, para Pengarah Syarikat dengan ini diberi kuasa untuk melengkapkan dan melaksanakan apa jua (termasuk menyempurnakan dokumen yang diperlukan) untuk membolehkan Mandat tersebut dikuatkuasakan.”

- (c) **CADANGAN PEMBAHARUAN KUASA KEPADA PARA PENGARAH UNTUK MEMPERUNTUKKAN DAN MENERBITKAN SYER BIASA BARU SYARIKAT (“SYER BKB”) BERHUBUNG DENGAN PELAN PELABURAN SEMULA DIVIDEN YANG MEMBERIKAN OPSYEN KEPADA PARA PEMEGANG SYER SYARIKAT UNTUK MELABUR SEMULA DIVIDEN TUNAI KE DALAM SYER BKB (“PELAN PELABURAN SEMULA DIVIDEN”)**

(Resolusi Biasa 10)

“BAHAWA menurut Pelan Pelaburan Semula Dividen yang telah diluluskan oleh para pemegang syer pada Mesyuarat Agung Tahunan yang diadakan pada 13 Februari 2018 dan tertakluk kepada kelulusan pihak berkuasa yang berkenaan (jika ada), Syarikat dengan ini diberi kuasa untuk memperuntukkan dan menerbitkan sejumlah Syer BKB mengikut Pelan Pelaburan Semula Dividen sehingga penamatan Mesyuarat Agung Tahunan yang berikutnya, tertakluk kepada terma dan syarat sebagaimana yang para Pengarah boleh, mengikut budi bicara mutlak mereka, dianggap wajar dan demi kepentingan terbaik Syarikat DENGAN SYARAT harga terbitan Syer BKB tersebut akan ditetapkan oleh para Pengarah tidak melebihi sepuluh peratus (10%) diskaun dari nilai harga pasaran purata wajaran lima (5) hari (“NHPPW”) yang diselaraskan bagi syer BKB sejurus sebelum tarikh penetapan harga, yang mana NHPPW hendaklah diselaraskan ex-dividen sebelum menggunakan diskaun yang dinyatakan dalam penentuan harga terbitan;

DAN BAHAWA para Pengarah adalah dan dengan ini diberi kuasa untuk melakukan segala tindakan berkenaan dan melaksanakan semua urusan, pengaturan dan dokumen berkenaan sebagaimana perlu atau wajar untuk memberi kesan sepenuhnya kepada Pelan Pelaburan Semula Dividen dengan kuasa penuh untuk menerima sebarang syarat, penguahsuaian, variasi dan/atau pindaan (jika ada) sepertimana yang dikenakan atau dipersetujui oleh mana-mana pihak berkuasa yang berkaitan ataupun kesan daripada pelaksanaan syarat, pengubahsuaian, variasi dan/atau pindaan tersebut, sepertimana yang para Pengarah boleh, mengikut budi bicara mutlak mereka, dianggap wajar dan demi kepentingan terbaik Syarikat.”

8. Untuk melaksanakan sebarang urusan lain yang mana notis sewajarnya telah diberikan menurut Akta Syarikat 2016.

## Notis Mesyuarat Agung Tahunan (Sambungan)

**DENGAN INI JUGA DIMAKLUMKAN BAHAWA** hanya pemegang syer yang namanya terkandung di dalam Rekod Pendeposit atau Daftar Anggota pada 10 Februari 2022 adalah layak untuk mengambil bahagian di mesyuarat ini atau melantik proksi untuk mengambil bahagian dan mengundi bagi pihaknya atau dalam hal suatu perbadanan, seorang pewakilan kuasa untuk mengambil bahagian, bercakap dan mengundi bagi pihaknya.

Dengan Perintah Lembaga Pengarah  
**YAP MIOW KIEN**  
**GOH SWEE ENG**  
**CHIEW CINDY**  
 (Setiausaha-setiausaha Syarikat)

Ipoh, Perak Darul Ridzuan,  
 Malaysia.

31 December 2021

### NOTA:

#### (1) PENYERTAAN DAN PENGUNDIAN DARI TEMPAT BERLAINAN

Mesyuarat Agung Tahunan (“**MAT**”) akan dijalankan sepenuhnya secara siaran langsung dan melalui pengundian dalam talian dari tempat berlainan dengan menggunakan kemudahan Penyertaan dan Pengundian Jauh (“**RPV**”) yang disediakan oleh Pentadbir Undian yang dilantik untuk MAT ini, iaitu Tricor Investor & Issuing House Services Sdn Bhd (“**Tricor**”) melalui laman web TIIH Online di <https://tiih.online>. Sila ikuti prosedur yang terdapat dalam Panduan Pentadbiran (“**Administrative Guide**”) bagi MAT ini yang boleh didapati di laman web Syarikat di [www.bkawan.com.my](http://www.bkawan.com.my) dan laman Bursa Malaysia Securities Berhad di [www.bursamalaysia.com](http://www.bursamalaysia.com) untuk mendaftar, mengambil bahagian dan menjalankan hak pemegang syer untuk bercakap [dalam bentuk pengemukaan teks yang ditaip secara waktu nyata (real time)] dan mengundi dalam MAT melalui kemudahan RPV.

Tempat Penyiaran MAT adalah khusus bagi tujuan mematuhi Seksyen 327(2) Akta Syarikat 2016, yang mewajibkan pengurus bagi mesyuarat hadir di tempat penyiaran utama mesyuarat. Pemegang syer atau proksi atau wakil tidak akan dibenarkan hadir secara fizikal di Tempat Penyiaran pada hari MAT. Oleh itu, para pemegang syer adalah sangat digalakkan untuk mengambil bahagian di MAT dari tempat berlainan melalui siaran langsung dan pengundian dalam talian dengan menggunakan kemudahan RPV.

#### (2) PELANTIKAN PROKSI

- (a) Pemegang syer Syarikat yang layak untuk mengambil bahagian dan mengundi pada mesyuarat ini berhak melantik tidak lebih daripada dua (2) proksi untuk menjalankan segala atau mana-mana haknya untuk turut mengambil bahagian pada mesyuarat yang sama bagi pihaknya. Proksi tersebut boleh, tetapi tidak semestinya merupakan pemegang syer Syarikat. Sekiranya pemegang syer melantik dua (2) proksi, pelantikan tersebut dianggap tidak sah melainkan pemegang syer Syarikat menetapkan bahagian pegangan syer yang diwakili oleh setiap proksi dalam surat cara pelantikan proksi tersebut.
- (b) Pelantikan proksi yang dilaksanakan oleh pemegang syer korporat, ia seharusnya ditandatangani di bawah meterai syarikat atau dimana pemegang syer korporat tidak mempunyai meterai syarikat, hendaklah ditandatangani oleh mana-mana dua (2) pegawai yang diberi kuasa atau oleh pegawainya atau pewakilan kuasa. Bagi syarikat dengan pengarah tunggal, surat cara pelantikan hendaklah ditandatangani oleh pengarah tunggal dan ditandatangani balas oleh setiausaha syarikat berkenaan.
- (c) Bagi nomini yang sah berkecualian sebagai pemegang syer Syarikat sepertimana yang didefinisikan dalam Akta Industri Sekuriti (Pendeposit Pusat), 1991, yang memegang syer biasa dalam Syarikat bagi beberapa pihak pemilik benefisial dalam satu (1) akaun sekuriti (“**akaun omnibus**”), tiada had proksi yang boleh dilantik bagi setiap akaun omnibus yang dipegang.
- (d) Di mana nomini yang sah berkecualian melantik dua (2) proksi atau lebih proksi, bahagian pegangan syer yang diwakili oleh setiap proksi hendaklah ditetapkan dalam surat cara pelantikan proksi tersebut.

## Notis Mesyuarat Agung Tahunan (Sambungan)

### NOTA: (Sambungan)

#### (2) PELANTIKAN PROKSI (Sambungan)

- (e) Pelantikan proksi boleh dibuat melalui salinan cetak atau secara elektronik seperti yang dinyatakan di bawah dan hendaklah diterima oleh Syarikat dalam tempoh tidak kurang daripada dua puluh empat (24) jam sebelum masa yang ditetapkan bagi menjalankan pengundian:
- Secara Salinan Cetak  
Salinan asal borang proksi hendaklah diserahkan ke pejabat Tricor di Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, atau secara alternatif, Pusat Khidmat Pelanggan Tricor di Unit G-3, Tingkat Bawah, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - Secara Elektronik melalui Sistem Dalam Talian Tricor (“TIIH Online”)  
Borang proksi boleh diserahkan secara elektronik kepada Tricor melalui TIIH Online di <https://tiih.online>. Sila ikuti prosedur yang terdapat dalam Panduan Pentadbiran (“**Administrative Guide**”) untuk tujuan serahan tersebut.
- (f) Surat kuasa wakil atau kuasa lain, sekiranya ada, yang ditandatangani atau salinan yang diperakui oleh yang diberi kuasa atau pihak berkuasa tersebut hendaklah diserahkan ke pejabat Tricor dalam tempoh tidak kurang daripada dua puluh empat (24) jam sebelum masa yang ditetapkan bagi menjalankan pengundian.

#### (3) NOTA PENJELASAN BERKENAAN URUSAN-URUSAN BIASA

##### (a) Penyata Kewangan Beraudit bagi tahun berakhir 30 September 2021

Penyata Kewangan Beraudit yang dibentangkan menurut Seksyen 340(1) Akta Syarikat 2016 hanyalah bertujuan untuk perbincangan sahaja dan tidak memerlukan kelulusan rasmi daripada para pemegang syer. Oleh itu, Agenda ini tidak akan dikemukakan untuk pengundian.

##### (b) Pemilihan semula Encik Lee Yuan Zhang dan Encik Lim Ban Aik

Menurut Artikel 136 Perlembagaan Syarikat, seseorang Pengarah yang dilantik oleh Lembaga Pengarah hendaklah memegang jawatannya sehingga penamatan mesyuarat agung tahunan yang akan datang dan kemudiannya layak untuk pemilihan semula.

Encik Lee Yuan Zhang dan Encik Lim Ban Aik, yang dilantik sebagai Pengarah Syarikat pada 1 Mac 2021, akan bersara menurut Artikel 136 Perlembagaan Syarikat dan layak, telah menawarkan diri untuk dipilih semula pada mesyuarat agung tahunan ini. Kelulusan para pemegang syer adalah dipohon dibawah Resolusi Biasa 3 dan Resolusi Biasa 4 masing-masing untuk pemilihan semula Encik Lee Yuan Zhang dan Encik Lim Ban Aik sebagai Pengarah Syarikat.

Profil bagi Encik Lee Yuan Zhang dan Encik Lim Ban Aik adalah disenaraikan di dalam bahagian Profil Pengarah.

##### (c) Pembayaran Fi Pengarah dan Faedah

Menurut Seksyen 230(1) Akta Syarikat 2016, pembayaran fi pengarah dan apa-apa faedah yang perlu dibayar kepada Pengarah Syarikat dan pengarah subsidiarinya hendaklah diluluskan pada suatu mesyuarat agung.

Lembaga Pengarah BKB telah memperakui bahawa fi Pengarah akan kekal pada kadar yang sama selama tiga (3) tahun. Fi tahunan semasa bagi Pengarah Bukan Eksekutif, yang kali terakhir diluluskan oleh Lembaga Pengarah pada tahun 2018, telah kekal dan tidak berubah sejak tahun kewangan 2018.

## Notis Mesyuarat Agung Tahunan (Sambungan)

### (3) NOTA PENJELASAN BERKENAAN URUSAN-URUSAN BIASA (sambungan)

#### (c) Pembayaran Fi Pengarah dan Faedah (Sambungan)

Semasa semakan dilakukan pada bulan Oktober 2021, Jawatankuasa Saraan telah mencadangkan dan Lembaga Pengarah telah meluluskan, tertakluk kepada kelulusan oleh pemegang syer pada Mesyuarat Agung Tahunan ini, untuk meningkatkan kadar fi bagi Pengarah Bukan Eksekutif dan juga fi Pengerusi Jawatankuasa Lembaga masing-masing. Cadangan tersebut dibuat setelah mengkaji semula struktur saraan Pengarah Bukan Eksekutif dengan penanda aras yang bersesuaian dengan syarikat tertentu daripada industri yang sama, dan juga mengambil perhatian terhadap Pemantauan Tadbir Urus Korporat Suruhanjaya Sekuriti 2020 yang mengulas berkenaan saraan bagi konstituen indeks FBM 100. Lembaga Pengarah dan Jawatankuasa Saraan juga telah mengambil kira persekitaran perniagaan yang semakin kompleks, dan peningkatan harapan pihak berkepentingan, dan mengakui bahawa tanggungjawab dan sumbangan yang diperlukan oleh para Pengarah dari segi fidusiar dan tugas berkanun, risiko, intensity/kerumitan kerja, komitmen dan usaha yang kini semakin tinggi. Justeru itu, cadangan untuk meningkatkan fi adalah perlu untuk menyelaraskan fi tersebut dengan pakej saraan syarikat-syarikat yang setanding dalam sektor perladangan, untuk menarik bakat dan pengalaman yang dapat menyumbang kepada kelestarian perniagaan untuk jangka masa panjang.

Fi yang dicadangkan adalah seperti dinyatakan di bawah:

Kategori	Fi Semasa (RM setiap tahun)	Fi Dicadangkan (RM setiap tahun)
Pengerusi Lembaga Pengarah	195,000	217,500
Pengarah Bukan Eksekutif	130,000	145,000
Pengerusi Jawatankuasa Audit dan Risiko	30,000	35,000
Pengerusi Jawatankuasa Saraan	20,000	25,000
Pengerusi Jawatankuasa Pencalonan	20,000	25,000

Dengan ini, kelulusan daripada para pemegang syer adalah dipohon di bawah Resolusi Biasa 5 bagi pembayaran fi Pengarah bagi tahun kewangan 2021 kepada Pengarah Bukan Eksekutif, seperti di bawah:

	Lembaga Pengarah (RM setiap tahun)	Jawatankuasa Audit dan Risiko (RM setiap tahun)	Jawatankuasa Lembaga (Lain-lain) (RM setiap tahun)
Pengerusi Bukan Eksekutif	217,500	35,000	25,000
Pengarah Bukan Eksekutif	145,000	25,000	15,000

Tiada perubahan bagi pembayaran faedah Pengarah (di mana ia telah dicadangkan di bawah Resolusi Biasa 6 mengenai pembayaran faedah Pengarah bagi tempoh dari Mesyuarat Agung Tahunan yang Kelima Puluh Tujuh sehingga Mesyuarat Agung Tahunan Syarikat yang akan diadakan pada tahun 2023), sepertimana yang diringkaskan dalam jadual di bawah:

Jenis faedah/elaun	Amaun
Elaun Mesyuarat (Lembaga Pengarah dan Jawatankuasa lain)	RM2,000 setiap mesyuarat
Elaun Perjalanan Luar Negara	RM1,000 setiap hari
Faedah lain	Perjalanan perniagaan, perubatan, perlindungan insurans, dan segala bayaran balik dan tuntutan bagi para Pengarah semasa menjalankan tugasnya

## Notis Mesyuarat Agung Tahunan (Sambungan)

### (4) NOTA PENJELASAN BERKENAAN URUSAN-URUSAN KHAS:

#### (a) Cadangan Pembaharuan Kuasa Membeli Balik Syer Sendiri oleh Syarikat

Resolusi Biasa 8 yang dicadangkan di bawah Agenda 7(a), jika diluluskan, akan memberi kuasa kepada para Pengarah untuk membeli balik syer Syarikat. Kuasa ini, melainkan dibatalkan atau diubahkan oleh Syarikat dalam mesyuarat agung, akan tamat dalam Mesyuarat Agung Tahunan Syarikat berikutnya.

#### (b) Cadangan Pembaharuan Mandat Pemegang Syer untuk meluluskan Transaksi Dagangan Sering Berulang dengan pihak-pihak yang Berkaitan (“Cadangan Mandat Pemegang Syer”)

Resolusi Biasa 9 yang dicadangkan di bawah Agenda 7(b), jika diluluskan, akan membenarkan Kumpulan Syarikat menjalankan transaksi-transaksi sering berulang bersifat hasil atau dagangan dengan pihak-pihak berkaitan untuk operasi harian Kumpulan Syarikat dengan syarat urus niaga berkenaan dilaksanakan dalam urusan lazim perniagaan dengan terma-terma yang tidak berat sebelah berbanding dengan yang tersedia kepada pihak awam dan tidak menjejaskan para pemegang syer minoriti Syarikat.

Dengan mendapatkan kelulusan bagi Cadangan Mandat Pemegang Syer tersebut dan memperbaharuiinya setiap tahun, keperluan untuk mengadakan mesyuarat agung yang berasingan dari masa ke semasa untuk mendapatkan kelulusan pemegang syer bila mana berlakunya transaksi demikian, akan dapat dielakkan. Dengan memperolehi mandat ini, masa pentadbiran, kesulitan dan perbelanjaan berkaitan dengan mengadakan mesyuarat akan dijimatkan tanpa menjejaskan objektif korporat Kumpulan Syarikat dan peluang perniagaan yang sedia ada kepada Kumpulan Syarikat.

#### (c) Cadangan Pembaharuan Kuasa kepada para Pengarah untuk Memperuntukkan dan Menerbitkan Syer BKB berhubung dengan Pelan Pelaburan Semula Dividen

Para pemegang syer telah meluluskan dan memberi kuasa kepada para Pengarah untuk memperuntukkan dan menerbitkan Syer BKB di bawah Pelan Pelaburan Semula Dividen pada Mesyuarat Agung Tahunan yang Kelima Puluh Tiga yang telah diadakan pada 13 Februari 2018, dan kuasa tersebut akan tamat pada penutupan Mesyuarat Agung Tahunan yang akan datang.

Resolusi Biasa 10 yang dicadangkan di bawah Agenda 7(c), jika diluluskan, akan memberi kuasa kepada para Pengarah untuk memperuntukkan dan menerbitkan Syer BKB di bawah Pelan Pelaburan Semula Dividen selaras dengan mana-mana dividen yang diisytiharkan, dan kuasa tersebut akan habis tempoh pada penamatan Mesyuarat Agung Tahunan Syarikat yang akan datang.

Untuk Resolusi Biasa 8 dan 9 tersebut di atas, penerangan lanjut berkenaan dengan perkara-perkara tersebut di atas adalah terkandung di dalam Surat Pekeliling kepada Pemegang Syer Syarikat bertarikh 31 Disember 2021 yang telah boleh didapati di laman web Syarikat, [www.bkawan.com.my](http://www.bkawan.com.my).



## About Batu Kawan Berhad

Founded in December 1965 and listed on the Main Market of the Malaysian stock exchange since October 1971, Batu Kawan Berhad (“**BKB**”) is an investment holding company which has its principal activities structured into four notable segments: Plantation, Manufacturing, Property Development and Investment Holding/Others.

BKB’s major investment is its 47% stake in Kuala Lumpur Kepong Berhad (“**KLK**”) – one of the leading palm oil producers in the region. KLK’s core business is Plantations, which involves the cultivation of oil palm and rubber estates, harvesting and processing the Fresh Fruit Bunches (“**FFB**”) into Crude Palm Oil (“**CPO**”) and Palm Kernel (“**PK**”). In addition, KLK, through its refineries and kernel crushing plants, processes CPO and PK into higher value palm-based products which are then sold in the domestic and international markets. Through various strategic acquisitions over the years, its landbank has expanded vastly across Malaysia, Indonesia and Liberia. KLK has recently completed a mandatory Take-over exercise of IJM Plantations Berhad (“**IJMP**”) in November 2021 whereby KLK has achieved an equity interest of 94.89% in IJMP. This acquisition will further strengthen the Group’s plantation business and drive future growth. KLK has also embarked onto resourced-based manufacturing (downstream) and is now a global producer of oleochemicals and specialty chemicals. The manufacturing operations were expanded through organic growth, joint ventures and acquisitions in Malaysia, China, Germany, the Netherlands, Switzerland, France and Belgium. Capitalising on its strategic landbanks in Peninsular Malaysia, KLK also ventured into Property Development and is well known for the development of Bandar Seri Coalfields in Sungai Buloh (Selangor).

BKB also has two subsidiaries in West Kalimantan, Indonesia which operates oil palm estates and a palm oil mill.

Aside from Plantation and resource-based manufacturing (oleochemicals), BKB has subsidiaries involved in the manufacture of industrial chemicals, mainly, chlor-alkali, sulphur-derivative products, polymers and coagulants. Its operations are situated in Lahat (Perak), Kemaman (Terengganu), Pasir Gudang (Johor), Shah Alam and Bandar Baru Bangi (Selangor), and Sendayan (Negeri Sembilan). BKB’s industrial chemicals arm also operates its own fleet of tankers which specialises in chemical transport. The Group, through its subsidiaries, Malay-Sino Chemical Industries Sdn Bhd and a newly acquired wholly-owned subsidiary, Chemical Company of Malaysia Berhad, is currently the largest chlor-alkali producer in Malaysia.

In 2015, BKB ventured into property development investments in Australia through a wholly-owned subsidiary, Caruso Australia Ventures Pty Ltd. These development projects are situated in Melbourne and Perth, and are managed by established professional Australian property developers.

### CHANGES IN SHARE CAPITAL

DATE	NO. OF SHARES	NATURE OF CHANGE	CUMULATIVE ISSUED SHARE CAPITAL
09.12.1965	3,000	Subscriber’s shares	3,000
31.08.1971 to 28.01.1972	14,409,350	Issue of shares under a scheme of reconstruction	14,412,350
26.05.1972	2,142,857	Issue of shares to Glenealy Plantations (Malaya) Berhad at RM1.00 per share as consideration for the acquisition of Glenealy and Selborne Estates	16,555,207
21.06.1976	82,776,035	Bonus issue of five (5) for one (1)	99,331,242
19.02.1979	15,000,000	Bumiputera issue at RM1.10 per share	114,331,242
23.09.1980	4,168,758	Bumiputera issue at RM2.00 per share	118,500,000
30.04.1983	11,000,000	Bumiputera issue at RM2.75 per share	129,500,000
16.12.1989	64,750,000	Bonus Issue of one (1) for two (2)	194,250,000
02.04.1996	97,125,000	Bonus Issue of one (1) for two (2)	291,375,000
08.03.2007	144,576,000	Bonus Issue of one (1) for two (2)	435,951,000
24.02.2020	7,714,894	Issue of shares under Dividend Reinvestment Plan	443,665,894
04.06.2020	(44,130,431)	Cancellation of shares bought back	399,535,463



## Corporate Information

### BOARD OF DIRECTORS

**TAN SRI DATO' SERI LEE OI HIAN**  
Non-Independent Non-Executive Chairman

**DATO' LEE HAU HIAN**  
Managing Director

**DATO' YEOH ENG KHOON**  
Senior Independent Non-Executive Director

**MR. QUAH CHEK TIN**  
Independent Non-Executive Director

**TAN SRI RASTAM BIN MOHD ISA**  
Independent Non-Executive Director

**DR. TUNKU ALINA BINTI RAJA MUHD ALIAS**  
Independent Non-Executive Director

**MR. LEE YUAN ZHANG**  
Non-Independent Non-Executive Director

**MR. LIM BAN AIK**  
Independent Non-Executive Director

### COMPANY SECRETARIES

Ms. Yap Miow Kien  
Mr. Goh Swee Eng  
Ms. Chiew Cindy

### REGISTERED OFFICE / PRINCIPAL PLACE OF BUSINESS

Bangunan Mayban Trust Ipoh  
Level 9  
No. 28, Jalan Tun Sambathan,  
30000 Ipoh,  
Perak Darul Ridzuan, Malaysia  
Tel : 605 - 240 8000  
Fax : 605 - 240 8117  
Email : [cosec@bkawan.com.my](mailto:cosec@bkawan.com.my)  
Website : [www.bkawan.com.my](http://www.bkawan.com.my)

### SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd  
11<sup>th</sup> 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  
Email : [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com)  
Website : [www.boardroomlimited.com](http://www.boardroomlimited.com)

### PLACE OF INCORPORATION AND DOMICILE

In Malaysia as a public limited liability company

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad  
Stock Code : 1899  
Stock Name : BKAWAN

### AUDITORS

BDO PLT  
Chartered Accountants

### PRINCIPAL BANKERS

Australia and New Zealand Banking Group Limited  
CIMB Bank Berhad  
HSBC Amanah Malaysia Berhad  
HSBC Bank Malaysia Berhad  
Malayan Banking Berhad  
OCBC Al-Amin Bank (Malaysia) Berhad  
OCBC Bank (Malaysia) Berhad  
RHB Bank Berhad  
Standard Chartered Bank Malaysia Berhad

## Profile of Directors



**DATO' LEE HAU HIAN**  
Managing Director



**DATO' YEOH ENG KHOON**  
Senior Independent Non-Executive Director



**DR. TUNKU ALINA  
BINTI RAJA MUHD ALIAS**  
Independent Non-Executive Director



**TAN SRI DATO' SERI  
LEE OI HIAN**  
Non-Independent Non-Executive  
Chairman



**MR. QUAH CHEK TIN**  
Independent Non-Executive Director



**TAN SRI RASTAM  
BIN MOHD ISA**  
Independent Non-Executive Director



**MR. LEE YUAN ZHANG**  
Non-Independent Non-Executive Director



**MR. LIM BAN AIK**  
Independent Non-Executive Director

**Profile of Directors** (Continued)



**TAN SRI DATO' SERI LEE OI HIAN**

*Non-Independent Non-Executive Chairman  
Member of Nomination Committee  
Member of Remuneration Committee*

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 Aged 70     Male     Malaysian

**Tan Sri Lee** joined the Board on 1 June 1979. He graduated with a Bachelor of Agricultural Science (Honours) degree from University of Malaya and obtained his Master in Business Administration from Harvard Business School.

Tan Sri Lee joined Kuala Lumpur Kepong Berhad (“**KLK**”) in 1974 as an executive and was subsequently appointed to the KLK Board in 1985. In 1993, he was appointed as the KLK Group’s Chairman/Chief Executive Officer (“**CEO**”) and held the position until 2008, when he relinquished his role as Chairman, but remains as Executive Director and CEO of KLK Group.

Tan Sri Lee is the CEO of KLK, a company listed on the Main Market of Bursa Malaysia Securities Berhad. He also sits on the board of IJM Plantations Berhad and serves as a member on the Board of Trustees of the Perdana Leadership Foundation, Yayasan KLK, UTAR Education Foundation and Yayasan Wesley. He was formerly the Chairman of the Malaysian Palm Oil Council.

He is the brother of Dato’ Lee Hau Hian [Batu Kawan Berhad (“**BKB**”) Managing Director] and the uncle of Mr. Lee Yuan Zhang (a BKB Director). He is deemed connected with Wan Hin Investments Sdn Berhad which is the holding company of Arusha Enterprise Sdn Bhd, both being major shareholders of BKB. He is also deemed interested in various related party transactions with the BKB Group.



**DATO' LEE HAU HIAN**

*Managing Director*

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 Aged 68     Male     Malaysian

**Dato’ Lee** joined the Board on 20 December 1993. He graduated with a Bachelor of Science (Economics) degree from the London School of Economics and Political Science and has a Master in Business Administration from Stanford University.

Dato’ Lee is a director of KLK, See Sen Chemical Berhad (“**See Sen**”), Chemical Company of Malaysia Berhad (“**CCM**”) and Synthomer plc, a company listed on the London Stock Exchange. He is also the President of the Perak Chinese Maternity Association. He also serves as a member on the Board of Trustees of Yayasan De La Salle, Yayasan KLK and Tan Sri Lee Loy Seng Foundation.

He is the brother of Tan Sri Dato’ Seri Lee Oi Hian (BKB Chairman) and the father of Mr. Lee Yuan Zhang (a BKB Director). He is deemed connected with Wan Hin Investments Sdn Berhad which is the holding company of Arusha Enterprise Sdn Bhd, both being major shareholders of BKB. He is deemed interested in various related party transactions with the BKB Group.



**Profile of Directors** (Continued)



**DATO' YEOH ENG KHOON**

*Senior Independent Non-Executive Director  
Chairman of Nomination Committee  
Chairman of Remuneration Committee  
Member of Audit and Risk Committee*

 Aged 74    
  Male    
  Malaysian

**Dato' Yeoh** joined the Board on 24 February 2005.

He obtained his Bachelor of Arts (Honours) degree in Economics (Business Administration) from University of Malaya in 1968 and was called to the Bar of England and Wales at Lincoln's Inn in 1979.

He has previous work experience in banking, manufacturing and retail business.

He is also a director of KLK and See Sen as well as a member on the Board of Trustees of Yayasan KLK.

He has no family relationship with any Director and/or major shareholder of BKB.



**MR. QUAH CHEK TIN**

*Independent Non-Executive Director  
Chairman of Audit and Risk Committee  
Member of Remuneration Committee*

 Aged 70    
  Male    
  Malaysian

**Mr. Quah** was appointed to the Board on 4 March 2010. He holds a Bachelor of Science (Honours) degree in Economics from the London School of Economics and Political Science and is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Malaysian Institute of Accountants.

He began his career with Coopers & Lybrand London, before returning to Malaysia. He joined the Genting Group in 1979 and has served in various positions within the group. He was the Executive Director of Genting Berhad as well as the Executive Director and Chief Operating Officer of Genting Malaysia Berhad prior to his retirement on 8 October 2006.

He sits on the Boards of Genting Malaysia Berhad, Genting Plantations Berhad and Paramount Corporation Bhd.

He has no family relationship with any Director and/or major shareholder of BKB.

**Profile of Directors** (Continued)



**TAN SRI  
RASTAM BIN  
MOHD ISA**

*Independent Non-Executive Director  
Member of Audit and Risk Committee*



Aged 70



Male



Malaysian

**Tan Sri Rastam** joined the Board on 20 March 2017. He holds a Bachelor of Social Science (Honours) degree from Universiti Sains Malaysia, a Master of Arts degree in International Relations and Strategic Studies from University of Lancaster and a Certificate of Diplomacy from University of Oxford.

Tan Sri Rastam retired as Secretary General of the Ministry of Foreign Affairs on 2 September 2010. Prior to that, he was High Commissioner of Malaysia to Pakistan, Ambassador of Malaysia to Bosnia - Herzegovina and the Republic of Indonesia, and Permanent Representative of Malaysia to the United Nations in New York.

He was the Chairman and Chief Executive of the Institute of Strategic and International Studies (ISIS) Malaysia, Chairman of the Malaysian National Committee for the Pacific Economic Cooperation Council and the Malaysian National Committee of the Council for Security Cooperation in the Asia Pacific (CSCAP). He was also a Malaysian member of the Asia-Pacific Economic Cooperation Business Advisory Council - ABAC. He is an Executive Committee member of the Malaysia-Japan Economic Association (MAJECA).

He has no family relationship with any Director and/or major shareholder of BKB.



**DR. TUNKU  
ALINA BINTI  
RAJA  
MUHD ALIAS**

*Independent Non-Executive Director  
Member of Audit and Risk Committee  
Member of Nomination Committee*



Aged 58



Female



Malaysian

**Dr. Tunku Alina** was appointed to the Board on 20 April 2018. She holds a Bachelor of Laws (LL.B) degree from Universiti of Malaya, a Master in Law (LL.M) (Corporate and Commercial Law) from King's College, London and a PhD in Islamic Finance, International Centre for Education in Islamic Finance. She is an Advocate and Solicitor of the High Court of Malaya and an Associate Mediator of Singapore Mediation Centre.

Dr. Tunku Alina began her career as a Legal Assistant with Skrine & Co in February 1987. After working with Skrine & Co for five (5) years, she co-founded a legal firm, Wong Lu Peen & Tunku Alina, in April 1992 and served as the Managing Partner until December 2011. She remains a Consultant to the firm.

She sits on the Boards of IJM Corporation Berhad, Nestlé (Malaysia) Berhad, Malaysian Pacific Industries Berhad, and is a member on the Board of Trustees of Raja Alias Foundation.

She has no family relationship with any Director and/or major shareholder of BKB.



**Profile of Directors** (Continued)



**MR. LEE YUAN ZHANG**

*Non-Independent Non-Executive Director*

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 Aged 35    
  Male    
  Malaysian

**Mr. Lee Yuan Zhang** was appointed to the Board on 1 March 2021. He holds a Bachelor of Government and Economics degree from the London School of Economics and Political Science, United Kingdom.

Mr. Lee is the Regional Director (Plantations) of KLK. He has been with the KLK Group since 2009.

Prior to his current position, Mr. Lee has held senior positions in several Indonesia and Singapore subsidiaries of KLK, including President Director of a KLK subsidiary in Jakarta. He was also a Manager in a KLK subsidiary in Singapore, involved in marketing and trading of palm oil refined products and related logistic services.

He is the son of Dato’ Lee Hau Hian (BKB Managing Director) and nephew of Tan Sri Dato’ Seri Lee Oi Hian (BKB Chairman). Both Tan Sri Dato’ Seri Lee Oi Hian and Dato’ Lee Hau Hian are major shareholders of BKB.



**MR. LIM BAN AIK**

*Independent Non-Executive Director*

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 Aged 47    
  Male    
  Malaysian

**Mr. Lim Ban Aik** was appointed to the Board on 1 March 2021. He graduated with a Bachelor of Commerce (Accounting & Finance) degree from Monash University, Australia.

Mr. Lim was an International College (now known as Inti College) lecturer/tutor in 1998, and is now a director of his family-owned company and its subsidiaries, Heah Seok Yeong Realty Sdn Bhd (“**HSYR**”) Group.

Mr. Lim has experience in managing the investments and plantation assets of HSYR Group. Prior to his current position as a director of HSYR Group, Mr. Lim start his career in HSYR as an Administrative Executive and he is currently actively involved with strategy planning, financial planning, advisory role and formulating directions for the HSYR Group.

He was the Honorary Secretary of Malaysian Estate Owner’s Association from 2015 to 2020.

He has no family relationship with any Director and/or major shareholder of BKB.

**Additional Information:**

- Save as disclosed in the Profile of Directors, none of the Directors has:
  - (i) any conflict of interest with BKB; and
  - (ii) any directorship in public companies and listed issuers.
- None of the Directors of BKB has been convicted of any offence (other than traffic offences) within the past five (5) years and there was no public sanction and penalty imposed by the relevant regulatory bodies during the financial year.

## Profile of Key Senior Management



**TAN SRI DATO' SERI  
LEE OI HIAN**

*Non-Independent Non-Executive Chairman of Batu Kawan Berhad ("BKB")  
Chief Executive Officer of Subsidiary of BKB, Kuala Lumpur Kepong Berhad ("KLK")*



Aged 70



Male



Malaysian

Tan Sri Lee was appointed as the Chairman/Chief Executive Officer of KLK Group in 1993 and held the position until 2008. On 1 May 2008, he relinquished his role as Chairman but has retained his position as Executive Director and Chief Executive Officer of KLK Group. The detailed profile of Tan Sri Lee is shown in the Profile of Directors.



**DATO'  
LEE HAU HIAN**

*Managing Director of BKB*



Aged 68



Male



Malaysian

Dato' Lee is the Managing Director of BKB since 20 December 1993. The detailed profile of Dato' Lee is shown in the Profile of Directors.



**MR.  
LEE JIA ZHANG**

*Chief Operating Officer of Subsidiary of BKB, KLK*



Aged 38



Male



Malaysian

Mr. Lee Jia Zhang was appointed to the Board of KLK on 16 May 2018.

Mr. Lee holds a Master in Chemical Engineering (Hons) degree (MEng) from Imperial College, United Kingdom. He is a Chartered Accountant and a Member of the Institute of Chartered Accountants Scotland (ICAS). He has also completed the Accelerated Development Programme from the University of Chicago Booth School of Business (Executive Education).

He began his career with Ernst & Young LLP, United Kingdom from 2006 to 2009 and thereafter with KPMG, Kuala Lumpur in 2009 both in audit. He then joined KLK Group in 2010 and has since held various positions in the Oleochemical and Corporate divisions. He started his career in KLK as a Senior Manager and is currently KLK Group Chief Operating Officer assisting the Chief Executive Officer to formulate, drive and execute operation strategies and determine the overall strategic direction of the Group.

In his capacity as KLK Group Chief Operating Officer, Mr. Lee directs the daily conduct of the KLK Group's operations, management and administration across the KLK Group's business sectors. He also oversees several of the KLK Group's corporate functions and works with KLK Senior Management to create, implement and roll out operational processes, internal infrastructures, reporting systems and company policies.

Mr. Lee is the son of Tan Sri Dato' Seri Lee Oi Hian (BKB Chairman), the nephew of Dato' Lee Hau Hian (BKB Managing Director) and cousin of Mr. Lee Yuan Zhang (BKB Director). Tan Sri Dato' Seri Lee and Dato' Lee are major shareholders of BKB.

## Profile of Key Senior Management (Continued)



**MR. PATRICK  
KEE CHUAN PENG**

*Group Plantations Director of Subsidiary of BKB, KLK*



Aged 62



Male



Malaysian

Mr. Patrick Kee was appointed as the Group Plantations Director of KLK Group on 1 October 2017. Prior to his appointment, he was the President Director of KLK's subsidiaries in Indonesia.

He is an Associate Member of the Incorporated Society of Planters. He joined KLK on 1 February 1982 and has served KLK's subsidiaries in various capacities from Assistant, Manager, General Manager to Regional Director (both in West Malaysia and Sabah) prior to his posting to Indonesia.

He has attended the Senior Management Development Program conducted by Harvard Business School and Advance Management Program of INSEAD.

He has no family relationship with any Director and/or major shareholder of BKB.



**MR.  
TAN CHEE HENG**

*Managing Director of Subsidiaries of BKB*



Aged 50



Male



Malaysian

Mr. Tan is the Managing Director of BKB's subsidiaries, Malay-Sino Chemical Industries Sendirian Berhad and See Sen Chemical Berhad since 2012, and the Executive Director of Chemical Company of Malaysia Berhad. He possesses a Chemical Engineering degree from University of Sheffield, United Kingdom.

He has worked in the chemical, gloves and food industries for more than 22 years in various areas including supply chain, production, and operation management, both locally and regionally. Prior to joining the BKB Group, he was the Associate Director – Global Sourcing of Ansell Services (Asia) Sendirian Berhad.

He has no family relationship with any Director and/or major shareholder of BKB.



**MR. MADHEV A/L  
BALA SUBRAMANIAM**

*Chief Executive Officer, Oleochemical Division of Subsidiary of BKB, KLK*



Aged 61



Male



Malaysian

Mr. Madhev holds an Honours Degree in Chemical Engineering and a Master Degree in Engineering Science from University of Malaya.

He has been with KLK Group since 1990. Prior to joining KLK Group, he was a faculty member at the Department of Chemical Engineering in University of Malaya. Mr. Madhev is a member of the Board of Engineers Malaysia.

He has no family relationship with any Director and/or major shareholder of BKB.



## Profile of Key Senior Management (Continued)



**DATO' DAVID  
TAN THEAN THYE**

*Executive Director, Property Development of Subsidiary of BKB, KLK*



Aged 67



Male



Malaysian

Dato' David Tan is the Executive Director of a subsidiary of KLK, KLK Land Sdn Bhd. He joined the KLK Group on 1 January 2013 and is responsible for overseeing the business development, planning and implementation of KLK property projects.

Dato' David Tan holds a BSc (Hons) in Housing, Building & Planning and MSc in Planning from Universiti Sains Malaysia. He is a Corporate Member of the Malaysian Institute of Planners and a Registered Planner with the Board of Town Planners, Malaysia.

He has more than 40 years of experience in the property industry with 22 years as Head of Property in IOI Group where he was also a Director of IOI Properties Berhad.

He has no family relationship with any Director and/or major shareholder of BKB.



**MR.  
GOH SWEE ENG**

*Chief Financial Officer and Joint Company Secretary of BKB*



Aged 49



Male



Malaysian

Mr Goh holds a Bachelor of Accountancy degree from University of Putra Malaysia. He is a fellow member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. He joined BKB as a Chief Accountant on 16 July 2018.

Prior to joining BKB, he has more than 21 years of experience in auditing and finance functions. He began his career in PricewaterhouseCoopers, Kuala Lumpur and in later years joined the manufacturing, property development and telecommunication industries where he has held regional and senior managerial positions in finance, internal audit, corporate services and supply chain management functions.

He has no family relationship with any Director and/or major shareholder of BKB.

**Additional Information:**

- Save as disclosed above, none of the Key Senior Management has:
  - any conflict of interest with BKB; and
  - any directorship in public companies and listed issuers.

- None of the above Key Senior Management of BKB has been convicted of any offence (other than traffic offences) within the past five (5) years and there was no public sanction and penalty imposed by the relevant regulatory bodies during the financial year.

## Chairman's Statement



### FINANCIAL PERFORMANCE REVIEW

For the financial year ended 30 September 2021 (“FY 2021”), the Batu Kawan Berhad (“**Company**” or “**BKB**”) Group, including its main subsidiary – Kuala Lumpur Kepong Berhad (“**KLK**”), achieved a 144% higher Group pre-tax profit of RM3.08 billion, compared to RM1.26 billion the previous year. This record pre-tax profit reflected the strong rise in palm product prices as well as non-operational gains of RM503.84 million largely from KLK’s fair value surplus on deemed disposal of an associate, and surplus on land sales and government land acquisitions. Excluding these non-operational items, your Group’s pre-tax profit would have been RM2.58 billion, or 105% higher than the previous year.

After-tax profit attributable to BKB shareholders was higher at RM1.14 billion compared to RM417.27 million last year. Group earnings per share (“**EPS**”) increased to 289.6 sen, 175% higher than last year’s 105.3 sen, partly helped by our share buyback programme.

Your Board has declared an increased final single tier dividend of 90 sen per share (“**Final Dividend**”) for this financial year, which including the interim dividend of 20 sen, provide a total dividend of 110 sen (2020: 55 sen) for the full year, an increase of 100%.

Under the Company’s share buyback programme, a further 3,256,700 BKB shares (2020: 1,646,900) were bought back during the year at an average price of RM18.19 per share (2020: RM14.49 per share).

### ACQUISITIONS

In FY 2021, the Group made two significant corporate acquisitions.

#### ***Chemical Company of Malaysia Berhad (“CCM”)***

As reported last year, BKB acquired a 56.32% equity interest in CCM from Permodalan Nasional Berhad (“**PNB**”) on 11 December 2020 for a consideration of some RM292.79 million. Thereafter the Company made an unconditional mandatory Take-over offer to the minority shareholders for their remaining shares in CCM at an offer price of RM3.10 per CCM share.

From the mandatory Take-over offer, which closed on 2 February 2021, the Company acquired sufficient CCM shares to increase its equity interest in CCM to 97.12%. This allowed the subsequent delisting of CCM from the Main Market of Bursa Securities and the compulsory acquisition by the Company of all the remaining CCM shares on 16 March 2021, making CCM a wholly-owned subsidiary of BKB.

CCM has two subsidiaries – CCM Chemicals which is involved in Chlor-alkali products manufacturing [the same business as our other chemical subsidiary, Malay-Sino Chemical Industries (“**Malay-Sino**”)] and CCM Polymers, which produces performance chemicals for the gloves industry.

Activities are on-going to restructure these new subsidiaries to improve their performance and later to integrate them in our existing Chemical Division.

#### ***IJM Plantations Berhad (“IJMP”)***

KLK, our main subsidiary, acquired a controlling 56.20% equity interest in the listed IJMP, from IJM Corporation Berhad on 6 September 2021 for a consideration of RM1.53 billion. Subsequently, on 20 September 2021, KLK made the mandatory Take-over offer for the remaining shares in IJMP not already owned by KLK at the same price of RM3.10 per IJMP share.

Upon closing of the mandatory Take-over offer on 18 November 2021, KLK achieved an equity interest of 94.89% in IJMP, allowing its subsequent delisting from the Official List on the Main Market of Bursa Securities.

This acquisition brought another 61,277 ha of oil palm plantations located in Sabah and Indonesia to KLK’s overall plantation hectareage.

## Chairman's Statement (Continued)

### SUBSIDIARIES' PERFORMANCE

#### ***MAIN SUBSIDIARY – KLK***

KLK's pre-tax profit was RM2.97 billion, or 151% higher than the RM1.18 billion achieved last year, due to strong palm product prices and aided by non-operational gains during the year.

Excluding the non-operational items, KLK's pre-tax profit would have been 130% higher at RM2.48 billion (2020: RM1.07 billion) with higher revenue of RM19.91 billion (2020: RM15.59 billion). After-tax profit attributable to KLK shareholders was 192% higher at RM2.25 billion compared to last year's RM772.60 million, with EPS of 209.3 sen (2020: RM72.0 sen).

Plantation profit was 119% higher at RM1.58 billion than last year's RM725.18 million, reflecting the stronger commodity prices and a one month recognition of RM50.80 million pre-tax profit from IJMP's September 2021 results, notwithstanding lower CPO and PK sales volumes. The processing and trading operations did well, reporting 152% higher profit of RM234.0 million (2020: RM92.9 million), mainly from the refineries and kernel crushing plants in Indonesia.

Oleochemical operations reported a sharply improved profit of RM680.63 million (2020: RM394.41 million), mainly contributed by its Chinese and European oleo operations which benefited from significantly higher revenue at better margins.

Contribution from Property segment was 26% higher at RM69.24 million (2020: RM55.06 million) on the back of higher revenue of RM195.07 million (2020: RM154.88 million).

#### ***INDUSTRIAL CHEMICAL SUBSIDIARIES***

Malay-Sino contributed the bulk of our industrial chemical division pre-tax profits of RM98.45 million, some 55% higher than last year, contributed primarily by higher selling prices of liquid chlorine, higher off-takes from a major customer, the inclusion of 9-month pre-tax profit from the CCM Group's results and a RM15.53 million gain on disposal of equity investment, despite slightly reduced revenues. Excluding the equity sale gain, our industrial chemical division's pre-tax profit would have been 30% higher than previous year.

Malay-Sino's Kemaman plant commissioned its co-generation power plant in February 2021 which resulted in electricity costs savings. CCM will also commission a similar co-generation power plant in the first quarter of financial year 2022 ("FY 2022"). As reported last year, to improve performance of our chlor-alkali plants further, replacement of selected existing electrolyzers in our Malay-Sino's Lahat and Kemaman plants with ones of newer technology and better operating efficiency are on-going.

The performance of CCM Chemicals was below potential due to operating issues at its Pasir Gudang plant, which issues are being addressed.

In contrast, CCM Polymers is performing well, benefitting from higher product selling prices and volumes from the gloves industry during the year.

The sulphuric acid operations under See Sen Chemical and the chemical transport subsidiaries continue to operate satisfactorily.

#### ***PLANTATION SUBSIDIARIES (NON-KLK-OWNED)***

PT. Satu Sembilan Delapan ("SSD"), our plantation subsidiary with 5,384 ha mature oil palm and its own palm oil mill in Kalimantan, achieved a 140% higher pre-tax profit (after inter-company loan interest) of RM29.29 million (2020: RM12.18 million) due to stronger commodity prices, despite lower CPO sales volume and a lower CPO extraction rate. Our other Indonesian subsidiary, PT. Tekukur Indah, owning 1,497 hectares of undeveloped land adjacent to SSD's estate, will commence oil palm planting in FY 2022 on its 959 hectares plantable area.

#### ***PROPERTY INVESTMENTS***

Through overseas subsidiaries, your Group has co-invested in nine (9) property development projects in Australia - seven (7) in Melbourne and two (2) in Perth, with our share of these managed projects at between 10% to 50%. These projects, several on-going, are expected to complete between 2024 and 2038. These investments recorded a pre-tax profit (after interest) of RM9.66 million this year (2020: RM4.16 million), mainly attributable to higher sales settlements from The Hales development in Forrestfield, Perth and True North in Greenvale, Melbourne.

Your Group's sole office building in Mutiara Damansara, Menara KLK, was sold to KLK Land Sdn Bhd, a wholly-owned subsidiary of KLK on 4 August 2021 for a consideration of RM93.51 million, as the KLK group is occupying most of the building.

## Chairman's Statement (Continued)

### OUTLOOK

Current strong palm product prices are projected to sustain in the next few months. This will auger well for the Group's Plantation profit for the 2022 financial year. Notwithstanding expected favorable commodity prices, challenges remain for the Plantation sector, including serious labour shortages amplified by the COVID-19 pandemic and increasing focus required on sustainability issues.

Despite on-going challenges from volatile raw material price movements and logistic issues arising from COVID-19, the Group's Oleochemical and Industrial Chemical sectors expect to maintain their performances in financial year 2022.

### NEW BOARD APPOINTMENTS

As part of its initiative to improve Board diversity, your Board welcomed two (2) younger new directors, namely Mr Lee Yuan Zhang and Mr Lim Ban Aik in March 2021 to the Board as new non-executive directors. Yuan Zhang has been employed with KLK since 2009 and has held various senior positions in its Malaysia, Indonesia and Singapore subsidiaries. Ban Aik has experience in managing the investments and plantation assets of his family-owned company and was the Honorary Secretary of Malaysian Estate Owner's Association from 2015 to 2020. Your Board will continue to look at refreshing its composition from time to time.

### APPRECIATION

The continuing COVID-19 pandemic has impacted many businesses, including those of the Group, as well as the lives of its employees. However, the Group is fortunate to be mostly in industries that provide essential products which did not face major business disruptions and was largely able to continue most operations during the implementation of movement controls during the lockdown periods. Vigorous efforts were made to instill infection control measures in our operations and ensure that our employees are vaccinated speedily for their protection.

On behalf of the Board, I would like to convey my heartfelt thanks to my fellow Directors, Management, and our Group employees for their dedication and efforts in guiding the Company through this challenging time.

**Tan Sri Dato' Seri Lee Oi Hian**

Chairman

13 December 2021

## Kenyataan Pengerusi

### KAJIAN PRESTASI KEWANGAN

Bagi tahun kewangan berakhir 30 September 2021, Batu Kawan Berhad (“**Syarikat**” atau “**BKB**”), termasuk anak syarikat utamanya - Kuala Lumpur Kepong Berhad (“**KLK**”), mencapai keuntungan sebelum cukai yang lebih tinggi sebanyak 144% iaitu RM3.08 bilion, berbanding RM1.26 bilion pada tahun sebelumnya. Rekod keuntungan sebelum cukai ini mencerminkan kenaikan harga produk kelapa sawit yang kukuh serta keuntungan bukan operasi sebanyak RM503.84 juta yang sebahagian besarnya daripada lebih nilai saksama KLK yang dianggap sebagai pelupusan sesebuah syarikat bersekutu, dan lebih ke atas jualan tanah dan pengambilan tanah oleh kerajaan. Tanpa keuntungan bukan operasi ini, keuntungan sebelum cukai Kumpulan anda sepatutnya adalah RM2.58 bilion, atau 105% lebih tinggi daripada tahun sebelumnya.

Keuntungan selepas cukai yang boleh diagihkan kepada pemegang syer BKB lebih tinggi pada RM1.14 bilion berbanding RM417.27 juta pada tahun lepas. Perolehan Kumpulan sesyer (“**EPS**”) meningkat kepada 289.6 sen, 175% lebih tinggi daripada 105.3 sen bagi tahun lepas, sebahagiannya ditingkatkan oleh program pembelian balik syer kami.

Ahli Lembaga Pengarah anda telah mengisytiharkan peningkatan dividen akhir peringkat tunggal berjumlah 90 sen sesyer (“**Dividen Akhir**”) untuk tahun kewangan semasa, yang termasuk dividen interim berjumlah 20 sen, telah menjadikan jumlah dividen sebanyak 110 sen (2020: 55 sen) bagi tahun kewangan semasa, iaitu peningkatan sebanyak 100%.

Di bawah program pembelian balik syer Syarikat, 3,256,700 syer BKB (2020: 1,646,900) telah dibeli semula pada tahun ini dengan harga purata RM18.19 sesyer (2020: RM14.49 sesyer).

### PENGAMBILALIHAN

Pada tahun kewangan 2021, Kumpulan kami telah melaksanakan dua (2) pengambilalihan korporat yang ketara.

#### **Chemical Company of Malaysia Berhad (“CCM”)**

Seperti yang dilaporkan pada tahun lepas, BKB memperoleh 56.32% kepentingan ekuiti dalam CCM daripada Permodalan Nasional Berhad (“**PNB**”) pada 11 Disember 2020 dengan balasan berjumlah kira-kira RM292.79 juta. Selepas itu, Syarikat telah membuat tawaran pengambilalihan mandatori tanpa syarat kepada para pemegang syer minoriti atas baki syer mereka di CCM dengan harga tawaran RM3.10 seunit syer CCM.

Daripada tawaran pengambilalihan mandatori, yang ditutup pada 2 Februari 2021, Syarikat telah memperoleh syer CCM yang mencukupi bagi meningkatkan kepentingan ekuiti dalam CCM kepada 97.12%. Pengambilalihan ini membolehkan CCM dinyahsenaraikan daripada Pasaran Utama Bursa Securities dan pengambilalihan wajib oleh Syarikat terhadap semua baki syer CCM pada 16 Mac 2021, menjadikan CCM sebuah anak syarikat milik penuh BKB.

CCM mempunyai dua anak syarikat - CCM Chemicals yang terlibat dalam pembuatan produk Klor-Alkali [iaitu perniagaan yang sama seperti anak syarikat kimia lain, Malay-Sino Chemical Industries (“**Malay-Sino**”)] dan CCM Polymers, yang menghasilkan bahan kimia prestasi bagi industri sarung tangan.

Aktiviti-aktiviti penstrukturan semula anak-anak syarikat baru ini sedang dijalankan untuk meningkatkan prestasi mereka dan kemudian untuk mengintegrasikan mereka dengan Bahagian Kimia yang sedia ada.

#### **IJM Plantations Berhad (“IJMP”)**

KLK, anak syarikat utama kami memperoleh 56.20% kepentingan ekuiti dalam IJMP yang tersenarai, dari IJM Corporation Berhad pada 6 September 2021 dengan balasan berjumlah RM1.53 bilion. Seterusnya, pada 20 September 2021, KLK membuat tawaran pengambilalihan mandatori untuk baki syer dalam IJMP yang belum dimiliki oleh KLK dengan harga yang sama sebanyak RM3.10 seunit syer IJMP.

Setelah menutup tawaran pengambilalihan mandatori pada 18 November 2021, KLK telah memperoleh kepentingan ekuiti sebanyak 94.89% dalam IJMP, yang membolehkan penyahsenaraian daripada Senarai Rasmi di Pasaran Utama Bursa Securities.

Pengambilalihan ini telah menghasilkan pemilikan tambahan sebanyak 61,277 ha ladang kelapa sawit yang terletak di Sabah dan Indonesia kepada keseluruhan keluasan perladangan milik KLK.



## Kenyataan Pengerusi (Sambungan)

### PRESTASI ANAK-ANAK SYARIKAT / SUBSIDIARI

#### **ANAK SYARIKAT UTAMA – KLK**

Keuntungan sebelum cukai KLK adalah sebanyak RM2.97 bilion, atau 151% lebih tinggi daripada RM1.18 bilion yang dicapai pada tahun lepas disumbangkan oleh harga produk kelapa sawit yang kukuh dan dibantu oleh keuntungan bukan operasi semasa tahun tersebut.

Tanpa keuntungan bukan operasi, keuntungan sebelum cukai KLK sepatutnya 130% lebih tinggi pada RM2.48 bilion (2020: RM1.07 bilion) dengan pendapatan yang lebih tinggi sebanyak RM19.91 bilion (2020: RM15.59 bilion). Keuntungan selepas cukai yang boleh diagihkan kepada para pemegang syer KLK adalah 192% lebih tinggi iaitu pada RM2.25 bilion berbanding RM772.60 juta tahun lepas, dengan EPS bernilai 209.3 sen (2020: 72.0 sen).

Keuntungan dari sektor perladangan adalah 119% lebih tinggi iaitu pada RM1.58 bilion berbanding tahun lepas RM725.18 juta, menunjukkan harga komoditi yang lebih kukuh dan pengiktirafan sebulan keuntungan sebelum cukai sebanyak RM50.80 juta dari keputusan September 2021 IJMP, meskipun tahap jualan CPO dan PK adalah lebih rendah. Operasi pemprosesan dan perdagangan telah mencapai prestasi yang baik, merekodkan 152% keuntungan yang lebih tinggi sebanyak RM234.0 juta (2020: RM92.9 juta), terutamanya dari kilang penyaringan dan penghancuran isirung di Indonesia.

Operasi oleokimia merekodkan keuntungan yang lebih baik sebanyak RM680.63 juta (2020: RM394.41 juta) yang disumbangkan oleh operasi oleo kami di China dan Eropah dimanfaatkan daripada hasil yang lebih tinggi dengan margin yang lebih baik.

Sumbangan dari segmen hartanah adalah 26% lebih tinggi iaitu pada RM69.24 juta (2020: RM55.06 juta) berikutan hasil yang lebih tinggi sebanyak RM195.07 juta (2020: RM154.88 juta).

#### **ANAK-ANAK SYARIKAT KIMIA INDUSTRI**

Malay-Sino telah menyumbangkan sebahagian besar keuntungan sebelum cukai untuk Bahagian Kimia Industri kami sebanyak RM98.45 juta, kira-kira 55% lebih tinggi daripada tahun lepas, disumbang terutamanya oleh harga jualan yang lebih tinggi bagi klorin cecair, permintaan lebih tinggi daripada pelanggan utama, termasuk keuntungan sebelum cukai 9 bulan dari keputusan Kumpulan CCM dan keuntungan RM15.53 juta daripada pelupusan pelaburan ekuiti, meskipun terdapat sedikit pengurangan hasil. Tanpa keuntungan jualan ekuiti, keuntungan sebelum cukai bahagian kimia industri kami sepatutnya 30% lebih tinggi daripada tahun sebelumnya.

Loji milik Malay-Sino di Kemaman memulakan penjana kuasa pada bulan Februari 2021 dan telah menghasilkan penjimatan kos elektrik. CCM juga akan memulakan penjana kuasa yang sama pada suku pertama tahun kewangan 2022 ("FY 2022"). Seperti yang dilaporkan tahun lepas, bagi meningkatkan prestasi loji klor-alkali kami, penggantian elektrolisis sedia ada yang terpilih dalam loji milik Malay-Sino di Lahat dan Kemaman dengan teknologi yang lebih baru dan kecekapan operasi yang lebih baik sedang dijalankan.

Prestasi CCM Chemicals sebelum ini berada di bawah potensi disebabkan oleh isu-isu pengoperasian di kilang Pasir Gudang yang sedang ditangani pada ketika ini.

Sebaliknya, CCM Polymers berada dalam prestasi yang baik, hasil daripada harga jualan produk dan jumlah yang lebih tinggi dari industri sarung tangan sepanjang tahun kewangan semasa.

Operasi asid sulfurik di bawah See Sen Chemical dan anak-anak syarikat pengangkutan kimia terus beroperasi dengan memuaskan.

#### **ANAK-ANAK SYARIKAT PERLADANGAN (BUKAN MILIKAN KLK)**

PT. Satu Sembilan Delapan ("SSD"), iaitu anak syarikat perladangan milik kami dengan 5,384 ha kelapa sawit matang dan kilang minyak sawit sendiri di Kalimantan, mencapai keuntungan sebelum cukai sebanyak 140% (selepas faedah pinjaman antara syarikat) sebanyak RM29.29 juta (2020: RM12.18 juta) disumbangkan oleh harga komoditi yang lebih kukuh, walaupun jumlah jualan CPO dan kadar pengekstrakan CPO adalah lebih rendah. Anak syarikat Indonesia kami yang lain, iaitu PT. Tekukur Indah, yang memiliki 1,497 ha tanah yang belum dibangunkan bersebelahan dengan ladang SSD, akan memulakan penanaman kelapa sawit pada tahun kewangan 2022 di kawasan seluas 959 ha.

## Kenyataan Pengerusi (Sambungan)

### PRESTASI ANAK-ANAK SYARIKAT / SUBSIDIARI (Sambungan)

#### **PELABURAN HARTANAH**

Melalui anak-anak syarikat kami di luar negara, kumpulan anda telah melabur dalam sembilan (9) projek pembangunan hartanah di Australia - tujuh (7) di Melbourne dan dua (2) di Perth, dengan kadar pemilikan kami dari projek-projek yang diuruskan di antara 10% hingga 50%. Seseengah daripada projek-projek ini sedang dijalankan dan dijangka akan siap antara tahun 2024 dan 2038. Pelaburan ini mencatatkan keuntungan sebelum cukai (selepas faedah) sebanyak RM9.66 juta pada tahun ini (2020: RM4.16 juta), terutamanya disumbangkan oleh jualan penempatan yang lebih tinggi dari pembangunan The Hales di Forrestfield, Perth dan True North di Greenvale, Melbourne.

Bangunan pejabat tunggal kumpulan anda di Mutiara Damansara, iaitu Menara KLK, telah dijual kepada KLK Land Sdn Bhd, anak syarikat milik penuh KLK pada 4 Ogos 2021 dengan balasan sebanyak RM93.51 juta, kerana Kumpulan KLK menduduki sebahagian besar bangunan tersebut.

#### TINJAUAN

Harga produk kelapa sawit semasa yang kukuh diunjurkan untuk kekal dalam beberapa bulan yang akan datang. Ini akan merangsangkan keuntungan kepada sektor perladangan Kumpulan bagi tahun kewangan 2022. Walaupun harga komoditi dijangka meningkat, cabaran bagi sektor perladangan masih lagi wujud, termasuk masalah kekurangan tenaga buruh yang serius disebabkan oleh Pandemik COVID-19 dan keperluan untuk meningkatkan tumpuan kepada isu-isu kelestarian alam sekitar.

Meskipun menghadapi cabaran yang berterusan daripada ketidaktentuan pergerakan harga bahan mentah dan isu-isu logistik yang timbul daripada COVID-19, sektor oleokimia dan bahan kimia industri Kumpulan berharap untuk mengekalkan prestasi mereka pada tahun kewangan 2022.

#### PERLANTIKAN LEMBAGA PENGARAH BARU

Bagi memenuhi inisiatif Syarikat untuk meningkatkan kepelbagaian keahlian Ahli Lembaga Pengarah, Ahli Lembaga Pengarah anda mengalu-alukan dua (2) ahli lembaga pengarah baru yang lebih muda, iaitu Encik Lee Yuan Zhang dan Encik Lim Ban Aik pada Mac 2021 sebagai pengarah bukan eksekutif. Yuan Zhang telah berkhidmat dengan KLK semenjak tahun 2009 dan telah memegang pelbagai jawatan kanan dalam subsidiari-subsidiari di Malaysia, Indonesia dan Singapura. Ban Aik mempunyai pengalaman dalam menguruskan pelaburan dan aset perladangan syarikat milik keluarganya dan merupakan Setiausaha Kehormat Persatuan Pemilik Ladang Malaysia dari 2015 hingga 2020. Ahli Lembaga Pengarah anda akan terus mempelbagaikan keahliannya dari semasa ke semasa.

#### PENGHARGAAN

Pandemik COVID-19 yang berterusan telah memberi kesan kepada banyak perniagaan, termasuk Kumpulan kami, serta kehidupan pekerja kami. Walau bagaimanapun, Kumpulan kami bernasib baik kerana terlibat dalam industri-industri yang mengeluarkan produk-produk keperluan yang tidak menghadapi gangguan perniagaan utama dan sebahagian besarnya dapat meneruskan kebanyakan operasi semasa dalam tempoh penguatkuasaan perintah kawalan pergerakan. Usaha yang bersungguh-sungguh telah dilakukan untuk mengawal jangkitan dalam operasi kami dan memastikan bahawa para kakitangan kami diberi vaksin secepat mungkin untuk perlindungan diri mereka.

Bagi pihak Ahli Lembaga Pengarah, saya ingin menyampaikan ucapan terima kasih saya kepada Para Pengarah, Pengurusan, dan kakitangan Kumpulan kami atas dedikasi dan usaha mereka dalam membimbing Syarikat melalui masa yang mencabar ini.

**Tan Sri Dato' Seri Lee Oi Hian**

Pengerusi

13 Disember 2021

## Group Statistics

### Five-Year Group Financial Statistics

	2021 RM'000 MRFS	2020 RM'000 MRFS	2019 RM'000 MFRS	2018 RM'000 MFRS	2017 RM'000 MFRS
Revenue	<b>20,717,928</b>	16,078,124	16,045,591	18,953,236	21,548,322*
Profit before taxation	<b>3,086,006</b>	1,264,664	929,312	1,116,090	1,622,131*
Profit attributable to equity holders of the Company	<b>1,146,934</b>	417,275	363,499	365,682	586,646*
Total assets	<b>29,869,067</b>	22,334,826	21,824,464	20,301,174	20,864,922
Share capital	<b>507,587</b>	507,587	435,951	435,951	435,951
Treasury shares	<b>(83,334)</b>	(23,957)	(623,059)	(491,740)	(446,671)
Reserves	<b>5,906,031</b>	5,393,300	5,850,081	6,137,589	6,183,916
Total equity attributable to equity holders of the Company	<b>6,330,284</b>	5,876,930	5,662,973	6,081,800	6,173,196
Non-controlling interests	<b>8,621,107</b>	6,744,349	6,457,280	6,836,872	6,926,774
Total equity	<b>14,951,391</b>	12,621,279	12,120,253	12,918,672	13,099,970
Total liabilities	<b>14,917,676</b>	9,713,547	9,704,211	7,382,502	7,764,952
Total equity and liabilities	<b>29,869,067</b>	22,334,826	21,824,464	20,301,174	20,864,922
Cash & cash equivalents, Short Term funds, and placements in Unit Trust funds	<b>3,782,671</b>	4,333,636	4,230,370	2,048,811	2,661,376
Total borrowings	<b>9,624,912</b>	6,921,290	7,023,835	4,783,213	4,942,764
Net debt	<b>5,842,241</b>	2,587,654	2,793,465	2,734,402	2,281,388
Basic earnings per share (sen)	<b>289.6</b>	105.3	91.7	91.1	145.2*
Dividend per share (sen)	<b>110.0</b>	55.0	60.0	55.0	60.0
Share price as at 30 September (RM)	<b>20.80</b>	15.06	15.68	17.00	19.12
Historical price earnings ratio (times)	<b>7.2</b>	14.3	17.1	18.7	13.2*
Dividend yield (%) <sup>1</sup>	<b>5.3</b>	3.6	3.8	3.2	3.1*
Dividend cover (times) <sup>2</sup>	<b>2.6</b>	1.9	1.5	1.7	2.4*
Dividend payout ratio (%) <sup>3</sup>	<b>38.0</b>	52.2	65.4	60.4	41.3*
Net assets per share attributable to equity holders of the Company (RM)	<b>16.04</b>	14.77	14.43	15.19	15.32
Return on shareholders' equity (%) <sup>4</sup>	<b>18.1</b>	7.1	6.4	6.0	9.5
Return on total assets (%) <sup>5</sup>	<b>8.5</b>	4.1	3.3	3.7	5.7
Net debt-to-equity ratio (times) <sup>6</sup>	<b>0.39</b>	0.21	0.23	0.21	0.17

<sup>[1]</sup> Based on Dividend per Share expressed as a percentage of BKB's Share Price as at 30 September

<sup>[2]</sup> Calculated as Basic Earnings per Share divided by Dividend per Share

<sup>[3]</sup> Based on Dividend per Share expressed as a percentage of Basic Earnings per Share

<sup>[4]</sup> Based on Profit Attributable to Equity Holders expressed as a percentage of Total Equity Attributable to Equity Holders

<sup>[5]</sup> Based on Profit for the year expressed as a percentage of Total Assets

<sup>[6]</sup> Based on Net Debt (being Total Borrowings less Cash & cash equivalents, Short Term funds, and placements in Unit Trust funds) divided by Total Equity

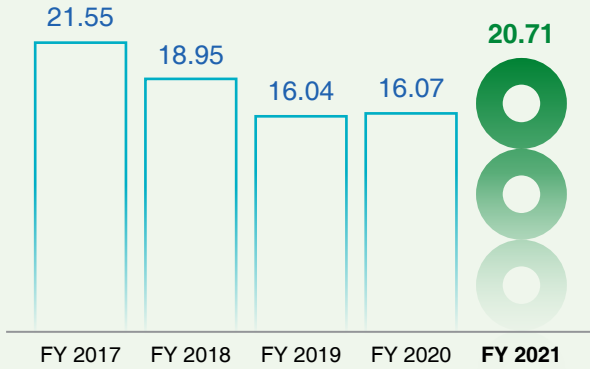
*Note: The financial figures for FY 2017 and 2018 have been restated to reflect the financial impact on transition from Financial Reporting Standards ("FRS") framework to Malaysian Financial Reporting Standards ("MFRS") framework, except indicated otherwise as (\*).*



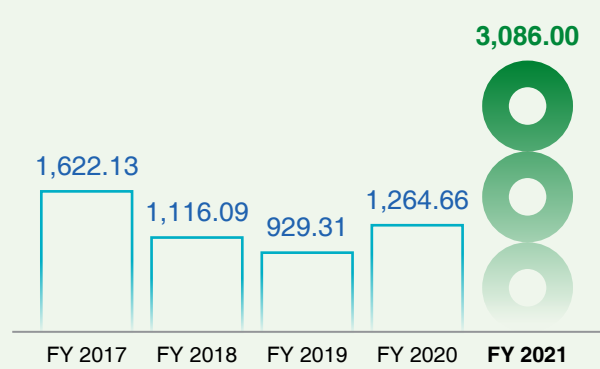
## Group Statistics (Continued)

### Performance At A Glance

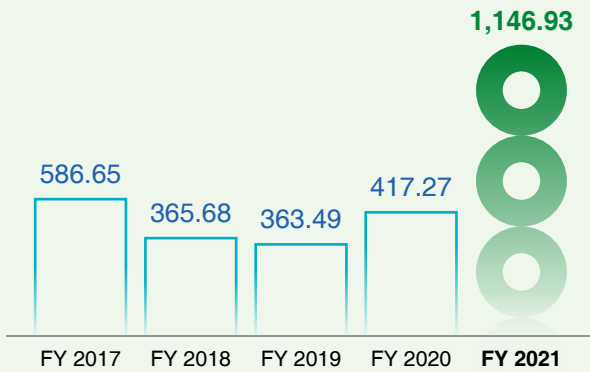
**Revenue** (in RM'bil)



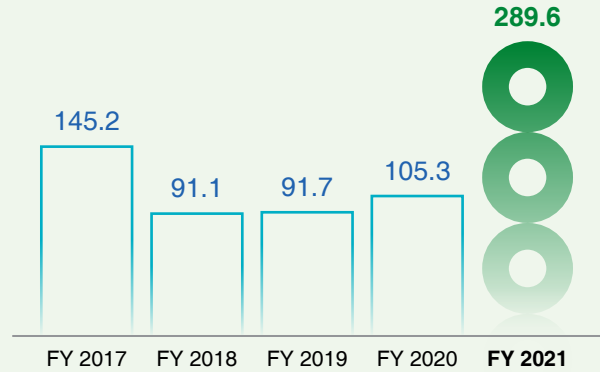
**Profit Before Taxation** (in RM'mil)



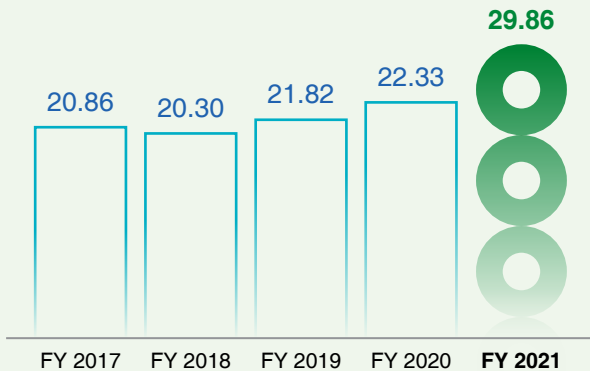
**Profit Attributable to Equity Holders**  
(in RM'mil)



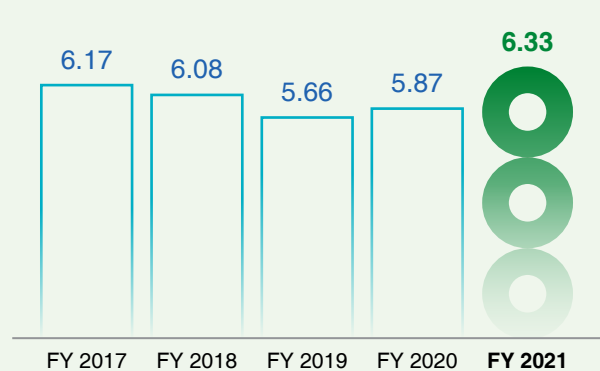
**Earnings per Share** (in sen)



**Total Assets** (in RM'bil)



**Equity Attributable to Equity Holders**  
(in RM'bil)



## Group Statistics (Continued)

### Five-Year Plantation Statistics

		2021	2020	2019	2018	2017
<b>OIL PALM</b>						
<b>FFB Production</b>						
- Own estates	(mt)	<b>4,070,230</b>	4,052,560	4,219,104	4,045,126	3,962,038
- Sold	(mt)	<b>115,671</b>	75,428	143,245	140,572	86,929
- Purchased	(mt)	<b>905,289</b>	827,710	840,001	894,992	861,508
- Total processed	(mt)	<b>4,859,848</b>	4,804,842	4,915,860	4,799,546	4,736,617
<b>Weighted Average Hectare</b>						
- Mature	(ha)	<b>189,655</b>	183,946	188,492	186,886	184,934
- Immature	(ha)	<b>43,356</b>	45,061	41,308	41,996	35,188
Total Planted	(ha)	<b>233,011</b>	229,007	229,800	228,882	220,122
<b>FFB Yield per Mature Hectare</b>	(mt/ha)	<b>21.46</b>	22.03	22.38	21.64	21.42
<b>CPO Yield per Mature Hectare</b>	(mt/ha)	<b>4.66</b>	4.82	4.90	4.73	4.65
<b>Mill Production</b>						
- CPO	(mt)	<b>1,053,729</b>	1,049,890	1,077,341	1,050,164	1,029,990
- PK	(mt)	<b>200,448</b>	200,594	205,201	208,339	205,241
<b>Oil Extraction Rate</b>						
- CPO	(%)	<b>21.68</b>	21.85	21.92	21.88	21.75
- PK	(%)	<b>4.12</b>	4.17	4.17	4.34	4.33
<b>Cost of Production</b>						
- FFB	(RM/mt ex-estate)	<b>270</b>	261	260	245	240
- CPO	(RM/mt ex-mill)	<b>1,512</b>	1,467	1,456	1,371	1,387
(exclude windfall profit levy and Sabah sales tax)						
<b>Average Selling Prices</b>						
- CPO	(RM/mt ex-mill)	<b>3,199</b>	2,343	1,920	2,333	2,733
- PK	(RM/mt ex-mill)	<b>2,130</b>	1,375	1,210	1,957	2,526
<b>Average Profit per Mature Hectare</b>	(RM)	<b>7,178</b>	3,674	1,850	4,603	6,793

\* The above five-year Plantation Statistics is a combination of KLK and non-KLK owned plantations.



## Group Statistics (Continued)

### Five-Year Plantation Statistics (Continued)

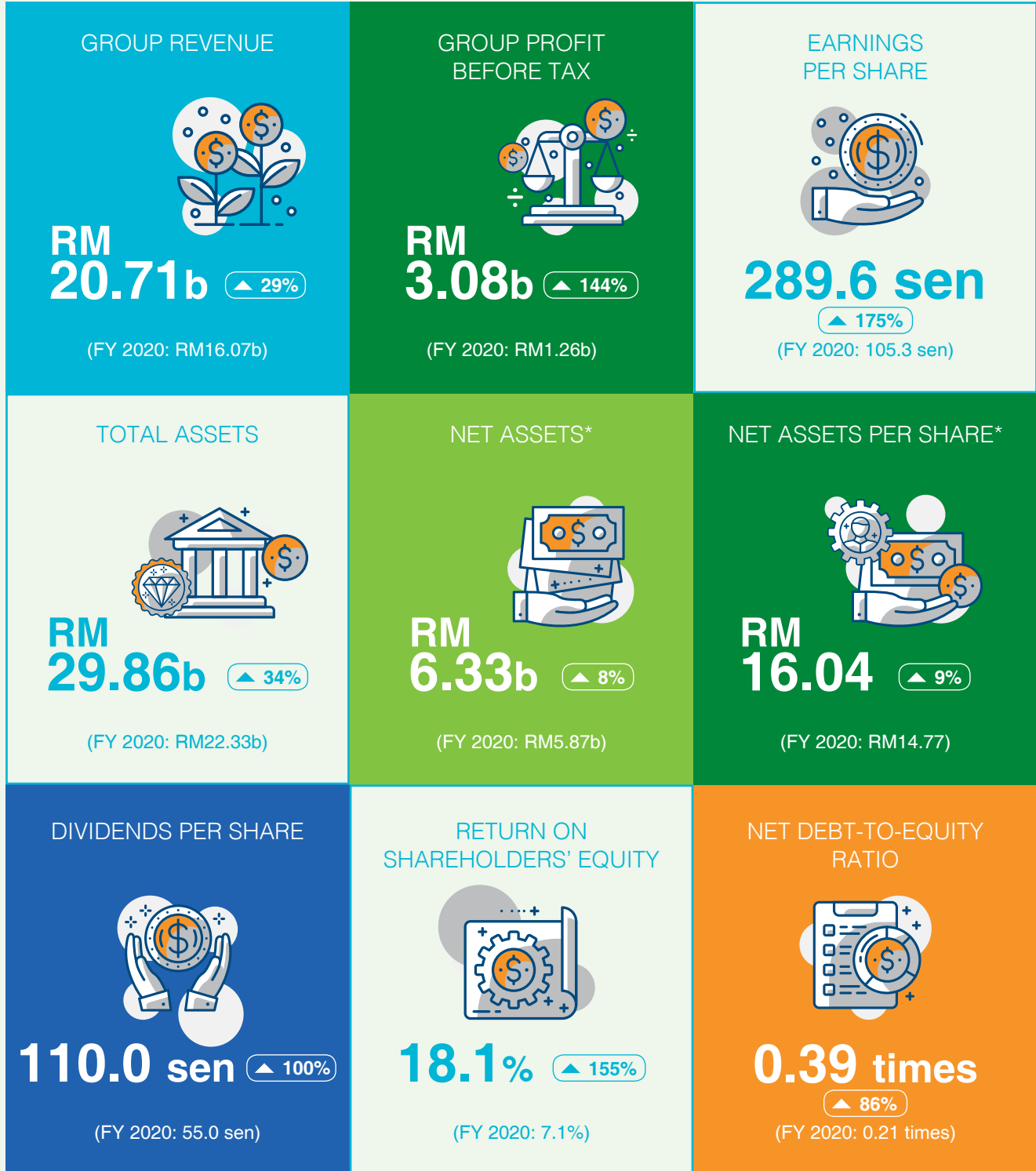
		2021	2020	2019	2018	2017
<b>RUBBER</b>						
<b>Production</b>						
- Own estates	('000 kg)	8,105	10,354	10,786	10,807	12,975
<b>Weighted Average Hectareage</b>						
- Mature	(ha)	7,017	8,061	8,640	9,047	9,746
- Immature	(ha)	2,795	3,115	3,243	3,367	3,309
Total Planted	(ha)	9,812	11,176	11,883	12,414	13,055
<b>Yield per Mature Hectare</b>	(kg/ha)	1,155	1,284	1,248	1,194	1,331
<b>Cost of Production</b>	(sen/kg ex-estate)	574	476	484	467	420
<b>Average Selling Prices (net of cess)</b>	(sen/kg)	848	720	713	803	895
<b>Average (Loss)/Profit per Mature Hectare</b>	(RM)	1,173	(486)	(233)	(868)	3,256

### Plantation Area Statement

	Age In Years	FY 2021			FY 2020		
		Hectares	% Under Crop	% of Total Planted Area	Hectares	% Under Crop	% of Total Planted Area
<b>OIL PALM</b>	4 to 9	68,452	24		55,655	25	
	10 to 18	106,330	38		72,961	34	
	19 and above	66,185	24		54,478	25	
	Mature	240,967	86	83	183,094	84	80
	Immature	39,454	14	14	35,701	16	16
	Total	280,421	100	97	218,795	100	96
<b>RUBBER</b>	6 to 10	348	4		716	7	
	11 to 15	1,856	21		2,348	22	
	16 to 20	1,825	21		2,076	20	
	21 and above	2,060	24		2,767	26	
	Mature	6,089	70	2	7,907	75	3
	Immature	2,625	30	1	2,646	25	1
	Total	8,714	100	3	10,553	100	4
<b>TOTAL PLANTED</b>		289,135		100	229,348		100
Plantable Reserves		19,394			15,101		
Conservation Areas		34,767			30,872		
Building Sites, etc		12,247			6,395		
<b>GRAND TOTAL</b>		355,543			281,716		

## Management Discussion and Analysis

### FY 2021 FINANCIAL HIGHLIGHTS



\*Refers to Net Assets attributable to equity holders of the Company

## Management Discussion and Analysis (Continued)

### Financial Review

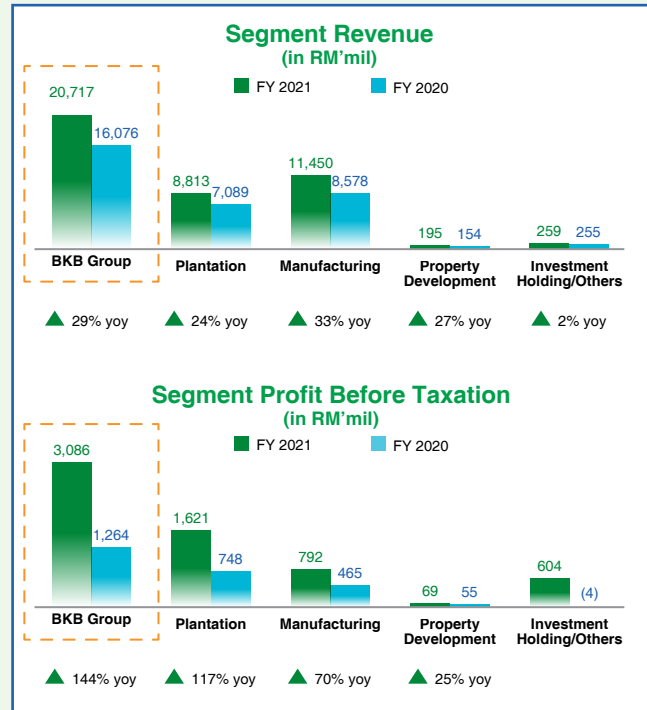
#### Revenue & Profitability

For FY 2021, the Group's revenue improved substantially by 29% y-o-y to RM20.71 billion from stronger Crude Palm Oil ("CPO") and Palm Kernel ("PK") selling prices.

The surge in Plantation segment's revenue was largely driven by BKB's main subsidiary, KLK – one of Malaysia's largest palm oil producers. Average selling prices climbed 37% to RM3,199 per mt for CPO, while PK was up 55% to RM2,130 per mt y-o-y. Prices have been on an upward trend compared to last year due to the resumption of social and economic activities in many countries as well as tightness in global supply.

Earnings from the Group's Manufacturing segment was contributed by the resource-based manufacturing (oleochemicals), particularly in Europe and China, as well as its local industrial chemical businesses. Both sectors experienced increases in volume demand and better prices as customers seek to regain momentum after the pandemic-related disruptions in 2020.

The Property Development segment also recorded strong sales from its developments in Bandar Seri Coalfields.



The Group's Profit Before Taxation surged more than two (2) times on the back of higher revenue, and several non-operational, one-off items which were reported under Investment Holding/Others. These include a fair value surplus of RM324.26 million on deemed disposal of an associate, Aura Muhibah Sdn Bhd, a RM162.64 million surplus on sales of land and government acquisitions, a RM61.88 million impairment for Palm Bay estate in Liberia, unrealised foreign exchange currency translation gains of RM63.28 million, a RM12.61 million fair value surplus on an ordinary investment which was previously an associate, and a negative goodwill of RM2.94 million arising from the acquisition of Aura Muhibah Sdn Bhd. Excluding these non-operational items, the Group's Profit Before Taxation ("PBT") for FY 2021 would be RM2.58 billion, or 105% higher than the previous year.

#### Borrowings & Cash Reserve

The Group's balance sheet remains strong with cash reserves (including liquid instruments) of RM3.78 billion (FY 2020: RM4.33 billion) and a net gearing of 0.39 times (FY 2020: 0.21 times) as at 30 September 2021. The y-o-y decrease in cash reserves and corresponding increase in net gearing ratio was owing to cash draw-downs and additional borrowings for BKB's acquisition of Chemical Company of Malaysia Berhad in early 2021, increases in KLK's working capital and KLK's acquisition of IJM Plantations Berhad during the fourth quarter. Approximately 50% of borrowings (or some RM5.10 billion) are Islamic Medium-Term Notes issued by BKB and KLK, all of which carries an AA1/Stable rating.

Management is cognisant of the gearing level and strives to maintain a sturdy liquidity position, backed by sustainable cashflows from operations. With strong cash holdings of some RM3.78 billion, the Group is confident of its ability to support future business growth plans and strategies.

#### Dividends

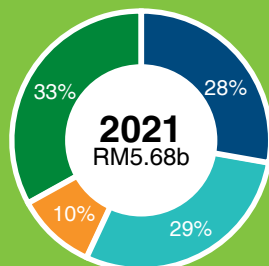
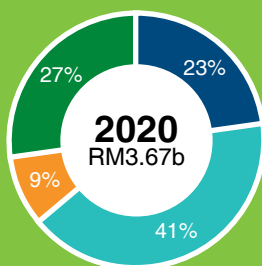
BKB is committed to paying annual dividends and has established a healthy, consistent track record over the years. For FY 2021, the Board has declared a single-tier, Final Dividend of 90 sen per share, bringing the full-year ordinary dividend to 110 sen per share (FY 2020: 55 sen per share) or equivalent to a payout ratio of 38% (FY 2020: 52%).

## Management Discussion and Analysis (Continued)

### Group Value-Added Statement

This is a measure of the value created by the Group and its distribution to stakeholders, with the balance retained for reinvestment and future growth.

	2021 RM'000	2020 RM'000
<b>Value Added</b>		
Revenue	20,717,928	16,078,124
Operating expenses	(16,224,760)	(12,837,281)
Value added from operations	4,493,168	3,240,843
Other operating income	863,139	398,822
Share of results of associates	292,956	29,660
Share of results of joint ventures	39,865	3,369
<b>Total Value Added</b>	<b>5,689,128</b>	<b>3,672,694</b>
<b>Value Distributed</b>		
To employees (salaries and other staff cost)	1,626,827	1,489,040
To government (income taxes)	546,422	350,229
To providers of capital:		
Dividends	237,501	236,365
Finance cost	266,363	262,401
Non-controlling interest	1,392,650	497,160
Retained for future reinvestment & growth:		
Depreciation and amortisation	709,932	656,589
Retained profits	909,433	180,910
<b>Total</b>	<b>5,689,128</b>	<b>3,672,694</b>
<b>Reconciliation</b>		
Profit attributable to owners of the Company	1,146,934	417,275
Add:		
Depreciation and amortisation	709,932	656,589
Finance cost	266,363	262,401
Staff cost	1,626,827	1,489,040
Income taxes	546,422	350,229
Non-controlling interest	1,392,650	497,160
	<b>5,689,128</b>	<b>3,672,694</b>



#### Distribution

- To employees
- To the government
- To providers of capital
- Retained for future reinvestment and growth

Note: The Group Value-Added Statement ("VAS") is a supplement, not a substitute to the Profit & Loss statement. The same data which is recorded and processed by the Group's accounting system is used in the preparation of VAS. The basic accounting concepts and principals of accounting remain the same in the preparation of this VAS.



## Management Discussion and Analysis (Continued)

### REVIEW OF BUSINESS & OPERATIONS

#### Main Subsidiary – KLK



#### Plantation

KLK’s core business activity of Plantation has close to 284,000 hectares of planted area as at 30 September 2021 – spread across Malaysia (Peninsular Malaysia and Sabah), Indonesia (Belitung Island, Kalimantan and Sumatra) and Liberia. This included additional some 61,000 hectares of oil palm areas from its newly acquired IJM Plantations Berhad (“IJMP”) located in Sabah and Indonesia (North and East Kalimantan and Sumatra), and which contributed some 30% increase in KLK’s planted area.

During the year, KLK also acquired a 60% equity interest in PT Pinang Witmas Sejati (“PWS”), making it a subsidiary in October 2021. This acquisition added a further 14,000 hectares of planted oil palm land in Sumatra to the Group’s landbank.

In FY 2021, KLK’s plantation division achieved higher profit before tax of RM1.58 billion (FY 2020: RM725.18 million) due to stronger CPO and PK selling prices which averaged at some RM3,200 per mt and RM2,100 per mt respectively. Other factors include a one-month profit contribution from the newly acquired IJMP and improved profit from processing and trading operations. However, this was partially offset by a drop in CPO and PK sales volume due to lower production during the period, as well as higher unrealised loss from changes in fair value of outstanding derivative contracts.

The year was a challenging one as the plantation division faced a shortage of workers amidst a foreign labour freeze. Fortunately, KLK was able to mitigate part of the impact through increased mechanisation techniques and managed to achieve a small 0.5% increase in FFB harvested during the year. Oil Extraction Rate (“OER”) slightly declined to 21.75% (FY 2020: 21.87%).

Despite lower-than-expected yields, costs were under control due to reduced expenditure on fewer foreign workers. Average profit per mature hectare for palm products was RM7,396 per hectare (FY 2020: RM3,610 per hectare).

The processing, crushing and trading operations also reported higher contributions largely from the Indonesian refineries and from overall improved margins. Sale of premium products which are certified also saw a rise in margins during the year and helped contribute to profits.

Weighted Average Age  
of Palms

**12.3 years**

FFB Yield per  
Mature Hectare

**21.43 mt/ha**

CPO Yield per  
Mature Hectare

**4.66 mt/ha**

Oil Extraction Rate  
 (“OER”)

**21.75%**

## Management Discussion and Analysis (Continued)

### REVIEW OF BUSINESS & OPERATIONS (Continued)

#### Main Subsidiary – KLK (Continued)

##### Oleochemicals

KLK's oleochemical and other downstream facilities are situated in Malaysia, China, Europe and Indonesia with a total annual production capacity of 3.3 million mt. These facilities refine processed palm oil and palm kernel oil into basic oleochemical products such as fatty acids, glycerine, fatty alcohols and fatty esters, and downstream to specialties including sulphonated methyl esters, surfactants and phytonutrients. These oleochemicals are typically used in home & personal health care products, cosmetics, food & nutrition, flavours & fragrances, lubricants and industrial chemicals. As one of the world's leading oleochemical producers, KLK supplies to customers in more than 120 countries.

FY 2021 presented a mix of challenging economic conditions brought about by the pandemic. Lockdown from the COVID-19 pandemic however had a marginal impact on operations as the oleochemical industry is classified as an essential sector and thus allowed to continue operations.



This year, the oleochemical division achieved a 70% jump in profit before taxation to RM682.40 million compared to RM403.33 million last year, on the back of some 30% revenue increase from Malaysia, Europe and China operations.

The Malaysian basic oleo business units continue to be the mainstay of the oleo business. Demand for fatty acids and fatty alcohol which go into the production of consumer staples such as household and personal care products saw heightened demand throughout the year. As the lockdown eases, sales of downstream derivative and specialties products also began to pick up.

Whereas in China and Europe, escalating freight cost, logistical disruptions and market uncertainties have led to more customers sourcing supply locally. As a result, KLK's overseas oleochemical units were able to maintain a positive momentum with robust sales in FY 2021. Strong supply chain management has allowed the business units to react fast to the market supply disruptions.

##### Property Development

Aside from Plantation and Oleochemicals, KLK is involved in Property Development since the 1990s and currently, the main activity is the development of Bandar Seri Coalfields – a 1,000-acre township located in Sungai Buloh, Selangor.

For FY 2021, the Property division reported a profit before taxation of RM68.80 million, 27% higher than last year's RM54.04 million. This was mainly contributed by the completion of the Hampton Residences (Phase 1) which were 100% sold.

During the year, the property industry faced a series of challenges coming from the prolonged pandemic, economic headwinds, credit tightening and resulting spending pullback among consumers. Despite various restrictions under the Movement Control Order, the Certificate of Completion and Compliance ("CCC") was secured for Hampton Residences (Phase 1) comprising 191 units of bungalows, semi-detached, and superlink homes with Vacant Possession ("VP") handed over in August 2021.





## Management Discussion and Analysis (Continued)

### REVIEW OF BUSINESS & OPERATIONS (Continued)

#### Industrial Chemical Subsidiaries

BKB's Industrial Chemical business comprises of 98%-owned Malay-Sino Chemical Industries Sdn Bhd ("Malay-Sino"), wholly-owned Chemical Company of Malaysia Berhad ("CCM") acquired during the year, and 61%-owned See Sen Chemical Bhd ("See Sen").

These companies manufacture a range of products, namely chlor-alkali chemicals (caustic soda, hydrochloric acid, liquid chlorine, sodium hypochlorite, ferric chloride), polymer products, sulphuric acid, sulphur derivatives, coagulants, methyl chloride and calcium nitrate. The industrial chemicals are used in a wide variety of applications, including rubber glove manufacturing, soaps, detergents, bleaches, disinfectant, pulp & paper, water treatment and petrochemicals.

The Division has a total of eight (8) industrial chemical operating sites in Peninsular Malaysia, which are supported by an in-house transport logistics arm which owns and operates 96 units of bulk tankers and lorries to deliver their products to customers.



The Industrial Chemical businesses posted an aggregate profit before taxation of RM98.45 million, 55% higher than last year's RM63.72 million, mainly from higher selling prices of certain chlor-alkali products, the profit contribution from newly acquired CCM, and some RM18.09 million capital gains from disposal of an equity investment.

During this year, the 40% bottom-line improvement for Malay-Sino were due to lower production costs and improved average selling prices of liquid chlorine, hydrochloric acid and sodium hypochlorite. Liquid chlorine prices were on an uptrend – driven by favourable demand from the gloves industry due to the pandemic, whereas sales of hydrochloric acid improved due to stronger demand from a key customer. With the commissioning of its co-generation plant (in Kemaman, Terengganu) in February 2021, electricity cost became lower and with lower TNB electricity costs under the Imbalance Cost Pass-Through mechanism, there was an overall reduction in unit production cost.

CCM's operations consists of its chlor-alkali chemicals and polymer business. In FY 2021 for the nine-month period following its acquisition, CCM reported a significant 180% growth in profit before taxation, with strong contribution from its Polymer operations which benefitted from robust demand from the glove industry for its polymer coatings. On the other hand, CCM's chlor-alkali chemical business posted lower earnings y-o-y, which were attributable to lower caustic soda prices, higher production costs due to plant downtime in its Pasir Gudang ("PGW") site and internal restructuring costs. One of its plants at PGW which commissioned in January 2020 was not able to operate at maximum capacity and thus suffered a capacity reduction throughout FY 2021. The affected plant is expected to be restored to its full capacity in February 2022. As part of restructuring post-acquisition, CCM undertook a Mutual Separation Scheme in July 2021 which involved a one-off cost of RM4.80 million. A one-off RM2.30 million stock provision and accelerated depreciation of RM852.00 million were also incurred due to changes in accounting policy.

See Sen reported marginally lower profits for FY 2021, which was mainly due to lower profits from sales of sulphuric acid and its derivative products.



## Management Discussion and Analysis (Continued)

### REVIEW OF BUSINESS & OPERATIONS (Continued)

#### Other Plantation Subsidiaries (non-KLK owned)



Aside from KLK, BKB also owns two (2) plantation subsidiaries located in East Kalimantan (Indonesia), namely P.T. Satu Sembilan Delapan (“PT SSD”) and P.T. Tekukur Indah (“PT TKI”).

PT SSD has 5,384 hectares of fully matured oil palms and a 70 mt/hr palm oil mill located in Berau, East Kalimantan. Whereas, the other subsidiary, PT TKI has just obtained the land cultivation rights (or Hak Guna Usaha) in January 2021 for its 1,497 hectares of undeveloped land located adjacent to PT SSD’s plantation, of which 959 hectares is intended for oil palm planting and the remaining 538 hectares retained as conservation area. Oil palm planting will commence in FY 2022 on the 959 hectares of plantable area.

PT SSD’s productivity yields compare well against KLK’s plantations, due to a young crop profile, with nearly two-thirds within the prime category and the remainder in the young bracket. This year’s FFB yield averaged at 22.56 mt per hectare, while OER is about 20.38%.

#### Others – Australian Property Investments

BKB had invested nine (9) development projects in Australia; seven (7) in Melbourne and the other two (2) in Perth. The latest addition to BKB’s portfolio is an investment in a 45-hectare parcel development situated in Derrimut, Tarneit (approximately 30km from Melbourne’s CBD).

BKB’s project partners in property development are Satterley Property Group and Riverlee Group – both of which are reputable and established real estate developers in Australia. The property development projects, in which BKB holds stakes ranging from 10% to 50%, have expected development completion dates ranging from 2024 to 2038.

For FY 2021, these real estate investments recorded a profit before tax of RM9.65 million (FY 2020: RM4.16 million). Despite a series of lockdowns in Australia throughout the year, consumer confidence and property values have been holding up well. A combination of record low interest rates, pandemic-driven factors (such as working from home) and various government stimulus programs caused property demand to be sustained. As a result, a number of projects that are in active-development phase have reported strong sales without the need to offer rebates or incentives to homebuyers.



#### Others – Menara KLK

In August 2021, BKB sold its 11-storey commercial office property (Menara KLK) in Mutiara Damansara, Petaling Jaya to KLK’s wholly owned subsidiary, KLK Land Sdn Bhd for a consideration of RM93.51 million, as the KLK Group is occupying most of the building. At the overall group level, the property remains within BKB Group, but the effective percentage equity held in this subsidiary was reduced to 47.3% from 100%.

## Management Discussion and Analysis (Continued)

### SEGMENTAL OUTLOOK

#### Plantation

The Group's core plantation business has benefited from high palm oil prices in 2021. Moving forward, CPO prices will still be largely influenced by the impact of this pandemic on global economic conditions, as well as the demand and supply dynamics of palm oil and its alternatives. As such, Management expects prices to remain elevated in the near-term.

Input costs such as fertilisers and chemicals costs have increased materially amidst global supply chain disruptions. Hence, improving operational efficiencies, cost management and driving yields are key to ensure that the Group stays competitive.

Meanwhile, the Group has heightened focus on environmental, social and governance issues, which will be necessary to drive long term, sustainable business growth.

The recent acquisitions of IJMP and PWS are in line with the Plantation division's strategy to expand its planted area when opportunity arises. This is also aligned with the Group's pledge of No Deforestation, Peat and Exploitation. Both acquisitions have increased the Group's total planted landbank and along with it, greater economies of scale and control over raw material supply to the downstream resource-based manufacturing business. As such, FY 2022 will see more efforts to consolidate acquired plantations to achieve synergies and enhance operational efficiencies.

#### Manufacturing

##### Oleochemical

Despite reporting stronger performance this year, the oleochemical sector will remain challenging due to competition and over-capacity in the industry.

In anticipation of high palm oil prices and expected market correction, inventory management becomes a key component in sustaining business performance. On top of that, shipping rates are at multi-year highs and energy costs continue to show an uptrend. Fortunately, co-generation projects has helped to mitigate some of these escalating costs.

Management maintains a cautious outlook for the coming year due to the above factors, coupled with general market uncertainties.

##### Industrial Chemical

Caustic soda prices are currently at unprecedented highs – underpinned by global supply tightness and uncertainty on availability due to supply chain concerns. Nonetheless, such prices are volatile and unlikely to hold for an extended period of time. As such, some price correction is expected in 2022. Meanwhile, demand for other key products such as liquid chlorine, sodium hypochlorite and calcium nitrate, which are used in the production of personal hygiene, disinfectants and gloves are expected to soften slightly as the world continues to recover from the pandemic. Therefore, prices of liquid chlorine and calcium nitrate may see corrections as well.

At the same time, maintaining high plant efficiency is crucial to support future business growth. Various improvement initiatives are in the pipeline across Malay-Sino, CCM and See Sen which are focused on improving operational efficiencies. As mentioned earlier, Malay-Sino had commissioned its co-generation plant in February 2021 which reduces electricity costs. Similarly, the newly-acquired CCM, had also commissioned its co-generation plant in November 2021, in its Pasir Gudang plant. These are some of the initiatives taken to address the challenges related to energy costs, given that chlor-alkali production is an energy-intensive process. These measures should help to cushion the impact of an anticipated rise in cost of raw materials.

Meanwhile, CCM's polymer business is completing the expansion of its Kleener production capacity by mid-December 2021 which augurs well with the anticipated growth in demand from the glove sector.



## Management Discussion and Analysis (Continued)



### SEGMENTAL OUTLOOK (Continued)

#### Manufacturing (Continued)

##### Industrial Chemical (Continued)

Management remains optimistic in achieving better results for Industrial Chemical next year, premised on a more predictable offtake from customers and the above factors.

#### Property Development

Malaysia's residential property market is expected to remain flattish in 2022, given the likelihood of consumers postponing big ticket purchases during a period of slow economic recovery.

Management is cautiously optimistic of FY 2022's performance as outlook remains uncertain. Various efforts will be implemented by the Property team including cost control measures without compromising quality and standards, catering for the need of specific target groups, and prudent cashflow initiatives.

#### Others – Australian Property Investments

Despite the pandemic, FY 2021 saw an influx of first-home buyers and investors returning to the Australian property market – thanks to a combination of economic and pandemic-driven factors which spurred market interest.

Although Melbourne residential property prices continue to grow throughout the year, growth rates appear to be slowing down of late. Nonetheless, it appears there is still solid underlying demand from home buyers as property supply continues to tighten. Even Perth, where investors withdrew from since the end of the mining boom in 2014, is experiencing a steady rise in real estate demand over the past year.

In this respect, Management will continue to be selective on its project investments and focus on high-growth areas such as Melbourne. BKB remains positive on the Australia's property market and that the growth momentum is anticipated to carry through into 2022.

## Sustainability Statement

### ABOUT THIS STATEMENT

Our annual Sustainability Statement (“**Statement**”) sets out Batu Kawan Berhad (“**BKB**”) strategies, initiatives and performance in embedding sustainable practices across the Group towards promoting Sustainability to create value to our stakeholders. The disclosures of our Environmental, Social and Governance (“**ESG**”) information and data covers for the financial year 1 October 2020 to 30 September 2021 (“**FY 2021**”).

This year, our scope covers BKB’s main business segments, Plantation and Manufacturing, our sustainability governance structure and the identification of nine (9) priority areas with their relevant indicators that are identified material to our stakeholders and our businesses. Additionally, we have also identified seven (7) key focus areas under the United Nation’s Sustainable Development Goals (“**SDG**”) for the Group to align ourselves towards addressing some of the major sustainability challenges in the world today. Details of these additions and initiatives are further elaborated in respective segments of this Statement.

In our effort to produce a clear and concise statement, we have taken effort to ensure that we have collated our data, measurements and claims in a transparent and accurate manner. This Statement has been prepared in line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”) and Bursa Malaysia’s Sustainability Reporting Guide 2<sup>nd</sup> Edition 2018, with additional guidance from the Global Reporting Initiative (“**GRI**”) Standards.

### SCOPE OF STATEMENT

We have incorporated in this Statement our two (2) main business segments, namely the Plantation and Manufacturing. These businesses account for 43% and 55% respectively of the Group’s total revenue in FY 2021.

The Plantation segment, which is carried out by our main subsidiary, Kuala Lumpur Kepong Berhad (“**KLK**”)\* involves in the cultivation of oil palm and rubber, and the subsequent harvesting and processing of the crops produced. In September 2021, KLK acquired a majority shareholding in the listed plantation company, IJMP Plantations Berhad (“**IJMP**”) and followed up with making a mandatory general offer for all the remaining shares not held by KLK. However, we have not included IJMP in this year’s Statement as the acquisition took place at the tail end of our financial year.

The Manufacturing segment comprises the Oleochemicals activities under KLK and the Industrial Chemical division of BKB. In December 2020, BKB acquired the previously listed Chemical Company of Malaysia Berhad (“**CCM**”) and this acquisition has increased the Group’s market presence as a chlor-alkali chemicals manufacturer in Malaysia, and into manufacturing of polymer chemicals under CCM Polymers.

Due to expanded scope and change in the data parameters tracked, we have only included one (1) year of comparative historical data, i.e comparing FY 2020 versus FY 2021 statistics in this Statement, unless stated otherwise.

\* KLK is a listed company on Main Market of Bursa Malaysia and produces its own Sustainability Statement as part of its Annual Report. Full details of their sustainability initiatives and report can be found at KLK’s website at [www.klk.com.my](http://www.klk.com.my).

\*\* CCM’s sustainability data under the Industrial Chemicals division is for period 1 January 2021 to 30 September 2021.


### OUR COMMITMENT TOWARDS SUSTAINABILITY

The Group is committed to making sustainability a key pillar in our management focus and business improvement initiatives, recognising its impact on beyond the Group’s businesses alone. As we move forward, we strive to continue learning and make continuous improvements in our sustainability journey as well as improve the quality of our sustainability reporting in the years ahead.

## Sustainability Statement (Continued)

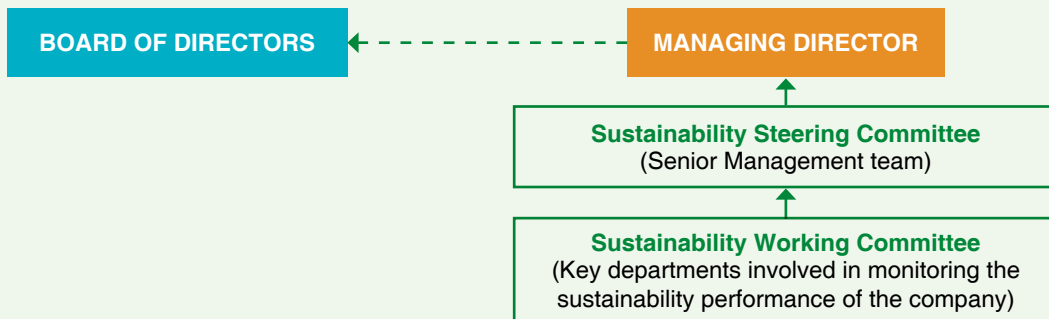
### SUSTAINABILITY SNAPSHOT

The table below is a snapshot of Sustainability focus area at BKB.

Theme	Environmental	Social	Governance
<b>Flagship Initiative</b>	Group wide carbon reduction initiatives through gradual monitoring and optimisation initiatives	Occupational Health and Safety including COVID-19 management across all stakeholders	Conducting business with integrity
<b>Impact Assessment Indicators</b>	<ul style="list-style-type: none"> <li>Carbon emissions</li> <li>Energy consumption</li> <li>Water Consumption</li> <li>Waste management</li> </ul>	<ul style="list-style-type: none"> <li>Lost Time Injury (“LTI”) cases</li> <li>Training &amp; Development</li> <li>Site certifications</li> <li>Employment breakdown</li> </ul>	<ul style="list-style-type: none"> <li>Anti-bribery and Anti-corruption</li> <li>Business continuity and performance</li> </ul>
<b>SDG indicator</b>			
<b>Material issues</b>	<ul style="list-style-type: none"> <li>Climate change</li> <li>Environmental management</li> <li>Biodiversity</li> </ul>	<ul style="list-style-type: none"> <li>Labour Practices and Equal Opportunity</li> <li>Training and Development</li> <li>Occupational Health and safety</li> <li>Enriching Communities</li> </ul>	<ul style="list-style-type: none"> <li>Business ethics and integrity</li> <li>Traceability</li> </ul>

### SUSTAINABILITY GOVERNANCE

Following a review, the Group’s sustainability governance structure was modified in FY 2021. As shown in the diagram below, our corporate sustainability operations and strategies are overseen by the BKB’s Board of Directors (“**Board**”), with the support of the Sustainability Steering Committee (“**SSC**”) and Sustainability Working Committee (“**SWC**”) working on sustainability matters and initiatives. BKB’s Managing Director who leads the SSC, reports periodically to the Board on sustainability matters, and works with the SWC in managing the implementation of sustainability-related initiatives and activities.



## Sustainability Statement (Continued)

### SUSTAINABILITY GOVERNANCE (Continued)

For each of the SSC and SWC committees, their roles and responsibilities are as follows:

#### Sustainability Steering Committee

- To oversee and monitor the implementation and performance of the Group’s sustainability initiatives and to integrate sustainability activities across the Group;
- Review, assess and update to the Board on any material sustainability matters issues and achievements of the Group;
- Review and recommend to the Board on the Sustainability Statement and other relevant reports or information to be disclosed by the Group;
- To ensure key members are involved in the decision-making process for all BKB’s sustainability-related matters; and
- To appoint the members of the SWC.

#### Sustainability Working Committee

- To identify material sustainability matters;
- To identify, prioritise and engage with BKB’s key stakeholders on sustainability matters;
- To undertake data compilation, monitoring and reporting of relevant measures and indicators based on the material sustainability matters;
- To coordinate and execute sustainability activities that are in line with the Group’s strategic direction of the Group and its policies; and
- To report the progress on sustainability matters to the SSC on a periodical basis.

### STAKEHOLDER ENGAGEMENT

BKB, where applicable, works closely with various internal and external stakeholders from the community, business, government, suppliers of capital, suppliers and service providers.

Through the Group’s stakeholder identification process, we have identified eight (8) key stakeholder groups that have an effect or are affected by the Group’s business operations and sustainability. Over the course of each year, we engage with stakeholders to create conversations centred on topics that are applicable to their interests and our operations, which impact society as a whole. Such interactions with stakeholders allow Management to understand better different points of view and obtain feedback regarding the Group’s business direction and practices, allowing us to formulate better sustainable plans to accomplish the Group’s financial and non-financial targets.

In FY 2021, during the COVID-19 pandemic, the Group engaged with stakeholders through virtual meetings and discussions, using physical meetings - only when necessary and observing the right health and safety protocols.

The table below lists out our key stakeholder groups, their areas of concerns and our engagement approach with them:

No	Stakeholder Group	Areas of Interest	Engagement Approach
1	Employees	<ul style="list-style-type: none"> <li>• Employee Development and Job satisfaction</li> <li>• Welfare and Remuneration</li> <li>• Health, Safety and Wellness practices</li> <li>• Capacity building and talent development</li> </ul>	<ul style="list-style-type: none"> <li>• Capacity-building programmes</li> <li>• Townhalls</li> <li>• Annual Performance Appraisal</li> <li>• Newsletter, email blast and social media</li> </ul>
2	Government, Regulatory Bodies & Industry Peers	<ul style="list-style-type: none"> <li>• Compliance</li> <li>• Environmental impact</li> <li>• Site &amp; Product Certification</li> <li>• Product Quality &amp; Safety</li> </ul>	<ul style="list-style-type: none"> <li>• Site Inspection/Audit by local authorities</li> <li>• Meetings and dialogue sessions</li> <li>• Industry Memberships</li> </ul>
3	Suppliers and Vendors	<ul style="list-style-type: none"> <li>• Sustainable procurement practices</li> <li>• Transparency</li> <li>• Product safety and reliability</li> <li>• Strategic partnership</li> </ul>	<ul style="list-style-type: none"> <li>• Vendor Survey</li> <li>• Vendor quality &amp; performance audit</li> <li>• Meetings and Discussions</li> </ul>



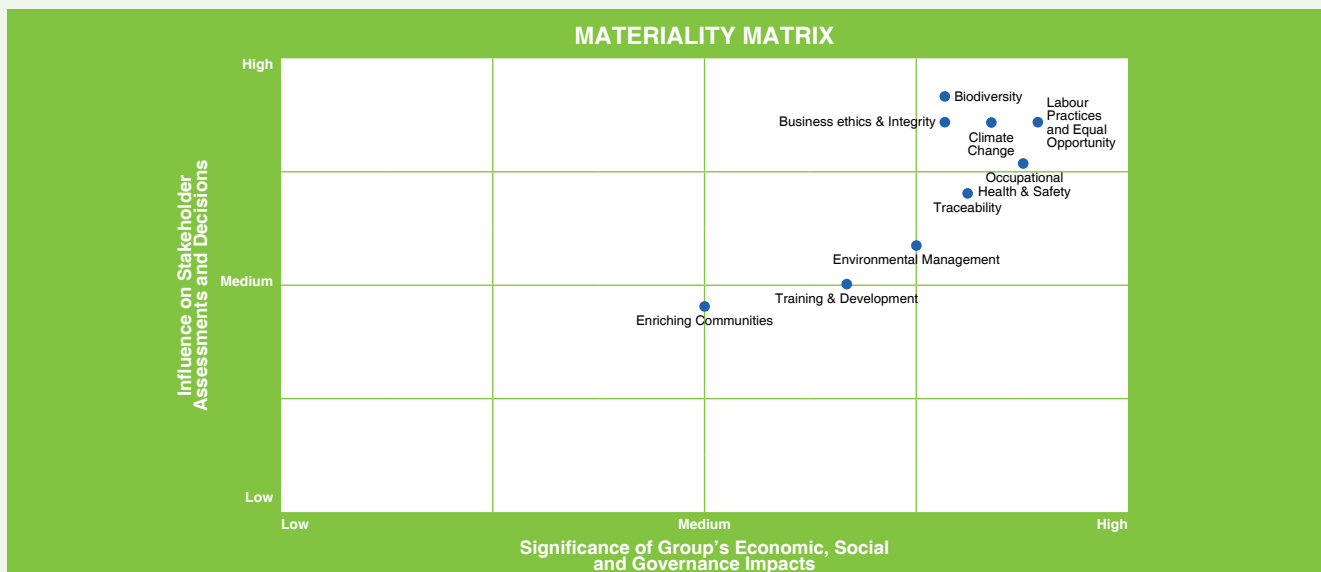
## Sustainability Statement (Continued)

### STAKEHOLDER ENGAGEMENT (Continued)

No	Stakeholder Group	Areas of Interest	Engagement Approach
4	Customers	<ul style="list-style-type: none"> <li>Product Competitiveness</li> <li>Product Quality &amp; Safety</li> <li>Customer Service</li> <li>Traceability</li> <li>Product Certification</li> </ul>	<ul style="list-style-type: none"> <li>Site Visits &amp; Meetings</li> <li>Customer survey</li> <li>Product handling training for customers</li> <li>Customer installation assessment</li> </ul>
5	Shareholders & Investors	<ul style="list-style-type: none"> <li>Business Strategy</li> <li>Financial Performance</li> <li>Shareholders Value</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Company Announcements</li> <li>Annual Report</li> <li>Website</li> </ul>
6	Bankers and Financial Institutions	<ul style="list-style-type: none"> <li>Governance and Integrity</li> <li>Business Strategy</li> <li>Financial Performance</li> <li>Sustainability</li> </ul>	<ul style="list-style-type: none"> <li>Annual Report</li> <li>Corporate Governance Report</li> <li>Website</li> <li>Meetings and Briefings</li> </ul>
7	Communities and Public	<ul style="list-style-type: none"> <li>Socio-economic issues</li> <li>Environmental impact</li> <li>Land matter, complaints and grievances</li> </ul>	<ul style="list-style-type: none"> <li>Community Programmes</li> <li>Sponsorship and Donations</li> <li>Meetings and Dialogues</li> </ul>
8	NGOs	<ul style="list-style-type: none"> <li>Sustainability related concerns</li> <li>Challenges faced by the plantation segment and the palm oil industry</li> </ul>	<ul style="list-style-type: none"> <li>Meetings, engagements and dialogues</li> <li>Regular correspondence</li> <li>Collaborations and project partnerships</li> <li>Policy and documentation reviews</li> <li>Official grievance mechanism</li> <li>Email surveys</li> </ul>

### MATERIAL SUSTAINABILITY MATTERS & MATERIALITY MATRIX

The Materiality Matrix of our ESG activities is based on their impact on our stakeholders and the significance of these ESG. This provides an indicator of a particular material topic's significance to the Group's business and impacts to the Group. In line with the revised scoping and material topics, we have revised our materiality matrix as follows:



## Sustainability Statement (Continued)

### DEALING WITH THE IMPACT OF COVID-19

The onset of COVID-19 have created numerous new challenges to the Group's businesses and to the community. The Group took active measures to manage the resulting risks and challenges. Priority was given to ensuring the safety and health of our employees and minimising the risk of supply chain disruptions to our customers.

Proactive measures were taken by all our businesses and these actions include:

#### Employees

- Dissemination of information and educating employees on COVID-19 and infection risks through briefings, seminars, newsletters, posters and social media. This was extended to the local community in some cases.
- Introduction of Standard Operating Procedures ("SOP") at all sites, including temperature monitoring, health declarations, Infectious Disease Emergency Response Plan ("ERP") and Preventive Measures Arrangement Guidelines for office employees, plantation and plant workers. Health safety protocols govern operations at the workplace and control of site visitors so as to minimise infection risks. These SOPs and guidelines are guided by government directives.
- Regular sanitation, and scheduled fumigation and fogging at workplace areas.
- Providing masks, sanitisers, COVID-19 testing kits and Health Booster kits to employees and at work sites.
- Campaign to get all employees vaccinated, including participating in PIKAS and private sector vaccination programmes.
- Fortnightly - RTK Antigen Testing, subsequently changed to Saliva Self-Test Kit.
- Daily monitoring of COVID-19 cases.
- Implementation of Work-from-Home arrangements.

#### Visits to/by Customers/ Suppliers/ Vendors

- Pre-qualification
- Use of prior infection testing
- Increased use of multimedia and video meetings

#### Community

- Sharing and dissemination of health safety information
- Our Industrial Chemical Division contributed the following disinfectants to government organisations:
  - 800 litres of Sodium Hypochloride to Balai Bomba Pengkalan, Perak.
  - 4,000 litres of Sodium Hypochloride to Balai Bomba & Penyelamat Terengganu.
  - 4,000 litres of Sodium Hypochloride to Balai Bomba & Penyelamat Johor.

In addition, the Group also assisted the community by supplying food parcels and health kits to families whose finances have been adversely affected by the COVID-19 pandemic as part of its Corporate Social Responsibility ("CSR") initiatives.

While several of the Group's businesses were affected by shutdown of operations necessitated during the government-imposed lockdown periods, most were able to operate during the Mandatory Control Order ("MCO") period due to being deemed as essential business by the Ministry of International Trade and Industries ("MITI") or under government directives.

### ENVIRONMENTAL

#### CLIMATE CHANGE

Due to the potential significant impact of climate change on the Group's operations, particularly for Plantation, this topic remains material to the Group's sustainability agenda.

Rainfall patterns have fluctuated or decline erratically which also affects major water supply routes from upstream rivers. Severe cases have resulted in prolonged dry seasons and in rare circumstances, droughts, that have negatively influence overall upstream water quantity.

The long-term impact of climate change, global warming and other environmental factors may lead the Group to craft or adopt more sustainable energy resources and policies (government-legislated or Group-legislated) geared towards a more sustainable and eco-friendly economic progression.

## Sustainability Statement (Continued)

### ENVIRONMENTAL (Continued)

#### CLIMATE CHANGE (Continued)

The current climate change predicament prompted the Group to ramp up education of our stakeholders regarding climate change impacts and the importance of water resources not only to the Group but to the general public as well. Our plantations have increased their focus on water conservation, improving efficiency of water use, and storing water in dams where possible. More disclosures of our emissions, energy management, water usage as well as the preservation efforts alongside other important environmental disclosures will be made in future.

#### ENERGY CONSUMPTION MANAGEMENT

We continue to take proactive steps towards measuring and mitigating our environmental footprint across all our operations. The Group continues to strive to achieve optimal energy consumption in its value chain while still imbuing cost effectiveness in our energy usage mitigation strategies.

Our energy-saving undertakings do not only benefit the Group financially but they can also be a force for good to bring awareness and benefit to stakeholders in the community. The benefits of reduced energy consumption include environmental preservation, reduced carbon footprint, greater returns on investments, lower business operating costs and enhanced public brand image.

#### Energy Management for Plantation Segment

By-products produced by our Palm Oil Mills (“POM”) such as Palm Pressed Fibre (“PPF”) and kernel shells are increasingly used as alternative energy sources to reduce our consumption of fossil fuels. In addition, energy efficiency is also a key and primary consideration in designing our new POMs. In 2021, we used an average of 0.43 GJ/mt of CPO produced, which was slightly higher than 2020.

#### Energy Management for Manufacturing Segment

The table below shows the breakdown of various energy consumption sources in FY 2020 and FY 2021 for the Manufacturing business. The incremental consumption for the Industrial Chemicals was due to the incorporation of figures from the newly acquired company, CCM, in 2021.

Energy Consumption (GJ)	Oleochemicals		Industrial Chemicals	
	2020	2021	2020	2021
<b>A</b> Non-renewable fuel consumed	7,762,822	8,108,148	4,666,030	11,489,585
<b>B</b> Renewable fuel consumed	-	-	-	1,210
<b>C</b> Electricity, heating, cooling & steam purchased for consumption	2,949,878	2,758,276	1,082,504	1,411,610
<b>D</b> Self-generated electricity, heating, cooling & steam (which are not consumed)	124,306	123,395	-	-
<b>E</b> Electricity, heating, cooling & steam sold	29,347	66,420	28,719	13,985
<b>Total energy consumption (A+B+C+D) – E</b>	<b>10,807,659</b>	<b>10,923,398</b>	<b>5,719,815</b>	<b>12,888,420</b>

## Sustainability Statement (Continued)

### ENVIRONMENTAL (Continued)

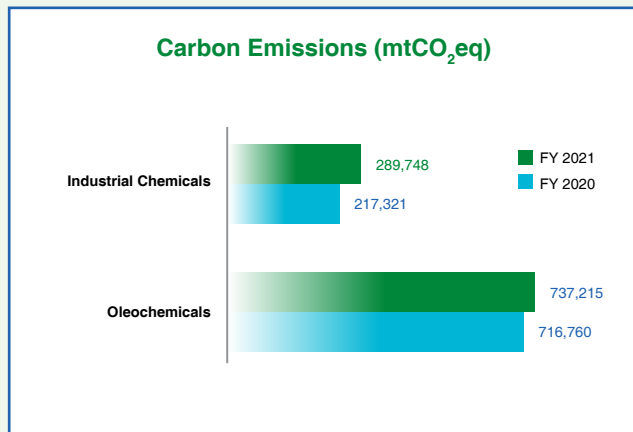
#### GREENHOUSE GAS (“GHG”) EMISSIONS

We remained mindful of our carbon emissions from our major segments, Plantation and Manufacturing as we are putting major effort to improve our GHG emissions reporting. This is pertinent in tracking, monitoring and evaluating the initiatives that has been set in place particularly in reducing our carbon footprint and also assist us in setting the right target.

#### Carbon Emissions for Plantation Segment

As of 30 September 2021, our plantations and POMs recorded an average emissions of 582.18 kg CO<sub>2</sub> eq/ mt CPO, which is 68.37% GHG savings compared to fossil fuel. KLK will strive to achieve 69% GHG savings by 2022.

#### Carbon Emissions for Manufacturing Segment



For 2021, our oleochemicals’ carbon emissions has increased to 737,215 mt CO<sub>2</sub>eq with an emissions intensity of 0.25 eq/mt prod vol.

As for our Industrial Chemicals, the total carbon emission comprises of Scope 1 and Scope 2 as depicted in table below:

SCOPE 1
<p><b>Direct GHG Emissions</b> Emissions from sources that are owned or controlled by the Group.</p> <p><u>Group – owned vehicle</u> GHG emissions produced by our fleet of Group-owned vehicles primarily from our logistic company, Circular Agency Sdn Bhd &amp; North-South Transport Sdn Bhd (“<b>CA/NST</b>”) were calculated from their diesel consumption.</p> <p>The CO<sub>2</sub> emissions from diesel consumption were derived from the emissions factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.</p> <p><u>Plant Operations</u> Diesel and Natural Gas consumption</p>
SCOPE 2
<p><b>Indirect GHG Emissions</b> Indirect emissions from purchased electricity</p>

## Sustainability Statement (Continued)

### ENVIRONMENTAL (Continued)

#### GREENHOUSE GAS (“GHG”) EMISSIONS (Continued)

##### Industrial Chemicals Carbon Emissions Breakdown

MtCo <sub>2</sub> eq	2020	2021
Scope 1 Direct GHG emissions	13,365	19,300
Scope 2 Indirect GHG emissions	203,956	270,448
<b>Total</b>	<b>217,321</b>	<b>289,748</b>

##### Reducing Emissions & Energy Consumption

In managing our energy and emissions impact, we have leveraged on key technological innovations to implement energy-saving and cost-effective techniques (seen in the below table) in the plantation and manufacturing processes of our plants to reduce its operations’ carbon footprint and energy consumption:

##### Biogas Power Plants for Renewable Energy

The production of palm oil generates waste that must be carefully managed to reduce its impact on the environment. The main waste type derived from the production of crude palm oil is POME. As a responsible planter, and in line with our goal of reducing GHG and Biological Oxygen Demand (“BOD”) levels, we commissioned biogas power plants that is able to capture methane from POME and convert it into electricity.

In the last 10 years, we made commendable progress in reducing GHG from POME through the introduction of Biogas Capturing and Power Plant. To reduce the methane gas release, we have seven (7) operational biogas plants; three (3) in Malaysia, three (3) in Indonesia and one (1) in Liberia. During the year, these biogas plants generated 63,361,412 kWh green energy, of which 25,679,760 kWh was sold to the National Grid and 37,681,652 kWh used for our own operations. KLK strives to adopt the best technology and practices to ensure high efficiency of biogas production and power generation to play a significant role in contributing to renewable and green energy in global energy needs.

##### Filter Belt Press (“FBP”)

KLK has also installed FBPs, a mechanism capable of reducing the total GHG emissions with more than one (1) FBP in five (5) POMs of bigger capacity.

##### Increased Energy Savings via Co-Generation (“COGEN”)

COGEN or Combined Heat and Power Generation utilises the concurrent production of electricity and usable thermal energy from a single fuel source to be more efficient and cost effective. Heat created from COGEN is captured and recycled to provide hot water or steam for heating or cooling a production facility. To mitigate additional energy costs, COGEN projects were successfully initiated at our chlor-alkali plants in Pasir Gudang and Kemaman. These projects also aim to lessen the Group’s exposure to any increase in electricity rates as well as lower greenhouse gas emissions, such as carbon dioxide and air pollutants like nitrogen oxides and sulphur dioxide, thus resulting in a clean environment.

##### Reduced Energy Usage through Upgraded Electrolyser and Membrane Efficiency

Among the related energy efficiency projects under this initiative was upgrading of old electrolysers in our chlor-alkali plants to more energy efficient electrolysers of newer technology. In our Pasir Gudang plant, older NCS electrolysers were converted and commissioned in 2016 to newer NCH electrolysers, which has led to significant reduction in power consumption and subsequently carbon emissions. Our chlor-alkali plant in Kemaman, have completed the upgrading of some of it electrolysers in 2021. The combination of a zero-gap design with the single element philosophy of the new technology resulted in maximised utilisable area of the membrane which lowers energy consumption significantly.

## Sustainability Statement (Continued)

### ENVIRONMENTAL (Continued)

#### GREENHOUSE GAS (“GHG”) EMISSIONS (Continued)

##### Tapping Excess Hydrogen via the Dual-Fuel Boiler Project

Our chlor-alkali plants in Pasir Gudang and Kemaman are using dual-fuel boiler project by utilising the excess hydrogen, released during the chlor-alkali manufacturing process, as an alternative fuel source for boiler operations instead of relying on natural gas alone and thus reducing natural gas consumption. By consuming the excess hydrogen as fuel instead of just emitting it into the atmosphere, we reduced energy costs and the Group’s overall carbon footprint. Emissions are tracked by monitoring the air emissions of our plants and generator sets, all comply with the requirements set by the Department of Environment, Malaysia (“DOE”).

#### WATER MANAGEMENT

Water is the key resource in our operations on which our product manufacturing processes are dependent on. We strive to minimise and monitor the water usage in our operations and throughout our supply chain. We acknowledge our responsibility to use and manage water sources efficiently and sustainably. Our water management strategies focus on water use optimisation and reduction in water consumption or wastages.

##### Water Consumption for Plantation Segment

In 2021, the Plantation segment’s processing water usage was 1.38 m<sup>3</sup>/mt FFB processed. Water usage in processing fresh fruit bunches is monitored closely to reduce the generation of POME in our Plantation segment. Our Operating Centres (“OCs”) also monitor the BOD and Chemical Oxygen Demand (“COD”) levels of final discharge monthly to ensure both parameters comply with the country’s regulations. During the FY 2021, both BOD and COD levels are within the parameters set by the regulators in the countries in which we operate.

To preserve the quality of water entering the waterways, riparian reserves are maintained to act as a filter. Proper stacking oil palm fronds, applying empty fruit bunches as mulch and growing legume cover crops also help in soil water retention.

##### Water Consumption for Manufacturing Segment

Manufacturing Segment	Water Withdrawal by source	(m <sup>3</sup> )	
		2020	2021
Oleochemicals	Groundwater	2,235,339	2,076,505
	Surface Water	1,419,845	1,464,900
	Seawater	1,598,464	1,766,849
	Produced Water	-	270,018
	Third party water	2,599,119	2,878,734
	<b>Total</b>	<b>7,852,767</b>	<b>8,457,006</b>



## Sustainability Statement (Continued)

### ENVIRONMENTAL (Continued)

#### WATER MANAGEMENT

##### Water Consumption for Manufacturing Segment (Continued)

Manufacturing Segment	Water Withdrawal by source	(m3)	
		2020	2021
Industrial Chemicals	Groundwater	-	-
	Surface Water	-	-
	Seawater	-	-
	Produced Water	-	-
	Third party water - SAJ*	35,092	394,364
	Third party water - LAP*	387,444	390,498
	Third party water - SATU*	738,368	808,551
	Third party water - SAINS*	40,120	36,278
	Third party water - Air Selangor	-	16,857
	<b>Total</b>	<b>1,201,024</b>	<b>1,646,548</b>

\* SAJ - Syarikat Air Johor  
 LAP - Lembaga Air Perak  
 SATU - Syarikat Air Terengganu  
 SAINS - Syarikat Air Negeri Sembilan

##### Water Discharge for Manufacturing Segment

Manufacturing Segment	Water Discharge by source	(m3)	
		2020	2021
Oleochemicals	Groundwater	-	-
	Surface Water	1,861,841	1,913,376
	Seawater	945,330	1,766,849
	Produces Water	-	-
	Third party water	715,461	1,000,060
	<b>Total</b>	<b>3,522,632</b>	<b>4,680,285</b>
Industrial Chemicals	Groundwater	-	-
	Surface Water	116,595	196,875
	Seawater	-	-
	Produces Water	-	-
	Third party water	-	-
	<b>Total</b>	<b>116,595</b>	<b>196,875</b>

## Sustainability Statement (Continued)

### ENVIRONMENTAL (Continued)

#### WATER MANAGEMENT (Continued)

##### Reducing Water Consumption@ Industrial Chemicals

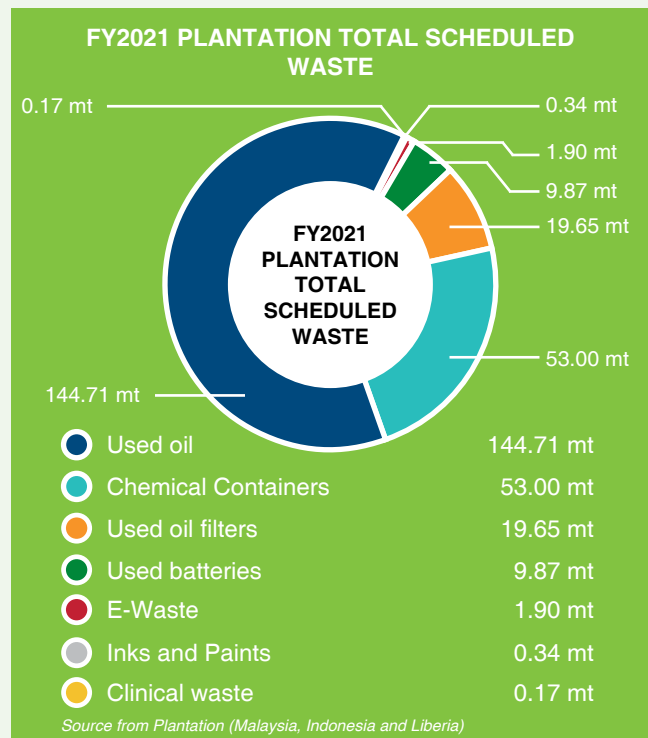
Water Consumption Reduction Initiatives	Outcomes / Output
3Rs Sustainability Programme for Polymer Washed Water in 2016 in abiding to its commitment to reducing operational water footprint	<ul style="list-style-type: none"> <li>Significantly decreased our water consumption with total savings of RM963,200 and reduced disposal costs of washed water as waste, with savings of RM35,517 for 2021.</li> </ul>
CCM Chemicals plant in Pasir Gudang commenced a waste water recovery initiative to attain and maintain zero treated effluent water discharge from its coagulant plant	<ul style="list-style-type: none"> <li>Waste water generated from the coagulant plant operations is collected and treated in the waste water recovery plant before being recycled for use in the plant's operations.</li> </ul>
Ion-exchange system at the Group's chlor-alkali plant for its water demineralisation process and also for its brine solution purification process	<ul style="list-style-type: none"> <li>Reducing the amount of waste water discharged from the waste water treatment process has led to reduction of treated discharge.</li> </ul>
Rain water harvesting at alum plant, Pasir Gudang	<ul style="list-style-type: none"> <li>The project started in 2021 with a rain water harvesting area covering 560m<sup>2</sup>. The harvested water was filtered and tested before being recycled in the process. An expansion plan is in place to double the collection area in 2022 covering the aluminium sulphate process plant and the warehouse.</li> </ul>

#### WASTE MANAGEMENT

All scheduled wastes generated from our operations are being managed responsibly in terms of their generation, storage, transportation and treatment. Scheduled wastes are collected by a licensed waste contractor that has been approved by the DOE. The generation of wastes for FY 2021 is presented as follows:

##### Waste Management for Plantation Segment

Palm oil waste management is a challenge due to the large quantity of waste generated during the production process. However, with our sustainable waste management system, 100% of by-products from POMs are returned to the soil as organic fertiliser or used as fuel in the boiler. Other wastes generated by our OCs are collected and disposed in accordance with prevailing regulations by licensed waste disposal contractors registered under the DOE. In 2021, the total scheduled waste produced by the Plantation segment are 229.64 mt.



## Sustainability Statement (Continued)

### ENVIRONMENTAL (Continued)

#### WASTE MANAGEMENT (Continued)

##### Waste Disposal & Waste Recovery for Manufacturing Segment

##### Waste Disposal for 2021

Businesses	Types of Waste	MT
Oleochemicals	General Waste	16,990
	Scheduled Waste	9,041
Industrial Chemicals	General Waste	169
	Scheduled Waste	2,353

##### Waste Recovery for 2021

Businesses	Types of Waste	MT
Oleochemicals	General Waste	8,800
	Scheduled Waste	2,028
Industrial Chemicals	General Waste	-
	Scheduled Waste	463

#### MANAGING SPILLS

Our Industrial Chemicals division produces and manufactures a large amount of various chemicals which may pose an environmental risk in the form of potential spillage. Possible areas and source of high-risk spillage propensity include our R&D laboratories, production lines, and warehouses and also external locations while transporting our products.

The Group has put in place several mitigation measures in order to prevent any spillage incidents and reduce the impact of an occurred spill.

Among the control measures that we have undertaken are:

- Installation of Gate valve system at strategic location covering point of discharge into external drain.
- Bund wall near internal drain to control direct discharge during spillage.
- Awareness to workers including forklift drivers on spillage prevention such as chemical transfer, loading and unloading of chemicals.
- Spill kit for spillage emergency response.
- Emergency absorption tower and scrubber system installation to absorb any gas and fumes released via a pressure difference.
- All storage tanks are located within a secured bund wall to contain any liquid product spillage from their containers. Should any spillage occur, the spillage is directed to the effluent treatment system.
- Online processes and operations are controlled and monitored via the Distributed Control System to enable operations personnel to identify and respond immediately to any unexpected events.

## Sustainability Statement (Continued)

### ENVIRONMENTAL (Continued)

#### MANAGING SPILLS (Continued)

##### Significant Spillage in 2021

Volume of spill	Material of spill	Impact of spill
0.816 MT	Raw material and Finish goods	Contained and neutralised within our premise
0.852 MT	Raw material	Contained within boundaries
1 MT	Polyaluminium Chloride (PAC) Pax Proplus	Spillage of PAC product from inside the bund into the effluent treatment system
25 MT	Hydrochloric acid (HCl)	Contained on the road and drainage, 2 MT of soda ash was used to decontaminate the soil
Less than 1 MT	Liquid Aluminium Sulphate	Contained via secondary containment

#### BIODIVERSITY PROTECTION

Our subsidiary, KLK commits to conserve biodiversity by identifying, protecting and maintaining areas of High Conservation Value (“HCV”) in its plantation activities. Areas that contain significant concentration of biological value, or rare, threatened and endangered species are preserved.

KLK also launched its Group Biodiversity Conservation Policy on 1 May 2021. The policy reiterates and affirms our commitment to biodiversity conservation in our operations and supply chain. We also work closely with non-governmental organisations and the State Wildlife Agency when rare and endangered species are found within these HCV sites. Their habitats are conserved with implementation of appropriate management and monitoring plans. Activities such as, but not limited to, chemical application, hunting and poaching, are not allowed in these areas.

KLK pledges to address deforestation, to set aside areas for conservation and restoration of forest. We are also committed to the HCV and High Carbon Stock (“HCS”) approaches by planting natural vegetation and forest trees. A total of 9,341 hectares has been conserved in order to protect and enhance the biodiversity value of such areas. To date, we have planted 352,217 forest/fruit trees spread over our Malaysian and Indonesian OCs. Our goal is to plant 1,000,000 trees so that we can make an impactful contribution to the environment.

Other initiatives that we have undertaken includes the peatland protection as well as zero burning policy. Detailed information on these initiatives is disclosed in KLK’s Sustainability Report that is available at its website, [www.klk.com.my](http://www.klk.com.my).

#### ENVIRONMENTAL NON-COMPLIANCE

The Group has complied with the regulatory standards and guidelines in place through its adherence and actions towards cultivating its sustainability initiatives regarding its material matters. However, we received one (1) notice of compound from the DOE on the minor improvement on scheduled waste packaging and warehouse condition at one (1) manufacturing site whereby prompt rectification actions were taken.

### SOCIAL

In order to ensure steady, resilient growth over the long-term, we continue to implement a host of social initiatives covering human resource, safety and responsible care initiatives that are vital to our businesses. These are in line with the Group’s policies and Codes of Conduct in maintaining safe and stable operations. These policies also ensure that health, safety and environmental care is maintained throughout the product lifecycle, and that the quality of products and services that we deliver is maintained and improved upon to our diverse stakeholders.

## Sustainability Statement (Continued)

### SOCIAL (Continued)

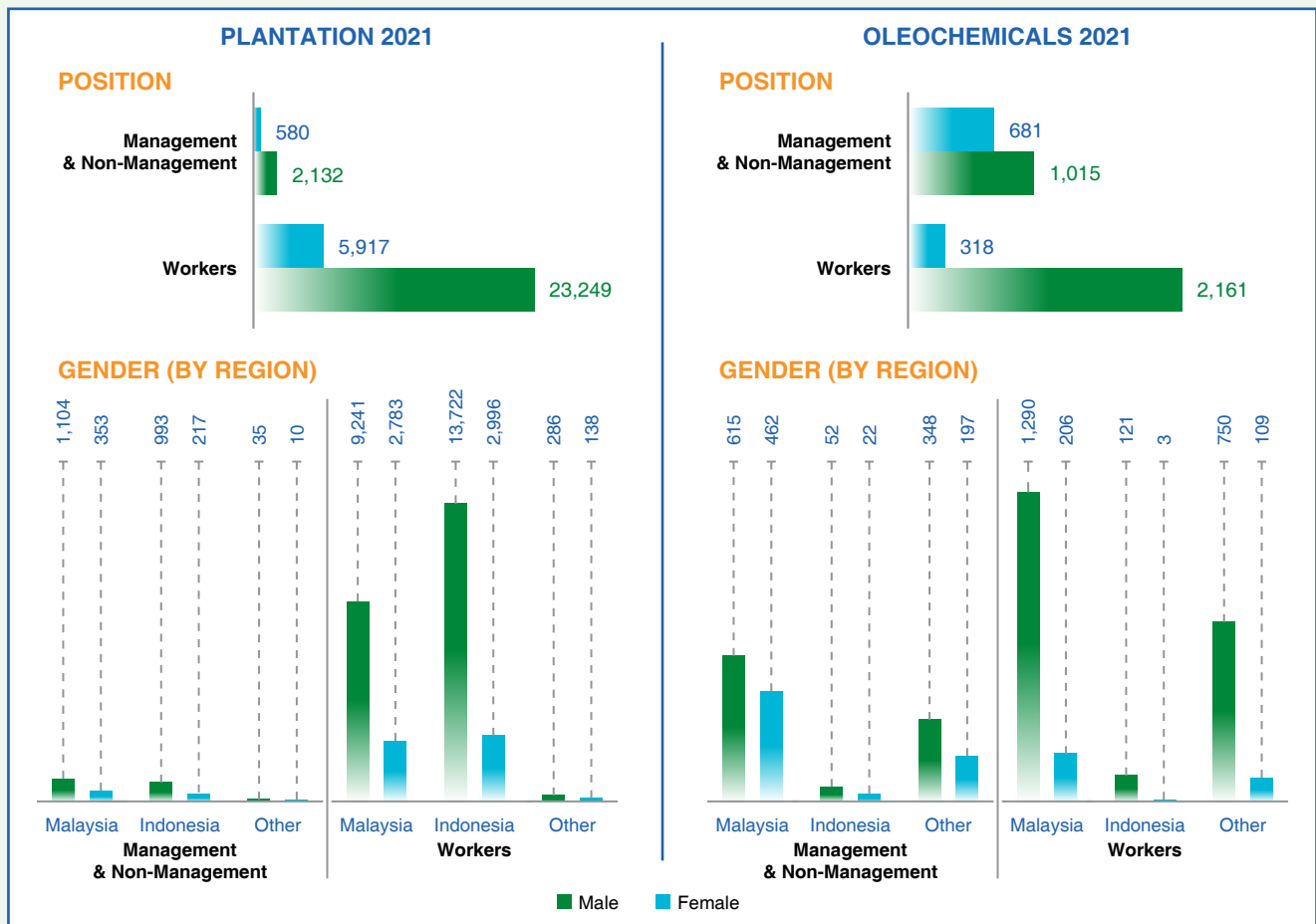
#### DIVERSITY & EQUAL OPPORTUNITY

BKB is committed in cultivating a diverse, inclusive and equal opportunity-friendly workplace environment. We believe that a diversity of ideas, backgrounds, experiences and perspectives can be a valuable asset to the Group's workforce.

BKB seeks to be a company whose workforce reflects the customers we serve and the broader communities within which we operate by aiming for gender equality throughout our organisation.

In our recruitment and selection process, we do not discriminate against any gender no matter what the job scope may entail. We base our selection solely on the merit of the individual we are hiring and their capability to succeed in their designated job role. With regard to remuneration, we provide equal pay for equal work done regardless of gender, age, race or ethnicity.

As the palm oil industry is physically demanding, we receive less applications particularly for field work from the female gender. As part of our commitment to support women to become more involved in the industry, our plantation business has put in place (but not limited to) Gender Committees and provide facilities such as child care centres for babysitting so that workers can work with peace of mind.

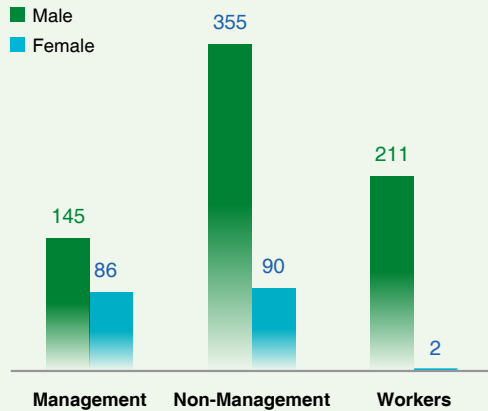


## Sustainability Statement (Continued)

### SOCIAL (Continued)

#### INDUSTRIAL CHEMICALS

Employment Category by Gender



Employment Category by Locality



#### LABOUR STANDARDS & HUMAN RIGHTS

We are committed towards the observance and implementation of appropriate labour standards and human rights policies, guidelines and legislation to ensure good governance and cultivation of the proper protocol and behaviours among our employees.

Our Code of Conduct and Ethics for the Company and Group denotes its Equal Opportunity and Workplace Diversity stand where the Group observes equal employment and practices anti-discrimination in the workplace at all times. The Group strives to ensure that employment opportunities properly reflect gender, ethnicity and any other characteristics protected by laws and regulations in order to eliminate any bias within the organisation.

Equal opportunities are provided to all potential candidates to be a part of our organisation.

The Group prohibits the use of forced or bonded labour, human trafficking and any form of child labour in all of our businesses and value chains. We expect our employees, contractors, vendors and partners with which the Group conduct its businesses, to also be committed in not condoning such practices.

#### COLLECTIVE BARGAINING

We continue to openly allow employees to bargain collectively, seeing it as an essential facet of employee relations. This is in line with legislation that explicitly supports the right for workers to engage in collective bargaining.

For the Plantation segment, 4,724 and 544 of our Peninsular Malaysia employees are members of MAPA/NUPW and MAPA/AMESU\* respectively. 6,561 of our Indonesian workers are members of various unions, while 365 of our Liberian workers are members of the Libinco Agriculture Workers Union.

\* MAPA - Malaysian Agricultural Producers Association  
 NUPW - National Union of Plantation Workers  
 AMESU - All Malayan Estates Staff Union



## Sustainability Statement (Continued)

### SOCIAL (Continued)

#### COLLECTIVE BARGAINING (Continued)

As for the Industrial Chemicals business, approximately 34% of our Industrial Chemicals workforce are covered under worker unions of their choice and we continue to maintain a close working relationship with the following unions that represent our employees in FY 2021.

Unions	Total no. of employees
National Union of Commercial Workers	12
Chemical Workers Union of Malaya	37
Kesatuan Pekerja-Pekerja Malay-Sino Chemical Industries Sdn Bhd	91
National Union of Petroleum and Chemicals Industry Workers (NUPCIW)	160
<b>TOTAL</b>	<b>300</b>

#### TALENT DEVELOPMENT & TRAINING

BKB has continued pursuing relevant training and development initiatives for its employees in order to supply them with abilities and job competencies they require to excel at their work and boost overall operational productivity. We leveraged on and utilised virtual training sessions as well as occasional small-scale physical sessions when it was deemed necessary, complying with the right safety and health SOPs in place at all times.

##### Training at Plantation

All newly recruited estate executives to be based at OCs go through an Introductory Course and GAP Training at our training centre. It comprises of three (3) modules:

- i. 1st Module – Oil Palm (“OP”) (Upkeep, Harvesting), Botany, Yield Statistics, Collective Agreement, FFB Quality, Mature Area Mechanization Field/Palm Oil Mill Visits FFB Grading
- ii. 2nd Module – OP Immature (Nursery, Replant, Upkeep), Immature Mechanization, Field Visits
- iii. 3rd Module – Rubber (Mature, Nursery, Replant, Immature Upkeep, Yield Stats, Latex Quality (TQCC), Field Visits
- iv. Departmental Training (Admin, HR, IT, Purchasing, Marketing etc)
- v. Assignments/Course examination

Upon recruitment as probationary estate executives, they will be stationed in the estate for 4-5 months before attending 1st Module, followed by 2nd and 3rd Modules with the same interval of 4-5 months.

Every module will involve both classroom and field practical/training session for 2-3 weeks. Training school will be utilised for discussion sessions, plantation and departmental lectures as well as course examination. Emphasis is given more to field trainings in selected OCs as it will enhance the practical knowledge rather than theory alone.

##### Training at Oleochemicals

Training at Oleochemicals emphasise on development of emotional intelligence and soft skills. This is due to the fact that most employees recruited already possess the technical skill set and knowhow required of their position compared to the Plantation segment. Success in the workplace is strongly influenced by personal attributes such as communication, teamwork, adaptability, problem solving and conflict resolution. Thus, it is important to cultivate and develop these qualities.

## Sustainability Statement (Continued)

### SOCIAL (Continued)

#### TALENT DEVELOPMENT & TRAINING (Continued)

##### Training at Industrial Chemicals

Due to the nature of its business, training at Industrial Chemicals focuses on the Health, Safety and Environment (“HSE”) in ensuring the safety use of chemicals in its daily operations particularly for the manufacturing employees. However, in order to ensure the employees are developed holistically, we also provide training in the areas of intrapersonal and interpersonal skills as well as professionalism and leadership skills. In 2021, each employee achieved an average of 17.3 training hours per annum with a total training hour of 15,382.

	2020	2021
<b>Total Employee Training Hours</b>	9,419	15,382
<b>Average training hours per employee</b>	15.7	17.3

#### HEALTH AND SAFETY PERFORMANCE

Occupational safety and health (“OSH”) have always remained an instrumental part of the Group, and more so during this pandemic period. Therefore, consistent vigilance and effort are practiced to ensure a safe and healthy working environment for our employees, as well as positively impacting all concerned stakeholders’ perception and brand credibility, as we measure our OSH standards against a series of pertinent health and safety standards.

##### Health, Safety and Environment Committees

We have set up HSE at our business operations in compliance with the Occupational Safety and Health Act 1994 to identify, plan and resolve OSH-related concerns in our businesses.

Among the primary roles and responsibilities of the HSE Committees are:

- Assist in developing health and safety rules as well as safe working methods.
- Review health and safety programs’ effectiveness.
- Analyse potential trend developments of accidents, near-miss accidents, occupational poisoning or diseases as well as harmful incidents.
- Report unsafe or unhealthy conditions and recommend suitable remedial actions.
- Evaluate HSE workplace policies and propose improvements where necessary.

##### Safety & Health Committees @ Plantation

Plantation	Male		Female		Total	
	2020	2021	2020	2021	2020	2021
Malaysia	1,055	996	226	202	1,281	1,198
Indonesia	1,975	762	516	102	2,491	864
Liberia	24	20	2	4	26	24

##### Safety & Health Committees @ Oleochemicals

Oleochemicals	Male		Female		Total	
	2020	2021	2020	2021	2020	2021
Malaysia	115	86	28	21	143	107
Indonesia	13	13	2	2	15	15
Other Countries	71	59	19	12	90	71

## Sustainability Statement (Continued)

### SOCIAL (Continued)

#### HEALTH AND SAFETY PERFORMANCE (Continued)

##### Safety & Health Committees @ Industrial Chemicals

Industrial Chemicals	Male		Female		Total	
	2020	2021	2020	2021	2020	2021
Malaysia	78	80	18	20	96	100

##### OSH Performance

The table below showcases important OSH statistics throughout the Group's operations (including subsidiaries):

Plantation	No. of Fatality		LTI Frequency Rate		LTI Severity Rate	
	2020	2021	2020	2021	2020	2021
Malaysia	2	2	28.83	27.74	513.32	530.77
Indonesia	1	2	62.91	54.62	290.52	485.23

Oleochemicals	No. of Fatality		LTI Frequency Rate		LTI Severity Rate	
	2020	2021	2020	2021	2020	2021
Malaysia	0	0	2.34	1.87	56.40	73.98
Indonesia	0	0	0	0	0	0
Other Countries	0	0	4.98	2.89	75.04	51.18

Industrial Chemicals	No. of Fatality		LTI Frequency Rate		LTI Severity Rate	
	2020	2021	2020	2021	2020	2021
Malaysia	1	1	2.93	1.88	130.02	22.97

**LTI Frequency Rate** Total incidents/1 million man-hours worked

**LTI Severity Rate** Days lost due to LTI/1 million man-hours worked

#### PRODUCT QUALITY AND SAFETY

The quality and safety of our products and services to our customers is a priority. This applies to our entire portfolio and covers all aspects of our products, systems and services. Guided and governed by their respective Quality Policy, our businesses provide products and services that match customers' expectations and comply with all internal and external safety, regulatory and quality requirements. On top of that, we strive to obtain and maintain industry standard certifications, consistent with our core commitments to add value through enhanced brand reputation and advancement through best-in-class practices.

##### CERTIFICATION AT PLANTATION SEGMENT

###### Roundtable on Sustainable Palm Oil ("RSPO")

RSPO is a multi-stakeholder initiative that aims to transform the CPO market to make sustainable palm oil the norm. Members consist of supply chain members namely producers and processors, consumer goods manufacturers, retailers, banks and investors as well as environmental and social non-governmental organisations.

KLK is one of its pioneer members and fully committed to certify all of its OCs as RSPO-compliant. KLK's Malaysian operations have been fully certified as such since 2014. For Indonesia, all our POMs are RSPO certified. As for our Indonesia estates, the uncertified estates are targeted for certification by 2022.

## Sustainability Statement (Continued)

### SOCIAL (Continued)

#### PRODUCT QUALITY AND SAFETY (Continued)

##### RSPO Certified Sustainable Palm Oil (“CSPO”)

Our annual production of RSPO CSPO for Malaysia and Indonesia totalled 839,478 mt; with Malaysia accounting for 39% and 61% attributed to Indonesia.

At Group level, RSPO-certified CSPO accounts for 86% of total CPO produced during FY 2021.

##### Malaysian Standard on Sustainable Palm Oil (“MSPO”)

The MSPO Certification Scheme covers the Malaysian oil palm industry supply chain comprising plantations, independent and organised smallholders and POMs. It also includes grouping smallholders into Sustainable Palm Oil Clusters. KLK’s Malaysian operations have achieved full certification since 2017.

##### International Sustainability and Carbon Certification (“ISCC”)

ISCC is a globally applicable sustainability certification system and covers all sustainable feedstocks, including agricultural and forestry biomass, circular and bio-based materials and renewables. ISCC’s objective is to contribute to the implementation of environmentally, socially and economically sustainable production and use of all kinds of biomass in global supply chains. ISCC operates different certification systems for different markets. These systems are ISCC EU, ISCC PLUS and ISCC Solid Biomass NL. Seventeen (17) of our POMs and two (2) of our KLK OLEO facilities are ISCC EU certified. ISCC EU is a certification system to demonstrate compliance with the legal sustainability requirements specified in the Renewable Energy Directive (“RED”) of the European Commission and the Fuel Quality Directive (“FQD”). For KLK, certifications are carried out to meet demand of customers involved in the biodiesel sector.

As of 30 September 2021, Malaysia and Indonesia attained a production of 321,053 mt and 349,146 mt of ISCC-certified CSPO respectively.

##### Indonesia Sustainable Palm Oil (“ISPO”)

The Indonesian government established the mandatory ISPO certification scheme to improve the sustainability and competitiveness of the Indonesian palm oil industry. This scheme also supports the Indonesian government’s commitments to reduce GHG emissions and draw attention to environmental issues. Similar to the RSPO, ISPO Standards include legal, economic, environmental and social requirements, which are largely based on the existing national requirements. For our POMs in Indonesia, all twelve (12) POMs are ISPO-certified. As for our estates, 87% is certified under ISPO and the balance would be certified by 2022.

## Sustainability Statement (Continued)

### SOCIAL (Continued)

#### PRODUCT QUALITY AND SAFETY (Continued)

##### CERTIFICATION AT OLEOCHEMICALS

Many of our oleochemicals products and processes have been certified by various international bodies as on par with world class standards. We also co-operate closely with the relevant government agencies such as DOE, Ministry of Human Resource including the Department of Occupational Safety and Health (“**DOSH**”) in compliance audits and site visits to validate the Group’s practices according to various legal requirements and standards.



##### CERTIFICATION AT INDUSTRIAL CHEMICALS

Company	% of manufacturing plants with certification		
	ISO 9001:2015	ISO 14001:2015	ISO 45001 :2018 *
CCM Polymers Sdn Bhd	100%	NIL	NIL
CCM Chemicals Sdn Bhd	100%	50%	50%
Malay-Sino Chemicals Industries Sdn Bhd	100%	100%	100%
Circular Agency Sdn. Bhd. & North-South Transport Sdn. Bhd	100%	NIL	NIL
See Sen Chemical Berhad	100%	100%	100%

\* OHSAS 18001 has been replaced by ISO 45001, the new international standard for occupational health and safety management.

##### Addressing Product Quality & Safety at Industrial Chemicals

We are committed to deliver exceptional quality of service and product to our customers while protecting their safety and health. We also endeavour to ensure our product quality is not compromised while safeguarding our employees, the public and the chemical industry from any potential harm. Thus, we have taken steps to provide customer assessment, audit and trainings. For each new customer, we will ensure that they have adequate and proper facilities to receive our products before the first product delivery is made. We will also undertake periodical audits with our customers to ensure that the safety aspects are observed at all times.

## Sustainability Statement (Continued)

### SOCIAL (Continued)

#### PRODUCT QUALITY AND SAFETY (Continued)

The details of these initiatives are outlined below:

##### Customer Installation Assessment

- This is a requirement established prior to first product delivery to a new customer.
- The customer's installation will be assessed to ensure it meets our requirements before the products are delivered.
- The assessment covers SHE elements to ensure a safe environment during the unloading process, storage of the product, handling and response during emergencies.
- Any gaps during the assessment will be communicated to the customer and any remedial actions are undertaken prior to product delivery.

##### Product Handling Training

- This involves comprehensive training to customers, agents, dealers, contractors and staff on the safe handling of products.
- There are two types of product handling training, namely comprehensive training for liquid chlorine and an introduction to other products.
  - i. **Comprehensive liquid chlorine training**
    - This is a three-day programme which includes theory and practical training in handling chlorine leaks from the container.
  - ii. **Introduction to other products training**
    - This training is tailored to customers' specific needs. The training can be conducted at customer premises consisting of two-hour classroom training only or includes a practical mock exercise on emergency handling.

##### *Driver Management Programme*

The transportation of hazardous chemicals requires comprehensive management to prevent accidents and the exposure of chemicals to drivers and the public. The newly acquired company, CCM has been a pioneer in developing and establishing a comprehensive driver management programme. Under the programme, we work closely with each transportation company that we are engaging with to ensure their commitment to this programme. The programme consists of:

- A new driver interview and assessment by the Transport Safety Department;
- Product handling training for drivers and supervisors;
- Defensive driving training;
- Road hazard identification and briefings to drivers;
- A driver buddy system;
- Driver surveillance;
- A road transportation mock drill at the Second Link bridge between Malaysia and Singapore;
- Offsite events for drivers and transportation companies;
- A yearly audit for transportation companies.

##### *Journey Management Plan (JMP)*

In our wholly-owned logistics companies, CA/NST, we have initiated a new programme whereby a documented Standard Operating Procedures ("SOPs") are drawn up to ensure compliance with transport code of practices from both DOSH and the Land Public Transport Agency Malaysia ("APAD").

Our JMP introduces best practices which covers the following areas:

- route risk management
- fatigue management
- driving behaviour

## Sustainability Statement (Continued)

### SOCIAL (Continued)

#### PRODUCT QUALITY AND SAFETY (Continued)

This comprehensive plan helps to assess aspects of vehicle and driver road worthiness, delivery route risk management, vehicle breakdown procedure, fatigue management and driving behaviour management, and was introduced in September 2021.

#### **Emergency Response Network / Chemical Emergency Service Teams**

Being a strong advocate of greater safety within the Chemical industry, we are committed to ensuring a safer environment for our employees, customers and the communities that we operate in. We have established the emergency response service throughout the country with the following objectives:

- To provide advice on safety measures and the remedial actions to be taken when a chemical emergency occurs during transportation or product unloading at customer premises;
- To ensure trained professional teams are in place to respond to chemical emergencies.
- To provide emergency services in cases of road accidents resulting in chemical spillages or leak of contents.

Our team offers 24/7 emergency response service and is recognised as a Subject Matter Expert by the Fire and Rescue Department Malaysia.

#### COMMUNITY DEVELOPMENT

BKB recognises the importance of doing its part to maintain and protect the communities within which it operates. As for that, the Group is determined to fulfil its role as a responsible corporate citizen, although its community development activities were disrupted due to the COVID-19 pandemic and the subsequent lockdowns. BKB's community outreach programmes and contributions are focused in the areas of education, humanitarian, community, environmental, and health and sports.

#### **Community Programme@Plantation**

##### **Empowerment through Education**

We believe that education plays a major role in poverty alleviation, hence we place considerable importance in ensuring equal education opportunities for children in the areas where we operate.

We continued to manage 96 education facilities to provide education for our workers' children from kindergarten all the way through to senior high school. These facilities provide education to some 19,500 students annually and are also open to children of local communities living adjacent to our plantations.

Over the years, we are privileged to be in partnership with external parties such as Humana Child Aid Society, Sabah, Indonesia Heritage Foundation and Ministry of Education, Liberia in this pursuit. We share common objectives of helping children achieve academic excellence, develop positive values and instilling passion to succeed in their lives.

Apart from maintaining these education facilities, we also employed teachers and provide free shuttle bus services for students to access schools located beyond the estates that are relatively far from their home.

##### **Philanthropy & Yayasan KLK Scholarships**

Despite the impact of the public health crisis, we continue to make meaningful contributions through Yayasan KLK to support the communities in which we operate via grants, cash contributions and other in-kind donations for causes related to education, community welfare, sports and performing arts.

Apart from philanthropy, the Group also provided opportunities to deserving young Malaysians from low-income families to pursue higher education through the Yayasan KLK Scholarships programme. The programme aims to empower them to achieve their dreams with on-the-job internship programmes designed to help them gain insights into the real-world business environment.

Upon graduation, successful scholars may be offered employment within the Group. To date, Yayasan KLK has provided scholarships to 445 scholars.



## Sustainability Statement (Continued)

### SOCIAL (Continued)

#### COMMUNITY DEVELOPMENT (Continued)

##### Provision of Learning Devices to Poor Students

The COVID-19 pandemic has brought about an unprecedented change to the dynamics and culture of education. The situation has caused millions of students across the country to fully utilise their home computers or mobile devices and start online learning from home. However, many children from low-income families and those in rural areas find themselves disadvantaged due to lack of devices and/or poor internet connectivity. In view of the need, we have donated learning devices with data plan and computers to students from B40 families and underprivileged children from the charity organisations to enable them to continue with their education via online learning.

Detailed information of other community programmes by our Plantation segment is disclosed in KLK's Sustainability Report that is available at [www.klk.com.my](http://www.klk.com.my).

##### Key highlights for the Community Outreach Programme@ Industrial Chemicals



#### SOCIO NON-COMPLIANCE

As BKB strictly adheres to the law and regulations, we are pleased to report that there were no breaches in these regulations for 2021.

### GOVERNANCE

At BKB, we remain committed to upholding strong business ethics and implementing a high standard of corporate governance. The Board is committed to engage in continuous efforts to identify best practices which support the Group in building a culture of good corporate governance. Most importantly, it brings about sustainable growth to our diverse businesses and bolster shareholder value.

#### CODE OF CONDUCTS AND ETHICS

The Code of Conduct and Ethics of the Company ("**Code**") was established in demonstrating the Group's commitment in upholding appropriate standards of ethical conduct and behaviour at all levels of the Group's businesses. The Code, together with other related policies, procedures and guidelines, sets out fundamental rules in defining how the Company conduct its business and set out the standards for BKB Group and its employees.

The Code covers, amongst others, the following principles and standards:

- avoidance of conflicts of interest;
- compliance of anti-bribery and corruption;
- prohibition of insider trading;
- prevention of money laundering and terrorism financing;
- restriction on unfair business practices;
- protection of its intellectual property and prohibition of use of intellectual property rights of others;
- commitment to corporate responsibility;
- provision of equal opportunity and workplace diversity;
- prohibition on the use of forced or bonded labour, human trafficking and child labor;
- promotion of safe workplaces and prevention on workplace accidents and injuries.

## Sustainability Statement (Continued)

### GOVERNANCE (Continued)

#### GROUP ANTI-CORRUPTION AND WHISTLEBLOWING POLICIES

BKB is committed to acting fairly and with integrity in all its business dealings and relationships. The Group is also guided by its own Group Anti-Corruption Policy in ensuring that its activities and business transactions are open, transparent and are conducted in compliance with policies and laws which govern its operations in every country in which it operates. It is our policy that we do not practice or condone corrupt actions or bribery.

The Company has also established a Group Whistleblowing Policy whereby whistleblowers can raise concerns in confidence, and to ensure proportionate and independent investigation is duly conducted and follow-up action is taken. The whistleblowing channel has been created to help stakeholders raise their concern, without fear of retaliation and provide protection from reprisals and victimisation in respect of whistleblowing done in good faith. Stakeholders can also raise or report concerns about any issue or suspicion of unethical conduct and corporate misdemeanours of corrupt practices and bribery.

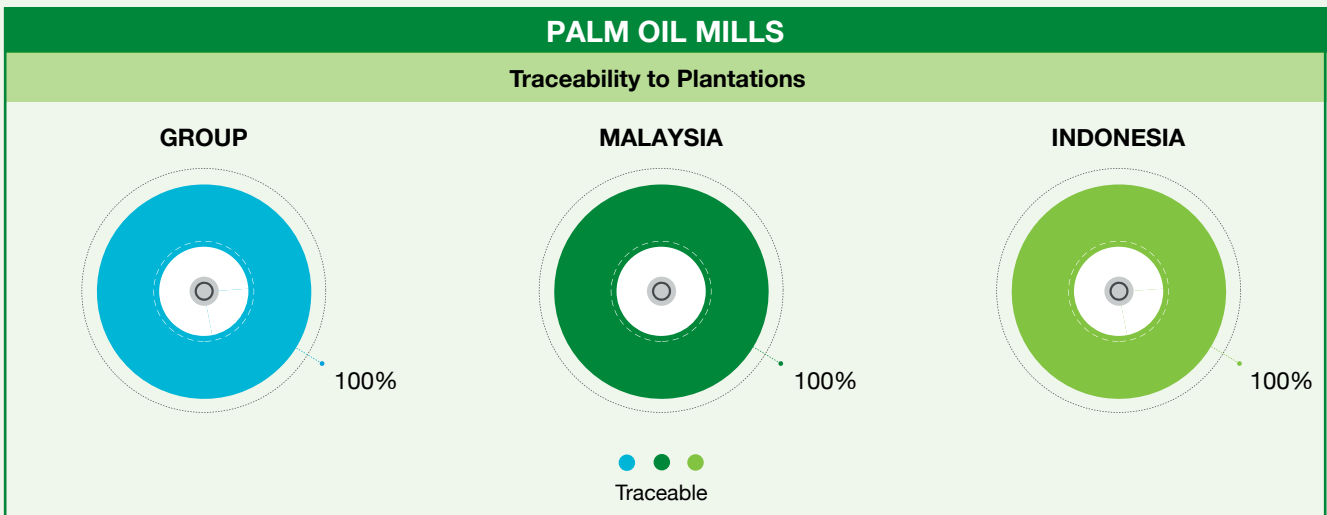
All these concerns can be addressed to the immediate superior or the BKB Managing Director, or to the BKB Audit and Risk Committee Chairman for concerns which cannot be resolved through normal channels of the immediate superior or the BKB Managing Director. The Group views seriously any wrongdoing on the part of any of its stakeholders. Stakeholders include employees, business partners, customers, contractors, suppliers, trading and joint venture partners, shareholders and members of the public, where relevant. Hence, whistleblowing is viewed positively by the Group as a means to ensure that the standards by which the Group subscribes to are upheld and maintained at a high standard.

#### TRACEABILITY

##### Traceability at Plantation

We have a time-bound plan to achieve 100% traceability to plantations for our POMs, refineries and kernel crushing plants.

To date, our Plantation Traceability status is as follows:



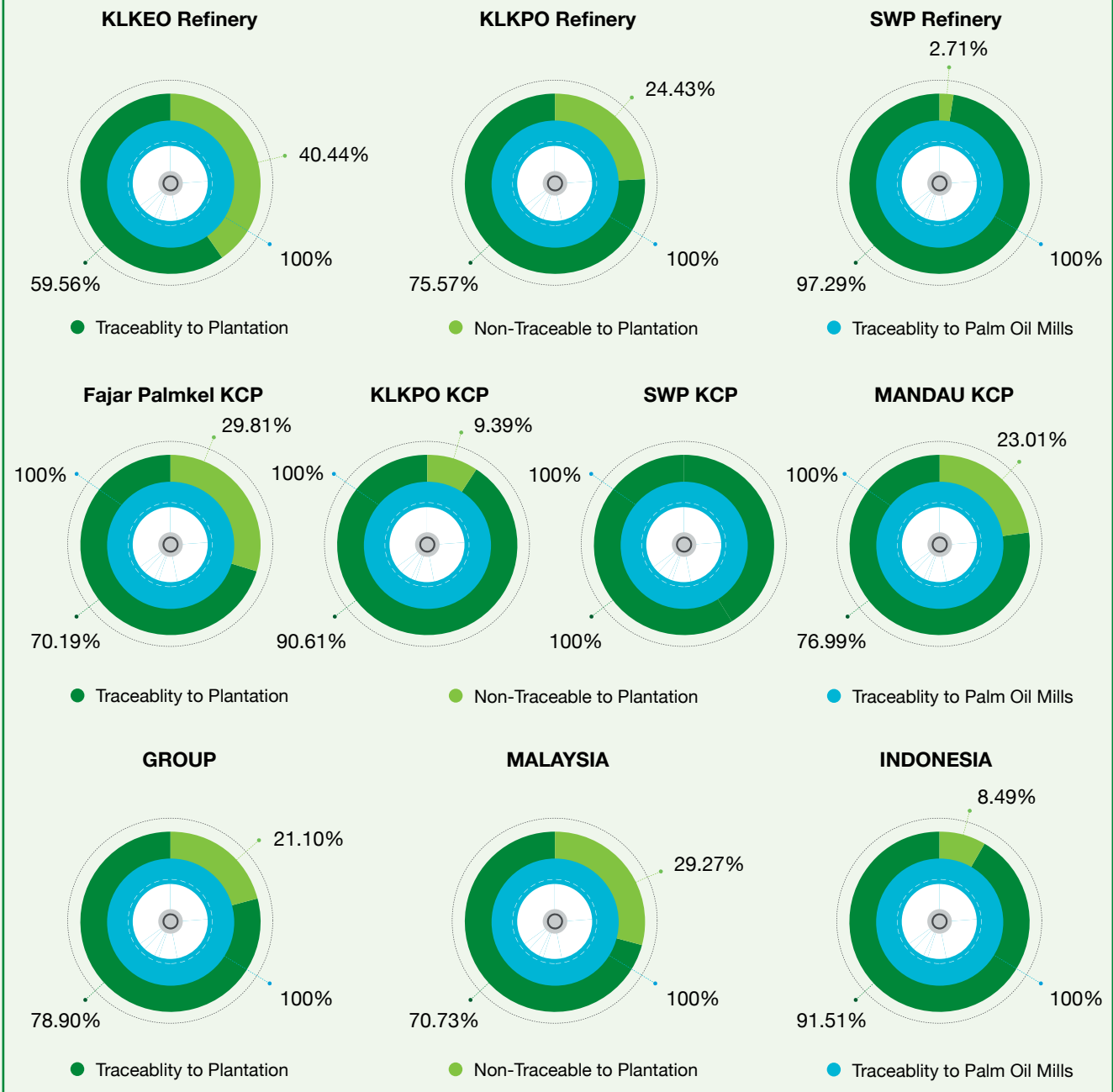
## Sustainability Statement (Continued)

### GOVERNANCE (Continued)

#### TRACEABILITY (Continued)

#### REFINERIES AND KERNEL CRUSHING PLANTS

##### Traceability to Palm Oil Mills



## Sustainability Statement (Continued)

### GOVERNANCE (Continued)

#### Traceability at Oleochemicals

For oleochemicals, traceability is defined as traceable to POM level for both palm oil-based and palm kernel oil-based Feedstock. The percentages disclosed were tabulated based on the weighted average purchases for palm oil-related origin processed in participating operating centers in China, Europe<sup>^</sup>, Indonesia and Malaysia.

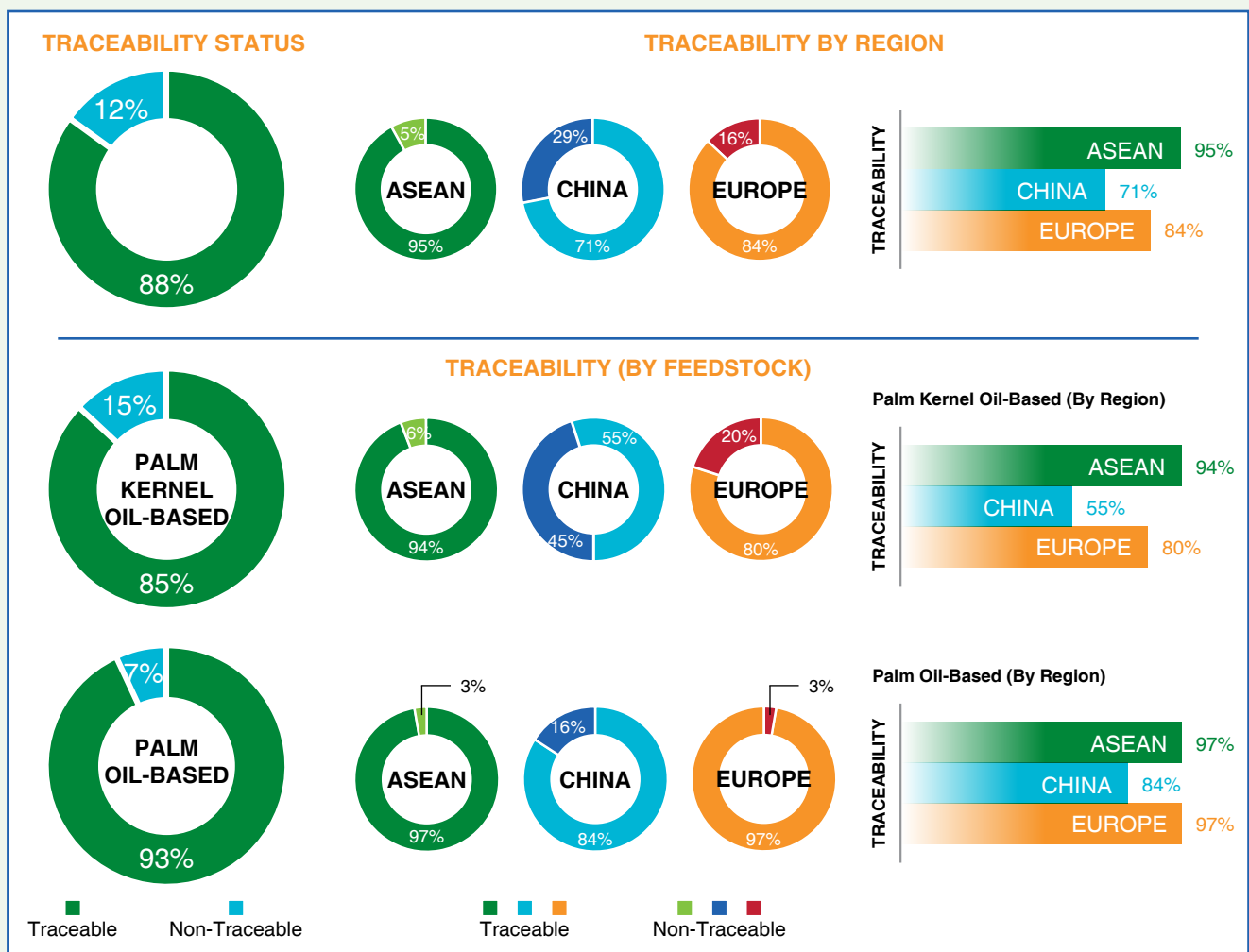
The source of information shared is non-verified, including but not limited to:

1. Supplier-specific traceability disclosure: Suppliers submitted traceability information upon request for a certain period\*, based on cloud of POMs. Traceability percentage was calculated based on information provided by POMs. Should suppliers provide statements of certain percentage traceable to POM-level, this was also used to represent traceability.
2. Supplier's website traceability disclosure\*: Information obtained from supplier's dashboard traceability.
3. CIF Rotterdam Traceability ("CRT") Template: Specific for Europe OCs, CRT templates were used as source of information for traceability calculation.
4. RSPO certified purchases: Declaration of POMs by suppliers in the RSPO Palm Trace.

\* Traceability information does not necessarily match sourcing period. Only RSPO's Segregation Supply Chain Model can provide exact matching of traceability against sourcing period.

\*\* Typically connects to shipments over the past 12 months

<sup>^</sup> Except KLK Kolb Specialities B. V. in Delden, The Netherlands



Detailed information of our traceability initiatives is disclosed in KLK's Sustainability Report that is available at [www.klk.com.my](http://www.klk.com.my)

## Corporate Governance Overview Statement

The Board of Directors (“**Board**”) of Batu Kawan Berhad (“**BKB**” or “**Company**”) recognises corporate governance as a form of self-regulation intended to ensure that the operations and objectives within the Group are implemented and conducted with a view towards enhancing corporate accountability, sustainability and long-term business prosperity to safeguard the interests of stakeholders. The Board takes further steps to strengthen the corporate governance and internal controls of the Group to ensure that a higher standard of corporate governance is adopted throughout the Group.

The Board is pleased to present this overview of the Group’s state of corporate governance practices during the financial year ended 30 September 2021. This overview statement explains how BKB Group has applied the three (3) principles set out in the Malaysian Code on Corporate Governance (“**MCCG**”):

- (a) Board leadership and effectiveness;
- (b) Effective audit and risk management; and
- (c) Integrity in corporate reporting and meaningful relationship with stakeholders.

This statement should be read together with the Corporate Governance Report of the Company which is available on the Company’s website, [www.bkawan.com.my](http://www.bkawan.com.my).

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### I. Board Leadership

The Company continues to be led by an experienced and effective Board who provides oversight, strategic direction and entrepreneurial leadership. The Directors collectively, have wide and varied technical, financial and commercial experience which facilitate effective, thorough and considered discharge of the Board’s statutory and fiduciary duties and responsibilities.

It is the role of Management to manage the Company in accordance with the direction of and delegation by the Board and the responsibility of the Board is focused on the Group’s overall governance. The Board will ensure the implementation of strategic plans and that accountability to the Group and its stakeholders is monitored effectively. They will oversee the activities of Management in carrying out these delegated duties.

#### Responsibilities and Key Duties of the Board

The roles and responsibilities of the Board as set out in the Board Charter include, but are not limited to the following:

- (a) overseeing the development and implementation of corporate strategies and control systems of the Group;
- (b) ensuring corporate accountability to the shareholders by maintaining effective shareholders communications strategy;
- (c) ensuring effective risk management, compliance and control systems (including legal compliance) are in place;
- (d) ensuring the integrity of the financial and non-financial reporting of the Group;
- (e) annual review of succession planning for business continuity;
- (f) delegation of day-to-day management of the business to the Managing Director and Management;
- (g) embedding sustainability and corporate responsibility practices as part of Group strategy; and
- (h) promoting good corporate governance culture within the Company based on the principles of transparency, objectivity and integrity.

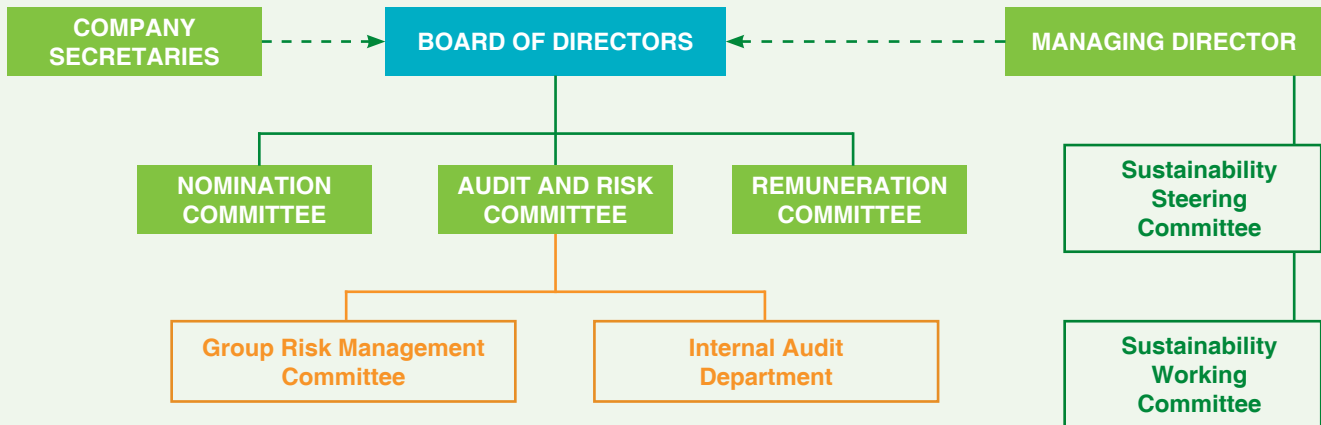
The Board delegates certain of its governance responsibilities to Board Committees, i.e. the Audit and Risk Committee, Nomination Committee and Remuneration Committee, which operate under their clearly defined terms of reference. The Chairmen of the respective Committees report to the Board the outcome of deliberations of the Committee meetings for final decisions.

## Corporate Governance Overview Statement (Continued)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

#### I. Board Leadership (Continued)

The governance structure of the Board is illustrated below:



The Board meets at least four (4) times a year, with additional meetings convened as and when necessary. During the financial year ended 30 September 2021, a total of seven (7) Board meetings were held. The details of attendance of each Director at the Board meetings are as follows:

Name of Directors	Number of Meetings	
	Held <sup>1</sup>	Attended
Tan Sri Dato' Seri Lee Oi Hian	7	7
Dato' Lee Hau Hian	7	7
Dato' Yeoh Eng Khoo	7	7
Mr. Quah Chek Tin	7	7
Tan Sri Rastam Bin Mohd Isa	7	7
Dr. Tunku Alina Binti Raja Muhd Alias	7	7
Mr. Lee Yuan Zhang <sup>2</sup>	3	3
Mr. Lim Ban Aik <sup>2</sup>	3	3

<sup>1</sup> reflects the number of meetings held during the period the Directors held office.

<sup>2</sup> Mr. Lee Yuan Zhang and Mr. Lim Ban Aik were appointed on 1 March 2021.

The Board is satisfied with the level of commitment given by the Directors in carrying out their responsibilities which is evidenced by the attendance record of the Directors above.

None of the Directors hold more than five (5) directorships each in listed corporation which ensures that they devote sufficient time to their duties as Directors.

## Corporate Governance Overview Statement (Continued)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

#### I. Board Leadership (Continued)

##### Code of Conduct for Directors and Code of Conduct and Ethics (“Codes”)

The Board has formalised Code of Conduct for the Directors and Code of Conduct and Ethics for the Company which govern the underlying core ethical values and commitment to high standards of integrity, transparency, accountability and corporate social responsibility as well as to promote good business conduct and to maintain a healthy corporate culture that engenders integrity, transparency and fairness in BKB. These Codes provide commitment to ethical values through the key requirements relating to conflict of interest, public representation, insider trading, confidentiality of information and compliance with law and regulations.

The Codes are made available on the Company’s website, [www.bkawan.com.my](http://www.bkawan.com.my).

##### Roles of Chairman and Managing Director

The respective roles of the Chairman and the Managing Director are clearly defined, so as to promote accountability and facilitate division of responsibilities between them as a check and balance mechanism. The Chairman is responsible for ensuring Board effectiveness and conduct, whilst the Managing Director has overall responsibility for the operating units, organisational effectiveness and implementation of Board policies and decisions.

Although the Chairman of the Board is a Non-Independent Non-Executive Director, the Independent Directors who account for a majority of the Board ensure a good balance of power and authority on the Board. Their presence further fulfills a pivotal role in corporate accountability. Although all the Directors have an equal responsibility for the Group’s operations, the role of these Independent Non-Executive Directors is particularly important as they provide unbiased and independent views, advice and judgement.

##### Company Secretaries

The Board is supported by in-house suitably qualified and competent Company Secretaries. One (1) of them is a member of Malaysian Institute of Accountants whilst the other two (2) are members of the Malaysian Institute of Chartered Secretaries & Administration. All Directors have access to the advices and services of the Company Secretaries. The Company Secretaries are responsible for ensuring the Group’s adherence and compliance with the relevant statutory and regulatory requirements. They ensure that deliberations at Board and Board Committees are properly documented and subsequently communicated to the relevant Management for their further actions.

##### Supply of and Access to Information and Advice

The Directors have direct and unrestricted access to all information relating to the affairs of the Group, whether as a full Board or in their individual capacity and have authority to seek external professional advice should they so require.

The Board and Management receive formal notification of Board and Board Committee meeting dates approximately one (1) month prior to the meetings. All Directors are provided with an agenda and a set of Board papers to Board meetings at least seven (7) days prior to the meetings. This would give sufficient time to the Directors to obtain further explanation/clarification, where necessary, in order to be properly briefed before the meeting. The Board papers include, amongst others, the following:

- quarterly financial report and a report on the Group’s cash and borrowings position;
- a current review of the operations of the Group;
- minutes of meetings of all Board Committees; and
- minutes of previous Board meetings.

Monthly reports on the financial performance of the Company and the Group are also provided to the Directors for their information. All proceedings of meetings which include all material deliberations and recommendations are properly minuted and filed in the statutory records of the Company, which is accessible by the Directors at all times. Notices on the closed periods for dealings in the shares of the Company are circulated to all Directors and principal officers of the Company in order for them to make necessary disclosure to the Company in advance of whenever the closed period is applicable.



## Corporate Governance Overview Statement (Continued)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

#### I. Board Leadership (Continued)

In recognising the importance of sound and timely information flow to Board effectiveness, all announcements made to Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”) will be circulated to all Directors on the day the announcements are released. Copies of Director’s notices on changes of Director’s interests and other directorships will also be given to the other Directors of the Company within the timeframe prescribed by the regulations. Senior Management is requested to attend Board meetings to present and provide additional information on matters being discussed and to respond to any queries that the Directors may have.

##### Group Anti-Corruption Policy

The Group is committed to fostering an anti-corruption culture and to ensuring that its activities and business transactions are open, transparent and are conducted in compliance with policies and laws which govern its operations in every country in which it operates. The Group has endorsed a Group Anti-Corruption Policy and its Standard Operating Procedures (“**SOP**”) which set out the Group’s stance on corruption and bribery, and to guide the Group’s employees and associated persons to act professionally, fairly and with integrity in all business dealings and relationships.

The Group Anti-Corruption Policy and SOP which are guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018, applies to all directors, officers, trustees, partners, employees and persons associated with the Group. Details of the Group Anti-Corruption Policy are available on the Company’s website, [www.bkawan.com.my](http://www.bkawan.com.my).

##### Group Whistleblowing Policy

The Company has adopted a Group Whistleblowing Policy whereby the whistleblowers can raise concerns in confidence, and to ensure proportionate and independent investigation is duly conducted and follow-up action is taken. The whistleblowing channel has been created to help stakeholders raise their concern, without fear of retaliation and provide protection from reprisals and victimisation in respect of whistleblowing done in good faith. Stakeholders can also raise or report concerns about any issue or suspicion of unethical conduct and corporate misdemeanours of corrupt practices and bribery. All concerns should be addressed to the immediate superior or BKB Managing Director, or to the Audit and Risk Committee Chairman for concerns which cannot be resolved through normal channels of the immediate superior or BKB Managing Director. The policy is made available on the Company’s website, [www.bkawan.com.my](http://www.bkawan.com.my).

##### Directors’ Training

The Board acknowledges that continuous education is essential for the Directors to keep abreast with the dynamic environment in which the Group operates. The Directors are mindful that they should continue to update their skills and knowledge to maximise their effectiveness as Directors during their tenure.

For the financial year 2021, the Directors have attended various seminars, courses and training to keep abreast with the developments on a variety of areas relevant to the Group’s business. These seminars and training programmes cover a wide range of topics, which include leadership management, corporate governance, risk management and internal control, financial reporting, tax, strategic planning, developments in the palm oil industry, finance and economic outlook, and emerging technology. The conferences, seminars and training programmes attended by Directors were as follows:

Conference / Seminar / Workshop	Presenter / Organiser
ESG & Corporate Governance Updates	Boardroom Corporate Services Sdn Bhd
Dialogue with President and Group Chief Executive Officer of PETRONAS: Resilience and Sustainability Amidst a Challenging Environment	Kuala Lumpur Business Club
Forbes Asia Chief Executive Officer: The Way Forward	Forbes Asia

## Corporate Governance Overview Statement (Continued)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

#### I. Board Leadership (Continued)

Conference / Seminar / Workshop	Presenter / Organiser
“ASEAN: Dancing with Fighting Elephants” by Kishore Mahbubani	Perak Academy
Indonesian Palm Oil Virtual Conference 2020 - Palm Oil Industry in the New Normal Economy	Gabungan Pengusaha Kelapa Sawit Indonesia
CGS - CIMB 13th Annual Corporate Day	CGS -CIMB Securities Sdn Bhd
Chief Executive Officer Forum	Council of Palm Oil Producing Countries
Oils and Fats International Congress 2021	Malaysian Oil Scientists’ and Technologists’ Association
Governance Symposium 2020	Malaysian Institute of Accountants
ESG perspective: Managing Recovery and Resilience	KPMG Audit Committee Institute
Budget 2021 Seminar and Anti-bribery and Anti-money Laundering Briefing	Deloitte Tax Services Sdn Bhd
Board and Audit Committee Priorities 2021	KPMG Asia-Pacific Board Leadership Centre
Building Back Better	KPMG Board Leadership Centre
The Net Zero Journey: What Board Members Need to Know - Part 1	Climate Governance Malaysia
The Net Zero Journey: What Board Members Need to Know - Part 2	Climate Governance Malaysia
COVID Creates Unique Governance Issues	Minority Shareholders Watch Group
Establishing an empowered Audit Committee	Institute of Enterprise Risk Practitioners
Audit Committee’s guide to COSO 2013 and Internal Controls	Institute of Enterprise Risk Practitioners
Climate Action: The Board’s Leadership in Greening the Financial Sector	Fide Forum
Bursa Fraud Risk Management Webinar	Bursa Malaysia Berhad
Corporate Restructuring & Turnaround for Company Directors	Institute of Corporate Directors Malaysia
Oxford Leading Sustainable Corporations Program	Oxford Said Business School
Never Lose Another Pitch	Guardian Masterclass
Circular Economy and Sustainability Strategies	Cambridge Judge Business School
Risk Appetite, Tolerance & Board Oversight	Institute of Enterprise Risk Practitioners
Strategic ERM: A Primer for Directors	Institute of Enterprise Risk Practitioners
Oils & Fats International Congress 2021	Malaysian Oils Scientists & Technologists Association
SRI 2021: Paving the Way for Profitability through Sustainability	Securities Industry Development Corporation
ESG: Navigating the Board’s Role	UC Berkeley School of Law & Ceres
Tokyo Global Dialogue	Japan Institute of International Affairs
46th Asean-Japan Business Meeting	Malaysia-Japan Economic Association

## Corporate Governance Overview Statement (Continued)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

#### I. Board Leadership (Continued)

##### Board Charter

The Board Charter sets out the roles and responsibilities of the Board and Board Committees and the processes and procedures for their meetings. It further elaborates the division of responsibilities for the Board, Board Committees, Management, Chairman, Managing Director as well as the Independent Directors. The Board Charter is reviewed periodically and the last review was carried out in August 2020 to ensure it complies with legislation and best practices, and remains relevant and effective for good governance policies and processes.

The Board Charter is published on the Company's website, [www.bkawan.com.my](http://www.bkawan.com.my).

##### Sustainability Strategies

The Group is committed to operate its business in accordance with environmental, social, governance and economic responsibilities. These include working within the law in order to be innovative and demonstrate initiative to meet the requirements of various stakeholders.

During the year under review, the Board, having reviewed the recommendation of the Sustainability sub-Committee to enhance the Group's Sustainability transformation journey, revised the Group's current Sustainability Governance Structure. The Group's sustainability governance structure now comprises of a Sustainability Steering Committee ("**SSC**") and a Sustainability Working Committee ("**SWC**"). The Chairman of the SSC reports directly on sustainability matters to the Board. The Sustainability Department acts as the secretariat in managing the overall sustainability initiatives for the Group. Under the new structure, the Group will better use and manage the sustainability issues reported to improve processes, operations and performances within the Group.

Further details on the sustainability reporting of the Group can be found in the Sustainability Statement as disclosed in this Annual Report.

#### II. Board Composition

The Board currently has eight (8) members, comprising seven (7) Non-Executive Directors (including the Chairman) and one (1) Executive Director. With five (5) of the eight (8) Directors being Independent Directors, the Main Market Listing Requirements ("**Main LR**") of Bursa Malaysia of at least one-third (1/3) of the Board being independent has been met. Together, the Directors have a wide range of business, financial and technical experience. This mix of skills and experience is vital for the successful direction of the Group.

In accordance with the Company's Constitution, all Directors who are appointed by the Board are subject to re-election by shareholders at the next Annual General Meeting immediately after their appointment. In accordance with the Constitution, one-third (1/3) of the Directors, including the Managing Director, is required to submit themselves for re-election by rotation at each Annual General Meeting. All the Directors are subject to retirement at an interval of at least once in every three (3) years. The Directors who are standing for re-election at the forthcoming Annual General Meeting are disclosed in the notice of Annual General Meeting.

##### Independent Directors

The Board recognises the importance of independence and objectivity in the decision-making process. The Board comprises five (5) Independent Directors, one (1) of whom the Board had designated as the Senior Independent Director.

The MCGG recommends that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years and necessary actions should be taken if an Independent Director serves on the Board for more than nine (9) years. The Nomination Committee and the Board have deliberated on the said recommendation and hold the view that a Director's independence cannot be determined solely with reference to tenure of service. Board composition should reflect a balance between effectiveness on one hand, and the need for renewal and fresh perspectives on the other.

## Corporate Governance Overview Statement (Continued)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

#### II. Board Composition (Continued)

The Nomination Committee and the Board have determined that Dato' Yeoh Eng Khoon and Mr Quah Chek Tin, who have served on the Board as Independent Directors, exceeding a cumulative term of twelve (12) years, remain unbiased, objective and independent in expressing their opinions and in participating in decision-making of the Board. The length of their service on the Board has not in any way interfered with their objective and independent judgement in carrying out their roles as members of the Board and Board Committees. Furthermore, their pertinent expertise, skills and detailed knowledge of the Group's businesses and operations enable them to make significant contributions actively and effectively to the Company's decision-making during deliberations or discussions.

The Board and its Nomination Committee have upon their annual assessment, concluded that each of the Independent Non-Executive Directors (including the Independent Directors who have served for more than nine (9) years) continues to demonstrate conduct and behaviour that are essential indicators of independence, and that each of them continues to fulfil the definition and criteria of independence as set out in the Main LR.

#### Nomination Committee

The Nomination Committee comprises exclusively of Non-Executive Directors, the majority of whom are independent, as follows:

Dato' Yeoh Eng Khoon (Chairman) – Senior Independent Non-Executive Director  
 Tan Sri Dato' Seri Lee Oi Hian – Non-Independent Non-Executive Director  
 Dr. Tunku Alina Binti Raja Muhd Alias – Independent Non-Executive Director

The Nomination Committee's key function is to establish formal and transparent policies and procedures to recruit, retain, train and develop the best available directors, and manage board renewal and succession effectively. The Nomination Committee has its own written terms of reference which deals with its authority and duties.

The Nomination Committee meets at least once a year, with additional meetings convened as and when necessary. During the financial year under review, two (2) Nomination Committee meetings were held and the attendance of the members for the meetings held are as detailed below:

Name of Directors	Number of Meeting	
	Held	Attended
Dato' Yeoh Eng Khoon	2	2
Tan Sri Dato' Seri Lee Oi Hian	2	2
Dr. Tunku Alina Binti Raja Muhd Alias	2	2

A summary of the activities of Nomination Committee in discharging its duties during the year under review is as follows:

- (1) Reviewed and assessed the suitability of Mr. Lee Yuan Zhang and Mr. Lim Ban Aik, and recommended to the Board their appointments as a Non-Independent Non-Executive Director and an Independent Non-Executive Director respectively, taking into consideration their skills and personal attributes;
- (2) Endorsed the new methodology for evaluation of the effectiveness of the Board, Board Committees and individual Directors to ensure the board evaluation process for the financial year 2021 continues to deliver a constructive assessment of Board performance;
- (3) Reviewed and assessed the performance, and made recommendations to the Board for its approval in relation to the re-election of Directors at the forthcoming Annual General Meeting ("AGM");
- (4) Reviewed the composition of the Board based on its required mix of skills, experience and other qualities which are considered important by the Board;
- (5) Reviewed the changes to the composition of the subsidiaries' boards;

## Corporate Governance Overview Statement (Continued)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

#### II. Board Composition (Continued)

- (6) Reviewed and assessed the board balance in terms of size, structure and composition for compliance with the provisions of the relevant guidelines and regulations;
- (7) Assessed the individual Director, overall Board and its Board Committees' performance and effectiveness as a whole;
- (8) Reviewed and assessed the independence of Independent Directors and their tenure of service;
- (9) Reviewed the succession plans of the Board and Senior Management;
- (10) Assessed Directors' training needs to ensure all Directors receive appropriate continuous development programmes; and
- (11) Reviewed and assessed the term of office and performance, and duties carried out by the Audit and Risk Committee and each of its member.

#### Board Diversity

The Nomination Committee and Board acknowledge the importance of boardroom diversity and the establishment of a gender diversity policy. The Board recognises the need to enhance boardroom diversity which is not only about diversification in terms of gender, but in terms of age, ethnicity and social backgrounds. Hence, the Board had always been in support of a policy of non-discrimination on the basis of race, religion and gender.

The Board will strive to encourage a dynamic and diverse composition of the Board by nurturing suitable and potential candidates equipped with the competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company. The Board recognises that diversity of the Board's composition is important to facilitate optimal decision-making by harnessing different insights and perspectives.

The appointment of Dr. Tunku Alina Binti Raja Muhd Alias has widen the gender diversity of the Board. The Board continues to source for suitable qualified women candidates for appointment to the Board.

#### Recruitment Process and Annual Assessment of Directors

The Nomination Committee is responsible to assess the contribution of each individual Director and overall effectiveness of the Board on an on-going basis. Having conducted a detailed review of each Director's personal/professional profile, attendance record, training activities, character and attitude, and participation in Board meetings as well as Group functions for the year, the Nomination Committee concluded that each Director has the requisite competence to serve on the Board and had sufficiently demonstrated their commitment to the Group in terms of time, participation and dialogue during the year under review.

The Nomination Committee continually reviews and evaluates its requirements for an appropriate mix of skills and experience to ensure the Board's composition remains relevant and optimal. The Board through the Nomination Committee, had conducted the annual assessment to evaluate the performance of the Board, its Board Committees and each individual Director. Based on the findings from the Board evaluation, the Board and Board Committees, as well as the individual Directors have discharged their roles and responsibilities effectively with commitment and professionalism in accordance with their respective charters and terms of reference. The Nomination Committee further confirms that the present size and composition of the Board has the requisite competencies and capacity to effectively oversee the overall businesses and handle all matters pertaining to the Group.

The Nomination Committee practices a clear and transparent nomination process which includes the identification of candidates, evaluation of suitability of candidates, meeting up with candidates, deliberation by Nomination Committee and recommendation to the Board.

The Nomination Committee also provides an orientation and education programme including plant visits guided by Management, for new recruits to the Board as an integral element of the process of appointing new Directors. As such, Mr Lee Yuan Zhang and Mr. Lim Ban Aik underwent a comprehensive induction or orientation programme and were briefed on the Group's activities, operations and policies when appointed to the Board. They also visited some of the Group's operating centres to enable them to assimilate into their new roles.

## Corporate Governance Overview Statement (Continued)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

#### III. Remuneration

##### Remuneration Policy for Directors and Senior Management

The Board has put in place a formal Remuneration Policy to determine the remuneration of Directors and Senior Management, which takes into account the demands, complexities and performance of the Company as well as skills and experience required. The objective of this policy is to help attract, recruit, retain and reward high performing, experienced and qualified Directors and Senior Management by providing remuneration commensurate with the responsibilities of their positions and their contributions, be competitive in the industry, and encourage value creation for the Company by aligning the interests of Directors with the long-term interests of shareholders. The Remuneration Policy of the Company is made available at the Company's website, [www.bkawan.com.my](http://www.bkawan.com.my).

##### Remuneration Committee

The Remuneration Committee comprises exclusively of Non-Executive Directors, the majority of whom are independent, as follows:

Dato' Yeoh Eng Khoon (Chairman) – Senior Independent Non-Executive Director  
 Tan Sri Dato' Seri Lee Oi Hian – Non-Independent Non-Executive Director  
 Mr. Quah Chek Tin – Independent Non-Executive Director

The Remuneration Committee is responsible for setting the policy framework and for making recommendations to the Board on remuneration and other terms of employment for the Board and Senior Management. The Remuneration Committee has a terms of reference which deals with its authority and duties.

The Remuneration Committee meets at least once a year, with additional meetings convened as and when necessary. During the financial year under review, one (1) Committee meeting was held and the attendance of the members for the meeting held is as detailed below:

Name of Directors	Number of Meeting	
	Held	Attended
Dato' Yeoh Eng Khoon	1	1
Tan Sri Dato' Seri Lee Oi Hian	1	1
Mr. Quah Chek Tin	1	1

The Remuneration Committee carries out the function established by the Board to have formal and transparent remuneration policies and procedures in order to retain Directors. In the case of the Executive Director, the various components of the remuneration are structured so as to link rewards to corporate and individual performance. The Remuneration Committee's remuneration package for the Managing Director is subject to the approval of the Board. In the case of Non-Executive Directors, the level of remuneration reflects the expertise, experience and level of responsibilities undertaken by a particular Non-Executive Director concerned. The Non-Executive Directors are paid a meeting allowance for each Board meeting they attend. Similarly, members to Board Committees are also paid a meeting allowance for each Committee meeting they attend. The Directors are also reimbursed reasonable expenses incurred by them in the course of carrying out their duties on behalf of the Company.



## Corporate Governance Overview Statement (Continued)

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

#### III. Remuneration (Continued)

During a review in October 2021, the Remuneration Committee had recommended and the Board has approved, subject to shareholders' approval at the forthcoming Annual General Meeting in February 2022, for the Non-Executive Directors' fees and the fees of the respective Chairman of Board Committees to be increased. The recommendations were made after having reviewed the remuneration structure of the Non-Executive Directors with appropriate benchmarking to selected companies of the same industry, and taking note of the Securities Commission's Corporate Governance Monitor 2020 commentary on board remuneration of constituents of the FBM 100 index. The Board and Remuneration Committee had also taken into account the increasingly complex business environment, and rising stakeholder expectations, and acknowledged that the responsibilities and contribution required of Directors in terms of fiduciary and statutory duties, risk, intensity/complexity of work, commitment and effort are now higher. As such, the fees are proposed to be increased as this is necessary to align with the remuneration packages of comparable companies in the plantation sector, to attract talent and experience which can contribute to long-term business sustainability. Upon shareholders' approval, the increased fees will remain constant for the next three (3) financial years i.e. from financial years 2021 to 2023.

Details of Directors' remuneration (including benefits-in-kind) and the aggregate remuneration of Directors at the Company and Group levels during the financial year are as follows:

#### Company

Category	Fees (RM'000)	Salaries (RM'000)	Incentive (RM'000)	Other Emoluments (RM'000)
<i>Executive Director</i>				
- Dato' Lee Hau Hian	-	3,270	4,920	1,389
<i>Non-Executive Directors</i>				
- Tan Sri Dato' Seri Lee Oi Hian	248	-	-	20
- Dato' Yeoh Eng Khoon	220	-	-	30
- Mr. Quah Chek Tin	195	-	-	26
- Tan Sri Rastam Bin Mohd Isa	170	-	-	24
- Dr. Tunku Alina Binti Raja Muhd Alias	185	-	-	28
- Mr. Lee Yuan Zhang	85	-	-	6
- Mr. Lim Ban Aik	85	-	-	6

#### Group

Category	Fees (RM'000)	Salaries (RM'000)	Incentive (RM'000)	Other Emoluments (RM'000)
<i>Executive Director</i>				
- Dato' Lee Hau Hian	318	3,270	4,920	1,407
<i>Non-Executive Directors</i>				
- Tan Sri Dato' Seri Lee Oi Hian	248	5,160	6,450	2,087
- Dato' Yeoh Eng Khoon	555	-	-	63
- Mr. Quah Chek Tin	195	-	-	26
- Tan Sri Rastam Bin Mohd Isa	170	-	-	24
- Dr. Tunku Alina Binti Raja Muhd Alias	198	-	-	30
- Mr. Lee Yuan Zhang	92	308	286	132
- Mr. Lim Ban Aik	85	-	-	6

## Corporate Governance Overview Statement (Continued)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I. Audit and Risk Committee

The Audit and Risk Committee of the Company comprises of four (4) Independent Non-Executive Directors. All appointments to the Audit and Risk Committee were made by the Board on the recommendation of the Nomination Committee. In determining the composition and membership of the Audit and Risk Committee, the Board takes into account factors such as size, independence and desired skills and qualities of the members. The key function of the Audit and Risk Committee is to assist the Board to assess the risks and control environment, oversee the financial reporting process, evaluate the internal and external audit process, and review any conflict of interest situations and related party transactions. The role and responsibilities of the Audit and Risk Committee are governed in its terms of reference which is approved and adopted by the Board.

The terms of reference is assessed, reviewed and updated periodically by the Audit and Risk Committee or as and when there are changes to the regulatory requirements and changes to the direction or strategies of the Company that may affect the Audit and Risk Committee's role. Upon review, the Audit and Risk Committee will recommend the changes to the Board for the latter's approval. The term of office and performance of the Audit and Risk Committee and each of its members are reviewed annually by the Nomination Committee and recommended to the Board, to ensure the Audit and Risk Committee and members have carried out their duties in accordance with their terms of reference.

#### Assessment of Suitability and Independence of External Auditors

In the third quarter of 2021, the Company's External Auditors, Messrs BDO PLT ("BDO") presented for the Audit and Risk Committee's review its 2021 Audit Planning Memorandum which outlined its engagement team, audit timeline and the areas of audit emphasis. This formed part of the Audit and Risk Committee's assessment of the suitability, objectivity and independence of BDO on an annual basis. Having regard to the outcome of the annual assessment of BDO, the Audit and Risk Committee recommended to the Board for approval to re-appoint BDO as External Auditors of the Company for the financial year ending 30 September 2022 at the forthcoming Annual General Meeting in 2022.

#### Internal Audit Function

The Directors acknowledge the responsibility of maintaining a good system of internal controls, including risk assessments, and the need to review its effectiveness regularly in order to safeguard the Group's assets and therefore shareholders' investments in the Group. This system, by its nature, can however only provide reasonable but not absolute assurance against misstatement, fraud or loss.

The Board is of the view that the current system of internal controls in place throughout the Group is sufficient to safeguard the Group's interests. Details of the Company's internal control system and framework are set out in the Statement on Risk Management and Internal Control and Audit and Risk Committee Report of this Annual Report.

#### Corporate Ethics and Integrity

Taking cognisance of the introduction of corporate liability by the Malaysian Anti-Corruption Commission (Amendment) Act 2018, the Internal Audit Department has conducted a corruption risk assessment review to assess and identify vulnerable processes and risk factors that may require mitigation controls to address potential bribery and corruption practices. Respective Operating Centre's Human Resource personnel continue to create awareness of the policies and procedures set out in the Group Anti-Corruption Policy and SOP.

The Group believes that robust risk management is an important element to mitigate bribery and corruption risks. Effective risk management enables the identification of emerging sustainability risks and the execution of action plans to minimise any identified risks. To this end, the Group will review the Group's anti-bribery and corruption programme every three (3) years to assess the performance, efficiency and effectiveness of the Group's anti-bribery and corruption processes and risk management system.

## Corporate Governance Overview Statement (Continued)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (Continued)

#### II. Risk Management Framework

The Group Risk Management Committee (“**GRMC**”), headed by the Managing Director, oversees the risk management efforts within the Group. It includes identifying principal business risks in critical areas, assessing the likelihood and impact of material exposures and determining its corresponding risk mitigation and treatment measures. The Board and Management have formulated and adopted a formal approach towards risk management which is in compliance with the guidance issued by the relevant authorities.

During the financial year under review, a total of two (2) GRMC meetings were held and the following reviews were carried out by GRMC:

- (a) Group’s risk registers and risk consequence rating parameters for the financial year 2021;
- (b) Group’s significant risk and Management actions;
- (c) Group’s risks profile summary;
- (d) Top 20 operational risks by the operating centres;
- (e) Group’s headline risks and risk changes;
- (f) Chemical Group Graphical Risk Profile Matrix, and High and Significant Risks updates;
- (g) Proposed revised BKB Enterprise Risk Management Handbook;
- (h) Corruption Risk Profile for year 2021;
- (i) Sustainability matters; and
- (j) Group’s Health, Safety and Environment performance and notable incidents.

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

#### I. Board’s responsibilities to stakeholders

Shareholders represent an important group of stakeholders of the Company as they have a direct financial interest in the Company and they delegate the responsibility of managing the Company to the Directors of the Company. The Company also realises that the sustainable running of the Company is not only achieved by maximisation of the shareholders’ value but also by the value the Company brings to all its other stakeholders (e.g. employees, customers, business partners, regulators, etc.). It is the Board’s responsibility to develop and implement a communication policy which effectively articulates the operations of the Company to its stakeholders.

##### Effective Dissemination of Information

Announcements and release of financial results on a quarterly basis are posted on the Company’s website, which will provide the shareholders and the investing public with an overview of the Group’s performance and operations. The Company’s website is freely accessible to the public at [www.bkawan.com.my](http://www.bkawan.com.my) and the Directors welcome feedback channelled through the website.

As there may be instances where investors and shareholders may prefer to express their concerns to an independent director, the Board has appointed Dato’ Yeoh Eng Khoon, as the Senior Independent Non-Executive Director to whom concerns may be directed.

##### Compliance with Applicable Financial Reporting Standards

In presenting the annual financial statements and quarterly announcement of results to shareholders, the Directors aim to present a balanced and understandable assessment of the Group’s position and prospects.

The Audit and Risk Committee has reviewed the Company’s financial statements in the presence of both the External and Internal Auditors prior to recommending them for approval by the Board and issuance to the shareholders of the Company. The Audit and Risk Committee considered and addressed the significant issues highlighted by the External Auditors by adherence to the appropriate accounting standards and policies.

## Corporate Governance Overview Statement (Continued)

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (Continued)

#### I. Board's responsibilities to stakeholders (Continued)

The Directors consider that in preparing the financial statements, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates. All applicable financial reporting standards in Malaysia which the Audit and Risk Committee has discussed and agreed with the External Auditors to be applicable have been followed, subject to any explanations disclosed in the notes to the financial statements.

##### Corporate Disclosure Policy and Procedures

The Company and the Group are committed to a policy which provides accurate, balanced, clear, timely and complete disclosure of corporate information to enable informed and orderly market decisions by investors. Importance is also placed on timely and equal dissemination of material information to the stakeholders, media and regulators. In this respect, the Company has in place a Corporate Disclosure Policy and Procedures to ensure that communications with the investing public regarding the business, operations and financial performance of the Company are accurate, timely, factual, informative, consistent, broadly disseminated and where necessary, information filed with regulators is in accordance with applicable legal and regulatory requirements.

The Corporate Disclosure Policy and Procedures is available on the Company's website, [www.bkawan.com.my](http://www.bkawan.com.my).

#### II. Conduct of General Meetings

##### Shareholders' Participation at AGM

The AGM which is held in February each year, provides a means of communication with shareholders. The Company despatches its Annual Report to shareholders at least twenty-one (21) days before the meeting. This allows the shareholders to thoroughly review the Annual Report as well as make necessary arrangements to attend the meeting and participate in person or by corporate representative, proxy or attorney. Shareholders who are unable to attend are allowed to appoint a proxy to attend and vote on their behalf. Members of the Board as well as the Auditors of the Company are present to answer questions raised at the meeting.

The Board strives to ensure that shareholders are able to participate effectively at the Company's AGMs. In view of the COVID-19 pandemic and the imposition by the Malaysian Government of movement controls and travel restrictions, the Company conducted its AGM online through live streaming and remote voting using the Remote Participation and Voting Facilities in 2021. This is so provided by the Constitution of the Company which allows for General Meetings of the Company to be held using any technology or electronic means.

To strengthen transparency and efficiency in the voting process and in line with the Main LR, the Company adopted electronic poll voting at its AGM. An independent external party was appointed as scrutineers for the electronic poll voting process. The Chairman announced the voting results of all the resolutions tabled before the closure of the AGM and the outcome of the AGM is released to Bursa Malaysia on the same meeting day. The summary of the AGM proceedings is available on the Company's website, [www.bkawan.com.my](http://www.bkawan.com.my).

##### Effective Communication and Proactive Engagements

At the Fifty-Sixth AGM of the Company held on 18 February 2021, all six (6) Directors were present to engage with the shareholders at the meeting. Shareholders who were not able to participate in the AGM were allowed to appoint any person(s) as their proxies to participate remotely and vote online on shareholders' behalf at the AGM. Shareholders were also encouraged to send in their questions prior to the AGM via email or through the online platform provided by the Company. The proceedings of the meeting included the Questions and Answers sessions during the meeting which invite shareholders to raise questions pertaining to the Company's Financial Statements and other items for adoption at the meeting.

## Statement on Risk Management and Internal Control

### INTRODUCTION

The Board of Directors (“**Board**”) of Batu Kawan Berhad (“**BKB**” or “**Company**”), in compliance with Paragraph 15.26(b) of Bursa Malaysia Securities Berhad’s (“**Bursa Malaysia**”) Main Market Listing Requirements, is pleased to provide the following Statement on Risk Management and Internal Control (“**Statement**”). Preparation of the Statement, which outlines the nature and scope of risk management and internal control of the Group during the year, is guided by ‘Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers’ as required by Bursa Malaysia.

This Statement does not cover associates and joint ventures where risk management and internal control are managed by the respective Management teams.

### BOARD RESPONSIBILITY

The Board affirms its overall responsibility in maintaining a sound risk management and internal control system at BKB to safeguard the interests of shareholders, customers, employees and the Group’s assets. The Board also recognizes that such systems are designed to manage the Group’s risks within an acceptable level, rather than eliminate the risk of failure to achieve the policies, goals and objectives of the Group. It can therefore only provide reasonable, rather than absolute assurance of effectiveness against material misstatement of management and financial information, financial losses, fraud and breaches of laws or regulations.

Whilst the Board remains responsible over risk management and internal controls, the task of scrutinizing the framework is taken up by the Audit and Risk Committee (“**ARC**”).

### CONTROL ENVIRONMENT & ACTIVITIES

- **Risk Management Framework**

A formal risk management framework has been established with the aim of setting clear guidelines in relation to the level of risks acceptable to the Group. The framework is also designed to ensure proper management of the risks that may impede the achievement of the Group’s goals and objectives.

The Group has in place an ongoing process for identifying, measuring, assessing and managing the principal risks that affect the attainment of the Group’s business objectives and goals for the year under review and up to the date of approval of this Statement for inclusion in the Annual report.

The ARC is supported by the Group Risk Management Committee (“**GRMC**”), headed by the Managing Director in overseeing the risk management efforts within the Group, and ensuring the effectiveness of the risk management policies and processes. The risk management process includes identifying principal business risks in critical areas, assessing the likelihood and impact of material exposures, determining the corresponding risk mitigation and treatment measures, ensuring appropriate mitigating actions have been implemented, and presenting key matters to the ARC for review and deliberation. Minutes of the ARC meetings which recorded these deliberations were presented to the Board for approval and notation.

These ongoing processes are co-ordinated by the Internal Audit Department in conjunction with all the business heads within the Group and periodic reporting to the GRMC.

The Group’s risks relating to the Plantation sector are managed by its main subsidiary, Kuala Lumpur Kepong Berhad’s own Group RMC. The principal Plantation sector risks include sustainability risks, regulatory risks, market and commodity prices risks, operational risks and financial risk. These principal risks for the year ended 30 September 2021 (“**FY 2021**”) have been reviewed by Kuala Lumpur Kepong Berhad’s Board.

## Statement on Risk Management and Internal Control (Continued)

### CONTROL ENVIRONMENT & ACTIVITIES (Continued)

#### • Risk Management Framework (Continued)

The principal risks for FY 2021 have been reviewed by the Board as follows:

##### (a) Business and Operation Risks

The Group's daily business activities may be disrupted by plant breakdowns, IT systems failure, cyber-attacks and fire. To mitigate risks that may cause interruption to critical business functions, appropriate systems with adequate capacity, security arrangements and resources have been put in place, and the Emergency Response Team is properly trained to contain and control leakages or fire. The Group adhered strictly to the safety and sustainability policies which consider the changing risk landscape to manage industrial risks. To mitigate the financial impact, these plants are adequately insured.

##### (b) Regulatory Risks

The Group businesses are governed by relevant laws, regulations and standards. Each business unit adhered strictly to the legislative requirements and, as and when needed, assesses the impact of new laws and regulations affecting its businesses to ensure its processes and infrastructure setting are able to operate under new requirements.

##### (c) Financial and Credit Risks

The Group is exposed to foreign currency exchange, interest rate, credit, price and liquidity risks. With the objective of optimising value creation for shareholders, the strategies adopted to manage these risks were mostly to minimise potential adverse impact to the financial performance of the Group. These include entering into forward foreign currency exchange contracts, adherence to the guidelines on authorisation levels and approval limits, credit evaluation and controls, and financial risk management policies. There is also a constant review of economic conditions and commodity pricing to mitigate adverse implications to business operations.

##### (d) Investment Risk

The Group has embarked on various projects and investments which include spending on capital expenditures for its business units, plants and machineries, and financial market. These activities are managed through careful planning, feasibility study, thorough financial analysis, market survey, capital expenditure approvals and close monitoring by the project management team to ensure the investments are viable and meet their objectives.

##### (e) Marketing Risk

Selling prices and demand for products remain volatile and leading to greater market fluctuations, driven by the global and highly inter-connected business environment. To mitigate risks of destabilised prices of products and commodities, the Management continues to optimise supplies, to preserve product quality and to attain low production cost so that our products remain competitive in the market.

##### (f) Cybersecurity Risk

The Group is exposed to cyber threats such as the risk of malware, ransomware, unauthorised access, corruption and/or loss of its information assets. To manage these risks, controls have been put in place to manage and protect the confidentiality, integrity and availability of data and critical infrastructure. Among others, adequate IT Industrial standard network security layer equipment, encryption protocols, virus scanning tools and application are in place to protect and secure the accessibility to the Group's IT environment. Any notifications and alerts received for suspicious network traffic were investigated. Continuous security awareness trainings are provided to the employees to ensure IT security protocols are adhered to. Disaster Recovery Plan (DRP) has been implemented to recover and protect the business IT infrastructure in adverse events.



## Statement on Risk Management and Internal Control (Continued)

### CONTROL ENVIRONMENT & ACTIVITIES (Continued)

- **Risk Management Framework (Continued)**

- (g) **COVID-19 Pandemic**

In view of the rapidly evolving situation surrounding the COVID-19 pandemic, the Board and the Group's Management are closely monitoring and pro-actively managing this situation and its corresponding impact to business and operations. The Group actively engages with authorities, customers, suppliers, contractors, transporters and forwarders to minimise movement disruptions. Operationally, the Group had implemented various safety and health measures such as work-from-home and split team arrangements, distribution of face masks and sanitisers, travel advisory guides, frequent staff communication on health awareness and instituting daily procedures such as sanitisation of workplace and daily temperature screening. In respect of business continuity, the Group had formulated its business continuity plan and initiated alternate work site arrangement with staggered working hours schedule for staff. Post Movement Control Order and at recovery stage, the Group emphasises in practicing social distancing at workplace, compliance to daily temperature screening of staff and regular sanitisation of office working areas.

- **Board Meetings**

The Board meets at least quarterly and has a formal agenda on matters for discussion. The Managing Director leads the presentation of board papers and provides explanations on 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 timely and regular basis.

Internal control and risk-related matters which required the review and approval of the Board were recommended by the ARC, and approval and matters or decisions made within the ARC's purview were escalated to the Board for its notation.

- **Organisational Structures with Formally Defined Responsibility Lines and Delegation of Authority**

Organisational structures with formally defined responsibility lines and authorities are in place to facilitate quick response to changes in the evolving business environment, effective supervision of day-to-day business conduct and accountability for operational performance. Capital and non-capital expenditures and acquisition and disposal of investments are subject to appropriate approval processes.

- **Performance Management Framework**

Management reports are generated on a regular and consistent basis to facilitate the Board and the Group's Management in performing financial and operating reviews on the various operating centres. The reviews encompass 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 well-defined budgeting process that supports the performance management framework.

- **Operational Policies and Procedures**

Documented policies and procedures form an integral part of the internal control systems to safeguard shareholders' investment and Group's assets against material losses and ensure complete and accurate financial information. The documents consist of circulars, the standard operating manuals and the standard policy and procedures that are continuously being revised and updated to meet operational needs.

- **Group Whistleblowing Policy**

A Group Whistleblowing Policy ("**Policy**") has been established to provide clarity of oversight of the whistleblowing process, protection and the confidentiality provided to whistleblowers. The Policy provides a protocol to employees and stakeholders to raise genuine possibilities of improprieties, malpractices and misconduct within the Group for remedial action. This policy is available on the Company's website at [www.bkawan.com.my](http://www.bkawan.com.my).

## Statement on Risk Management and Internal Control (Continued)

### CONTROL ENVIRONMENT & ACTIVITIES (Continued)

- **Integrity and Anti-Corruption**

As a responsible corporation, the Group is committed to fostering an anti-corruption culture and to ensuring that its activities and transactions are open, transparent and are conducted with integrity and in accordance with policies and the applicable laws in which it operates.

The Board is kept abreast of the Group's anti-corruption initiatives and compliance programmes via periodic reporting. Where applicable, the requirements of the Group's existing policies, systems and procedures in relation to anti-bribery and anti-corruption are extended to the Group's agents, counterparties and business partners to ensure that anti-corruption and anti-bribery initiatives are applied throughout the Group's supply chain.

As part of the Group's ongoing commitment, the Group Anti-Corruption Policy had also been formalised to outline the Group's approach in combating bribery and corruption in order to guide the Group's employees and associated persons to act professionally, fairly and with integrity in all business dealings and relationships. The Group's stance in combating corruption is publicly available on the Company's website at [www.bkawan.com.my](http://www.bkawan.com.my), via the Group Anti-Corruption Policy together with the Group's Codes of Conduct and Ethics and other relevant policies and procedures.

- **Group Internal Audit**

The Internal Audit Department, which reports directly to the ARC, conducts reviews on the system of internal controls and the effectiveness of the processes that are in place to identify, manage and report risks. Their Internal Audit personnel are free from any conflict of interest with the Company. Their audit practices follow the Professional Internal Auditing Standards as prescribed by the Institute of Internal Auditors, Malaysia. Routine reviews are being conducted on operating centres under the Group's business segments. Root-cause analysis are conducted with appropriate recommendations made to address the issues and weaknesses highlighted and they are subsequently followed up upon to ensure proper implementation.

The Internal Audit Department is governed by the internal audit charter which states the purpose and scope of work, independence, responsibility and the authority accorded to the Internal Audit Department.

The Internal Audit Charter was revised to align the responsibilities of the internal audit functions as guided by the International Professional Practices Framework.

### REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement to the scope set out in the *Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report* issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for FY 2021, and reported to the ARC that nothing has come to their attention that causes them to believe that the Statement intended to be included in the Annual Report of the Group, in all material respects:

- (a) 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
- (b) 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 Board and Management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

## Statement on Risk Management and Internal Control (Continued)

### **ADEQUACY AND EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM**

The Board has reviewed the adequacy and effectiveness of the Group's risk management and internal control system for the year under review and up to the date of approval of this Statement for inclusion in the Annual Report, and is of the view that the risk management and internal control system is operating satisfactorily and no material losses were incurred as a result of internal control weaknesses or adverse compliance events.

The Managing Director and Chief Financial Officer have provided assurance to the Board that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects. The Management will continue to review and take measures to ensure the on-going effectiveness and adequacy of the system of risk management and internal controls, so as to safeguard shareholders' investments and the Group's assets.

This Statement was approved by the Board of Directors on 13 December 2021.

## Audit and Risk Committee Report

The Board is pleased to present the report of the Audit and Risk Committee for the financial year ended 30 September 2021.

The Audit Committee of Batu Kawan Berhad (“**BKB**”) was established in 1993. In 2018, the Audit Committee was renamed the ‘Audit and Risk Committee’, to align with the expanded functions of the Audit Committee to include risk oversight responsibilities. The terms of reference of the Audit and Risk Committee was also revised and expanded to include the additional roles and functions conducted by the Audit and Risk Committee. The Audit and Risk Committee will assist the Board of Directors of BKB (“**Board**”) in carrying out, amongst others, the responsibility of overseeing the BKB Group’s operating, audit, strategic and compliance risk.

### COMPOSITION AND MEETINGS

The Audit and Risk Committee comprises four (4) members, all of whom are Independent Non-Executive Directors and were appointed by the Board. The Audit and Risk Committee carried out their duties in accordance with their terms of reference.

The Audit and Risk Committee convened five (5) meetings during the financial year ended 30 September 2021. The members of the Audit and Risk Committee and their attendance at the meetings, are as follows:

Name of Directors	Number of Meetings	
	Held	Attended
Mr. Quah Chek Tin (Chairman) - <i>Independent Non-Executive Director</i>	5	5
Dato’ Yeoh Eng Khoon - <i>Senior Independent Non-Executive Director</i>	5	5
Tan Sri Rastam bin Mohd Isa - <i>Independent Non-Executive Director</i>	5	5
Dr Tunku Alina binti Raja Muhd Alias - <i>Independent Non-Executive Director</i>	5	5

The Chairman, Mr Quah Chek Tin is a member of the Malaysian Institute of Accountants. The Audit and Risk Committee, therefore, fulfills the requirement of having at least one (1) member being a qualified accountant pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”).

The Audit and Risk Committee meets regularly and the Chief Financial Officer, the Head of Internal Audit and occasionally, representatives of the External Auditors, normally attend these meetings. Other members of the Board may attend the meetings upon the invitation of the Audit and Risk Committee. During the year under review, the total number of meetings held included the meeting between the members of the Audit and Risk Committee and representatives of the External Auditors without the presence of Management.

The Company Secretaries are the Secretaries of the Audit and Risk Committee. The Secretaries shall maintain minutes of the proceedings of the meetings of the Audit and Risk Committee and distribute such minutes to each member of the Audit and Risk Committee and the Board.

### SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK COMMITTEE

In line with the key functions in its terms of reference of the Audit and Risk Committee, the following activities were carried out by the Audit and Risk Committee during the financial year ended 30 September 2021 in the discharge of its functions and duties:

- 1) Financial Reporting
  - (a) Reviewed and reported to the Board the Group’s quarterly results and year-end financial statements prior to the approval by the Board.
  - (b) Reviewed the audit reports for the Group and the Company prepared by the External and Internal Auditors and considered the major findings by the auditors and Management’s response thereto.
  - (c) Reviewed the audit plans for the Group and the Company for the year which were prepared by both the External and Internal Auditors.

## Audit and Risk Committee Report (Continued)

### SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK COMMITTEE (Continued)

#### 2) Risk Management and Internal Control

- (a) Reviewed the Group's procedures on internal controls and ensure that appropriate arrangements are in place for matters relating to financial reporting and financial control.
- (b) Reviewed and assessed the scope and effectiveness of the systems established by Management to identify, assess, manage and monitor financial and non-financial risks.
- (c) Reviewed the Group Risk Management Committee's meeting minutes and reports, and deliberated on the principal risks highlighted and the controls to mitigate these risks.
- (d) Reviewed the annual Statement on Risk Management and Internal Control and Internal Audit Function to be published in the Annual Report for Board's approval.

#### 3) Internal Audit

- (a) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function and ensure that it has the necessary authority to carry out its responsibilities.
- (b) Reviewed the internal audit programme and processes, the results of the internal audit programmes and processes as well as measures undertaken and ensure that where appropriate, action is taken on the recommendations of the internal audit function.
- (c) Reviewed the risk-based annual internal audit plan and its progress updates to ensure adequate scope and coverage on its activities.
- (d) Reviewed the Group's Corruption Risk Assessment exercise which assessed and identified vulnerable processes and risk factors that may require mitigation controls to address potential bribery and corruption practices.
- (e) Reviewed the revised Internal Audit Charter in order to align the responsibilities of the internal audit functions with the guidance by the International Professional Practices Framework.
- (f) Reviewed the comparison of the Company's Internal Audit Function against findings and key takeaways of Bursa Malaysia's thematic review on the internal audit function of selected listed issuers.

#### 4) External Audit

- (a) Reviewed the annual performance assessment, including the suitability and independence of the External Auditors. Factors taken into consideration of the assessment include:
  - (i) seeking reassurance that the auditors and their staff have no family, financial, employment, investment or business relationship with the Group (other than in the ordinary course of business); and
  - (ii) seeking from the audit firm, on an annual basis, information about policies and processes for maintaining their independence and monitoring compliance with relevant requirements, including requirements regarding rotation of audit partners and staff.
- (b) Reviewed with the External Auditors their audit plan, the nature and scope of the audit, prior to the commencement of audit and to ensure coordination with the audit firms of subsidiaries.
- (c) In the fourth quarter of 2021, BDO PLT presented for the Audit and Risk Committee's review its 2021 Audit Planning Memorandum which outlined its engagement team, audit timeline and the areas of audit emphasis. This formed part of the Audit and Risk Committee's assessment of the suitability, objectivity and independence of BDO PLT on an annual basis. Having regard to the outcome of the annual assessment of BDO PLT, the Audit and Risk Committee recommended to the Board for approval to reappoint BDO PLT as External Auditors of the Company for the financial year ending 30 September 2022 at the forthcoming Annual General Meeting in 2022.
- (d) Met with the External Auditors once without the presence of the Management to exchange free and honest views and opinions on audit issues.
- (e) Reviewed with the External Auditors on the following and reported the same to the Board:
  - (i) audit report, including the key audit matters which arose during the course of the audit and subsequently have been resolved and those issues that have been left unresolved;
  - (ii) External Auditors' management letter and Management's response thereto;
  - (iii) evaluations of the system of internal controls;
  - (iv) audit approach, including coordination of audit efforts with internal auditors and assistance given by the employees to the External Auditors; and
  - (v) key significant audit findings reported by the External Auditors.

## Audit and Risk Committee Report (Continued)

### SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK COMMITTEE (Continued)

- 5) Reviewed related party transactions entered into by the Group, including the review and monitoring of recurrent related party transactions for which shareholders' mandate has been granted, to ensure that:
  - (a) such transactions were carried out on normal commercial terms and were not prejudicial to the interest of the Company or its minority shareholders;
  - (b) adequate oversight over the internal control procedures with regard to such transactions; and
  - (c) compliance with the BKB Policy on Related Party Transactions.
- 6) Reviewed the Audit and Risk Committee Report before submitting for Board's approval for inclusion in the Annual Report.
- 7) Reviewed and revised its terms of reference in order to include the relevant roles and responsibilities delegated to it by the Board in relation to the Group's anti-bribery and anti-corruption policies and procedures.

### INTERNAL AUDIT FUNCTION

The Company has an independent in-house Internal Audit Department which comprises two (2) personnel whose principal responsibility is to assess and report to the Board, through the Audit and Risk Committee, the systems of internal control of the Company. Its main audit scope covers the operating centres under the industrial chemicals subsidiaries and other investments. The Company's Internal Audit Department is also supported by the Internal Audit Division of its subsidiaries, Kuala Lumpur Kepong Berhad, which has 70 experienced audit personnel and Chemical Company of Malaysia Berhad, which has one (1) experienced audit personnel.

The main responsibilities of the Internal Auditors are to:

- Assist in reviewing the adequacy, integrity and effectiveness of the Group's internal control system for the Board as well as to assist in drafting the Statement of Risk Management and Internal Control in the annual report;
- Support the Audit and Risk Committee in evaluating the effectiveness of the existing internal control system, identify future requirements and co-develop a prioritised action plan to further enhance the internal control system;
- Identify the key business processes within the Group and the Company that internal audit should focus on;
- Allocate necessary resources to selected areas of audit in order to provide Management and the Audit and Risk Committee an effective and efficient level of internal audit coverage; and
- Coordinate risk identification and risk management processes and activities.

An annual internal audit plan is presented to the Audit and Risk Committee for approval. The internal audit function adopts a risk-based approach and prepares the plan based on the risk profiles of the business units of the Group.

The activities of the Internal Audit Department that were carried out are as follows:

- (i) Undertook internal audit based on the audit plan that had been reviewed and approved by the Audit and Risk Committee which includes the review of operational compliance with established internal control procedures and reliability of financial records.
- (ii) Conducted investigations with regards to specific areas of concern as directed by the Audit and Risk Committee and Management.
- (iii) Assessed key business risks at each business unit and performed continuous monitoring of those risks via risk validation procedures and reviewing supporting documentations.
- (iv) Issued and presented quarterly internal audit report summaries to the Audit and Risk Committee during the year, on the Group's operating centres with appropriate audit recommendations.
- (v) Conducted a Group's Corruption Risk Assessment exercise which assessed and identified vulnerable processes and risk factors that may require mitigation controls to address potential bribery and corruption practices.

Great importance is placed on effective and fair communication with auditees and other stakeholders. Open channels of communications are maintained to facilitate this. In striving for continuous improvement, the Internal Audit Department will endeavour to put in place appropriate action plans and carry out necessary assignments to further enhance the Group's systems of internal control. Its resources and manpower requirements are reviewed on a regular basis to ensure the function can carry out its duties effectively. The costs incurred for the Group Internal Audit function for the financial year ended 30 September 2021 were RM6,882,600.



## Additional Compliance Information

### UTILISATION OF PROCEEDS

There were no proceeds raised from any corporate proposals during the financial year.

### AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid to the External Auditors and its affiliates, by the Group during the financial year are as follows:

	Group RM'000	Company RM'000
Audit Fees	2,542	210
Non-Audit Fees	13	3

### MATERIAL CONTRACTS

There was no material contract other than in the ordinary course of business entered into by the Company or its subsidiaries involving Directors' and major shareholders' interest during the financial year.

### RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

Pursuant to Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the aggregate value of the recurrent transactions of a revenue or trading nature conducted for the financial year under review between the Company and/or its subsidiaries [excluding Kuala Lumpur Kepong Berhad ("KLK") and its subsidiaries where such information is disclosed in KLK's Annual Report) with related parties is set out below, except for types of transaction with nil aggregate value:

Company	Type of Transactions	Related Party and nature of relationship	Transactions Aggregate Value RM'000
Malay-Sino Chemical Industries Sendirian Berhad ("Malay-Sino") Group	Sale and purchase of finished goods, raw materials, other products and services including transportation services	Taiko Marketing Sdn. Bhd. ("TMK") Group  <u>Interested Directors *</u> Tan Sri Dato' Seri Lee Oi Hian ("LOH") Dato' Lee Hau Hian ("LHH")  <u>Interested Major Shareholders #</u>	164,018
See Sen Chemical Berhad ("See Sen")	Purchase of raw materials, finished goods, other products and services	TMK Group  <u>Interested Directors *</u> LOH, LHH	5,178
	Sale of finished goods and other products and services	<u>Interested Major Shareholders #</u>	45,576
<b>Batu Kawan Berhad ("BKB") Group</b>	<b>TMK Group</b>	<b>TOTAL</b>	<b>214,772</b>

## Additional Compliance Information (Continued)

### RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (Continued)

Company	Type of Transactions	Related Party and nature of relationship	Transactions Aggregate Value RM'000
Malay-Sino Group	Purchase and sale of products and services which relate to core chemical business	Taiko Marketing (Singapore) Pte Ltd [" <b>TMK(S)</b> "]  <u>Interested Directors *</u> LOH, LHH  <u>Interested Major Shareholders #</u>	20,861
See Sen	Purchase of raw materials, finished goods, other products and services	TMK(S)  <u>Interested Directors *</u> LOH, LHH  <u>Interested Major Shareholders #</u>	-
<b>BKB Group</b>	<b>TMK(S)</b>	<b>TOTAL</b>	<b>20,861</b>
Malay-Sino Group	Sale and purchase of raw materials, finished goods, other products and services including transportation services	Chlor-Al Chemical Pte Ltd (" <b>CAC</b> ")  <u>Interested Directors *</u> LOH, LHH  <u>Interested Major Shareholders #</u>	774
See Sen	Purchase and sale of products and services	CAC  <u>Interested Directors *</u> LOH, LHH  <u>Interested Major Shareholders #</u>	1,637
<b>BKB Group</b>	<b>CAC</b>	<b>TOTAL</b>	<b>2,411</b>
See Sen	Purchase and sale of products and services	Taiko Chemical Industries Sdn. Bhd. (" <b>TCI</b> ") Group  <u>Interested Directors *</u> LOH, LHH  <u>Interested Major Shareholders #</u>	10,308
<b>BKB Group</b>	<b>TCI Group</b>	<b>TOTAL</b>	<b>10,308</b>

## Additional Compliance Information (Continued)

### RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE (Continued)

Company	Type of Transactions	Related Party and nature of relationship	Transactions Aggregate Value RM'000
See Sen	Sale of electricity and provision of other chemical-based products and services	BASF See Sen Sdn Bhd (“ <b>BASF See Sen</b> ”)  <u>Interested Directors *</u> LOH, LHH  <u>Interested Major Shareholders #</u>	9,733
<b>BKB Group</b>	<b>BASF See Sen</b>	<b>TOTAL</b>	<b>9,733</b>
PT. Satu Sembilan Delapan (“ <b>PT SSD</b> ”)	Sale of fresh fruit bunches (“ <b>FFB</b> ”) and palm products	KLK Group  <u>Interested Directors *</u> LOH, LHH	19,498
	Purchase of FFB and palm products	<u>Interested Major Shareholders #</u>	19,915
<b>BKB Group</b>	<b>KLK Group</b>	<b>TOTAL</b>	<b>39,413</b>

The above recurrent related party transactions of a revenue or trading nature were undertaken on terms not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders of BKB.

Note:

- \* Persons connected to the Interested Directors are also deemed interested in the Recurrent Related Party Transactions.
- # Grateful Blessings Foundation (“**Foundation**”) (who holds the entire issued and paid-up capital of Grateful Blessings Inc) was founded by LOH who has a deemed interest by virtue of Section 8(4) of the Companies Act 2016. However, he does not have any economic or beneficial interest in the shares of the Company as his deemed interest is held via the interest of his family members who are discretionary beneficiaries of the Foundation and whose interest is held subject to the discretion of the Foundation Council. Grateful Blessings Inc is a substantial shareholder of Di-Yi Sdn Bhd. Cubic Crystal Corporation [whose entire issued and paid-up capital is held by High Quest Anstalt (founded by LHH)] is a substantial shareholder of High Quest Holdings Sdn Bhd. Di-Yi Sdn Bhd and High Quest Holdings Sdn Bhd are substantial shareholders of Wan Hin Investments Sdn Berhad (“**WHI**”) and Arusha Enterprise Sdn Bhd, major shareholders of the Company. Accordingly, all these parties are major shareholders by virtue of their deemed interests and have interest in the related recurrent party transactions.

## Additional Compliance Information (Continued)

Details of the nature of relationship with Related Parties are as follows:

**1. See Sen**

- (a) See Sen is a 61% subsidiary of BKB.
- (b) Certain BKB Directors, LHH (who is also a Major Shareholder of BKB), Dato' Yeoh Eng Khoon ("DYEK") (who is a Substantial Shareholder of BKB with no shareholding in See Sen) and Mr. Lee Yuan Zhang (son of LHH), are directors of this company.
- (c) WHI, a company in which LOH and LHH have interests, is a substantial shareholder of See Sen. WHI is also a major shareholder of BKB.

**2. TCI Group**

Taiko Chemical Industries Sdn Bhd ("TCI") is a person connected with LOH and LHH, who are Directors of BKB as their brother, Dato' Lee Soon Hian ("LSH"), is a major shareholder of TCI.

**3. TMK(S) / CAC**

These companies are companies in which LSH is a deemed major shareholder.

**4. TMK Group**

TMK is a company in which LSH is a major shareholder.

**5. Malay-Sino Group**

- (a) Malay-Sino is a 98% subsidiary of BKB.
- (b) LHH and Mr. Lee Yuan Zhang who are BKB Directors are also directors of Malay-Sino.

**6. BASF See Sen**

BASF See Sen is a 30% associate of See Sen.

**7. KLK Group**

- (a) KLK is 47% subsidiary of BKB, following the adoption of FRS 10 *Consolidated Financial Statements* in financial year 2014.
- (b) Certain BKB Directors, LOH and LHH are major shareholders and directors of KLK.
- (c) A BKB Director and substantial shareholder, DYEK is also a director of KLK.
- (d) WHI, Di-Yi Sdn Bhd, High Quest Holdings Sdn Bhd, Cubic Crystal Corporation, High Quest Anstalt, Grateful Blessings Inc and Grateful Blessings Foundation are major shareholders of KLK.

## Reports and Audited Financial Statements

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## Report of the Directors

The Directors have pleasure in submitting their Report together with the audited financial statements of the Group and of the Company for the financial year ended 30 September 2021.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries, associates and joint ventures are as disclosed in Note 41 to the financial statements.

### SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The details of the Company's subsidiaries, associates and joint ventures are as disclosed in Note 41 to the financial statements.

### SUMMARY OF RESULTS

	Group RM'000	Company RM'000
Profit before taxation	3,086,006	504,568
Taxation	<u>(546,422)</u>	<u>(777)</u>
Profit for the year	<u>2,539,584</u>	<u>503,791</u>
Attributable to:		
Equity holders of the Company	1,146,934	503,791
Non-controlling interests	<u>1,392,650</u>	<u>-</u>
	<u>2,539,584</u>	<u>503,791</u>

### DIVIDENDS

The amounts paid by way of dividends by the Company since the end of the previous financial year were:

- (a) a final single tier dividend of 40 sen per share amounting to RM158,428,000 in respect of the financial year ended 30 September 2020 was paid on 4 March 2021; and
- (b) an interim single tier dividend of 20 sen per share amounting to RM79,073,000 in respect of the financial year ended 30 September 2021 was paid on 5 August 2021.

On 10 December 2021, the Directors declared the payment of a final single tier dividend of 90 sen per share amounting to RM354,898,000 for the year ended 30 September 2021 which will be paid on 3 March 2022. The entitlement date for the dividend shall be 21 February 2022.

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in the statements of changes in equity, Notes 32 and 34 to the financial statements.

### ISSUED AND PAID-UP CAPITAL

The Company did not issue any new shares or debentures during the financial year.



## Report of the Directors (Continued)

### TREASURY SHARES

During the financial year, the Company bought back a total of 3,256,700 of its issued shares from the open market for a total cost of RM59,377,000. Details of the shares bought back and retained as treasury shares were as follows:

Month	No. of shares bought back	Highest price paid per share RM	Lowest price paid per share RM	Average price paid per share RM	Total consideration RM'000
October 2020	209,200	15.42	15.08	15.26	3,205
November 2020	348,000	17.50	15.08	16.42	5,734
December 2020	949,300	17.88	17.50	17.61	16,736
January 2021	309,400	18.00	17.74	17.86	5,548
February 2021	2,100	18.00	17.88	17.98	38
March 2021	219,500	17.76	17.50	17.62	3,883
April 2021	55,900	18.34	18.00	18.26	1,025
May 2021	91,000	19.50	18.80	19.20	1,751
June 2021	247,600	19.40	19.14	19.29	4,785
July 2021	284,500	19.54	18.50	19.36	5,518
August 2021	153,600	20.20	19.50	19.78	3,044
September 2021	386,600	21.00	20.54	20.94	8,110
	<u>3,256,700</u>				<u>59,377</u>

As at 30 September 2021, the Company retained as treasury shares a total of 4,903,600 of its issued share capital of 399,535,463. Such treasury shares are held at a carrying amount of RM83,334,000 and further details are disclosed in Note 31 to the financial statements.

The mandate given by the shareholders at the Annual General Meeting ("AGM") held on 18 February 2021 to approve the Company's plan to repurchase its own shares will expire at the forthcoming AGM and an ordinary resolution will be tabled at the forthcoming AGM for shareholders to renew the mandate for another year.

### DIRECTORS OF THE COMPANY

The names of the Directors of the Company in office since the beginning of the financial year to the date of this report are:

Tan Sri Dato' Seri Lee Oi Hian  
 Dato' Lee Hau Hian  
 Dato' Yeoh Eng Khoon  
 Mr. Quah Chek Tin  
 Tan Sri Rastam Bin Mohd Isa  
 Dr. Tunku Alina Binti Raja Muhd Alias  
 Mr. Lee Yuan Zhang (appointed on 1 March 2021)  
 Mr. Lim Ban Aik (appointed on 1 March 2021)

### DIRECTORS OF SUBSIDIARIES

The names of Directors of subsidiaries are set out in the respective subsidiaries' financial statements and the said information is deemed incorporated herein by such reference and made a part hereof.

## Report of the Directors (Continued)

### DIRECTORS' SHAREHOLDINGS

According to the Register of Directors' Shareholdings, the interests of the Directors who held office at the end of the financial year in the Company and its subsidiaries were as follows:

	Balance as at 1 October 2020	Additions (Disposals) Number of shares	Balance as at 30 September 2021
<b>Company:</b>			
<b>Batu Kawan Berhad</b>			
<b>Direct interest</b>			
Tan Sri Dato' Seri Lee Oi Hian	1,608,328	15,000	1,623,328
Dato' Lee Hau Hian	1,583,444	-	1,583,444
Dato' Yeoh Eng Khoon	323,564	-	323,564
Lee Yuan Zhang	10,271	-	10,271
Lim Ban Aik	6,200	-	6,200
<b>Deemed interest</b>			
Tan Sri Dato' Seri Lee Oi Hian	217,226,424	1,363,885	218,590,309
Dato' Lee Hau Hian	215,054,533	869,886	215,924,419
Dato' Yeoh Eng Khoon	22,105,474	-	22,105,474
Lim Ban Aik	5,000	-	5,000
<b>Subsidiary:</b>			
<b>Kuala Lumpur Kepong Berhad</b>			
<b>Direct interest</b>			
Tan Sri Dato' Seri Lee Oi Hian	73,112	-	73,112
Dato' Lee Hau Hian	84,536	-	84,536
Dato' Yeoh Eng Khoon	340,176	-	340,176
Dr. Tunku Alina Binti Raja Muhd Alias	1,000	-	1,000
<b>Deemed interest</b>			
Tan Sri Dato' Seri Lee Oi Hian	509,119,496	2,500,000	511,619,496
Dato' Lee Hau Hian	509,119,496	2,407,000	511,526,496
Dato' Yeoh Eng Khoon	4,838,476	-	4,838,476

By virtue of their deemed interests in the shares of the Company, Tan Sri Dato' Seri Lee Oi Hian and Dato' Lee Hau Hian are deemed to have an interest in the shares of all the subsidiaries of the Company to the extent of the Company's interest in the respective subsidiaries as disclosed in Note 41 to the financial statements.

Other than as disclosed above, the other Directors who held office at the end of the financial year did not have any interest (whether direct or deemed) in the shares of the Company and 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 benefits (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the Group's financial statements or the fixed salary of a full time employee of the Company or of related corporations) 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, except for any deemed benefits that may accrue to certain Directors by virtue of the normal trading transactions by the Group and the Company with related parties as disclosed in Note 38 to the financial statements.

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.

## Report of the Directors (Continued)

### INDEMNITY AND INSURANCE COSTS

During the financial year, Directors and Officers of the Group are covered under the Directors' and Officers' Liability Insurance Policy ("the Policy") in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the Policy. The total amount of directors' and officers' liability insurance effected for the Directors and Officers of the Group was RM18 million.

### OPTIONS GRANTED OVER UNISSUED SHARES

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

### OTHER STATUTORY INFORMATION

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

- (a) all known bad debts have been written off and adequate provision made for doubtful debts; and
- (b) 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:

- (a) that would render the amounts 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
- (b) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or
- (c) 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
- (d) 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:

- (a) 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
- (b) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year except as disclosed in Note 40 to the financial statements.

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 30 September 2021 have not been substantially affected by any item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## Report of the Directors (Continued)

### SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

Details of events subsequent to reporting date are disclosed in Note 45 to the financial statements.

### AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

The details of auditors' remuneration of the Company and its subsidiaries for the financial year ended 30 September 2021 are disclosed in Note 5 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors, dated 13 December 2021.

**DATO' LEE HAU HIAN**  
(Managing Director)

**DATO' YEOH ENG KHOON**  
(Director)

## Statements of Profit or Loss

For The Year Ended 30 September 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	4	20,717,928	16,078,124	472,573	301,403
Cost of sales		(17,109,895)	(13,890,204)	-	-
Gross profit		3,608,033	2,187,920	472,573	301,403
Other operating income		863,139	393,333	89,698	45,260
Distribution costs		(464,119)	(266,446)	-	-
Administrative expenses		(646,710)	(516,816)	(16,304)	(10,129)
Net impairment reversals/(losses) of financial assets		3,447	(13,414)	-	-
Other operating expenses		(344,242)	(290,541)	(16,951)	(35,845)
Operating profit	5	3,019,548	1,494,036	529,016	300,689
Finance costs	6	(266,363)	(262,401)	(24,448)	(20,306)
Share of profits of equity accounted associates, net of tax		292,956	29,660	-	-
Share of profits of equity accounted joint ventures, net of tax		39,865	3,369	-	-
Profit before taxation		3,086,006	1,264,664	504,568	280,383
Taxation	9	(546,422)	(350,229)	(777)	(834)
Profit for the year		2,539,584	914,435	503,791	279,549
Attributable to:					
Equity holders of the Company		1,146,934	417,275	503,791	279,549
Non-controlling interests		1,392,650	497,160	-	-
		2,539,584	914,435	503,791	279,549
		Sen	Sen	Sen	Sen
Basic/Diluted earnings per share	10	289.6	105.3	127.2	70.5

The accompanying notes form an integral part of the financial statements.

## Statements of Other Comprehensive Income

For The Year Ended 30 September 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Profit for the year</b>	<b>2,539,584</b>	914,435	<b>503,791</b>	279,549
<b>Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss, net of tax</b>				
Currency differences	202,533	(26,087)	-	-
Share of other comprehensive (loss)/income in associates	(62,827)	5,813	-	-
	<b>139,706</b>	(20,274)	-	-
<b>Other comprehensive income/(loss) that will not be reclassified subsequently to profit or loss, net of tax</b>				
Net change in fair value of equity instruments	158,085	(27,130)	975	(1,033)
Share of other comprehensive gain/(loss) in associates	65,300	(25,038)	-	-
(Loss)/Gain on remeasurement of defined benefit plans (Note 34)	(3,838)	10,583	-	-
	<b>219,547</b>	(41,585)	<b>975</b>	(1,033)
<b>Total other comprehensive income/(loss) for the year</b>	<b>359,253</b>	(61,859)	<b>975</b>	(1,033)
<b>Total comprehensive income for the year</b>	<b>2,898,837</b>	852,576	<b>504,766</b>	278,516
Attributable to:				
Equity holders of the Company	1,326,985	389,942	504,766	278,516
Non-controlling interests	1,571,852	462,634	-	-
	<b>2,898,837</b>	852,576	<b>504,766</b>	278,516

*The accompanying notes form an integral part of the financial statements.*



## Statements of Financial Position

As At 30 September 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Assets</b>					
Property, plant and equipment	12	11,520,015	7,975,054	676	476
Right-of-use assets	13	1,381,622	874,561	-	-
Investment properties	14	7,170	46,531	-	-
Inventories	15	2,035,257	1,096,046	-	-
Goodwill on consolidation	16	437,357	354,637	-	-
Intangible assets	17	129,906	22,324	-	-
Investments in subsidiaries	18	-	-	1,590,863	1,101,107
Investments in associates	19	1,795,476	1,569,081	-	-
Investments in joint ventures	20	343,423	279,190	-	-
Other investments	21	803,190	622,439	67,904	98,896
Other receivables	22	446,418	235,671	-	-
Amounts owing by subsidiaries	18	-	-	163,910	171,704
Deferred tax assets	23	350,777	378,389	-	-
Total non-current assets		<b>19,250,611</b>	<b>13,453,923</b>	<b>1,823,353</b>	<b>1,372,183</b>
Inventories	15	3,080,319	2,022,895	-	-
Biological assets	24	212,989	129,052	-	-
Trade receivables	25	2,103,096	1,328,694	-	-
Other receivables, deposits and prepayments	26	1,228,950	896,745	2,811	100
Amounts owing by subsidiaries	18	-	-	5,201	4,861
Contract assets	27	7,448	10,276	-	-
Tax recoverable		40,497	61,296	11	10
Other investments	21	121,048	173,886	95,466	6,081
Derivative financial assets	28	162,486	98,309	-	-
Short-term funds	29	253,444	919,994	38	37
Cash and cash equivalents	30	3,408,179	3,239,756	45,454	168,604
Total current assets		<b>10,618,456</b>	<b>8,880,903</b>	<b>148,981</b>	<b>179,693</b>
<b>Total assets</b>		<b>29,869,067</b>	<b>22,334,826</b>	<b>1,972,334</b>	<b>1,551,876</b>
<b>Equity</b>					
Share capital	31	507,587	507,587	507,587	507,587
Reserves	32	5,906,031	5,393,300	824,632	557,367
		<b>6,413,618</b>	<b>5,900,887</b>	<b>1,332,219</b>	<b>1,064,954</b>
Less: Cost of treasury shares	31	(83,334)	(23,957)	(83,334)	(23,957)
Total equity attributable to equity holders of the Company		<b>6,330,284</b>	<b>5,876,930</b>	<b>1,248,885</b>	<b>1,040,997</b>
Non-controlling interests		<b>8,621,107</b>	<b>6,744,349</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>14,951,391</b>	<b>12,621,279</b>	<b>1,248,885</b>	<b>1,040,997</b>
<b>Liabilities</b>					
Other payables	37	-	15	-	-
Deferred tax liabilities	23	1,016,689	470,666	-	-
Lease liabilities	13	134,081	128,317	-	-
Deferred income	33	98,465	106,564	-	-
Provision for retirement benefits	34	572,717	558,270	50	120
Borrowings	35	6,217,293	5,610,442	500,000	500,000
Total non-current liabilities		<b>8,039,245</b>	<b>6,874,274</b>	<b>500,050</b>	<b>500,120</b>
Trade payables	36	939,050	506,138	-	-
Other payables	37	1,911,374	758,251	13,945	10,759
Amount owing to a subsidiary	18	-	-	454	-
Contract liabilities	27	121,098	87,821	-	-
Deferred income	33	8,598	8,419	-	-
Lease liabilities	13	29,443	29,682	-	-
Borrowings	35	3,407,619	1,310,848	209,000	-
Tax payable		223,082	40,479	-	-
Derivative financial liabilities	28	238,167	97,635	-	-
Total current liabilities		<b>6,878,431</b>	<b>2,839,273</b>	<b>223,399</b>	<b>10,759</b>
<b>Total liabilities</b>		<b>14,917,676</b>	<b>9,713,547</b>	<b>723,449</b>	<b>510,879</b>
<b>Total equity and liabilities</b>		<b>29,869,067</b>	<b>22,334,826</b>	<b>1,972,334</b>	<b>1,551,876</b>

*The accompanying notes form an integral part of the financial statements.*

## Consolidated Statement of Changes in Equity

For The Year Ended 30 September 2021

	Attributable to the equity holders of the Company									
	Share Capital RM'000	Treasury Shares RM'000	Capital Reserve RM'000	Exchange Fluctuation Reserve RM'000	Fair Value RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
At 1 October 2019	435,951	(623,059)	658,546	(24,664)	540,171	-	4,676,028	5,662,973	6,457,280	12,120,253
Net change in fair value of equity instruments	-	-	-	-	(15,535)	-	-	(15,535)	(11,595)	(27,130)
Realisation on fair value of equity instruments	-	-	-	-	(446)	446	-	-	-	-
Transfer of reserves	-	-	(998)	-	-	998	-	-	-	-
Share of comprehensive income/(loss) in associates	-	-	-	2,742	-	(11,809)	(9,067)	(9,067)	(10,158)	(19,225)
Gain on remeasurement of defined benefit plans (Note 34)	-	-	-	-	-	5,179	5,179	5,179	5,404	10,583
Currency translation differences	-	-	(3)	(7,907)	-	-	(7,910)	(7,910)	(18,177)	(26,087)
Total other comprehensive loss for the year	-	-	(1,001)	(5,165)	(15,981)	(5,186)	(27,333)	(27,333)	(34,526)	(61,859)
Profit for the year	-	-	-	-	-	417,275	417,275	417,275	497,160	914,435
Total comprehensive (loss)/income for the year	-	-	(1,001)	(5,165)	(15,981)	412,089	389,942	389,942	462,634	852,576
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	14,896	14,896
Redemption of redeemable preference shares	-	-	112,411	-	-	(112,411)	-	-	-	-
Shares buy back	-	(33,601)	-	-	-	-	(33,601)	-	-	(33,601)
Cancellation of treasury shares	(56,045)	632,703	-	-	-	(576,658)	-	-	-	-
Effect of deemed disposal of shares in a sub-subsidiary	-	-	-	1,725	-	-	1,725	(25,596)	-	(23,871)
Effect of deemed acquisition of shares in a subsidiary	-	-	1,461	12	877	(20,574)	(18,224)	(18,224)	18,224	-
Effect of changes in shareholdings in a subsidiary	-	-	-	2,649	-	(19,850)	(17,201)	(17,201)	17,201	-
FY2019 final dividend paid by way of:	127,681	-	-	-	-	(127,681)	-	-	-	-
- issuance of new shares pursuant to DRP	-	-	-	-	-	(48,879)	(48,879)	-	-	(48,879)
- cash	-	-	-	-	-	(59,805)	(59,805)	-	-	(59,805)
FY2020 interim dividend paid by way of cash	-	-	-	-	-	-	-	-	-	-
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	71,636	599,102	113,872	4,386	877	(965,858)	(175,985)	(175,985)	(175,565)	(351,550)
At 30 September 2020	507,587	(23,957)	771,417	(25,443)	525,067	-	4,122,259	5,876,930	6,744,349	12,621,279

Note 31

Note 32

At 1 October 2019

Net change in fair value of equity instruments

Realisation on fair value of equity instruments

Transfer of reserves

Share of comprehensive income/(loss) in associates

Gain on remeasurement of defined benefit plans (Note 34)

Currency translation differences

Total other comprehensive loss for the year

Profit for the year

Total comprehensive (loss)/income for the year

Issuance of shares to non-controlling interests

Redemption of redeemable preference shares

Shares buy back

Cancellation of treasury shares

Effect of deemed disposal of shares in a sub-subsidiary

Effect of deemed acquisition of shares in a subsidiary

Effect of changes in shareholdings in a subsidiary

FY2019 final dividend paid by way of:

- issuance of new shares pursuant to DRP
- cash

FY2020 interim dividend paid by way of cash

Dividends paid to non-controlling interests

Total transactions with owners of the Company

At 30 September 2020

## Consolidated Statement of Changes in Equity (Continued)

For The Year Ended 30 September 2021

	Attributable to the equity holders of the Company									
	Share Capital RM'000	Treasury Shares RM'000	Capital Reserve RM'000	Exchange Fluctuation Reserve RM'000	Fair Value Reserve RM'000	Other Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 30 September 2020	507,587	(23,957)	771,417	(25,443)	525,067	-	4,122,259	5,876,930	6,744,349	12,621,279
Net change in fair value of equity instruments	-	-	-	-	86,793	-	-	86,793	71,292	158,085
Realisation on fair value of equity instruments	-	-	-	-	3,722	-	(3,725)	(3)	3	-
Transfer of reserves	-	-	6,502	-	-	-	(6,502)	-	-	-
Share of comprehensive (loss)/income in associates	-	-	-	(29,657)	-	-	30,918	1,261	1,212	2,473
Loss on remeasurement of defined benefit plans (Note 34)	-	-	-	-	-	-	(1,943)	(1,943)	(1,895)	(3,838)
Currency translation differences	-	-	214	93,729	-	-	-	93,943	108,590	202,533
Total other comprehensive income for the year	-	-	6,716	64,072	90,515	-	18,748	180,051	179,202	359,253
Profit for the year	-	-	-	-	-	-	1,146,934	1,146,934	1,392,650	2,539,584
Total comprehensive income for the year	-	-	6,716	64,072	90,515	-	1,165,682	1,326,985	1,571,852	2,898,837
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	18,272	18,272
Purchase of shares from non-controlling interests	-	-	-	-	-	-	-	-	(250,470)	(250,470)
Redemption of redeemable preference shares	-	-	108,029	-	-	-	(104,236)	3,793	(3,793)	-
Shares buy back	-	(59,377)	-	-	-	-	-	(59,377)	(13,920)	(73,297)
Employees' share grant scheme	-	-	-	-	-	-	-	-	2,392	2,392
Acquisition through business combination	-	-	-	-	-	-	-	-	1,562,854	1,562,854
Effect of deemed acquisition of shares in a subsidiary	-	-	-	-	-	-	-	-	(3,144)	(3,144)
Effect of changes in shareholdings in a subsidiary	-	-	-	-	-	-	(117,016)	(117,016)	-	(117,016)
Effect of deemed disposal of shares in an associate	-	-	390	29	189	171	(20,983)	(20,204)	(53,246)	(73,450)
Unconditional Mandatory General Offer on acquisition of a subsidiary	-	-	-	1	-	-	(1)	-	-	-
FY2020 final dividend paid by way of cash	-	-	-	-	-	(443,326)	-	(443,326)	(491,722)	(935,048)
FY2021 interim dividend paid by way of cash	-	-	-	-	-	-	(158,428)	(158,428)	-	(158,428)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(79,073)	(79,073)	-	(79,073)
Total transactions with owners of the Company	-	(59,377)	108,419	30	189	(443,155)	(479,737)	(873,631)	304,906	(568,725)
At 30 September 2021	507,587	(83,334)	886,552	38,659	615,771	(443,155)	4,808,204	6,330,284	8,621,107	14,951,391

← Note 31 →

← Note 32 →

*The accompanying notes form an integral part of the financial statements.*

## Statement of Changes in Equity of the Company

For The Year Ended 30 September 2021

	Share Capital RM'000	Treasury Shares RM'000	Fair Value Reserve RM'000	Capital Reserve RM'000	Retained Earnings RM'000	Total RM'000
At 1 October 2019	435,951	(623,059)	49,764	32,555	1,009,555	904,766
Net change in fair value of equity instruments	-	-	(1,033)	-	-	(1,033)
Total other comprehensive loss for the year	-	-	(1,033)	-	-	(1,033)
Profit for the year	-	-	-	-	279,549	279,549
Total comprehensive (loss)/income for the year	-	-	(1,033)	-	279,549	278,516
Shares buy back	-	(33,601)	-	-	-	(33,601)
Cancellation of treasury shares	(56,045)	632,703	-	-	(576,658)	-
FY2019 final dividend paid by way of:						
- issuance of new shares pursuant to DRP	127,681	-	-	-	(127,681)	-
- cash	-	-	-	-	(48,879)	(48,879)
FY2020 interim dividend paid by way of cash	-	-	-	-	(59,805)	(59,805)
Total transactions with owners of the Company	71,636	599,102	-	-	(813,023)	(142,285)
At 30 September 2020	<b>507,587</b>	<b>(23,957)</b>	<b>48,731</b>	<b>32,555</b>	<b>476,081</b>	<b>1,040,997</b>
Net change in fair value of equity instruments	-	-	975	-	-	975
Total other comprehensive income for the year	-	-	975	-	-	975
Profit for the year	-	-	-	-	503,791	503,791
Total comprehensive income for the year	-	-	975	-	503,791	504,766
Shares buy back	-	(59,377)	-	-	-	(59,377)
FY2020 final dividend paid by way of cash	-	-	-	-	(158,428)	(158,428)
FY2021 interim dividend paid by way of cash	-	-	-	-	(79,073)	(79,073)
Total transactions with owners of the Company	-	(59,377)	-	-	(237,501)	(296,878)
At 30 September 2021	<b>507,587</b>	<b>(83,334)</b>	<b>49,706</b>	<b>32,555</b>	<b>742,371</b>	<b>1,248,885</b>

← Note 31 → ← Note 32 →

*The accompanying notes form an integral part of the financial statements.*

## Consolidated Statement of Cash Flows

For The Year Ended 30 September 2021

	2021 RM'000	2020 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	3,086,006	1,264,664
Adjustments for:		
Depreciation of property, plant and equipment	647,078	606,871
Depreciation of right-of-use assets	50,842	44,932
Depreciation of investment properties	796	950
Amortisation of intangible assets	11,216	3,836
Amortisation of deferred income	(8,436)	(8,182)
Impairment of property, plant and equipment	95,170	476
Impairment of other investments	-	309
Property, plant and equipment written off	2,481	15,284
Gain on disposal of property, plant and equipment	(177)	(1,893)
Surplus on government acquisition of land	(11,209)	(1,058)
Surplus on disposal of land	(151,433)	(83,655)
Surplus on deemed disposal of a sub-subsidiary	-	(21,147)
Gain on disposal of other investments	(15,516)	(642)
Fair value gain arising from changes in equity interest in an associate	(324,260)	-
Fair value surplus of an ordinary investment which was previously an associate	(12,606)	-
Negative goodwill from acquisition of shares in a sub-subsidiary	(2,941)	-
Impairment of investment in an associate	39	-
Provision for retirement benefits	21,323	51,200
Impairment of trade receivables	5,613	7,403
Trade receivables written off	45	-
Reversal of impairment of trade receivables	(6,361)	(5,489)
Impairment of other receivables	21	1,011
Other receivables written off	-	4,169
Impairment of plasma project receivables	795	10,489
Plasma project receivables written off	3,256	1,569
Reversal of impairment of other receivables	(765)	-
Reversal of impairment of plasma project receivables	(2,789)	-
Write down of inventories to net realisable value	35,722	37,572
Write back of slow moving inventories	(3,005)	(2,800)
Write back of inventories previously written down to net realisable value	(16,146)	(13,156)
Finance costs	261,435	257,004
Lease interest expense (Note D)	4,928	5,397
Dividend income	(50,174)	(41,984)
Interest income	(58,814)	(122,294)
Exchange (gain)/loss	(69,624)	31,678
Net change in fair value of derivatives	76,057	13,519
Net change in fair value of biological assets	(48,704)	(32,138)
Net change in fair value of debt instruments	600	527
Net change in fair value of rental deposit received	-	49
Loss on remeasurements and modifications of leases	17	-
Gain on termination of leases	(55)	-
Employees' share grant schemes	2,392	-
Share of profits of equity accounted associates, net of tax	(292,956)	(29,660)
Share of profits of equity accounted joint ventures, net of tax	(39,865)	(3,369)
Operating profit before working capital changes	3,189,996	1,991,442
Working capital changes:		
Inventories	(911,230)	210,969
Biological assets	(5,688)	2,754
Trade and other receivables	(929,260)	(88,827)
Contract assets	2,828	4,591
Trade and other payables	462,301	(162,980)
Contract liabilities	31,872	(5,308)
Deferred income	519	4,500
Cash generated from operations	1,841,338	1,957,141
Interests received	5,461	6,418
Interests paid	(264,252)	(271,673)
Tax paid	(270,989)	(224,571)
Retirement benefits paid	(38,967)	(44,062)
Net cash generated from operating activities	1,272,591	1,423,253

## Consolidated Statement of Cash Flows (Continued)

For The Year Ended 30 September 2021

	2021 RM'000	2020 RM'000
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(918,727)	(726,354)
Purchase of right-of-use assets	(6,375)	(199,881)
Addition to investment properties	(26)	(18)
Property development expenditure	(37,837)	(21,545)
Purchase of shares in subsidiaries, net of cash acquired (Note B)	(1,770,832)	-
Purchase of additional shares in subsidiaries	(259,288)	-
Purchase of additional shares in an associate	(39,795)	(41,484)
Subscription of shares in joint ventures	(23,255)	(6,936)
Purchase of shares from non-controlling interests	(250,470)	-
Purchase of other investments	(502,930)	(143,178)
Purchase of intangible assets	(2,590)	(2,689)
Capital repayment to non-controlling interests	(3,144)	-
Proceeds from disposal of property, plant and equipment	5,849	5,765
Compensation from government on land acquired	11,209	1,508
Proceeds from disposal of land	149,401	84,055
Proceeds from deemed disposal of a sub-subsidiary, net of cash disposed (Note C)	-	(3,441)
Proceeds from disposal of other investments	591,049	179,843
Decrease in short-term funds	681,433	735,075
(Increase)/decrease in other receivables	(20,647)	1,660
Dividends received from associates	86,285	27,590
Dividends received from joint ventures	19,382	12,508
Dividends received from investments	53,145	41,693
Interests received	50,382	92,486
Repayment from associates	24,809	1,144
Advances to joint ventures	(17,373)	(10,716)
Advances to investee companies	(12,175)	(18,586)
Net cash (used in)/generated from investing activities	<u>(2,192,520)</u>	<u>8,499</u>
<b>Cash flows from financing activities</b>		
Term loans received (Note D)	1,529,959	7,284
Repayment of term loans (Note D)	(359,470)	(135,070)
Net drawdown/(repayment) of short-term borrowings (Note D)	685,900	(21,690)
Payments of lease liabilities (Note D)	(29,377)	(29,882)
Payments of lease interest (Note D)	(5,618)	(5,646)
Dividends paid to shareholders of the Company	(237,501)	(108,684)
Dividends paid to non-controlling interests	(462,317)	(200,290)
Issuance of shares to non-controlling interests	18,272	14,896
Shares buy back	(73,297)	(33,601)
Net cash generated from/(used in) financing activities	<u>1,066,551</u>	<u>(512,683)</u>
Net increase in cash and cash equivalents	146,622	919,069
Effects of exchange rate changes	27,773	(5,129)
Cash and cash equivalents at beginning of year	3,110,551	2,196,611
Cash and cash equivalents at end of year (Note A)	<u>3,284,946</u>	<u>3,110,551</u>
<b>Notes to the consolidated statement of cash flows</b>		
<b>A. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Deposits with licensed banks (Note 30)	946,012	1,623,587
Fixed income trust funds (Note 30)	1,231,361	1,010,498
Cash and bank balances (Note 30)	1,230,806	605,671
Cash and cash equivalents (Note 30)	<u>3,408,179</u>	<u>3,239,756</u>
Bank overdrafts (Note 35)	(123,233)	(129,205)
	<u>3,284,946</u>	<u>3,110,551</u>



**Consolidated Statement of Cash Flows** (Continued)  
For The Year Ended 30 September 2021

	2021 RM'000	2020 RM'000
<b>B. Analysis of purchase of shares in subsidiaries</b>		
Property, plant and equipment (Note 12)	3,192,680	-
Right-of-use assets (Note 13)	535,620	-
Investment properties (Note 14)	7,170	-
Intangible assets (Note 17)	118,292	-
Inventories (Note 15)	943,033	-
Biological assets (Note 24)	26,707	-
Other investment	279	-
Trade and other receivables	83,199	-
Other receivables	165,631	-
Investments in associates	36,412	-
Net current assets	362,139	-
Trade and other payables	(67,811)	-
Borrowings	(839,078)	-
Deferred tax liabilities (Note 23)	(526,403)	-
Provision for retirement benefits (Note 34)	(25,175)	-
Lease liabilities (Note 13)	(27,325)	-
Non-controlling interests	(102,071)	-
Fair value of identifiable net assets of subsidiaries acquired	3,883,299	-
Negative goodwill from acquisition of shares in a sub-subsidiary	(2,941)	-
Goodwill on consolidation (Note 16)	82,024	-
Total purchase price	3,962,382	-
Fair value gain arising from changes in equity interest in an associate	(324,260)	-
Transfer from investment in an associate	(41,028)	-
Non-controlling interests	(1,553,114)	-
Purchase price satisfied by cash	2,043,980	-
Less: Cash and cash equivalents of subsidiaries acquired	(273,148)	-
Cash outflow on acquisition of subsidiaries	1,770,832	-
<b>C. Analysis of deemed disposal of shares in a sub-subsidiary</b>		
Property, plant and equipment	-	8
Net current assets	-	2,716
Non-controlling interests	-	(27,528)
Exchange translation difference	-	3,657
Total assets and liabilities of a subsidiary disposed	-	(21,147)
Surplus on deemed disposal of shares in a sub-subsidiary	-	21,147
Total sale consideration	-	-
Less: Cash and cash equivalents of a sub-subsidiary disposed	-	(3,441)
Net cash outflow on deemed disposal of shares in a sub-subsidiary	-	(3,441)

**Consolidated Statement of Cash Flows** (Continued)  
For The Year Ended 30 September 2021

**D. Reconciliation of liabilities from financing activities to the consolidated statement of financial position and consolidated statement of cash flows**

	Lease Liabilities RM'000	Term Loans RM'000	Short-Term Borrowings RM'000	Islamic Medium Term Notes RM'000	Total RM'000
At 1 October 2019	178,979	696,447	1,106,531	5,100,000	7,081,957
Cash flows					
Term loans received	-	7,284	-	-	7,284
Repayment of term loans	-	(135,070)	-	-	(135,070)
Net repayment of short-term borrowings	-	-	(21,690)	-	(21,690)
Payments of lease liabilities	(29,882)	-	-	-	(29,882)
Payments of lease interest	(5,646)	-	-	-	(5,646)
Non-cash flows					
Addition of new leases	12,870	-	-	-	12,870
Lease interest expense	5,397	-	-	-	5,397
Currency translation differences	(3,719)	24,846	13,737	-	34,864
At 30 September 2020	<b>157,999</b>	<b>593,507</b>	<b>1,098,578</b>	<b>5,100,000</b>	<b>6,950,084</b>
Cash flows					
Term loans received	-	1,529,959	-	-	1,529,959
Repayment of term loans	-	(359,470)	-	-	(359,470)
Net drawdown of short-term borrowings	-	-	685,900	-	685,900
Payments of lease liabilities	(29,377)	-	-	-	(29,377)
Payments of lease interest	(5,618)	-	-	-	(5,618)
Non-cash flows					
Addition of new leases	28,293	-	-	-	28,293
Remeasurement and modification of leases	(14,876)	-	-	-	(14,876)
Termination of leases	(8,815)	-	-	-	(8,815)
Acquisition through business combination	27,325	705,041	134,037	-	866,403
Lease interest expense	4,928	-	-	-	4,928
Currency translation differences	3,665	(496)	14,623	-	17,792
At 30 September 2021	<b>163,524</b>	<b>2,468,541</b>	<b>1,933,138</b>	<b>5,100,000</b>	<b>9,665,203</b>

*The accompanying notes form an integral part of the financial statements.*

## Statement of Cash Flows of the Company

For The Year Ended 30 September 2021

	2021 RM'000	2020 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	504,568	280,383
Adjustments for:		
Depreciation of property, plant and equipment	59	102
(Reversal)/Provision for retirement benefits	(70)	17
Exchange gain	(1,752)	(8,699)
Finance costs	24,448	20,306
Dividend income	(465,441)	(292,144)
Interest income	(7,132)	(9,259)
Impairment on amounts owing by subsidiaries	76	-
Loss on disposal of property, plant and equipment	99	-
Gain on disposal of a subsidiary (Note B)	(70,318)	-
Net fair value (gain)/loss on other investments	(79)	171
Loss/(gain) on disposal of other investments	54	(6)
Operating loss before working capital changes	<u>(15,488)</u>	<u>(9,129)</u>
Working capital changes:		
Other receivables	(2,797)	30
Amounts owing by subsidiaries	6,073	5,052
Other payables	2,043	(776)
Cash used in operations	<u>(10,169)</u>	<u>(4,823)</u>
Interests received	437	2,557
Interests paid	(23,975)	(20,250)
Tax paid	(115)	(44)
Net cash used in operating activities	<u><b>(33,822)</b></u>	<u><b>(22,560)</b></u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(558)	(14)
Purchase of additional shares in subsidiaries	(259,288)	-
Purchase of other investments	(390,349)	(54,382)
Proceeds from disposal of other investments	332,957	94,908
Proceeds from disposal of property, plant and equipment	200	-
Proceed from disposal of a subsidiary (Note B)	93,518	-
Acquisition of a new subsidiary	(310,077)	-
Increase in short-term funds	(1)	(1)
Dividends received	465,526	116,755
Loan to subsidiaries	(6,134)	(33,338)
Repayment from subsidiaries	17,302	542
Net cash (used in)/generated from investing activities	<u><b>(56,904)</b></u>	<u><b>124,470</b></u>
<b>Cash flows from financing activities</b>		
Redemption of redeemable preference shares	56,410	26,200
Draw down of short term loan	209,349	-
Repayment of short term loan	(349)	-
Dividends paid to shareholders of the Company	(237,501)	(108,684)
Shares buy back	(59,377)	(33,601)
Net cash used in financing activities	<u><b>(31,468)</b></u>	<u><b>(116,085)</b></u>
Net decrease in cash and cash equivalents	<u><b>(122,194)</b></u>	<u><b>(14,175)</b></u>
Effects of exchange rate changes	(956)	(438)
Cash and cash equivalents at beginning of year	<u><b>168,604</b></u>	<u><b>183,217</b></u>
Cash and cash equivalents at end of year (Note A)	<u><b>45,454</b></u>	<u><b>168,604</b></u>

*The accompanying notes form an integral part of the financial statements.*

**Statement of Cash Flows of the Company** (Continued)  
For The Year Ended 30 September 2021

	2021 RM'000	2020 RM'000
<b>Notes to the statement of cash flows</b>		
<b>A. Cash and cash equivalents</b> (Note 30)		
Cash and cash equivalents consist of:		
Cash and bank balances	45,454	11,115
Deposits with licensed banks	-	157,489
	<u>45,454</u>	<u>168,604</u>
<b>B. Analysis of disposal of shares in a subsidiary</b>		
Total sale consideration	93,518	-
Less: Cost of investment	(23,200)	-
Gain on disposal of a subsidiary	<u>70,318</u>	<u>-</u>

*The accompanying notes form an integral part of the financial statements.*

## Notes to the Financial Statements

### 1. CORPORATE INFORMATION

Batu Kawan Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad. The registered office and principal place of business is located at Bangunan Mayban Trust Ipoh, Level 9, No. 28, Jalan Tun Sambanthan, 30000 Ipoh, Perak Darul Ridzuan.

The consolidated financial statements as at and for the year ended 30 September 2021 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in associates and joint ventures.

The principal activity of the Company is investment holding while the principal activities of the Group entities are shown in Note 41.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

The financial statements of the Group have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the provisions of Companies Act 2016 in Malaysia. These financial statements also comply with the applicable disclosure provisions of the Listing Requirements of the Bursa Malaysia Securities Berhad.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRS during the financial year. The following Amendments to the MFRSs issued by the Malaysian Accounting Standards Board (“MASB”) and effective for annual periods beginning on or after 1 January 2020 were adopted by the Group during the financial year:

#### **Amendments to MFRSs effective for annual periods beginning on or after 1 January 2020**

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3 Definition of a Business
- Amendments to MFRS 101 and MFRS 108 Definition of Material
- Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform

#### **Amendments to MFRS effective for annual periods beginning on or after 17 August 2020**

- Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9

The Group had early adopted Amendment to MFRS 16 *COVID-19-Related Rent Concessions beyond 30 June 2021* on 1 April 2021, and elected to apply the practical expedient to all rent concession relating to leases with similar characteristics and similar circumstances.

Adoption of the above accounting standards did not have any material effect on the financial performance or position of the Group.

The following are accounting standards and amendments that have been issued by the MASB but have not been applied by the Group.

#### **Amendments to MFRSs effective for annual periods beginning on or after 1 January 2021**

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 *Interest Rate Benchmark Reform – Phase 2*

## Notes to the Financial Statements (Continued)

### Amendments to MFRSs effective for annual periods beginning on or after 1 January 2022

- Annual Improvements to MFRS Standards 2018 - 2020
- Amendments to MFRS 3 *Reference to the Conceptual Framework*
- Amendments to MFRS 116 *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137 *Onerous Contracts - Cost of Fulfilling a Contract*

### MFRS and Amendments to MFRSs effective for annual periods beginning on or after 1 January 2023

- MFRS 17 *Insurance Contracts*
- Amendments to MFRS 17 *Insurance Contracts*
- Amendments to MFRS 101 *Classification of Liabilities as Current or Non-current, Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Definition of Accounting Estimates*
- Amendments to MFRS 112 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

### Amendments to MFRSs effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10 and MFRS 128 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group does not expect the adoption of the above standards and amendments to have a significant impact on the financial statements.

#### 2.2 Basis of measurement

The financial statements have been prepared under the historical cost basis other than as disclosed in Note 3.

#### 2.3 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

#### 2.4 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 on-going 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 Notes 12, 13, 16, 18, 22 and 41 for measurement of the recoverable amounts of goodwill on consolidation, property, plant and equipment, right-of-use assets, cost of investment, other receivables and the determination of fair value of identifiable assets acquired and liabilities assumed on business combination.



## Notes to the Financial Statements (Continued)

### 3. SIGNIFICANT ACCOUNTING POLICIES

Summarised below are the significant accounting policies of the Group. The accounting policies have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

#### 3.1 Basis of consolidation

##### (a) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affects the investee's return.

Investments in subsidiaries, which are eliminated on consolidation, are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution.

##### (b) Business combinations

The Group applies the acquisition method to account for business combinations when the acquired set of activities and assets meet the definition of a business from the acquisition date, which is the date on which control is transferred to the Group. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquisition would be classified as acquisition of assets if definition of business is not met. An entity has an option to apply a "concentration test" that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the concentration test, the acquisition would not represent a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. An entity may elect to apply the concentration test separately for each transaction.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interests in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Transaction costs, other than those associated with the issuance of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

##### (c) Transactions with non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group's reserves.

## Notes to the Financial Statements (Continued)

**(d) Goodwill**

Goodwill arising from business combinations is measured at cost less any accumulated impairment losses.

Goodwill is tested for impairment at least annually or more frequently when there is objective evidence of impairment.

In respect of equity accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investments and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted associates and joint ventures.

**(e) Loss of control**

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as an investment in financial asset depending on the level of influence retained.

**(f) Associates**

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method, unless it is classified as held for sale or distribution. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

The Group's share of post-acquisition results and reserves of associates is included in the consolidated financial statements and is based on the latest audited and published interim reports in respect of listed companies and latest audited financial statements and unaudited management financial statements in respect of unlisted companies.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

## Notes to the Financial Statements (Continued)

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution.

**(g) Joint ventures**

Joint ventures are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns and the Group has rights only to the net assets of the arrangements.

The Group accounts for its interest in the joint ventures using the equity method. Investments in joint ventures are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution.

**(h) Non-controlling interests**

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

**(i) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

### 3.2 Foreign currencies

**(a) Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rates at that date. Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value are retranslated to the functional currency at the exchange rates at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments which are recognised in other comprehensive income.

## Notes to the Financial Statements (Continued)

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the Exchange Fluctuation Reserve in equity.

### (b) Operations denominated in functional currencies other than RM

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 October 2006 which are reported using the exchange rates at the dates of acquisitions. The income and expenses of the foreign operations are translated to RM at the average exchange rates for the year.

Foreign currency differences are recognised in other comprehensive income and accumulated in the Exchange Fluctuation Reserve in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the Exchange Fluctuation Reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### 3.3 Property, plant and equipment

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

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Bearer plants are living plants that are used in the production or supply of agricultural produce, which are expected to bear produce for more than one period and have remote likelihood of being sold as agricultural produce, except for incidental scrap sales. Costs include plantation expenditures incurred from the stage of land clearing up to the stage of maturity. New planting expenditure and replanting expenditure are recognised as bearer plants and measured at cost less accumulated amortisation and accumulated impairment losses, if any.

## Notes to the Financial Statements (Continued)

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

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. Bearer plants are amortised using the straight-line method over the estimated productive years. Freehold land has unlimited useful life and is not amortised. Immature bearer plants and capital work-in-progress are not amortised or depreciated. Amortisation or depreciation commences when the bearer plants mature or when the capital work-in-progress assets are ready for their intended use.

The principal depreciation/amortisation rates for the current and comparative periods are as follows:

Bearer plants	5% per annum
Buildings	2% to 40% per annum
Plant and machinery	2% to 100% per annum
Vehicles	6.7% to 33% per annum
Equipment, fittings, etc.	4% to 33.33% per annum

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" or "other operating expenses" respectively in profit or loss.

### 3.4 Leases

#### (a) Lease as Lessee

##### Right-of-use assets and lease liabilities

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right-of-use to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

- (i) there is an identified asset;
- (ii) the Group obtains substantially all the economic benefits from use of the asset; and
- (iii) the Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that result from the use of the asset.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable MFRSs rather than MFRS 16.

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

## Notes to the Financial Statements (Continued)

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in the lease term results in a remeasurement of lease liabilities.

All leases are accounted for by recognising right-of-use assets and lease liabilities except for:

- (i) leases of low-value assets; and
- (ii) leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- (i) amounts expected to be payable under any residual value guarantee;
- (ii) the exercise price of any purchase option granted in favour of the Group if it is reasonably certain to exercise that option; and
- (iii) any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liabilities, reduced for any lease incentives received, and increased for:

- (i) lease payments made at or before commencement of the lease;
- (ii) initial direct costs incurred; and
- (iii) the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the revised discount rate which is the interest rate implicit in the lease for the remaining lease term, if the rate can be readily determined, or the lessee's incremental borrowing rate at the date of reassessment, if the interest rate implicit in the lease cannot be readily determined. The carrying value of the lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining revised lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- (i) if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional right-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy;



## Notes to the Financial Statements (Continued)

- (ii) in all other cases where the renegotiation increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and
- (iii) if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e., it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Right-of-use assets are amortised on a straight-line basis over the shorter of the lease terms and their useful life.

Depreciation periods for the current and comparative periods are as follows:

Leasehold land	3 to 931 years
Land use rights	2 to 35 years
Buildings	1 to 50 years
Plant and machinery	1 to 10 years
Others	1 to 5 years

### (b) Lease as Lessor

As a lessor, the Group determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

#### (i) Operating leases

The Group classified a lease as an operating lease if the lease does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee. The Group recognises lease payments received under operating lease as lease income on a straight-line-basis over the lease term.

When assets are leased out under an operating lease, the asset is included in property, plant and equipment and right-of-use assets in the statement of financial position. Lease income (net of any incentives given to lessees) is recognised over the term of the lease on a straight line basis.

### 3.5 Investment properties

Investment property, which is property held to earn rentals or for capital appreciation or both, is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at cost less accumulated depreciation and any accumulated impairment losses.

Investment property is derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

## Notes to the Financial Statements (Continued)

Transfers are made to or from investment property only when there is a change in use. A transfer from investment property to owner-occupied property is made at the carrying amount as at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 3.3 up to the date of change in use.

Buildings are depreciated on a straight-line basis to write down the cost of each building to its residual value over its estimated useful life. The principal annual depreciation rates are at the range of 2% - 20%. Freehold land has unlimited useful life and is not depreciated.

### 3.6 Biological assets

#### (a) Agriculture produce

The agriculture produce growing on bearer plants of the Group comprises fresh fruit bunches ("FFB") prior to harvest and are measured at fair value less costs to sell under biological assets. Any gains or losses arising from changes in fair value less costs to sell of the produce are recognised within cost of sales in profit or loss.

Management has deliberated on the oil content of such unharvested FFB and concluded that since the oil content of unharvested FFB accrues exponentially only from 15 days prior to harvest, such unharvested FFB more than 15 days prior to harvest are excluded from valuation as their fair values are considered negligible. Therefore, quantity of unharvested FFB up to 15 days prior to harvest is used for valuation purpose. The fair value of unharvested FFB is determined based on market approach, which takes into consideration the market prices of FFB and crude palm oil, where appropriate, adjusted to the estimated oil content of unharvested FFB, less harvesting, transport and other costs to sell.

#### (b) Growing crops and livestock

Growing crops are measured at fair value which is based on the costs incurred to the end of the reporting period for these crops. As at the end of the reporting period, the yield of the crops and the future economic benefits which will flow from the crops are not fully determinable and costs incurred in relation to the crops are considered to be reasonable approximation of fair value at the date.

Livestock is measured at fair value less point-of-sale cost, with any change therein recognised in profit or loss. Fair value is based on the market price of livestock of similar age, breed and genetic make-up. Point-of-sale costs include all costs that would be necessary to sell the livestock.

### 3.7 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Financial assets are recognised initially at their fair values plus, in the case of financial assets not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets.

The Group categorises financial assets as follows:

#### (a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading and unit trust funds, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that are specifically designated into this category upon initial recognition.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

## Notes to the Financial Statements (Continued)

Investments in unit trust funds are retail investment funds which the Group and the Company do not have control over its investment directions. As such, the risk of significant change in the value of the investments is uncertain.

**(b) Financial assets at fair value through other comprehensive income (“FVOCI”)**

Financial assets at FVOCI category comprises investments in equity securities instruments that are not held for trading.

Financial assets measured at FVOCI are subsequently measured at fair values with the gain or loss recognised in other comprehensive income. On derecognition, the cumulative gain or loss recognised in other comprehensive income is not subsequently transferred to profit or loss.

**(c) Financial assets at amortised cost**

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

All financial assets, except for those measured at fair value through profit or loss and those measured at FVOCI, are subject to review for impairment (Note 3.13(a)).

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the market place concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date; and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

### 3.8 Embedded derivatives

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

### 3.9 Intangible assets

These assets consist mainly of trade marks, patents, technology know-how/trade formulas and customer relationship which are stated at cost less accumulated amortisation and any accumulated impairment losses. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

## Notes to the Financial Statements (Continued)

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

Trade marks	-	5 to 15 years
Patents	-	7 to 20 years
Technology know-how/trade formulas	-	10 years
Customer relationship	-	10 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

### 3.10 Inventories

#### (a) Land held for property development

Land held for property development shall be classified as non-current asset where no development activities have been carried out or where development activities are not expected to be completed within the normal operating cycle.

The change in the classification of land held for property development to current assets shall be at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

Costs associated with the acquisition of land include the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is measured at the lower of cost and net realisable value.

#### (b) Property development costs

Property development costs 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.

Property development costs are stated in the statement of financial position at the lower of cost and net realisable value.

The excess of revenue recognised in the statement of profit or loss and other comprehensive income over billings to purchasers is shown as accrued billings and the excess of billings to purchasers over revenue recognised in the statement of profit or loss and other comprehensive income is shown as progress billings.

#### (c) Other inventories

Inventories of developed properties held for sale are stated at the lower of costs and net realisable value. Costs consist of costs associated with the acquisition of land, direct costs and appropriate proportions of common costs attributable to developing the properties to completion.

Inventories of produce, stores and materials are measured at the lower of cost and net realisable value. Cost is determined on a weighted average basis and includes expenditure incurred in acquiring these inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Inventories of nursery consist of seedlings remaining in the nursery for eventual field planting and are stated at the lower of costs and net realisable value. Cost of seeds and seedlings includes the cost of treatment and cultivation.

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

## Notes to the Financial Statements (Continued)

### 3.11 Short-term funds

Short-term funds represent funds placed in highly liquid money market instruments which are readily convertible to known amount of cash and have an insignificant risk of changes in fair value with original maturities of more than three months.

### 3.12 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and fixed income trust funds which are readily convertible to known amount of cash and have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group in the management of its short-term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

### 3.13 Impairment

#### (a) Financial assets

The Group recognises an allowance for expected credit loss ("ECL") for all debt financial assets not held at fair value through profit or loss. ECL is based on the difference between the contractual cash flows due in accordance with the contracts and all the cash flows that the Group expects to receive. The estimate of expected cash shortfall shall reflect the cash flows expected from collateral and other credit enhancements that are part of the contractual terms. The shortfall is then discounted at an approximation to the original effective interest rate of the assets.

Impairment losses for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach within MFRS 9 using the lifetime ECL. During this process, the probability of non-payment by the trade receivables is adjusted by forward-looking information and multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables.

The Group considers available, reasonable and supportive forward-looking information which includes the following indicators:

- Internal credit rating/assessment
- External credit rating/assessment (where available)
- Actual or expected significant changes in the operating results of the debtor (where available)
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligation
- Significant increase in credit risk on other financial instruments of the same debtor
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the debtor

Impairment for other receivables, financial guarantee contracts, amounts owing by subsidiaries, associates, joint ventures and investee companies are recognised based on the general approach within MFRS 9 using ECL model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. At the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which credit risk has not increased significantly since initial recognition of the financial asset, 12-month ECL along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime ECL along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime ECL along with interest income on a net basis are recognised.

## Notes to the Financial Statements (Continued)

The Group defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment delays more than 30 days past due in making contractual payments and past due information.

The probabilities of non-payments by other receivables, financial guarantee contracts, amounts owing by subsidiaries, associates, joint ventures and investee companies are adjusted by forward-looking information and multiplied by the amounts of the expected losses arising from defaults to determine the 12-month or lifetime ECL for the other receivables, financial guarantee contracts, amounts owing by subsidiaries, associates, joint ventures and investee companies.

It requires management to exercise significant judgement in determining the probabilities of default by other receivables, financial guarantee contracts, amounts owing by subsidiaries, associates, joint ventures and investee companies, appropriate forward-looking information and significant increase in credit risk.

### (b) Other assets

The carrying amounts of other assets (other than inventories, biological assets and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated at each reporting period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.



## Notes to the Financial Statements (Continued)

### 3.14 Financial liabilities

Financial liabilities are recognised in the statements of financial position when, and only when, the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities are recognised initially at their fair values plus, in the case of financial liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the issuance of the financial liabilities.

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Financial guarantee contracts issued by a subsidiary are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are recognised as financial liabilities at the time the guarantees are issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with the expected credit loss model under MFRS 9 and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantee is determined based on the present value of the different in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

### 3.15 Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantially enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

## Notes to the Financial Statements (Continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### 3.16 Employee benefits

#### (a) Defined contribution plans

Obligations for contributions to defined contribution plans are recognised as an expense in profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

#### (b) Unfunded defined benefit plans

(i) The Group provides for retirement benefits for eligible employees in Malaysia on unfunded defined benefit basis in accordance with the terms of the unions' collective agreements. Full provision has been made for retirement benefits payable to all eligible employees based on the last drawn salaries at the end of the reporting period, the length of service to-date and the rates set out in the said agreements.

The present value of these unfunded defined benefit obligations as required by MFRS 119 *Employee Benefits* has not been used in arriving at the provision, as the amount involved is insignificant to the Group. Accordingly, no further disclosure as required by the standard is made.

(ii) Subsidiaries in Indonesia provide for retirement benefits for eligible employees on unfunded defined benefit basis in accordance with the Labour Law in Indonesia. The obligations of the defined benefit plans are calculated as the present values of obligations at end of the reporting period using the projected unit credit method which is based on the last drawn salaries at the end of the reporting period, age and the length of service.

Service and interest costs are recognised in profit or loss. Remeasurements of the defined benefit plans which comprise actuarial gains and losses are recognised in other comprehensive income in the year in which they occur.

(iii) A sub-subsidiary in Germany provides for retirement benefits for its eligible employees on unfunded defined benefit basis. The obligations of the defined benefit plans are determined annually by an independent qualified actuary. The discount rate is determined using the yield of first class corporate bonds at the valuation date and in the same currency in which the benefits are expected to be paid.

Service and interest costs are recognised immediately in profit or loss. Remeasurements of the defined benefit plans which comprise actuarial gains and losses are recognised in other comprehensive income.

#### (c) Funded defined benefit plan

The sub-subsidiaries in Switzerland operate a funded defined benefit pension scheme for employees. The assets of the scheme are held separately from those of the sub-subsidiaries.

The calculation of the funded defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

## Notes to the Financial Statements (Continued)

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

**(d) Short-term employee benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

### 3.17 Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

**(a) Ordinary shares**

Ordinary shares are classified as equity.

**(b) Treasury shares**

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statements of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

### 3.18 Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### 3.19 Revenue and other income

**(a) Revenue from contracts with customers**

Revenue from contracts with customers is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group transfers control of the goods or services promised in a contract and the customer obtains control of the goods or services. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration to which the Group expects to be entitled in exchange for transferring goods or services promised in the contract. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

## Notes to the Financial Statements (Continued)

### (i) Sales of goods

The Group's revenue is derived mainly from its plantation and manufacturing operations. In the plantation operations, the Group sells agricultural produce such as crude palm oil, fresh fruit bunches, palm kernel, refined palm oil related products, rubber, etc. In the manufacturing operations, revenue is derived mainly from sales of oleochemicals, non-oleochemicals and industrial chemical products.

Revenue from sales of goods is recognised (net of discount and taxes collected on behalf) at the point in time when control of the goods has been transferred to the customer. Depending on the terms of the contract with the customer, control transfers either upon delivery of the goods to a location specified by the customer and acceptance of the goods by the customer, or upon delivery of the goods on board vessels or tankers for onward delivery to the customers.

Contracts where control of goods transfer to the customer upon delivery of the goods on board vessels or tankers are often bundled with freight services. In such contracts, sale of goods and provision of freight are accounted for as separate performance obligations as the customer can benefit from the sale of goods and shipping services on its own or with the use of other resources. The transaction price is allocated to each performance obligation based on the stand-alone selling prices of the goods and services.

The Group has taken advantage of the practical expedients not to account for significant financial components where the time difference between receiving consideration and transferring control of promised goods or services to the customer is one year or less.

### (ii) Property development

Contracts with customers may include multiple promises to customers and are therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each separate performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under sale and purchase agreement ("SPA"). When the Group determines that it is not probable that the Group will collect the consideration to which the Group is entitled to in exchange for the properties, the Group will defer the recognition of revenue from such sales of properties and consideration received from the customer is recognised as contract liability. For such properties, the Group recognises revenue when it becomes probable that the Group will collect consideration to which it will be entitled to in exchange for the properties sold.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for work performed completed to-date.

The promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as size and location) as attached in its layout plan in the SPA. The purchasers could enforce its rights to the promised properties if the Group seeks to sell the unit to another purchaser. The contractual restriction on the Group's ability to direct the promised properties for another use is substantive and therefore the promised properties sold to the purchasers do not have an alternative use to the Group. The Group has the right to payment for performance completed to-date, is entitled to continue to transfer to the customer the development units promised, and has the right to complete the construction of the properties and enforce its rights to full payment.

## Notes to the Financial Statements (Continued)

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group recognises revenue over time using the input method, which is based on the contract costs incurred to-date to the estimated total costs for the contract.

For sale of completed properties, the Group recognises revenue when the control of the properties has been transferred to the purchasers, being when the properties have been handed over to the purchasers (i.e., upon delivery of vacant possession).

### (iii) Services

Revenue from services rendered is recognised in profit or loss when the services are rendered.

### (b) Other revenue

#### (i) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

#### (ii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

#### (iii) Rental income

Rental income is recognised based on the accrual basis.

#### (iv) Government grants

Government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss as other operating income on a systematic basis over the useful life of the asset.

Grants that compensate the Group for expenses incurred are recognised in profit or loss as other operating income on a systematic basis in the same periods in which the expenses are recognised.

In the case of the Group, revenue comprises sales to third parties only.

### 3.20 Research and development expenditure

All general research and development expenditure is recognised in profit or loss in the year in which the expenditure is incurred except where a clearly-defined project is undertaken and it is probable that the development expenditure will give rise to future economic benefits. Such development expenditure is capitalised and amortised on a straight-line basis over the life of the project from the date of commencement of full scale commercial business operations.

### 3.21 Borrowing costs

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.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

## Notes to the Financial Statements (Continued)

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.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

### 3.22 Earnings per share

The Group presents basic earnings per share data for its shares.

Basic earnings per share is calculated by dividing the profit or loss attributable to the equity holders of the Company by the weighted average number of shares in issue during the year.

Diluted earnings per share, if any, is calculated by dividing the profit or loss attributable to the equity holders of the Company by the weighted average number of shares in issue during the year adjusted for the effects of dilutive potential ordinary shares.

### 3.23 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision makers, namely, the Managing Director of the Company and the Chief Executive Officer of KLK Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

### 3.24 Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

The Group measures the fair value of an asset or a liability by taking into account the characteristics of the asset or liability if market participants would take these characteristics into account when pricing the asset or liability. The Group has considered the following characteristics when determining fair value:

- (a) the condition and location of the asset; and
- (b) restrictions, if any, on the sale or use of the asset.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.



## Notes to the Financial Statements (Continued)

### 4. REVENUE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contracts with customers				
Sale of goods				
Palm products	8,722,129	7,006,217	-	-
Rubber	91,035	83,200	-	-
Manufacturing	11,408,232	8,543,598	-	-
Others	145,003	87,700	-	-
	<b>20,366,399</b>	15,720,715	-	-
Property development	195,070	154,884	-	-
Rendering of services	4,076	1,395	-	-
	<b>20,565,545</b>	15,876,994	-	-
Other revenue				
Rental income from storage of bulk liquid	41,804	34,764	-	-
Rental income from investment properties	1,591	2,088	-	-
Interest income from financial assets not at fair value through profit or loss	58,814	122,294	7,132	9,259
Dividend income (Note 8)	50,174	41,984	465,441	292,144
	<b>20,717,928</b>	16,078,124	<b>472,573</b>	301,403
Timing of recognition of revenue from contracts with customers				
At point in time	20,400,500	15,748,747	-	-
Over time	165,045	128,247	-	-
	<b>20,565,545</b>	15,876,994	-	-

Disaggregation of revenue from contracts with customers which has been presented based on geographical locations of customers is set out in Note 42.

### 5. OPERATING PROFIT

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Operating profit is arrived at after charging and (crediting) the following:				
Auditors' remuneration				
- BDO PLT				
current year	1,203	958	121	121
under provision in prior year	3	-	-	-
audit related work	89	9	89	9
non-audit work	13	18	3	5
- overseas affiliates of BDO International				
current year	1,247	1,140	-	-
under provision in prior year	-	114	-	-
non-audit work	-	123	-	-
- other auditors				
current year	1,698	1,373	-	-
(over)/under provision in prior year	(3)	7	-	-
audit related work	36	36	-	-
non-audit work	494	394	26	25
Lease rentals				
- short-term lease	10,340	12,335	84	84
- low-value assets	880	371	-	-
- variable lease payments	28,687	6,147	-	-

**Notes to the Financial Statements** (Continued)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Depreciation of property, plant and equipment (Note 12)	647,078	606,871	59	102
Depreciation of right-of-use assets (Note 13)	50,842	44,932	-	-
Depreciation of investment properties (Note 14)	796	950	-	-
Amortisation of intangible assets (Note 17)	11,216	3,836	-	-
Net change in fair value of biological assets (Note 24)	(48,704)	(32,138)	-	-
Impairment of				
- property, plant and equipment (Note 12)	95,170	476	-	-
- other investments (Note 21)	-	309	-	-
- plasma project receivables (Note 22)	795	10,489	-	-
- trade receivables (Note 25)	5,613	7,403	-	-
- other receivables (Note 26)	21	1,011	-	-
- amounts owing by subsidiaries (Note 18)	-	-	76	-
- Investment in an associate	39	-	-	-
Reversal of impairment of				
- trade receivables (Note 25)	(6,361)	(5,489)	-	-
- other receivables (Note 26)	(765)	-	-	-
- plasma project receivables (Note 22)	(2,789)	-	-	-
Write off of				
- property, plant and equipment	2,481	15,284	-	-
- plasma project receivables	3,256	1,569	-	-
- trade receivables	45	-	-	-
- other receivables	-	4,169	-	-
Personnel expenses (excluding key management personnel)				
- salaries	1,435,803	1,323,658	1,766	1,943
- employer's statutory contributions	149,527	132,471	184	204
- defined contribution plans	15,795	14,466	-	-
Research and development expenditure	16,661	15,734	-	-
Provision for retirement benefits (Note 34)	21,323	51,200	(70)	17
Write down of inventories to net realisable value (Note 15)	35,722	37,572	-	-
Write back of slow moving inventories (Note 15)	(3,005)	(2,800)	-	-
Write back of inventories previously written down to net realisable value (Note 15)	(16,146)	(13,156)	-	-
Amortisation of deferred income (Note 33)	(8,436)	(8,182)	-	-
(Gain)/Loss on disposal of property, plant and equipment	(177)	(1,893)	99	-
Gain on disposal of a subsidiary	-	-	(70,318)	-
Surplus on government acquisition of land	(11,209)	(1,058)	-	-
Surplus on disposal of land	(151,433)	(83,655)	-	-
Surplus on disposal of other investments	(15,516)	(642)	54	(6)
Fair value surplus of an ordinary investment which was previously an associate	(12,606)	-	-	-
Fair value gain arising from changes in equity interest in an associate	(324,260)	-	-	-
Net (gain)/loss in foreign exchange	(93,102)	9,323	(1,823)	(8,699)
Rental income from land and buildings	(3,441)	(2,959)	-	-
Rental income from investment properties (Note 14)	(1,591)	(2,088)	-	-
Gain on redemption of fixed income trust funds	(1,372)	(2,219)	-	-

## Notes to the Financial Statements (Continued)

### 6. FINANCE COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Interest expense/Profit payment of financial liabilities that are not at fair value through profit or loss</b>				
Interest expense				
Term loans	16,869	14,200	-	-
Lease liabilities (Note 13)	4,928	5,397	-	-
Bank overdraft and other interests	33,686	31,346	4,198	-
	55,483	50,943	4,198	-
Profit payment on Islamic medium term notes	210,880	211,458	20,250	20,306
	<b>266,363</b>	<b>262,401</b>	<b>24,448</b>	<b>20,306</b>

### 7. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation is as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Short-term benefits</b>				
Directors' remuneration				
Fees provided	1,861	1,497	1,188	920
Other emoluments	24,093	16,874	9,685	5,706
Benefits-in-kind	77	74	34	31
	<b>26,031</b>	<b>18,445</b>	<b>10,907</b>	<b>6,657</b>

Key management personnel comprises Directors of the Group entities, who have authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

### 8. DIVIDEND INCOME

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Gross dividends from:</b>				
Equity instruments				
Investment in unquoted shares	5,620	8,707	3,926	5,280
Investment in shares quoted in Malaysia	571	468	-	-
Investment in shares quoted outside Malaysia	12,703	11,273	232	229
Investment in unit trust funds quoted in Malaysia	1,465	5,711	593	1,299
Fixed income trust funds	29,815	15,825	-	142
Quoted subsidiaries	-	-	279,968	251,612
Unquoted subsidiaries	-	-	180,722	33,582
	<b>50,174</b>	<b>41,984</b>	<b>465,441</b>	<b>292,144</b>

**Notes to the Financial Statements** (Continued)

**9. TAXATION**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Components of taxation</b>				
Current tax expense				
Malaysian taxation	<b>200,636</b>	131,454	<b>114</b>	45
Overseas taxation	<b>285,657</b>	144,184	<b>663</b>	786
	<b>486,293</b>	275,638	<b>777</b>	831
 (Over)/Under provision of taxation in respect of previous years				
Malaysian taxation	<b>(13,961)</b>	(7,595)	-	3
Overseas taxation	<b>17,328</b>	(273)	-	-
	<b>3,367</b>	(7,868)	-	3
	<b>489,660</b>	267,770	<b>777</b>	834
 Deferred tax				
Origination and reversal of temporary differences	<b>65,751</b>	48,860	-	-
Relating to changes in tax rates	<b>21</b>	38,616	-	-
Over provision in respect of previous years	<b>(9,010)</b>	(5,017)	-	-
	<b>56,762</b>	82,459	-	-
	<b>546,422</b>	350,229	<b>777</b>	834
 <b>Reconciliation of effective taxation</b>				
Profit before taxation	<b>3,086,006</b>	1,264,664	<b>504,568</b>	280,383
 Taxation at Malaysian income tax rate of 24% (2020: 24%)	<b>740,641</b>	303,519	<b>121,096</b>	67,292
Effect of different tax rates	<b>(29,565)</b>	(16,927)	<b>(928)</b>	(1,101)
Withholding tax on foreign dividend and interest income	<b>18,622</b>	21,339	-	-
Expenses not deductible for tax purposes	<b>107,793</b>	83,960	<b>13,846</b>	15,906
Tax exempt and non-taxable income	<b>(171,226)</b>	(75,893)	<b>(133,237)</b>	(81,266)
Tax incentives	<b>(18,322)</b>	(4,275)	-	-
Deferred tax assets not recognised during the year	<b>7,989</b>	6,918	-	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	<b>(29,958)</b>	(14,319)	-	-
Expiry of tax losses	<b>7,110</b>	27,632	-	-
Tax effect on associates' and joint ventures' results	<b>(79,877)</b>	(7,927)	-	-
Recognition of deferred tax assets not taken up previously	-	(3,793)	-	-
Effect of changes in tax rates on deferred tax	<b>21</b>	38,616	-	-
Under/(Over) provision of taxation in respect of previous years	<b>3,367</b>	(7,868)	-	3
Over provision of deferred tax in respect of previous years	<b>(9,010)</b>	(5,017)	-	-
Others	<b>(1,163)</b>	4,264	-	-
	<b>546,422</b>	350,229	<b>777</b>	834

The Company is able to distribute dividends out of its entire distributable reserves under the single tier income tax system.

## Notes to the Financial Statements (Continued)

### 10. EARNINGS PER SHARE

The earnings per share for the Group and the Company are calculated by dividing the profit for the year attributable to equity holders of the Company of RM1,146,934,000 (2020: RM417,275,000) for the Group and RM503,791,000 (2020: RM279,549,000) for the Company by the weighted average number of 396,025,717 (2020: 396,399,609) shares of the Company in issue during the year.

Diluted earnings per share equals basic earnings per ordinary share.

### 11. DIVIDENDS

	<b>Group and Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Dividends recognised in the current year are:		
Final single tier dividend of 40 sen per share for the financial year ended 30 September 2020 was paid on 4 March 2021 (2020: single tier dividend of 45 sen per share was paid on 24 February 2020)	<b>158,428</b>	176,560
Interim single tier dividend of 20 sen per share for the financial year ended 30 September 2021 was paid on 5 August 2021 (2020: single tier dividend of 15 sen per share was paid on 6 August 2020)	<b>79,073</b>	59,805
	<b>237,501</b>	<b>236,365</b>

The final dividend for the financial year ended 30 September 2020 and interim dividend for the financial year ended 30 September 2021 were paid on the number of outstanding shares in issue and fully paid of 396,070,563 (2020: 392,355,969) and 395,361,563 (2020: 392,355,969) respectively.

A final single tier dividend of 90 sen (2020: 40 sen) per share amounting to RM354,898,000 (2020: RM158,428,000) has been declared by the Directors in respect of the financial year ended 30 September 2021. This dividend will be recognised in subsequent financial period.

### 12. PROPERTY, PLANT AND EQUIPMENT

<b>Group Cost</b>	<b>Freehold Land</b>	<b>Bearer Plants</b>	<b>Buildings</b>	<b>Plant and Machinery</b>	<b>Vehicles</b>	<b>Equipment, Fittings, Etc</b>	<b>Capital Work-In-Progress</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
At 1 October 2019	911,248	4,245,093	1,562,721	5,774,390	469,454	529,867	180,221	13,672,994
Reclassification	-	-	32,430	116,733	3,087	12,765	(165,015)	-
Additions	16,363	287,855	19,062	63,302	21,507	24,924	298,283	731,296
Disposals	(1,017)	(2,111)	-	(6,563)	(10,668)	(353)	-	(20,712)
Transfer to land held for property development	(446)	(2,233)	-	-	-	-	-	(2,679)
Deemed disposal of a sub-subsidiary	-	-	-	-	-	(28)	-	(28)
Written off	-	(39,300)	(5,132)	(34,266)	(21,057)	(14,149)	(1,759)	(115,663)
Currency translation differences	25,878	(114,831)	(13,529)	85,021	(7,936)	(3,879)	38	(29,238)
At 30 September 2020	<b>952,026</b>	<b>4,374,473</b>	<b>1,595,552</b>	<b>5,998,617</b>	<b>454,387</b>	<b>549,147</b>	<b>311,768</b>	<b>14,235,970</b>
Reclassification	-	63,940	27,877	285,617	(761)	9,017	(385,690)	-
Additions	79	285,271	24,434	82,217	33,506	25,122	482,316	932,945
Acquisition through business combination	-	2,129,008	264,801	361,079	20,289	375,923	41,580	3,192,680
Disposals	(516)	(3,710)	(2,671)	(8,215)	(8,944)	(816)	-	(24,872)
Transfer from investment properties (Note 14)	11,149	-	34,612	-	-	-	-	45,761
Written off	-	(36,259)	(29,187)	(221,592)	(15,101)	(30,616)	(15)	(332,770)
Currency translation differences	5,073	85,364	34,106	60,494	6,138	14,145	24,822	230,142
At 30 September 2021	<b>967,811</b>	<b>6,898,087</b>	<b>1,949,524</b>	<b>6,558,217</b>	<b>489,514</b>	<b>941,922</b>	<b>474,781</b>	<b>18,279,856</b>

**Notes to the Financial Statements (Continued)**

Group	Freehold Land RM'000	Bearer Plants RM'000	Buildings RM'000	Plant and Machinery RM'000	Vehicles RM'000	Equipment, Fittings, Etc RM'000	Capital Work-In-Progress RM'000	Total RM'000
<b>Accumulated depreciation/amortisation and impairment losses</b>								
At 1 October 2019								
Accumulated depreciation/amortisation	- 1,315,959	741,449	2,790,178	371,485	356,474	-	5,575,545	
Accumulated impairment losses	- 98,244	5,384	104,850	-	2,734	-	211,212	
Reclassification	- 1,414,203	746,833	2,895,028	371,485	359,208	-	5,786,757	
Depreciation/Amortisation charge	- 3	528	67	7	(605)	-	-	
Impairment loss	- 156,943	66,047	323,767	25,993	39,063	-	611,813	
Disposals	-	-	476	-	-	-	476	
Transfer to land held for property development	- (1,328)	-	(3,678)	(9,670)	(340)	-	(15,016)	
Deemed disposal of a sub-subsidiary	- (1,592)	-	-	-	-	-	(1,592)	
Written off	-	-	-	-	(20)	-	(20)	
Currency translation differences	- (35,383)	(3,752)	(26,403)	(20,952)	(13,889)	-	(100,379)	
At 30 September 2020	- (33,287)	(8,704)	27,933	(6,731)	(334)	-	(21,123)	
Accumulated depreciation/amortisation	- 1,402,179	795,508	3,111,859	360,132	380,348	-	6,050,026	
Accumulated impairment losses	- 97,380	5,444	105,331	-	2,735	-	210,890	
Reclassification	- 1,499,559	800,952	3,217,190	360,132	383,083	-	6,260,916	
Depreciation/Amortisation charge	-	60	2,645	(2,651)	(54)	-	-	
Impairment loss	- 174,622	69,274	348,327	27,315	40,528	-	660,066	
Disposals	- 61,887	-	33,283	-	-	-	95,170	
Written off	- (1,996)	(914)	(5,576)	(7,758)	(771)	-	(17,015)	
Currency translation differences	- (36,024)	(28,590)	(220,770)	(14,393)	(30,512)	-	(330,289)	
At 30 September 2021	- 31,396	15,041	33,935	5,180	5,441	-	90,993	
Accumulated depreciation/amortisation	- 1,568,471	850,267	3,270,438	367,825	394,971	-	6,451,972	
Accumulated impairment losses	- 160,973	5,556	138,596	-	2,744	-	307,869	
	- 1,729,444	855,823	3,409,034	367,825	397,715	-	6,759,841	
<b>Carrying amounts</b>								
At 30 September 2020	952,026	2,874,914	794,600	2,781,427	94,255	166,064	311,768	7,975,054
At 30 September 2021	967,811	5,168,643	1,093,701	3,149,183	121,689	544,207	474,781	11,520,015

	Group	
	2021 RM'000	2020 RM'000
<b>Depreciation/Amortisation charge for the year is allocated as follows:</b>		
Recognised in statement of profit or loss (Note 5)	647,078	606,871
Capitalised in bearer plants	12,988	4,942
	<b>660,066</b>	<b>611,813</b>



## Notes to the Financial Statements (Continued)

### Impairment testing

Property, plant and equipment are tested for impairment by comparing the carrying amounts with their recoverable amounts. The recoverable amounts of property, plant and equipment are determined based on value in use calculations using cash flow projections from the financial budgets and forecasts approved by management covering periods ranging from five (5) to twenty one (21) years.

Three (3) sub-subsidiaries used cash flow projections covering periods of up to twenty one (21) years due to long period of gestation of their businesses.

The key assumptions for the impairment testing are disclosed in Note 16.

### Impairment testing on a cash-generating unit ("CGU") in Liberian Palm Developments Limited ("Liberia")

As at 30 September 2021, the carrying amounts of the property, plant and equipment and right-of-use assets of the CGU in Liberia of the Group amounted to RM198.5 million (net of impairment losses of RM162.7 million) and RM38.8 million (net of impairment losses of RM32.3 million) respectively.

The values assigned to the key assumptions used in the value in use calculation represent management's assessment of future trends in the plantation industry relevant to the CGU and are based on internal and external sources of data, where available. However, the recoverable amount is sensitive to changes in certain key assumptions which are disclosed in Note 16. The sensitivity analysis of each of these key assumptions assuming all other variables are held constant are as follows:

#### Sensitivity analysis

Key assumptions applied	Changes in key assumptions	Potential additional impairment RM'000
Selling price for crude palm oil and palm kernel oil	Decrease by 5%	25,200
Fresh fruit bunches yield rate	Decrease by 1.0 MT per ha	20,300
Crude palm oil extraction rate	Decrease by 1%	19,400
Average production cost	Increase by 5%	9,300

### Impairment losses

The impairment loss of the Group on property, plant and equipment amounted to RM95,170,000 for financial year ended 30 September 2021 was due to under performance of operations, and out of which the impairment losses of RM4,153,000 (2020: Nil) and RM91,107,000 (2020: Nil) were included in cost of sales and other operating expenses respectively. The recoverable amount of this CGU in Liberia was based on the value in use calculation.

For the financial year ended 30 September 2020, the impairment loss of the Group on property, plant and equipment of RM476,000 was due to change of business model of a subsidiary, and was included in administrative expenses.

Company Cost	Vehicles RM'000	Equipment, Fittings, Etc RM'000	Total RM'000
At 1 October 2019	702	187	889
Additions	-	14	14
Disposals	-	(7)	(7)
Written off	-	(24)	(24)
At 30 September 2020	<b>702</b>	<b>170</b>	<b>872</b>
Additions	<b>524</b>	<b>34</b>	<b>558</b>
Disposals	<b>(511)</b>	<b>-</b>	<b>(511)</b>
At 30 September 2021	<b>715</b>	<b>204</b>	<b>919</b>

## Notes to the Financial Statements (Continued)

Company	Vehicles RM'000	Equipment, Fittings, Etc RM'000	Total RM'000
<b>Accumulated depreciation</b>			
At 1 October 2019	148	177	325
Depreciation charge	89	13	102
Disposals	-	(7)	(7)
Written off	-	(24)	(24)
At 30 September 2020	<b>237</b>	<b>159</b>	<b>396</b>
Depreciation charge	<b>40</b>	<b>19</b>	<b>59</b>
Disposals	<b>(212)</b>	-	<b>(212)</b>
At 30 September 2021	<b>65</b>	<b>178</b>	<b>243</b>
<b>Carrying amounts</b>			
At 30 September 2020	465	11	476
At 30 September 2021	<b>650</b>	<b>26</b>	<b>676</b>

Certain property, plant and equipment of the Group with a total carrying amount of RM127,155,000 (2020: RM131,674,000) as at end of the financial year ended 30 September 2021 were charged to banks as security for borrowings (Note 35).

Certain freehold land and buildings of the Group are leased out to third parties. These leases are classified as operating lease because they do not transfer substantially all the risks and rewards incidental to the ownership of these assets.

The ownership of certain property, plant and equipment of subsidiaries with a carrying amount of RM455,000 (2020: RM580,000) are held in trust by third parties.

### 13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

#### a) Right-of-use assets

Group	Leasehold Land Use		Plant and		Others RM'000	Total RM'000
	Land RM'000	Right RM'000	Buildings RM'000	Machinery RM'000		
<b>Cost</b>						
At 1 October 2019	743,714	137,806	17,283	26,366	2,116	927,285
Additions	199,881	1,744	4,066	6,207	853	212,751
Currency translation differences	(6,342)	(4,161)	13	836	23	(9,631)
At 30 September 2020	<b>937,253</b>	<b>135,389</b>	<b>21,362</b>	<b>33,409</b>	<b>2,992</b>	<b>1,130,405</b>
Remeasurement and modification	-	(25,841)	2,071	-	-	(23,770)
Additions	<b>6,913</b>	<b>3,771</b>	<b>22,451</b>	<b>1,033</b>	<b>875</b>	<b>35,043</b>
Acquisition through business combination	<b>444,432</b>	<b>85,176</b>	<b>2,970</b>	<b>3,042</b>	-	<b>535,620</b>
Disposal	-	-	(3,149)	-	-	(3,149)
Termination of leases	-	(260)	(14,317)	(846)	(532)	(15,955)
Currency translation differences	<b>10,682</b>	<b>1,728</b>	<b>111</b>	<b>(76)</b>	<b>(2)</b>	<b>12,443</b>
At 30 September 2021	<b>1,399,280</b>	<b>199,963</b>	<b>31,499</b>	<b>36,562</b>	<b>3,333</b>	<b>1,670,637</b>

**Notes to the Financial Statements** (Continued)

	Leasehold Land Land RM'000	Land Use Right RM'000	Buildings RM'000	Plant and Machinery RM'000	Others RM'000	Total RM'000
<b>Accumulated depreciation and impairment losses</b>						
At 1 October 2019						
Accumulated depreciation	152,055	-	-	-	-	152,055
Accumulated impairment losses	59,948	-	-	-	-	59,948
	212,003	-	-	-	-	212,003
Depreciation charge	15,775	13,358	8,323	6,476	1,000	44,932
Currency translation differences	(1,061)	(181)	(8)	154	5	(1,091)
At 30 September 2020						
Accumulated depreciation	<b>166,791</b>	<b>13,177</b>	<b>8,315</b>	<b>6,630</b>	<b>1,005</b>	<b>195,918</b>
Accumulated impairment losses	<b>59,926</b>	-	-	-	-	<b>59,926</b>
	<b>226,717</b>	<b>13,177</b>	<b>8,315</b>	<b>6,630</b>	<b>1,005</b>	<b>255,844</b>
Remeasurement and modification	-	(8,848)	-	-	-	(8,848)
Depreciation charge	19,647	12,106	10,432	7,461	1,196	50,842
Disposal	-	-	(3,149)	-	-	(3,149)
Termination of leases	-	(236)	(6,522)	(73)	(449)	(7,280)
Currency translation differences	2,368	(711)	47	(95)	(3)	1,606
At 30 September 2021						
Accumulated depreciation	<b>188,800</b>	<b>15,488</b>	<b>9,123</b>	<b>13,923</b>	<b>1,749</b>	<b>229,083</b>
Accumulated impairment losses	<b>59,932</b>	-	-	-	-	<b>59,932</b>
	<b>248,732</b>	<b>15,488</b>	<b>9,123</b>	<b>13,923</b>	<b>1,749</b>	<b>289,015</b>

**Group**
**Carrying amounts**

At 30 September 2020	710,536	122,212	13,047	26,779	1,987	874,561
At 30 September 2021	<b>1,150,548</b>	<b>184,475</b>	<b>22,376</b>	<b>22,639</b>	<b>1,584</b>	<b>1,381,622</b>

**Nature of the leasing activities as lessee**

The Group leases various land, offices and equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

**Restriction imposed by lease**

The lease agreements for the leasehold land do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land with third party interest(s) without the prior consent of the lessor.

**Impairment testing**

Impairment testing on right-of-use assets is similar to that of property, plant and equipment as disclosed in Note 12.

## b) Lease liabilities

	Group	
	2021 RM'000	2020 RM'000
<b>Present value of lease liabilities</b>		
At beginning of the year	157,999	178,979
Remeasurement and modification of leases	(14,876)	-
Termination of leases	(8,815)	-
Addition of new leases	28,293	12,870
Acquisition through business combination	27,325	-
Interest expenses (Note 6)	4,928	5,397
Payments of lease interest	(5,618)	(5,646)
Payments of lease liabilities	(29,377)	(29,882)
Currency translation differences	3,665	(3,719)
At end of the year	<b>163,524</b>	<b>157,999</b>

## Notes to the Financial Statements (Continued)

	Group	
	2021 RM'000	2020 RM'000
Represented by		
Payable not later than 1 year	29,443	29,682
Payable later than 1 year	134,081	128,317
	<u>163,524</u>	<u>157,999</u>

Total cash outflows for leases of the Group are as follows:

	Group	
	2021 RM'000	2020 RM'000
Payments relating to short-term leases	6,820	12,102
Payments relating to leases of low-value assets	832	371
Payments relating to variable leases	8,168	6,147
Payments of lease liabilities	29,377	29,882
Payments of lease interests	5,618	5,646
Total cash outflows for leases	<u>50,815</u>	<u>54,148</u>

Some lease contracts contain variable payment terms that are linked to performance of the underlying right-of-use assets.

Variable lease payments that depend on performance of the underlying right-of-use assets are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised.

The followings are the undiscounted potential future rental payments that are not included in the lease term:

Group	Within Five Years	More than Five Years	Total
	RM'000	RM'000	RM'000
2021			
Extension options expected not to be exercised	1,937	-	1,937
2020			
Extension options expected not to be exercised	7,963	1,406	9,369

### Lease as a lessor

The Group leases out some of its land and buildings to third parties. The Group classified these leases as operating lease, because they do not transfer substantially all of the risks and rewards incidental to the ownership of these assets. The following is the maturity analysis of the undiscounted lease payments to be received after the reporting date.

	Group	
	2021 RM'000	2020 RM'000
Within 1 year	2,139	3,953
Between 1 to 2 years	719	1,775
Between 2 to 3 years	334	622
Between 3 to 4 years	208	619
Between 4 to 5 years	221	572
More than 5 years	532	2,035
	<u>4,153</u>	<u>9,576</u>

## Notes to the Financial Statements (Continued)

### 14. INVESTMENT PROPERTIES

<b>Group</b>	<b>Freehold Land RM'000</b>	<b>Building RM'000</b>	<b>Total RM'000</b>
<b>Cost</b>			
At 1 October 2019	11,149	46,517	57,666
Additions	-	18	18
At 30 September 2020	<b>11,149</b>	<b>46,535</b>	<b>57,684</b>
Additions	-	26	26
Acquisition through business combination	<b>6,830</b>	<b>340</b>	<b>7,170</b>
Transfer to property, plant and equipment (Note 12)	<b>(11,149)</b>	<b>(46,561)</b>	<b>(57,710)</b>
At 30 September 2021	<b>6,830</b>	<b>340</b>	<b>7,170</b>
<b>Accumulated depreciation</b>			
At 1 October 2019	-	10,203	10,203
Depreciation charge	-	950	950
At 30 September 2020	-	<b>11,153</b>	<b>11,153</b>
Depreciation charge	-	796	796
Transfer to property, plant and equipment (Note 12)	-	<b>(11,949)</b>	<b>(11,949)</b>
At 30 September 2021	-	-	-
<b>Carrying amounts</b>			
At 30 September 2020	11,149	35,382	46,531
At 30 September 2021	<b>6,830</b>	<b>340</b>	<b>7,170</b>

	<b>Group</b>	
	<b>2021 RM'000</b>	<b>2020 RM'000</b>
Fair value of investment properties	<b>7,170</b>	93,000

Investment properties comprise lands and buildings that are leased to an associate. Each of the lease contains an initial non-cancellable period of 1 year. Subsequent renewals are negotiated with the lessee and on average renewal periods of 2 years. No contingent rents are charged.

The fair value of investment property above is determined based on comparison of similar properties in the same location and investment method that makes reference to recent transaction value. This is performed by an independent registered valuer having an appropriate recognised professional qualification and recent experience in the location and category of property being valued. The fair value of the investment property is categorised at Level 3 of the fair value hierarchy.

In estimating the fair value of the property, the highest and best use of the property is their current use. There were no changes to the valuation techniques of Level 3 fair value measurements in the period.

The following are recognised in profit or loss in respect of investment properties:

	<b>Group</b>	
	<b>2021 RM'000</b>	<b>2020 RM'000</b>
Rental income	<b>1,591</b>	2,088
Direct operating expenses	<b>(2,091)</b>	(3,577)

During the year, the Company disposed of 100% equity interest in Batu Kawan Holdings Sdn Bhd ("BKH") to KLK Land Sdn Bhd ("KLKL"), a wholly owned subsidiary of Kuala Lumpur Kepong Berhad ("KLKB") on 4 August 2021. Following the completion, the Company's effective interest held in BKH decreased from 100% to 47.3%. BKH is now a sub-subsidiary of the Group. Following the disposal, the investment property owned by BKH had subsequently been transferred to property, plant and equipment due to owner occupation by KLK Group.

**Notes to the Financial Statements** (Continued)

**15. INVENTORIES**

	Group	
	2021 RM'000	2020 RM'000
<b>Non-current</b>		
Land held for property development	2,035,257	1,096,046
<b>Current</b>		
Property development costs	191,491	193,868
Other inventories	2,888,828	1,829,027
	<b>3,080,319</b>	<b>2,022,895</b>
	<b>5,115,576</b>	<b>3,118,941</b>

**(a) Land held for property development**

	Group	
	2021 RM'000	2020 RM'000
<b>Freehold land at cost</b>		
At beginning of the year	1,081,396	1,068,286
Acquisition through business combination	899,187	-
Additions	-	16,558
Transfer from property, plant and equipment	-	1,087
Transfer to property development cost	-	(4,535)
At end of the year	<b>1,980,583</b>	<b>1,081,396</b>
<b>Development expenditure at cost</b>		
At beginning of the year	14,650	40,010
Acquisition through business combination	2,186	-
Additions	37,838	4,987
Transfer to property development cost	-	(30,347)
At end of the year	<b>54,674</b>	<b>14,650</b>
<b>Total</b>	<b>2,035,257</b>	<b>1,096,046</b>

**(b) Property development costs**

	Group	
	2021 RM'000	2020 RM'000
Property development costs comprise:		
Land costs	38,435	25,868
Development costs	742,941	622,087
	<b>781,376</b>	<b>647,955</b>
Transfer from land held for property development:		
Land costs	-	4,535
Development costs	-	30,347
	-	34,882
Costs incurred during the year:		
Land costs	6,691	8,032
Development costs	109,287	90,507
	<b>115,978</b>	<b>98,539</b>
	<b>897,354</b>	<b>781,376</b>
Costs recognised as an expense in profit or loss:		
Previous years	(519,487)	(441,769)
Current year	(113,209)	(77,718)
Transfer of developed properties held for sale to inventories	(73,167)	(68,021)
	<b>191,491</b>	<b>193,868</b>



## Notes to the Financial Statements (Continued)

### (c) Other inventories

	Group	
	2021 RM'000	2020 RM'000
<b>At cost</b>		
Inventories of produce	304,834	158,959
Finished goods	720,797	393,331
Work-in-progress	608,449	370,640
Developed properties held for sale	20,350	24,821
Stores and materials	760,316	500,175
Nursery	29,064	30,222
Inventories-in-transit	922	-
	<b>2,444,732</b>	<b>1,478,148</b>
<b>At net realisable value</b>		
Inventories of produce	13,273	23,936
Finished goods	287,409	241,995
Work-in-progress	143,175	84,704
Developed properties held for sale	-	209
Stores and materials	239	35
	<b>444,096</b>	<b>350,879</b>
	<b>2,888,828</b>	<b>1,829,027</b>
<b>Recognised in profit or loss:</b>		
Inventories recognised as cost of sales	16,237,153	13,035,113
Write down of inventories to net realisable value	35,722	37,572
Write back of slow moving inventories	(3,005)	(2,800)
Write back of inventories previously written down to net realisable value	(16,146)	(13,156)

The Group writes down its obsolete or slow moving inventories based on assessments of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts could not be recovered. Management specifically analyses sales trend and current economic trends when making this judgement to evaluate the adequacy of the write down for obsolete or slow moving inventories.

Inventories previously written down to net realisable values are reversed during the financial year as the inventories were sold above the carrying amounts.

Included in other inventories is acquisition through business combination of RM41,660,000 (2020: Nil).

### 16. GOODWILL ON CONSOLIDATION

	Group	
	2021 RM'000	2020 RM'000
<b>Cost</b>		
At beginning of the year	354,637	345,127
Acquisitions through business combination	82,024	-
Currency translation differences	696	9,510
At end of the year	<b>437,357</b>	<b>354,637</b>

#### Impairment testing

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units ("CGU") identified according to the Group's business segments as follows:

	Group	
	2021 RM'000	2020 RM'000
Plantation	156,269	154,399
Manufacturing	281,085	200,235
Property	3	3
	<b>437,357</b>	<b>354,637</b>

## Notes to the Financial Statements (Continued)

### Impairment testing

Goodwill is tested for impairment by comparing the carrying amounts with the recoverable amounts of the CGUs. The recoverable amount of a CGU is determined based on value in use calculations using cash flow projections from the financial budgets and forecasts approved by management covering a period of 5 years.

Key assumptions used in the value in use calculations are:

- (i) the pre-tax discount rates which are the weighted average cost of capital adjusted for specific risks relating to relevant segments. The average discount rates used ranged from 3.5% to 16.7% (2020: 4.2% to 10.9%);
- (ii) the growth rate used for the plantation companies is determined based on the management's estimate of commodity prices, palm yields, oil extraction rates as well as cost of production whilst growth rates of companies in other segments are determined based on the industry trends and past performances of the respective companies; and
- (iii) profit margins are projected based on historical profit margin achieved.

In assessing the value in use, the management is of the view that no foreseeable changes in any of the above key assumptions would cause the carrying amounts of the respective CGUs to materially exceed their recoverable amounts.

### 17. INTANGIBLE ASSETS

	Group	
	2021 RM'000	2020 RM'000
<b>Cost</b>		
At beginning of the year	83,174	75,630
Additions	2,590	2,689
Acquisitions through business combination	118,292	-
Currency translation differences	(2,278)	4,855
At end of the year	<b>201,778</b>	<b>83,174</b>
<b>Accumulated amortisation and impairment losses</b>		
At beginning of the year		
Accumulated amortisation	53,683	46,422
Accumulated impairment losses	7,167	7,127
	<b>60,850</b>	53,549
Amortisation charge	11,216	3,836
Currency translation differences	(194)	3,465
At end of the year		
Accumulated amortisation	64,615	53,683
Accumulated impairment losses	7,257	7,167
	<b>71,872</b>	<b>60,850</b>
<b>Carrying amounts</b>	<b>129,906</b>	<b>22,324</b>

The amortisation of intangible assets amounting to RM25,000 (2020: RM Nil) and RM11,191,000 (2020: RM3,836,000) are included in cost of sales and administrative expenses respectively.

These assets consist mainly of trade marks, patents, technology know-how/trade formulas and customer relationship.

## Notes to the Financial Statements (Continued)

### 18. INVESTMENTS IN SUBSIDIARIES AND AMOUNTS OWING BY/TO SUBSIDIARIES

	Company	
	2021 RM'000	2020 RM'000
<b>Investments in subsidiaries</b>		
Unquoted shares at cost	805,375	365,558
Quoted shares at cost	785,488	735,549
	<b>1,590,863</b>	<b>1,101,107</b>
Market value of shares In quoted corporations	<b>10,282,300</b>	11,597,031

Details of the subsidiaries are shown in Note 41.

	Company	
	2021 RM'000	2020 RM'000
<b>Amounts owing by subsidiaries</b>		
Non-current assets	163,910	171,704
Current assets		
Gross	9,542	9,126
Allowance for impairment losses	(4,341)	(4,265)
Net	5,201	4,861
	<b>169,111</b>	<b>176,565</b>

The management reviewed the expected repayments from subsidiaries and hence classified certain amounts owing by subsidiaries as non-current.

Amounts owing by subsidiaries, which comprise non-trade, are unsecured, repayable on demand and non-interest bearing except for an amount of RM163,496,000 and RM1,070,000 (2020: RM171,297,000 and RM1,433,000) classified as non-current and current assets respectively which are subject to interest charge at 4.10% (2020: 5.4%) per annum.

	Company	
	2021 RM'000	2020 RM'000
Impairment in amounts owing by subsidiaries		
At beginning of the year	4,265	4,265
Impairment losses	76	-
At end of the year	<b>4,341</b>	<b>4,265</b>

Certain amounts owing by subsidiaries were impaired in full as the management was of the opinion that the amounts cannot be recovered.

#### Amount owing to a subsidiary

Amount owing to a subsidiary is non-trade, unsecured, payable within twelve months and non-interest bearing.

## Notes to the Financial Statements (Continued)

### 19. INVESTMENTS IN ASSOCIATES

	Group	
	2021 RM'000	2020 RM'000
Shares at cost		
In unquoted corporations	58,334	114,416
In quoted corporations	1,453,792	1,381,630
	<u>1,512,126</u>	<u>1,496,046</u>
Allowance for impairment loss	(39)	-
	<u>1,512,087</u>	<u>1,496,046</u>
Post-acquisition reserves	282,405	72,203
	<u>1,794,492</u>	<u>1,568,249</u>
Amount owing by an associate	984	832
	<u>1,795,476</u>	<u>1,569,081</u>

Impairment of investment in an associate for the Group of RM39,000 arising from liquidation of an associate.

#### (a) Material associate and summary of financial information

The Group regards Synthomer plc ("Synthomer") as a material associate which is involved in specialty chemicals business. The results of Synthomer contribute to the Group's investment business segment. Synthomer is a public listed company in United Kingdom with financial year ending 31 December, and the financial statements are only published half-yearly, i.e. ending 30 June and 31 December respectively.

Summarised statement of financial position as at 30 June 2021 and 30 June 2020:

	Group	
	2021 RM'000	2020 RM'000
Non-current assets	7,761,878	8,320,173
Current assets	5,064,400	3,458,320
Non-current liabilities	(5,028,298)	(6,212,188)
Current liabilities	(3,163,417)	(2,010,189)
Non-controlling interests	(71,075)	(116,065)
Net assets attributable to shareholders of Synthomer	<u>4,563,488</u>	<u>3,440,051</u>

Summarised statement of comprehensive income for the 12-month period ended 30 June 2021 and 30 June 2020:

	Group	
	2021 RM'000	2020 RM'000
Revenue	<u>12,087,832</u>	<u>7,687,932</u>
Profit for the year	1,222,619	129,557
Other comprehensive income/(loss)	9,035	(108,591)
Total other comprehensive income	<u>1,231,654</u>	<u>20,966</u>
Dividends received from Synthomer	<u>59,254</u>	<u>18,326</u>

## Notes to the Financial Statements (Continued)

The reconciliation of the above summarised financial information to the carrying amount of the Group's interests in Synthomer is as follows:

	Group	
	2021 RM'000	2020 RM'000
Net assets attributable to shareholders of Synthomer	<b>4,563,488</b>	3,440,051
Proportion of ownership interest held by the Group	<b>21.3%</b>	21.0%
Group's share of net assets	<b>973,848</b>	721,723
Goodwill	<b>684,905</b>	661,560
Carrying amount of Group's interest in Synthomer	<b>1,658,753</b>	1,383,283

As at 30 September 2021 and 30 September 2020, the Group did not have any associate which was individually material to the Group, except for Synthomer.

### (b) Other associates and summary of financial information

	Group	
	2021 RM'000	2020 RM'000
Summary of financial information of other associates:		
Non-current assets	<b>203,592</b>	998,951
Current assets	<b>552,556</b>	618,434
Non-current liabilities	<b>(90,921)</b>	(124,601)
Current liabilities	<b>(299,496)</b>	(255,130)
Non-controlling interests	<b>(2,893)</b>	(2,664)
Revenue	<b>1,112,850</b>	808,834
Profit for the year	<b>90,443</b>	31,960
Other comprehensive (loss)/income	<b>(134)</b>	140
Total other comprehensive income	<b>90,309</b>	32,100
Dividends received from other associates	<b>27,031</b>	9,264

No expected credit loss is recognised arising from amount owing by an associate as the amount is negligible.

Details of the associates are shown in Note 41.

### 20. INVESTMENTS IN JOINT VENTURES

	Group	
	2021 RM'000	2020 RM'000
Shares at cost		
In unquoted corporations	<b>116,858</b>	120,699
Post-acquisition reserves	<b>(19,207)</b>	(68,230)
	<b>97,651</b>	52,469
Amounts owing by joint ventures	<b>245,772</b>	226,721
	<b>343,423</b>	279,190

## Notes to the Financial Statements (Continued)

The Group did not have any joint venture which was individually material to the Group as at 30 September 2021 and 30 September 2020.

	Group	
	2021 RM'000	2020 RM'000
Summary of financial information of joint ventures:		
Non-current assets	111,185	133,221
Current assets	833,209	591,556
Non-current liabilities	(357,625)	(339,156)
Current liabilities	(325,218)	(192,741)
Revenue	2,132,007	1,431,187
Profit for the year	<u>97,267</u>	<u>35,637</u>
Dividends received from joint ventures	-	<u>12,508</u>

The amounts owing by joint ventures are deemed as capital contribution to the joint ventures as the repayments of these amounts are neither fixed nor expected.

The amount owing by another joint venture, denominated in Australian Dollar, was given by a subsidiary which was incorporated in Australia. This amount is non-trade, unsecured, repayable on demand and is subject to interest charge of 6.0% (2020: 6.0%) per annum.

No expected credit loss is recognised arising from amounts owing by joint ventures as the amount is negligible.

Details of the joint ventures are shown in Note 41.

### 21. OTHER INVESTMENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Equity instruments at fair value through other comprehensive income</b>				
Unquoted corporations	63,281	64,470	56,394	57,532
Less: Impairment loss	(309)	(309)	-	-
	<u>62,972</u>	64,161	<u>56,394</u>	57,532
Quoted corporations				
In Malaysia	4,382	22,254	-	-
In overseas	638,005	418,499	11,510	9,397
	<u>642,387</u>	440,753	<u>11,510</u>	9,397
	<u>705,359</u>	504,914	<u>67,904</u>	66,929
<b>Debt instruments at fair value through profit or loss</b>				
Quoted corporations				
In Malaysia	121,048	205,853	95,466	38,048
In overseas	13,159	13,747	-	-
	<u>134,207</u>	219,600	<u>95,466</u>	38,048
	<u>839,566</u>	724,514	<u>163,370</u>	104,977
Amounts owing by investee companies	84,672	71,811	-	-
	<u>924,238</u>	796,325	<u>163,370</u>	104,977
Other investments are classified as:				
Non-current assets	803,190	622,439	67,904	98,896
Current assets	121,048	173,886	95,466	6,081
	<u>924,238</u>	796,325	<u>163,370</u>	104,977

The management classified unit trust funds under other investments as current as these investments are expected to be redeemed within the next 12 months.

No expected credit loss is recognised arising from amounts owing by investee companies as the amount is negligible.

## Notes to the Financial Statements (Continued)

### 22. OTHER RECEIVABLES

	Group	
	2021 RM'000	2020 RM'000
Advances to plasma plantation projects	403,506	245,716
Amount owing by non-controlling interests	50,284	-
Others	920	-
	<u>454,710</u>	<u>245,716</u>
Allowance for impairment losses	(8,292)	(10,045)
	<u>446,418</u>	<u>235,671</u>

The movement in allowance for impairment losses of advances to plasma plantation projects during the year was:

	Group	
	2021 RM'000	2020 RM'000
At beginning of the year	10,045	-
Impairment losses	795	10,489
Reversal of impairment	(2,789)	-
Currency translation differences	241	(444)
At end of the year	<u>8,292</u>	<u>10,045</u>

Plantation subsidiaries in Indonesia have participated in the "Kredit Koperasi Primer untuk Anggotanya" scheme (herein referred to as plasma plantation projects) to provide financing and to assist in the development of oil palm plantations under this scheme for the benefit of the communities in the vicinity of their operations. The advances to plasma plantation projects are subject to interest charge of 8.0% (2020: 8.0%) per annum.

The amounts owing by non-controlling interests are denominated in United States Dollar and are operational in nature in furtherance of the overseas subsidiaries' business operations. The amounts owing by non-controlling interests are currently interest free and secured over the related shares held by the non-controlling interests. Management reserves the right to charge interest on the outstanding balances. Management does not intend to demand for repayment of the amounts owing by the non-controlling interests within the next twelve (12) months from the reporting date, and has therefore classified the balance as non-current receivables.

### 23. DEFERRED TAXATION

Recognised deferred tax assets and liabilities are attributable to the following:

	Liabilities		Assets		Net	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Group</b>						
Property, plant and equipment	948,982	362,394	(214,298)	(130,780)	734,684	231,614
Right-of-use assets	96,168	27,557	-	-	96,168	27,557
Biological assets	36,155	19,588	-	-	36,155	19,588
Unutilised tax losses	-	-	(51,321)	(70,301)	(51,321)	(70,301)
Provision for retirement benefits	-	-	(97,340)	(86,354)	(97,340)	(86,354)
Other items	23,040	32,836	(75,474)	(62,663)	(52,434)	(29,827)
Tax liabilities/(assets)	<u>1,104,345</u>	<u>442,375</u>	<u>(438,433)</u>	<u>(350,098)</u>	<u>665,912</u>	<u>92,277</u>
Set off of tax	(87,656)	28,291	87,656	(28,291)	-	-
Net tax liabilities/(assets)	<u>1,016,689</u>	<u>470,666</u>	<u>(350,777)</u>	<u>(378,389)</u>	<u>665,912</u>	<u>92,277</u>

Deferred tax liabilities and assets are offset above where there is a legally enforceable right to set off current tax assets against current tax liabilities and where the deferred taxes relate to the same taxation authority.



## Notes to the Financial Statements (Continued)

The components and movements in deferred tax liabilities and deferred tax assets (before offsetting) are as follows:

	Property, Plant and Equipment RM'000	Right-of- use Assets RM'000	Biological Assets RM'000	Other Taxable Temporary Differences RM'000	Unutilised Tax Losses RM'000	Unabsorbed Capital Allowances RM'000	Provision for Retirement Benefits RM'000	Other Deductible Temporary Differences RM'000	Total RM'000
<b>Group</b>									
At 1 October 2019	279,722	26,493	14,625	19,778	(99,021)	(105,126)	(135,668)	(6,516)	(5,713)
Reclassification	968	-	-	-	(968)	-	23,966	(23,966)	-
Recognised in profit or loss	55,693	(1,543)	6,191	10,780	34,991	(46,755)	(4,432)	(6,065)	48,860
Recognised in equity	-	-	-	-	-	-	4,706	-	4,706
Under/(Over) provision in									
respect of previous years	4,777	2,505	(40)	2,048	(11,987)	418	23,101	(25,839)	(5,017)
Changes in tax rates	13,959	24	(663)	-	5,898	15,431	3,934	33	38,616
Currency translation differences	7,275	78	(525)	230	786	5,252	(1,961)	(310)	10,825
At 30 September 2020	<b>362,394</b>	<b>27,557</b>	<b>19,588</b>	<b>32,836</b>	<b>(70,301)</b>	<b>(130,780)</b>	<b>(86,354)</b>	<b>(62,663)</b>	<b>92,277</b>
Acquisition through business									
combination	481,769	64,394	6,171	-	(11,364)	(4,931)	(7,267)	(2,369)	526,403
Reclassification	(143)	-	-	-	-	-	-	143	-
Recognised in profit or loss	111,676	7,918	9,777	3,626	34,463	(68,676)	2,284	(35,317)	65,751
Recognised in equity	-	-	-	-	-	-	2,473	-	2,473
(Over)/under provision in									
respect of previous years	(2,485)	(3,769)	99	1,675	(3,112)	(4,267)	(7,203)	10,052	(9,010)
Changes in tax rates	17	-	-	-	4	-	-	-	21
Currency translation differences	(4,246)	68	520	152	(1,011)	(5,644)	(1,273)	(569)	(12,003)
At 30 September 2021	<b>948,982</b>	<b>96,168</b>	<b>36,155</b>	<b>38,289</b>	<b>(51,321)</b>	<b>(214,298)</b>	<b>(97,340)</b>	<b>(90,723)</b>	<b>665,912</b>

Deferred tax assets include an amount of RM31,974,000 (2020: RM146,604,000) which relates to unutilised tax losses and unabsorbed capital allowances of certain subsidiaries that suffered losses in the current and previous financial years. The Group has concluded that the deferred tax assets are recoverable through estimated future taxable profits based on the approved business plans and budgets of these subsidiaries.

	Group	
	2021 RM'000	2020 RM'000
No deferred tax assets/(liabilities) have been recognised for the following items:		
Unabsorbed capital allowances	149,481	294,164
Deductible temporary differences	2,437	2,298
Tax incentives	63,388	63,640
Unutilised tax losses	400,530	387,640
Property, plant and equipment	(527,128)	(573,788)
	<b>88,708</b>	<b>173,954</b>

The reinvestment allowance of a sub-subsidiary amounting to RM18,172,000 (2020: RM18,008,000) will expire as follows:

	Group	
	2021 RM'000	2020 RM'000
Year of expiry		
2025	17,626	17,626
2026	382	382
2027	164	-
	<b>18,172</b>	<b>18,008</b>

## Notes to the Financial Statements (Continued)

Unutilised tax losses of RM62,388,000 (2020: RM49,717,000) will expire as follows under the respective tax legislation of countries in which certain subsidiaries domicile:

Year of expiry	Group	
	2021 RM'000	2020 RM'000
2021	-	1
2022	664	656
2023	131	126
2024	196	196
2025	39,992	47,541
2026	1,795	1,197
2027	18,570	-
2028	1,040	-
	<b>62,388</b>	<b>49,717</b>

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

Deferred tax liabilities have not been provided by a sub-subsidiary on the taxable temporary differences as the sub-subsidiary is unable to estimate reliably the commencement period of its pioneer status due to current market volatility which renders the achievability of future statutory income uncertain.

The Group has tax losses carried forward of RM582,822,000 (2020: RM675,337,000) which give rise to the recognised and unrecognised deferred tax assets in respect of unutilised tax losses above, which are subject to agreement by the tax authorities.

### 24. BIOLOGICAL ASSETS

	Unharvested Fresh Fruit Bunches RM'000	Livestock RM'000	Growing Crops RM'000	Total RM'000
<b>Group</b>				
<b>Fair value</b>				
At 1 October 2019	58,775	5,077	35,977	99,829
Net change in fair value	29,294	2,844	-	32,138
Increase in crop sowing	-	-	35,909	35,909
Increase due to purchases and births	-	1,519	-	1,519
Decrease due to sales	-	(3,814)	-	(3,814)
Transfer to profit or loss	-	-	(36,368)	(36,368)
Currency translation differences	(2,348)	293	1,894	(161)
At 30 September 2020	<b>85,721</b>	<b>5,919</b>	<b>37,412</b>	<b>129,052</b>
Net change in fair value	44,527	4,177	-	48,704
Acquisition through business combination	26,707	-	-	26,707
Increase in crop sowing	-	-	48,458	48,458
Increase due to purchases and births	-	2,517	-	2,517
Decrease due to sales	-	(6,339)	-	(6,339)
Transfer to profit or loss	-	-	(38,948)	(38,948)
Currency translation differences	2,397	85	356	2,838
At 30 September 2021	<b>159,352</b>	<b>6,359</b>	<b>47,278</b>	<b>212,989</b>

## Notes to the Financial Statements (Continued)

The biological assets of the Group comprise:

**(a) Unharvested fresh fruit bunches (“FFB”)**

During the financial year, the Group harvested 4.0 million mt (2020: 4.0 million mt) of FFB. The quantity of unharvested FFB of the Group as at 30 September 2021 included in the fair valuation of unharvested FFB was 232,427 mt (2020: 187,362 mt).

If the FFB selling price changes by 5%, profit or loss for the Group would have equally increased or decreased by approximately RM9.5 million (2020: RM5.1 million).

**(b) Livestock**

Livestock mainly comprises sheep and cattle.

During the financial year, the Group produced 10,311 (2020: 10,253) sheep and 302 (2020: 209) cattle. The quantity of sheep and cattle of the Group as at 30 September 2021 included in the fair valuation of livestock was 27,939 head (2020: 28,245 head) and 824 head (2020: 655 head) respectively.

**(c) Growing crops**

Growing crops mainly comprise wheat, canola, barley and lupins.

During the financial year, the Group harvested 56,808 mt (2020: 28,861 mt) of wheat, 13,628 mt (2020: 8,826 mt) of canola, 19,553 mt (2020: 20,520 mt) of barley and 7,308 mt (2020: 668 mt) of lupins. Area of crops sown for the financial year were 21,296 hectares (2020: 19,809 hectares) for wheat, 10,137 hectares (2020: 7,876 hectares) for canola, 2,676 hectares (2020: 5,437 hectares) for barley and 2,528 hectares (2020: 3,203 hectares) for lupins.

The fair value of the Group’s biological assets, which are estimated using unobservable inputs, is categorised within Level 3 of the fair value hierarchy with the exception of livestock which are on Level 2 basis (inputs are observable indirectly). Fair value assessments have been completed consistently using the same valuation techniques.

There were no transfers between all 3 levels of the fair value hierarchy during the financial year (2020: no transfer in either directions).

None of the biological assets of the Group as at 30 September 2021 and 30 September 2020 were pledged as securities.

### 25. TRADE RECEIVABLES

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Trade receivables	<b>2,170,145</b>	1,376,754
Allowance for impairment losses	<b>(67,049)</b>	(48,060)
	<b><u>2,103,096</u></b>	<u>1,328,694</u>

Included in trade receivables are amounts owing by related parties of RM151,057,000 (2020: RM68,157,000).

## Notes to the Financial Statements (Continued)

The allowance for impairment losses as at end of the reporting period is determined as follows:

	Gross RM'000	Expected Credit Loss Rate (%)	Allowance for Impairment Losses RM'000	Net RM'000
<b>Group</b>				
<b>2021</b>				
Not past due	1,799,791	0.6%	11,682	1,788,109
Past due 1 - 90 days	318,045	3.0%	9,700	308,345
Past due more than 90 days	52,309	87.3%	45,667	6,642
	<b>2,170,145</b>	<b>3.1%</b>	<b>67,049</b>	<b>2,103,096</b>
<b>2020</b>				
Not past due	1,181,944	1.2%	14,306	1,167,638
Past due 1 - 90 days	162,159	4.4%	7,140	155,019
Past due more than 90 days	32,651	81.5%	26,614	6,037
	<b>1,376,754</b>	<b>3.5%</b>	<b>48,060</b>	<b>1,328,694</b>

The movements in the allowance for impairment losses of trade receivables during the year were:

	Group	
	2021 RM'000	2020 RM'000
At beginning of the year	48,060	47,581
Acquisition through business combination	19,972	-
Impairment losses	5,613	7,403
Reversal of impairment	(6,361)	(5,489)
Impairment losses written off	-	(3,385)
Currency translation differences	(235)	1,950
At end of the year	<b>67,049</b>	<b>48,060</b>

The allowance account in respect of trade receivables is used to record impairment losses which were included in net impairment losses on financial assets. Unless the Group is satisfied that the recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The Group's normal trade credit term ranges from 5 to 180 (2020: 5 to 180) days. Other credit terms are assessed and approved on a case-by-case basis.

### 26. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other receivables	543,473	551,923	2,811	100
Allowance for impairment losses	(2,482)	(2,803)	-	-
	<b>540,991</b>	<b>549,120</b>	<b>2,811</b>	<b>100</b>
Indirect tax receivables	243,081	179,614	-	-
Prepayments	104,627	104,806	-	-
Refundable deposits	340,251	63,205	-	-
	<b>1,228,950</b>	<b>896,745</b>	<b>2,811</b>	<b>100</b>

Included in refundable deposits are advance payments of RM310,168,000 (2020: Nil) for acquisition of shares in a sub-subsidiary.

## Notes to the Financial Statements (Continued)

The movements in allowance for impairment losses of other receivables during the year were:

	Group	
	2021 RM'000	2020 RM'000
At beginning of the year	2,803	1,812
Acquisition through business combination	186	-
Impairment losses	21	1,011
Reversal of impairment	(765)	-
Currency translation differences	237	(20)
At end of the year	<u>2,482</u>	<u>2,803</u>

No expected credit loss is recognised arising from other receivables of the Company as the amount is negligible.

### 27. CONTRACT ASSETS AND CONTRACT LIABILITIES

	Group	
	2021 RM'000	2020 RM'000
<b>Contract assets</b>		
Accrued billings	<u>7,448</u>	<u>10,276</u>
<b>Contract liabilities</b>		
Progress billings	(2,737)	(2,177)
Advances from customers	<u>(118,361)</u>	<u>(85,644)</u>
	<u>(121,098)</u>	<u>(87,821)</u>
<b>Total</b>	<u>(113,650)</u>	<u>(77,545)</u>

#### (a) Accrued billings, progress billings and advances from customers

Contract assets and contract liabilities represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billings to the customers. Contract liabilities are recognised as revenue when performance obligations are satisfied.

#### (b) The movements in the contract assets and (contract liabilities) are as follows:

	Group	
	2021 RM'000	2020 RM'000
At beginning of the year	(77,545)	(78,143)
Net revenue recognised during the financial year	278,074	243,849
Net progress billings issued during the financial year	(141,150)	(159,964)
Cash received in advance	(172,047)	(83,159)
Currency translation differences	(982)	(128)
At end of the year	<u>(113,650)</u>	<u>(77,545)</u>

## Notes to the Financial Statements (Continued)

### (c) Unsatisfied performance obligations

The following table shows revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date. The disclosure is only providing information for contracts that have duration of more than one year.

	Group	
	2021 RM'000	2020 RM'000
Revenue is expected to be recognised from contracts with customers:		
Within one year	33,553	43,311
Between 1 to 2 years	12,338	20,047
Between 2 to 5 years	305	443
	<b>46,196</b>	<b>63,801</b>

No expected credit loss is recognised arising from contract assets as the amount is negligible.

### 28. DERIVATIVE FINANCIAL INSTRUMENTS

The Group classifies derivative financial instruments as financial assets or liabilities at fair value through profit or loss.

	Contract/Notional Amount Net long/(short) RM'000	Assets RM'000	Liabilities RM'000
	<b>Group 2021</b>		
Forward foreign exchange contracts	(2,118,670)	7,914	(1,773)
Commodities future contracts	(317,455)	154,572	(236,394)
Total derivative financial instruments		<b>162,486</b>	<b>(238,167)</b>
<b>2020</b>			
Forward foreign exchange contracts	(1,292,477)	24,576	(5,707)
Commodities future contracts	(227,035)	73,733	(91,928)
Total derivative financial instruments		<b>98,309</b>	<b>(97,635)</b>

The forward foreign exchange contracts are entered into by the Group as hedges for committed sales and purchases denominated in foreign currencies. The hedging of the foreign currencies is to minimise the exposure of the Group to fluctuations in foreign currencies on receipts and payments.

The commodities future contracts are entered into with the objective of managing and hedging the Group's exposure to the adverse price movements in the vegetable oil commodities.

The Group does not have any other financial liabilities which are measured at fair value through profit or loss except for derivative financial instruments.

## Notes to the Financial Statements (Continued)

### 29. SHORT-TERM FUNDS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits with licensed banks	<b>253,444</b>	919,994	<b>38</b>	37

Short-term funds represent funds placed in highly liquid money market instruments which are readily convertible to known amount of cash and have insignificant risk of changes in fair value with original maturities of more than three months.

The effective interest rates per annum of deposits with licensed banks at the end of the reporting dates were as follows:

	Group		Company	
	2021	2020	2021	2020
Deposits with licensed banks	<b>0.30% to 5.55%</b>	0.28% to 6.30%	<b>1.85%</b>	2.10%

The maturities and repricing of deposits with licensed banks at the end of the reporting dates were as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Maturities above 3 months to 1 year				
Deposits with licensed banks	<b>253,444</b>	919,994	<b>38</b>	37

Deposits with licensed banks of the Group amounting to RM14,393,000 (2020: RM8,005,000) as at 30 September 2021 have been pledged for the following banking facilities:

- Banking facilities granted to outside parties for the purpose of the "Kredit Koperasi Primer untuk Anggotanya" scheme in Indonesia;
- Term loan facilities contains covenants which require the subsidiary in Indonesia to maintain at all times a minimum sum the Interest Service Reserve Account equivalent to three months of interest obligations; and
- Term loan facilities contains covenants which require the subsidiaries in Indonesia to maintain at all times a minimum placement in fixed deposit account.

No expected credit loss is recognised arising from short-term funds as the amount is negligible.

### 30. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits with licensed banks	<b>946,012</b>	1,623,587	-	157,489
Fixed income trust funds	<b>1,231,361</b>	1,010,498	-	-
Cash and bank balances	<b>1,230,806</b>	605,671	<b>45,454</b>	11,115
	<b>3,408,179</b>	3,239,756	<b>45,454</b>	168,604

Deposits with licensed banks and investments in fixed income trust funds in Malaysia represent short-term investments in highly liquid money market. These investments are readily convertible to cash and have insignificant risk of changes in value with original maturities of three months or less.

Included in the Group's cash and bank balances as at 30 September 2021 was RM123,752,000 (2020: RM92,969,000) held under Housing Development Accounts. The utilisation of this fund is subject to the Housing Developers (Housing Development Account) (Amendment) Regulations 2002.



## Notes to the Financial Statements (Continued)

The effective interest rates per annum of deposits with licensed banks, fixed income trust funds and cash and bank balances at the end of the reporting dates were as follows:

	Group		Company	
	2021	2020	2021	2020
Deposits with licensed banks	0.01% to 5.50%	0.02% to 5.75%	-	0.04% to 1.78%
Fixed income trust funds	1.67% to 1.90%	2.60% to 2.99%	-	-
Cash and bank balances	Nil to 5.25%	Nil to 5.05%	Nil to 1.30%	Nil to 1.30%

The maturities and repricing of deposits with licensed banks and fixed income trust funds at the end of the reporting dates were as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Maturities of 3 months or below				
Deposits with licensed banks	946,012	1,623,587	-	157,489
Fixed income trust funds	1,231,361	1,010,498	-	-
	<b>2,177,373</b>	<b>2,634,085</b>	<b>-</b>	<b>157,489</b>

No expected credit loss is recognised arising from cash and cash equivalents as the amount is negligible.

### 31. SHARE CAPITAL

	Group and Company	
	Number of Shares	RM'000
<b>Issued and fully paid</b>		
At 1 October 2019	435,951,000	435,951
Issuance of shares pursuant to Dividend Reinvestment Plan	7,714,894	127,681
Cancellation of shares transferred to retained earnings pursuant to Section 127(14) of the Companies Act 2016	(44,130,431)	(56,045)
At 30 September 2020/30 September 2021	<b>399,535,463</b>	<b>507,587</b>

	Group and Company			
	2021 Number of Shares	2021 RM'000	2020 Number of Shares	2020 RM'000
Treasury shares	<b>4,903,600</b>	<b>83,334</b>	1,646,900	23,957

#### Share capital

- (i) In the last financial year, the Company increased its issued and fully paid ordinary share capital from RM435,951,000 to RM563,632,000 by way of issuance of 7,714,894 ordinary shares at the issue price of RM16.55 per share arising from the Dividend Reinvestment Plan pertaining to the final single tier dividend of 45 sen per share in respect of the financial year ended 30 September 2019.

The new ordinary shares issued rank *pari passu* in all respects with the existing ordinary shares of the Company.

Subsequently, the Company cancelled all its accumulated 44,130,431 treasury shares as at 15 April 2020 with carrying amount of RM632,703,000 or at an average price of RM14.29 per ordinary share. The share capital cancelled was transferred to retained earnings in accordance with the requirements of Section 127(13) and (14) of the Companies Act 2016 in Malaysia at an average cost of RM1.27 per share at the date of issuance. Accordingly, the Company's issued and fully paid ordinary share capital is reduced from RM563,632,000 to RM507,587,000.

## Notes to the Financial Statements (Continued)

- (ii) Of the total available 399,535,463 (2020: 399,535,463) issued and fully paid shares, 4,903,600 (2020: 1,646,900) are held as treasury shares by the Company as at 30 September 2021. As at this date, the number of outstanding shares issued and fully paid, after deducting treasury shares held, is 394,631,863 (2020: 397,888,563) share.
- (iii) The holders of shares (except treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share without restrictions at meetings of the Company. All shares rank equally with regard to the Company's residual assets.
- (iv) The shareholders of the Company via Annual General Meeting held on 18 February 2021 approved the renewal of the authority for the Directors of the Company to allot and issue new shares in the Company in relation to the dividend reinvestment plan that provides the shareholders of the Company the option to elect to reinvest, in whole or in part, their cash dividend entitlements in the new shares of the Company.

### Treasury shares

Treasury shares relate to shares of the Company that are retained by the Company.

The shareholders of the Company renewed the authority granted to the Directors to buy back its own shares at the Annual General Meeting held on 18 February 2021. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the buy back plan can be applied in the best interests of the Company and its shareholders.

As at 30 September 2021, there were share buybacks of 4,903,600 from the open market and held as treasury shares. The average price paid for the shares repurchased was RM16.95 per share for a total cost of RM83,334,000. The shares bought back were financed by internally generated funds.

## 32 RESERVES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Non-distributable</b>				
Capital reserve	405,048	291,991	-	-
Exchange fluctuation reserve	38,659	(25,443)	-	-
Fair value reserve	615,771	525,067	49,706	48,731
Other reserve	(443,155)	-	-	-
Retained earnings – cost of treasury shares	77,106	21,865	77,106	21,865
	<b>693,429</b>	<b>813,480</b>	<b>126,812</b>	<b>70,596</b>
<b>Distributable</b>				
Capital reserve	481,504	479,426	32,555	32,555
Retained earnings	4,731,098	4,100,394	665,265	454,216
	<b>5,212,602</b>	<b>4,579,820</b>	<b>697,820</b>	<b>486,771</b>
	<b>5,906,031</b>	<b>5,393,300</b>	<b>824,632</b>	<b>557,367</b>

### Capital reserves

Non-distributable capital reserve mainly comprises post-acquisition reserve capitalised by subsidiaries for their bonus issues and reserve capitalised on redemption of redeemable preference shares by subsidiaries. Distributable capital reserve comprises surpluses arising from disposals of quoted investments, properties and government acquisitions of land.

### Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

### Fair value reserve

Fair value reserve comprises the cumulative net change in the fair value of equity instruments measured at fair value through other comprehensive income until the investments are derecognised or impaired.

## Notes to the Financial Statements (Continued)

### Other reserve

As at 30 September 2021, other reserve arose from the unconditional Mandatory General Offer (“MGO”) by KLKB to acquire all the remaining ordinary shares in its subsidiary, IJM Plantations Berhad, not already held by KLKB pursuant to Section 218(2) of the Capital Markets and Services Act and Paragraph 4.01(a) of the Rules on Take-overs, Mergers and Compulsory Acquisitions issued by the Securities Commission Malaysia.

Upon the closing of MGO on 18 November 2021, out of the total RM935,048,000, other reserve amounting to RM795,530,000, representing the shares acquired during the MGO period, which would be set off against non-controlling interests.

### Retained earnings

Of the Company’s retained earnings at year end, RM77,106,000 (2020: RM21,865,000) was utilised for the purchase of the treasury shares and is considered as non-distributable. Details of treasury shares are disclosed in Note 31.

### 33. DEFERRED INCOME

	Group	
	2021 RM'000	2020 RM'000
<b>Government grants</b>		
<b>At cost</b>		
At beginning of the year	164,660	159,556
Received during the year	519	4,500
Currency translation differences	(48)	604
At end of the year	<u>165,131</u>	<u>164,660</u>
<b>Accumulated amortisation</b>		
At beginning of the year	49,677	41,040
Amortisation charge	8,436	8,182
Currency translation differences	(45)	455
At end of the year	<u>58,068</u>	<u>49,677</u>
<b>Carrying amounts</b>	<u>107,063</u>	<u>114,983</u>
Deferred income is disclosed under:		
Non-current liabilities	98,465	106,564
Current liabilities	8,598	8,419
	<u>107,063</u>	<u>114,983</u>

The sub-subsidiaries, KL-Kepong Edible Oils Sdn Bhd, KL-Kepong Oleomas Sdn Bhd, Palm-Oleo (Klang) Sdn Bhd and Davos Life Science Sdn Bhd received government grants from Malaysian Palm Oil Board which were conditional upon the construction of specific projects. The constructions of these projects were completed in the previous financial year and the project of KL-Kepong Edible Oils Sdn Bhd was completed as at end of this financial year.

Another sub-subsidiary, KLK Tensachem SA received government grants from its local government to finance its capital expenditure.

The government grants are amortised over the useful life of the assets.

## Notes to the Financial Statements (Continued)

### 34. PROVISION FOR RETIREMENT BENEFITS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Present value of funded obligations	184,450	164,923	-	-
Fair value of plan assets	(158,307)	(159,708)	-	-
	26,143	5,215	-	-
Unfunded obligations	546,677	553,397	50	120
Present value of net obligations	572,820	558,612	50	120
Represented by:				
Payable not later than 1 year	103	342	-	-
Payable later than 1 year	572,717	558,270	50	120
	572,820	558,612	50	120

The provision for retirement benefits of the Group payable not later than 1 year amounting to RM103,000 (2020: RM342,000) was included in other payables.

#### Defined benefit obligations

- (i) The Group's plantation and industrial chemical operations in Malaysia operate defined benefit plans based on the terms of the unions' collective agreements in Malaysia. These retirement benefit plans are unfunded. The benefits payable on retirement are based on the last drawn salaries, the length of service and the rates set out in the said agreements.

The present value of these unfunded defined benefit obligations as required by MFRS 119 *Employee Benefits* has not been used in arriving at the provision as the amount involved is insignificant to the Group and the Company. The undiscounted value of these unfunded defined benefit obligations was RM32,022,000 (2020: RM31,472,000) as at 30 September 2021. Accordingly, no further disclosures as required by the standard are made.

- (ii) All the plantation subsidiaries in Indonesia operate unfunded defined benefit plans for all its eligible employees. The obligations of the retirement benefit plans are calculated using the projected unit credit method.

During the financial year, the new omnibus law ("new law") on retirement benefit was introduced in Indonesia. The new law resulted in recomputation of retirement benefit plan and the effect was disclosed as negative past service cost.

- (iii) A sub-subsidiary in Germany, KLK Emmerich GmbH, operates an unfunded retirement benefit plan for its eligible employees. The obligations of the retirement benefit plan are determined by an independent qualified actuary. The last actuarial valuation was on 30 September 2021.

- (iv) In previous year, sub-subsidiaries in Switzerland, Kolb Distribution AG and Dr. W. Kolb AG ("Kolb Group"), made contributions to a funded defined benefit plan that provided pension benefits to employees upon retirement. The assets of the plan were held as a segregated fund and administered by trustees.

Arising from the internal restructuring of Kolb Group in Europe in last financial year, Kolb Group has restructured their funded defined benefit plan on 1 January 2020 by transferring all active members and pensioners to a collective pension foundation ("Foundation") which guarantees the mandatory minimum benefits defined by the Swiss law and is responsible for the investment of the assets for a period of at least 5 years from 1 January 2020 to at least 31 December 2024. The effect of the change of the plan resulted in the reduction in the defined benefit plan obligation amounted to RM7,434,000 was disclosed as negative past service cost.

Under the term of the transfer, 46 participants under the old-age and spouse's pensioners categories will remain with the Foundation in the event of a future change in the pension solution at the end of December 2024 or later. Arising from this, an amount of RM113,003,000 as calculated using the actuarial assumptions as at 30 September 2019 for this particular group of pensioners have been derecognised in both the defined benefit obligation and fair value of plan assets accordingly and has been disclosed as 'derecognition of pensioners'.

## Notes to the Financial Statements (Continued)

This funded defined benefit obligation is determined by an independent qualified actuary on an annual basis. The last actuarial valuation was on 30 September 2021.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

These defined benefit plans are fully funded by the Group.

The Group expects RM20,113,000 in contributions to be paid to the defined benefit plans in the next financial year.

	Present Value of Funded Obligations RM'000	Unfunded Obligations RM'000	Fair Value of Plan Assets RM'000	Present Value of Net Obligations RM'000
<b>Movement in Net Defined Benefit Liabilities Group</b>				
At 1 October 2019	263,705	533,008	(246,167)	550,546
<b>Included in profit or loss</b>				
Service cost	8,229	36,527	-	44,756
Past service cost	(7,434)	-	-	(7,434)
Over provision	-	(66)	-	(66)
Administration cost	136	-	-	136
Interest (income)/cost	(334)	13,834	308	13,808
	597	50,295	308	51,200
<b>Included in other comprehensive income</b>				
Remeasurement (gain)/loss				
Actuarial (gain)/loss from:				
- Financial assumptions	(9,670)	(4,197)	-	(13,867)
- Demographic assumptions	(110)	-	-	(110)
- Experience assumptions	1,538	(5,183)	-	(3,645)
Return on plan assets excluding interest income	-	-	2,333	2,333
	(8,242)	(9,380)	2,333	(15,289)
<b>Others</b>				
Contributions paid by employer	(858)	(35,568)	(7,636)	(44,062)
Employee contributions	5,387	-	(5,387)	-
Benefits paid	(2,213)	-	2,213	-
Derecognition of pensioners	(113,003)	-	113,003	-
Currency translation differences	19,550	15,042	(18,375)	16,217
At 30 September 2020	<b>164,923</b>	<b>553,397</b>	<b>(159,708)</b>	<b>558,612</b>
<b>Included in profit or loss</b>				
Service cost	6,379	27,832	-	34,211
Past service cost	-	(28,602)	-	(28,602)
Over provision	-	(24)	-	(24)
Administration cost	82	-	-	82
Interest cost/(income)	494	15,643	(481)	15,656
	6,955	14,849	(481)	21,323
<b>Included in other comprehensive income</b>				
Remeasurement loss/(gain)				
Actuarial loss/(gain) from:				
- Financial assumptions	4,339	(23,343)	-	(19,004)
- Demographic assumptions	(5,912)	-	-	(5,912)
- Experience assumptions	24,018	2,609	-	26,627
Return on plan assets excluding interest income	-	-	(340)	(340)
	22,445	(20,734)	(340)	1,371
<b>Others</b>				
Contributions paid by employer	-	(31,593)	(7,374)	(38,967)
Acquisition through business combination	-	25,175	-	25,175
Employee contributions	5,302	-	(5,302)	-
Benefits paid	(14,105)	-	14,105	-
Currency translation differences	(1,070)	5,583	793	5,306
At 30 September 2021	<b>184,450</b>	<b>546,677</b>	<b>(158,307)</b>	<b>572,820</b>

## Notes to the Financial Statements (Continued)

The amount of remeasurement loss of RM3,838,000 (2020: gain RM10,583,000) recognised in the other comprehensive income is net of deferred tax liabilities of RM2,473,000 (2020: deferred tax liabilities RM4,706,000) (Note 23) and non-controlling interest of RM6,000 (2020: Nil).

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Plan assets</b>		
Plan assets comprise:		
Other assets - unquoted	<b>158,307</b>	159,708

As the plan assets are managed by the pension foundation in its pool assets and the value of the plan assets are guaranteed by the pension foundation regardless of the financial market performance, hence the value of the plan assets will remain unchanged and disclosed as "Other Assets - Unquoted".

	<b>Company</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Unfunded obligations</b>		
Movement in the unfunded defined benefit obligations		
At beginning of the year	120	103
Expense (reversed)/recognised in profit or loss	<b>(70)</b>	17
At end of the year	<b>50</b>	120
Expense recognised in profit or loss		
Current service cost	6	14
Interest cost	2	4
Over provision	<b>(78)</b>	(1)
	<b>(70)</b>	17

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>%</b>	<b>%</b>
<b>Actuarial assumptions</b>		
Principal actuarial assumptions of the funded plan operated by the sub-subsidiary in Switzerland (expressed as weighted averages):		
Discount rates	0.2	0.3
Future salary increases	<b>1.5</b>	1.0
Principal assumptions of the unfunded plans used by plantation subsidiaries in Indonesia:		
Discount rates	<b>7.0 to 8.0</b>	8.0
Future salary increases	<b>6.0 to 8.0</b>	6.0 to 7.5
Principal actuarial assumptions of the unfunded plan operated by the sub-subsidiary in Germany:		
Discount rate	1.2	0.9
Future salary increases	<b>3.8</b>	3.0
Future pension increases	<b>1.8</b>	1.8

As at the end of the reporting period, the weighted average duration of the funded defined benefit obligation was 14.3 years (2020: 14.5 years).

## Notes to the Financial Statements (Continued)

### Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below:

	Group	
	Defined Benefit Increase RM'000	Obligation Decrease RM'000
<b>2021</b>		
Discount rate (0.25% movement)	(21,558)	23,559
Future salary growth (0.25% movement)	5,613	(5,801)
Life expectancy (1 year movement)	<u>23,758</u>	<u>(24,305)</u>
<b>2020</b>		
Discount rate (0.25% movement)	(21,844)	24,857
Future salary growth (0.25% movement)	6,579	(5,681)
Life expectancy (1 year movement)	<u>25,590</u>	<u>(25,285)</u>

Although the analysis does not account for the full distribution of cash flows expected under the plans, it does provide an approximation of the sensitivity of the assumptions shown.

### 35. BORROWINGS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Non-current</b>				
Secured				
Term loan	17,259	23,471	-	-
Unsecured				
Term loans	2,100,034	486,971	-	-
Islamic medium term notes	4,100,000	5,100,000	500,000	500,000
	<u>6,200,034</u>	<u>5,586,971</u>	<u>500,000</u>	<u>500,000</u>
	<u>6,217,293</u>	<u>5,610,442</u>	<u>500,000</u>	<u>500,000</u>
<b>Current</b>				
Secured				
Term loan	6,092	6,077	-	-
Unsecured				
Term loans	345,156	76,988	-	-
Islamic medium term notes	1,000,000	-	-	-
Bankers' acceptance	754,269	174,441	-	-
Revolving credit	628,255	386,308	209,000	-
Trade financing	550,614	537,829	-	-
Bank overdrafts	123,233	129,205	-	-
	<u>3,401,527</u>	<u>1,304,771</u>	<u>209,000</u>	<u>-</u>
	<u>3,407,619</u>	<u>1,310,848</u>	<u>209,000</u>	<u>-</u>
Total borrowings	<u>9,624,912</u>	<u>6,921,290</u>	<u>709,000</u>	<u>500,000</u>



## Notes to the Financial Statements (Continued)

- (a) In financial year ended 30 September 2013, the Company had issued RM500 million 10 years Sukuk Musharakah Islamic Medium Term Notes ("IMTN") under the RM500 million Islamic Medium Term Notes Programme ("Programme") at a periodic distribution rate of 4.05% per annum.

Salient features of the Programme are as follows:

- Total outstanding nominal value of the IMTN (collectively known as "Notes") shall not exceed RM500 million.
- The tenure of the Programme is up to 10 years from the date of the first issuance of any Notes under this Programme.
- The IMTN has a maturity of more than 1 year and up to 10 years and on condition that the maturity dates of the IMTN do not exceed the tenure of the Programme. The IMTN may be non-profit bearing or bear profit at a rate determined at the point of issuance. The profit is payable semi-annually in arrears from the date of issuance of the IMTN with the last periodic distribution to be made on the maturity date.
- Debt-to-equity ratio of the Group shall be maintained at not more than one time throughout the tenure of the Programme.

- (b) In financial year ended 30 September 2012, a subsidiary had issued RM1.0 billion 10 years Ringgit Sukuk Ijarah Islamic Medium Term Notes under the RM1.0 billion Sukuk Ijarah Multi-Currency Islamic Medium Term Notes ("MCIMTN") Programme ("1<sup>st</sup> Programme") at par with a profit rate of 4.0% per annum.

Salient features of the 1<sup>st</sup> Programme are as follows:

- Total outstanding nominal value of the Ringgit Sukuk Ijarah and Non-Ringgit Sukuk Ijarah MCIMTN shall not exceed RM1.0 billion.
- The tenure of the 1<sup>st</sup> Programme is up to 10 years from the date of the first issuance of any MCIMTN under the 1<sup>st</sup> Programme.
- The MCIMTN has a maturity of more than 1 year and up to 10 years and on condition that the maturity dates of the MCIMTN do not exceed the tenure of the 1<sup>st</sup> Programme. The MCIMTN may be non-profit bearing or bear profit at a rate determined at the point of issuance. The profit is payable semi-annually in arrears from the date of issue of the MCIMTN with the last profit payment to be made on the maturity dates.
- Debt-to-equity ratio of the subsidiary (group results) shall be maintained at not more than one time throughout the tenure of the 1<sup>st</sup> Programme.

- (c) In financial year ended 30 September 2015, a subsidiary had issued RM1.1 billion 10 years Ringgit Sukuk Ijarah Islamic Medium Term Notes under the RM1.6 billion Multi-Currency Sukuk Ijarah and/or Wakalah Islamic Medium Term Notes Programme ("2<sup>nd</sup> Programme") at par with a profit rate of 4.58% per annum.

In financial year ended 30 September 2016, the subsidiary had issued the balance of the 2<sup>nd</sup> Programme of RM500 million 10 years Ringgit Sukuk Ijarah Islamic Medium Term Notes at par with a profit rate of 4.65% per annum.

Salient features of the 2<sup>nd</sup> Programme are as follows:

- The 2<sup>nd</sup> Programme shall comprise Ringgit denominated Islamic Medium Term Notes ("Ringgit Sukuk") and non-Ringgit denominated Islamic Medium Term Notes ("Non-Ringgit Sukuk") issuances.
- The aggregate outstanding nominal value of the Ringgit Sukuk and Non-Ringgit Sukuk issued under the 2<sup>nd</sup> Programme shall not exceed RM1.6 billion (or its equivalent in foreign currencies).

## Notes to the Financial Statements (Continued)

- The tenure of the 2<sup>nd</sup> Programme is 12 years from the date of the first issuance under the programme. The tenure of the Ringgit Sukuk/Non-Ringgit Sukuk issued under the 2<sup>nd</sup> Programme shall be more than 1 year and up to 12 years, provided that the maturity of the Ringgit Sukuk/Non-Ringgit Sukuk shall not exceed the tenure of the 2<sup>nd</sup> Programme.
  - The Ringgit Sukuk/Non-Ringgit Sukuk under the 2<sup>nd</sup> Programme may be issued under the Shariah principle(s) of Ijarah and/or Wakalah Bi Al-Istithmar.
  - The expected periodic distribution rate (under the principle of Wakalah Bi Al-Istithmar) or periodic distribution rate (under the principle of Ijarah) (if any) shall be determined at the point of issuance. For the Ringgit Sukuk/Non-Ringgit Sukuk with periodic distributions, the profit is payable semi-annually in arrears from the date of issuance of the Ringgit Sukuk/Non-Ringgit Sukuk with the last periodic distribution to be made on the relevant maturity dates.
  - Debt-to-equity ratio of the subsidiary (group results) shall be maintained at not more than one time throughout the tenure of the 2<sup>nd</sup> Programme.
- (d) In financial year ended 30 September 2019, a subsidiary had issued 2 tranches of RM1.0 billion each of Sukuk Wakalah Islamic Medium Term Notes ("Sukuk Wakalah") under the RM2.0 billion Sukuk Wakalah Islamic Medium Term Notes Programme ("3<sup>rd</sup> Programme"), at par with profit rate of 3.75% per annum for the 10 years tenure tranche and 3.95% per annum for the 15 years tenure tranche.

Salient features of the 3<sup>rd</sup> Programme are as follows:

- Total aggregate outstanding nominal value of the Sukuk Wakalah issued under the 3<sup>rd</sup> Programme shall not exceed RM2.0 billion.
  - The tenure of the 3<sup>rd</sup> Programme is 20 years from the date of the first issuance under the programme. The tenure of the Sukuk Wakalah issued under the 3<sup>rd</sup> Programme shall be more than 1 year and up to 20 years, provided that the maturity of the Sukuk Wakalah shall not exceed the tenure of the 3<sup>rd</sup> Programme.
  - The Sukuk Wakalah under the 3<sup>rd</sup> Programme shall be issued under the Shariah principle of Wakalah Bi Al-Istithmar.
  - The periodic distribution rate shall be determined at the point of issuance. For the Sukuk Wakalah with periodic distributions, the profit is payable semi-annually in arrears from the date of issuance.
  - Debt-to-equity ratio of the subsidiary (group results) shall be maintained at not more than one time throughout the tenure of the 3<sup>rd</sup> Programme.
- (e) During the financial year ended 30 September 2021, a subsidiary had drawdown a term loan of RM1.2 billion. This term loan is unsecured and bear a fixed interest rate of 3.40% per annum.
- (f) The secured term loan of the Group is secured by way of a fixed charge on the property, plant and equipment of an overseas sub-subsidiary with carrying amount of RM127,155,000 (2020: RM131,674,000) as at 30 September 2021.
- (g) Certain unsecured term loans, bank overdrafts and revolving credit are supported by corporate guarantees of RM887.2 million (2020: RM945.3 million) issued by a subsidiary. The bank overdraft facilities are renewable annually.
- (h) The interest/profit rates per annum applicable to borrowings for the year were as follows:

	Group		Company	
	2021	2020	2021	2020
Bank overdrafts	<b>0.15% to 0.70%</b>	0.18% to 0.28%	-	-
Term loans	<b>0.71% to 5.10%</b>	0.71% to 3.42%	-	-
Trade financing	<b>0.83% to 2.18%</b>	0.75% to 3.49%	-	-
Bankers' acceptance	<b>1.91% to 2.76%</b>	2.09% to 4.14%	-	-
Revolving credit	<b>0.78% to 3.50%</b>	0.83% to 8.90%	<b>2.66% to 2.93%</b>	-
Islamic medium term notes	<b>3.75% to 4.65%</b>	3.75% to 4.65%	<b>4.05%</b>	4.05%

## Notes to the Financial Statements (Continued)

- (i) An amount of RM1,708,348,000 (2020: RM1,045,890,000) of the Group's borrowings consists of floating rate borrowings, of which interest rates reprice within a year.
- (j) The RM209.0 million Revolving Credit facility of the Company is a floating rate borrowing as at the financial year ended 30 September 2021 (2020: Nil).

### 36. TRADE PAYABLES

	Group	
	2021	2020
	RM'000	RM'000
Trade payables	<b>939,050</b>	506,138

Included in trade payables are amounts owing to related parties of RM158,336,000 (2020: RM52,540,000).

The normal trade credit terms granted to the Group ranged from 7 to 90 (2020: 7 to 90) days.

### 37. OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Other payables	<b>1,262,360</b>	279,205	<b>287</b>	356
Accruals	<b>639,647</b>	472,358	<b>13,658</b>	10,403
Deposits received	<b>390</b>	385	-	-
Indirect tax payable	<b>8,977</b>	6,318	-	-
	<b>1,911,374</b>	758,266	<b>13,945</b>	10,759
Represented by:				
Payable not later than 1 year	<b>1,911,374</b>	758,251	<b>13,945</b>	10,759
Payable later than 1 year	-	15	-	-
	<b>1,911,374</b>	758,266	<b>13,945</b>	10,759

Included in other payables is a liability of RM935,048,000 (2020: Nil) arising from unconditional Mandatory General Offer by KLKB to acquire all the remaining shares in IJM Plantations Berhad not already held by KLKB.

In last financial year, other payables of the Group payable later than 1 year amounting to RM15,000 represent deposits which are payable upon the expiry of the tenancy agreements.

### 38. RELATED PARTY TRANSACTIONS

- (a) The Company has a controlling related party relationship with all its subsidiaries. Significant inter-company transactions of the Company are as follows (in addition to related party disclosures mentioned elsewhere in the financial statements):

	Company	
	2021	2020
	RM'000	RM'000
Rental paid to a subsidiary	<b>84</b>	84
Travelling expenses paid to a subsidiary	-	39
Interest received from subsidiaries	<b>6,629</b>	7,864
Interest paid to a subsidiary	<b>6</b>	-

## Notes to the Financial Statements (Continued)

(b) Significant related party transactions

Set out below are the significant related party transactions which are carried out on mutually agreed terms for the financial year (in addition to related party disclosures mentioned elsewhere in the financial statements).

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
(i) Transactions with associates and joint ventures		
Processing fee earned	725	751
Sale of finished goods	410,679	284,968
Sale of electricity	1,171	1,167
Purchase of goods	1,815,173	1,236,380
Service charges paid	1,610	2,489
Research and development services paid	<u>13,891</u>	<u>14,142</u>
(ii) Transactions with companies in which certain Directors are common directors and/or have direct or deemed interest		
<b>Sale of goods</b>		
Chlor-Al Chemical Pte Ltd	8,350	5,907
Siam Taiko Marketing Co Ltd	3,499	2,151
Taiko Acid Works Sdn Bhd	8,724	6,630
Taiko Marketing Sdn Bhd	231,646	218,752
Taiko Marketing (Singapore) Pte Ltd	1,384	2,364
<b>Freight income earned</b>		
Chlor-Al Chemical Pte Ltd	383	124
Taiko Marketing Sdn Bhd	808	777
<b>Storage tanks rental received</b>		
Taiko Marketing Sdn Bhd	4,098	4,062
<b>Purchase of goods</b>		
Borneo Taiko Clay Sdn Bhd	3,398	4,515
Bukit Katho Estate Sdn Bhd	8,300	5,009
Chlor-Al Chemical Pte Ltd	-	2,596
Kampar Rubber & Tin Co Sdn Bhd	10,559	6,196
Kekal & Deras Sdn Bhd	2,972	1,919
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	5,339	-
Malay Rubber Plantations (M) Sdn Bhd	12,713	7,435
P.T. Agro Makmur Abadi	102,146	62,877
P.T. Bumi Karyatama Raharja	2,281	1,152
P.T. Java Taiko Mineralindo	1,128	3,456
P.T. Safari Riau	48,501	35,739
Taiko Acid Works Sdn Bhd	1,223	521
Taiko Clay Marketing Sdn Bhd	3,227	2,062
Taiko Drum Industries Sdn Bhd	3,447	1,584
Taiko Marketing Sdn Bhd	32,671	27,833
Taiko Marketing (Singapore) Pte Ltd	33,599	8,606
<b>Management fees paid</b>		
Farming Management Services Pty Ltd	2,913	2,373
<b>Aircraft operating expenses and management services paid</b>		
Smooth Route Sdn Bhd	1,395	1,940
<b>Fixed charge and fixed charged recoverable earned from</b>		
Taiko Acid Works Sdn Bhd	1,549	-
<b>Supply of contract labours and engineering works</b>		
Yeow Brothers Engineering Sdn Bhd	419	536
<b>Sales commissions charged by</b>		
Taiko Marketing Sdn Bhd	6	8
<b>IT Services paid</b>		
E-Komoditi Sdn Bhd	<u>688</u>	<u>637</u>



## Notes to the Financial Statements (Continued)

### 41. SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(a) The names of subsidiaries, associates and joint ventures are detailed below:

Subsidiaries	Country of Incorporation	Principal Country of Operation	Percentage of Equity Held		Principal Activities
			2021	2020	
<b>Held by the Company:</b>					
<b>MANUFACTURING</b>					
<b>CHEMICALS</b>					
See Sen Chemical Berhad †	Malaysia	Malaysia	61	61	Manufacturing of chemicals
Malay-Sino Chemical Industries Sendirian Berhad †	Malaysia	Malaysia	98	98	Manufacturing of chemicals
<b>INVESTMENT HOLDING</b>					
Batu Kawan Holdings Sdn Bhd †	Malaysia	Malaysia	-^^	100	Investment property
Caruso Enterprises Sdn Bhd †	Malaysia	Malaysia	100	100	Dormant
Whitmore Holdings Sdn Bhd †	Malaysia	Malaysia	100	100	Investment holding
Enternal Edge Sdn Bhd †	Malaysia	Malaysia	100	100	Investment holding
BKB Overseas Investments Ltd ††	British Virgin Islands	British Virgin Islands	100	100	Investment holding
Synergy Motion Sdn Bhd †	Malaysia	Malaysia	100	100	Investment holding
Caruso Ventures Pte Ltd †	Singapore	Singapore	100	100	Investment holding
Chemical Company of Malaysia Berhad	Malaysia	Malaysia	100	-	Investment holding
<b>PLANTATION</b>					
Kuala Lumpur Kepong Berhad	Malaysia	Malaysia	47^	47^	Plantation
<b>Held through Subsidiaries:</b>					
<b>Malay-Sino Chemical Industries Sendirian Berhad:</b>					
<b>MANUFACTURING</b>					
<b>CHEMICALS AND TRANSPORTATION SERVICES</b>					
Malay-Sino Agro-Chemical Products Sdn Bhd †	Malaysia	Malaysia	100	100	Manufacture and sale of methyl chloride
Circular Agency Sdn Bhd †	Malaysia	Malaysia	100	100	General transportation services
North-South Transport Sdn Bhd †	Malaysia	Malaysia	100	100	General transportation services
Malay-Sino Properties Sdn Bhd †	Malaysia	Malaysia	100	100	Letting of storage warehouse facilities
<b>Whitmore Holdings Sdn Bhd:</b>					
<b>PLANTATION</b>					
<b>INDONESIA</b>					
P.T. Satu Sembilan Delapan †	Indonesia	Indonesia	92	92	Plantation
P.T. Tekukur Indah †	Indonesia	Indonesia	90	90	Plantation
<b>Caruso Ventures Pte Ltd:</b>					
<b>INVESTMENT HOLDING</b>					
Caruso Australia Ventures Pty Ltd ††	Australia	Australia	100	100	Investment holding
Caruso Epping Pty Ltd ††	Australia	Australia	100	100	Trustee company
Caruso Epping Unit Trust ††	Australia	Australia	100	100	Joint venture partner in property development
Caruso Greenvale Pty Ltd ††	Australia	Australia	100	100	Trustee company
Caruso Greenvale Unit Trust ††	Australia	Australia	100	100	Joint venture partner in property development
Vivaldi Victoria Pty Ltd ††	Australia	Australia	100	100	Trustee company
Vivaldi Victoria Unit Trust ††	Australia	Australia	100	100	Dormant

**Notes to the Financial Statements** (Continued)

Subsidiaries	Country of Incorporation	Principal Country of Operation	Percentage of Equity Held		Principal Activities
			2021	2020	
<b>Chemical Company of Malaysia Berhad</b>					
<b>MANUFACTURING</b>					
<b>CHEMICALS</b>					
CCM Chemicals Sdn Bhd	Malaysia	Malaysia	100	-	Manufacturing and marketing of chlor-alkali and coagulant products and marketing of industrial and specialty chemicals
CCM Polymers Sdn Bhd	Malaysia	Malaysia	100	-	Manufacturing and selling of industrial cleaner and hydrogel coating products
P.T. CCM Indonesia †	Indonesia	Indonesia	100	-	Marketing of chlor-alkali and coagulant products and industrial chemicals
CCM Usaha Kimia (M) Sdn Bhd	Malaysia	Malaysia	100	-	Dormant
CCM Water Systems Sdn Bhd	Malaysia	Malaysia	100	-	Dormant
CCM Singapore Pte Ltd †	Singapore	Singapore	100	-	Marketing of Chlor-Alkali and coagulant products
<b>INVESTMENT HOLDING</b>					
CCM International Sdn Bhd	Malaysia	Malaysia	100	-	Investment holding
CCM Agri-Max Sdn Bhd	Malaysia	Malaysia	100	-	Investment holding
Innovative Resins Sdn Bhd	Malaysia	Malaysia	100	-	Investment holding
CCM Siam Ltd †	Thailand	Thailand	100	-	Dormant
CCM Fertilizers Sdn Bhd	Malaysia	Malaysia	50	-	Dormant
CCM Investments Limited ††	British Virgin Islands	British Virgin Islands	100	-	Dormant
CCM Marketing Sdn Bhd (In Liquidation)	Malaysia	Malaysia	100	-	Dormant
P.T. CCM Agripharma (In Liquidation)	Indonesia	Indonesia	100	-	Dormant
Max Agriculture Sdn Bhd (In Liquidation)	Malaysia	Malaysia	50	-	Dormant
<b>Kuala Lumpur Kepong Berhad:</b>					
<b>PLANTATION</b>					
<b>PENINSULAR MALAYSIA</b>					
Uni-Agro Multi Plantations Sdn Bhd	Malaysia	Malaysia	51	51	Plantation
Betatechnic Sdn Bhd	Malaysia	Malaysia	100	100	Operating biogas capture plants
Gunong Pertanian Sdn Bhd	Malaysia	Malaysia	100	100	Extraction of crude palm oil
KL-Kepong Edible Oils Sdn Bhd	Malaysia	Malaysia	100	100	Refining of palm products
Taiko Plantations Sendirian Berhad	Malaysia	Malaysia	100	100	Management of plantation
Golden Complex Sdn Bhd	Malaysia	Malaysia	100	100	Investment holding
Jasachem Sdn Bhd	Malaysia	Malaysia	100	100	Investment holding
KL-Kepong Plantation Holdings Sdn Bhd	Malaysia	Malaysia	100	100	Investment holding
Fajar Palmkel Sdn Berhad	Malaysia	Malaysia	100	100	Kernel crushing



**Notes to the Financial Statements** (Continued)

Subsidiaries	Country of Incorporation	Principal Country of Operation	Percentage of Equity Held		Principal Activities
			2021	2020	
<b>SABAH</b>					
Berakan Maju Sdn Bhd †	Malaysia	Malaysia	66	-	Plantation
Bornion Estate Sdn Bhd	Malaysia	Malaysia	63	63	Plantation
Dynasive Enterprise Sdn Bhd †	Malaysia	Malaysia	66	-	Investment holding
Excellent Challenger (M) Sdn Bhd †	Malaysia	Malaysia	66	-	Plantation
Gunaria Sdn Bhd †	Malaysia	Malaysia	66	-	Investment holding
IJM Edible Oils Sdn Bhd †	Malaysia	Malaysia	66	-	Plantation and kernel crushing
IJM Plantations Berhad †	Malaysia	Malaysia	66	-	Plantation, investment holding and management of plantation
KL-Kepong (Sabah) Sdn Bhd	Malaysia	Malaysia	100	100	Plantation
Minat Teguh Sdn Bhd †	Malaysia	Malaysia	66	-	Investment holding
Rakanan Jaya Sdn Bhd †	Malaysia	Malaysia	66	-	Plantation
Ratus Sempurna Sdn Bhd †	Malaysia	Malaysia	66	-	Investment holding
Sabah Cocoa Sdn Bhd	Malaysia	Malaysia	100	100	Plantation
KLK Premier Oils Sdn Bhd	Malaysia	Malaysia	85	85	Processing and marketing of oil palm products
Golden Yield Sdn Bhd	Malaysia	Malaysia	85	85	Processing and marketing of oil palm products
Sabah Holdings Corporation Sdn Bhd	Malaysia	Malaysia	70	70	Investment holding
Akrab Perkasa Sdn Bhd †	Malaysia	Malaysia	66	-	Dormant
Desa Talisai Sdn Bhd †	Malaysia	Malaysia	66	-	Dormant
Desa Talisai Palm Oil Mill Sdn Bhd †	Malaysia	Malaysia	66	-	Dormant
IJM Biofuel Sdn Bhd †	Malaysia	Malaysia	66	-	Dormant
Sabang Mills Sdn Bhd †	Malaysia	Malaysia	66	-	Dormant
Sijas Plantations Sdn Bhd †	Malaysia	Malaysia	66	-	Dormant
<b>INDONESIA</b>					
P.T. ADEI Plantation & Industry †	Indonesia	Indonesia	95	95	Plantation, refining of palm products and kernel crushing
P.T. Alam Karya Sejahtera AKS †	Indonesia	Indonesia	62	62	Plantation
P.T. Bumi Makmur Sejahtera Jaya †	Indonesia	Indonesia	95	95	Plantation
P.T. Hutan Hijau Mas †	Indonesia	Indonesia	92	92	Plantation
P.T. Indonesia Plantation Synergy †	Indonesia	Indonesia	56	-	Plantation
P.T. Jabontara Eka Karsa †	Indonesia	Indonesia	95	95	Plantation
P.T. Karya Bakti Sejahtera Agrotama †	Indonesia	Indonesia	62	-	Plantation
P.T. Karya Makmur Abadi †	Indonesia	Indonesia	95	95	Plantation
P.T. Langkat Nusantara Kepong †	Indonesia	Indonesia	60	60	Plantation
P.T. Malindomas Perkebunan †	Indonesia	Indonesia	92	92	Plantation
P.T. Menteng Jaya Sawit Perdana †	Indonesia	Indonesia	95	95	Plantation
P.T. Mulia Agro Permai †	Indonesia	Indonesia	95	95	Plantation
P.T. Parit Sembada †	Indonesia	Indonesia	90	90	Plantation
P.T. Perindustrian Sawit Synergi † Δ	Indonesia	Indonesia	91	80	Refining of palm products and kernel crushing
P.T. Prima Alumga †	Indonesia	Indonesia	62	-	Plantation
P.T. Primabahagia Permai †	Indonesia	Indonesia	62	-	Plantation
P.T. Putra Bongan Jaya †	Indonesia	Indonesia	95	95	Plantation
P.T. Sinergi Agro Industri †	Indonesia	Indonesia	62	-	Plantation
P.T. Steelindo Wahana Perkasa †	Indonesia	Indonesia	95	95	Plantation, refining of palm products and kernel crushing
P.T. Sekarbumi Alamlestari †	Indonesia	Indonesia	65	65	Plantation

**Notes to the Financial Statements** (Continued)

Subsidiaries	Country of Incorporation	Principal Country of Operation	Percentage of Equity Held		Principal Activities
			2021	2020	
P.T. KLK Agriservindo †	Indonesia	Indonesia	100	100	Management of plantation
P.T. Apllied Agricultural Resources Indonesia †	Indonesia	Indonesia	95	-	Agronomic service and research
P.T. Anugrah Surya Mandiri † (In Liquidation)	Indonesia	Indonesia	95	95	Dormant
<b>SINGAPORE</b>					
Astra-KLK Pte Ltd †	Singapore	Singapore	51	51	Marketing of refined palm oil products and provision of logistics services related to palm products
Collingwood Plantations Pte Ltd †	Singapore	Singapore	82	82	Investment holding
KLK Agro Plantations Pte Ltd †	Singapore	Singapore	100	100	Investment holding
Taiko Plantations Pte Ltd †	Singapore	Singapore	100	100	Management of plantation
Agro Putra Pte Ltd †	Singapore	Singapore	-	100	Dormant (struck off on 4 January 2021)
<b>PAPUA NEW GUINEA</b>					
Ang Agro Forest Management Ltd †	Papua New Guinea	Papua New Guinea	82	82	Dormant
<b>MAURITIUS</b>					
Liberian Palm Developments Limited ††	Mauritius	Mauritius	100	100	Investment holding
EBF (Mauritius) Limited ††	Mauritius	Mauritius	100	100	Investment holding
EPO (Mauritius) Limited ††	Mauritius	Mauritius	100	100	Investment holding
<b>LIBERIA</b>					
Liberia Forest Products Inc †	Liberia	Liberia	100	100	Plantation
LIBINC Oil Palm Inc †	Liberia	Liberia	100	100	Plantation
Equatorial Palm Oil (Liberia) Incorporated †	Liberia	Liberia	100	100	Management of plantation
Liberian Agriculture Developments Corporation †	Liberia	Liberia	100	100	Dormant
<b>MANUFACTURING OLEOCHEMICALS</b>					
Palm-Oleo Sdn Bhd	Malaysia	Malaysia	80	80	Manufacturing and sale of oleochemicals
Palm-Oleo (Klang) Sdn Bhd	Malaysia	Malaysia	80	80	Manufacturing of oleochemicals
KSP Manufacturing Sdn Bhd	Malaysia	Malaysia	80	80	Manufacturing of soap noodles
Palmamide Sdn Bhd	Malaysia	Malaysia	80	80	Manufacturing of industrial amides
KL-Kepong Oleomas Sdn Bhd	Malaysia	Malaysia	96	96	Manufacturing of fatty alcohol and methyl esters
Davos Life Science Sdn Bhd	Malaysia	Malaysia	100	100	Manufacturing of palm phytonutrients and other palm derivatives
KLK Bioenergy Sdn Bhd	Malaysia	Malaysia	96	96	Manufacturing of methyl esters

**Notes to the Financial Statements** (Continued)

Subsidiaries	Country of Incorporation	Principal Country of Operation	Percentage of Equity Held		Principal Activities
			2021	2020	
<b>MANUFACTURING OLEOCHEMICALS</b>					
KLK Emmerich GmbH #	Germany	Germany	100	100	Manufacturing of fatty acids and glycerine
Taiko Palm-Oleo (Zhangjiagang) Co Ltd †	People's Republic of China	People's Republic of China	80	80	Manufacturing and trading of fatty acids, glycerine, soap noodles, triacetin, special paper chemicals and surfactants
Shanghai Jinshan Jingwei Chemical Co Ltd †	People's Republic of China	People's Republic of China	100	100	Manufacturing of detergents, auxiliary materials for detergents and cosmetics and investment holding
P.T. KLK Dumai †	Indonesia	Indonesia	100	100	Manufacturing of basic organic chemicals from agricultural products
KLK Oleo (Shanghai) Co Ltd †	People's Republic of China	People's Republic of China	100	100	Trading and distribution of oleochemicals
KLK OLEO Americas Inc	United States of America	United States of America	100	100	Trading and distribution of oleochemicals
KLK Tensachem SA †	Belgium	Belgium	100	100	Manufacturing of alcohol ether sulphates, alcohol sulphates and sulphonic acids
KL-Kepong Industrial Holdings Sdn Bhd	Malaysia	Malaysia	100	100	Investment holding
KLK Premier Capital Limited	British Virgin Islands	Malaysia	80	80	Investment holding and trading in commodities
Capital Glogalaxy Sdn Bhd	Malaysia	Malaysia	100	100	Dormant
<b>NON-IONIC SURFACTANTS AND ESTERS</b>					
Kolb Distribution AG #	Switzerland	Switzerland	100	100	Distribution of non-ionic surfactants and esters
Dr. W. Kolb AG #	Switzerland	Switzerland	100	100	Manufacturing of non-ionic surfactants and esters
Dr. W. Kolb Netherlands BV #	Netherlands	Netherlands	100	100	Manufacturing of non-ionic surfactants and esters
Kolb Distribution BV ††	Netherlands	Netherlands	100	100	Distribution of non-ionic surfactants and esters
Kolb France SARL ††	France	France	100	100	Distribution of non-ionic surfactants and esters
Dr. W. Kolb Deutschland GmbH ††	Germany	Germany	100	100	Distribution of non-ionic surfactants and esters
KLK Kolb Specialties BV #	Netherlands	Netherlands	100	100	Manufacturing and distribution of non-ionic surfactants and esters
KLK Chemicals Holding Netherlands BV ††	Netherlands	Netherlands	100	100	Investment holding

**Notes to the Financial Statements** (Continued)

Subsidiaries	Country of Incorporation	Principal Country of Operation	Percentage of Equity Held		Principal Activities
			2021	2020	
<b>MANUFACTURING GLOVE PRODUCTS</b>					
KL-Kepong Rubber Products Sdn Bhd	Malaysia	Malaysia	100	100	Manufacturing and trading in rubber products
Masif Latex Products Sdn Bhd	Malaysia	Malaysia	100	100	Dormant
<b>PARQUET FLOORING</b>					
B.K.B. Hevea Products Sdn Bhd	Malaysia	Malaysia	100	100	Manufacturing of parquet flooring products
B.K.B. Flooring Sdn Bhd	Malaysia	Malaysia	100	100	Dormant
<b>NUTRACEUTICAL, COSMETOCEUTICAL &amp; PHARMACEUTICAL PRODUCTS</b>					
Davos Life Science Pte Ltd †	Singapore	Singapore	100	100	Sales of pharmaceutical and bio-pharmaceutical intermediates and fine chemicals and investment holding
Biogene Life Science Pte Ltd †	Singapore	Singapore	100	100	Research collaboration and investment holding
Centros Life Science Pte Ltd †	Singapore	Singapore	100	100	Sales of pharmaceutical and bio-pharmaceutical intermediates fine chemicals
<b>STORAGE &amp; DISTRIBUTION</b>					
Stolthaven (Westport) Sdn Bhd	Malaysia	Malaysia	51	51	Storing and distribution of bulk liquid
<b>PROPERTY</b>					
Aura Muhibah Sdn Bhd	Malaysia	Malaysia	60	-	Property development
Batu Kawan Holdings Sdn Bhd	Malaysia	Malaysia	100 <sup>^^</sup>	-	Investment property
Colville Holdings Sdn Bhd	Malaysia	Malaysia	100	100	Property development
KL-K Holiday Bungalows Sendirian Berhad	Malaysia	Malaysia	100	100	Operating holiday bungalows
KL-Kepong Complex Sdn Bhd	Malaysia	Malaysia	100	100	Property development
KL-Kepong Country Homes Sdn Bhd	Malaysia	Malaysia	100	100	Property development
KL-Kepong Property Development Sdn Bhd	Malaysia	Malaysia	100	100	Property development
KL-Kepong Property Management Sdn Bhd	Malaysia	Malaysia	100	100	Property management and property development
KLK Land Sdn Bhd	Malaysia	Malaysia	100	100	Investment holding
Kompleks Tanjong Malim Sdn Bhd	Malaysia	Malaysia	80	80	Property development
Palermo Corporation Sdn Bhd	Malaysia	Malaysia	100	100	Property development
Scope Energy Sdn Bhd	Malaysia	Malaysia	60	60	Property development
Selasih Ikhtisas Sdn Bhd	Malaysia	Malaysia	100	100	Property development
KLK Landscape Services Sdn Bhd	Malaysia	Malaysia	100	100	Dormant
KLK Park Homes Sdn Bhd	Malaysia	Malaysia	100	100	Dormant
KLK Retail Centre Sdn Bhd	Malaysia	Malaysia	100	100	Dormant
KLK Coalfields Sdn Bhd	Malaysia	Malaysia	100	100	Dormant
KLK Management Services Sdn Bhd *	Malaysia	Malaysia	100	-	Dormant

## Notes to the Financial Statements (Continued)

Subsidiaries	Country of Incorporation	Principal Country of Operation	Percentage of Equity Held		Principal Activities
			2021	2020	
<b>INVESTMENT HOLDING</b>					
Ablington Holdings Sdn Bhd	Malaysia	Malaysia	100	100	Investment holding
KL-Kepong Equity Holdings Sdn Bhd	Malaysia	Malaysia	100	100	Investment holding
Quarry Lane Sdn Bhd	Malaysia	Malaysia	100	100	Investment holding
KL-Kepong International Ltd ††	Cayman Islands	Cayman Islands	100	100	Investment holding
Kersten Holdings Ltd ††	British Virgin Islands	British Virgin Islands	-	100	Investment holding (dissolved on 29 January 2021)
KLK Overseas Investments Ltd ††	British Virgin Islands	British Virgin Islands	100	100	Investment holding
KLKI Holdings Limited †	United Kingdom	United Kingdom	100	100	Investment holding
Draw Fields Sdn Bhd	Malaysia	Malaysia	100	100	Dormant
Ladang Perbadanan-Fima Berhad	Malaysia	Malaysia	100	100	Dormant
KLK Indahmas Sdn Bhd (formerly known as Richinstock Sawmill Sdn Bhd)	Malaysia	Malaysia	100	100	Dormant
Ortona Enterprise Sdn Bhd	Malaysia	Malaysia	100	100	Dormant
<b>OTHERS</b>					
Somerset Cuisine Limited †	United Kingdom	United Kingdom	100	100	Manufacturing of jams and preserves
KLK Farms Pty Ltd †	Australia	Australia	100	100	Farming
KLK Assurance (Labuan) Limited †	Malaysia	Malaysia	100	100	Offshore captive insurance
KLK Global Resourcing Sdn Bhd	Malaysia	Malaysia	100	100	Dormant

† Companies not audited by BDO PLT.

# Companies audited by member firms of BDO International.

†† These companies are not required to be audited in the country of incorporation. The results of these companies are consolidated based on the unaudited financial statements.

\* KLK Management Services Sdn Bhd was incorporated on 26 March 2021.

^ During the financial year, the Company acquired an additional of 0.2% equity interest that it did not already own in Kuala Lumpur Kepong Berhad ("KLK") from non-controlling interest which increased the Group's equity interest in KLK from 47.2% to 47.4%. The Group considers that it controls KLK even though it owns only 47% of the voting rights. This is due to the Group having control over the Board and the power to govern the relevant activities of this entity.

^^ During the year, the Company disposed of 100% equity of Batu Kawan Holdings Sdn Bhd to KLK and the Group's effective interest held in Batu Kawan Holdings Sdn Bhd has now reduced to 47%.

Δ Equity interest in P.T. Perindustrian Sawit Synergi ("PSS") was increased by 11.24% to 91.24% by way of acquisition of 65.75% equity interest in IJM Plantations Berhad which in turn holds 17.10% effective equity interest in PSS.

A subsidiary has undertaken to provide financial support to certain sub-subsidiaries to enable them to continue to operate as going concerns.

## Notes to the Financial Statements (Continued)

Associates	Country of Incorporation/ Principal Country of Operation	Percentage of Equity Held		Principal Activities
		2021	2020	
<b>Held through Subsidiaries: See Sen Chemical Berhad:</b>				
BASF See Sen Sdn Bhd	Malaysia	<b>30.0</b>	30.0	Manufacture of sulphuric acid products
<b>Chemical Company of Malaysia Berhad</b>				
Orica-CCM Energy Systems Sdn. Bhd	Malaysia	<b>45.0</b>	-	Manufacturing/blend of bulk emulsions, trading of blasting products, blasting related services and technology to the mining, quarry and construction industries
<b>Caruso Ventures Pte Ltd:</b>				
Satterley Forrestfield Pty Ltd	Australia	<b>40.0</b>	40.0	Land development or subdivision
<b>Kuala Lumpur Kepong Berhad:</b>				
Applied Agricultural Resources Sdn Bhd	Malaysia	<b>50.0</b>	50.0	Agronomic service and research
Aura Muhibah Sdn Bhd	Malaysia	-*	40.0	Property development
FKW Global Commodities (Pvt) Limited	Pakistan	<b>30.0</b>	30.0	Trading in commodities
Kumpulan Sierramas (M) Sdn Bhd	Malaysia	<b>50.0</b>	50.0	Property development
Malaysia Pakistan Venture Sdn Bhd	Malaysia	<b>37.5</b>	37.5	Investment holding
MAPAK Edible Oils (Private) Limited	Pakistan	<b>30.0</b>	30.0	Manufacturing and marketing of palm and other soft oils
MEO Trading Sdn Bhd	Malaysia	-	30.0	Liquidated
Phytopharma Co Ltd	Japan	<b>22.8</b>	22.8	Import, export and distribution of herbal medicine and raw materials thereof, raw materials of pharmaceutical and cosmetic products
Synthomer plc	United Kingdom	<b>21.3</b>	21.0	Speciality chemicals manufacturer
Capital Metals plc (formally known as Equatorial Palm Oil plc)	United Kingdom	-**	49.1	Investment holding

\* Aura Muhibah Sdn Bhd became a sub-subsidiary of the Group after acquisition of additional 20% equity interest by KLK Group's wholly-owned subsidiary, KLK Land Sdn Bhd.

\*\* As the result of placement of 3,140,000,000 new ordinary shares by Capital Metals plc ("CM") on 12 January 2021, the Group's equity interest in CM was diluted from 49.10% to 6.23% following which CM is reclassified as an ordinary investment of the Group.

## Notes to the Financial Statements (Continued)

Joint Ventures Held through Subsidiaries:	Country of Incorporation/ Principal Country of Operation	Percentage of Equity Held	Principal Activities	
<b>Caruso Ventures Pte Ltd:</b>				
Riverlee Caruso Epping Pty Ltd	Australia	50.0	50.0	Property development
Satterley Greenvale Joint Venture	Australia	25.0	25.0	Land development or subdivision
<b>Kuala Lumpur Kepong Berhad:</b>				
P.T. Kreasijaya Adhikarya	Indonesia	50.0	50.0	Refining of crude palm oil and bulking installation
Rainbow State Limited	British Virgin Islands	50.0	50.0	Owning and operating of aircraft

(b) Acquisitions and disposals of subsidiaries and sub-subsidiaries  
2021

**Acquisition of subsidiaries**

- (i) On 11 December 2020, the Company had completed the acquisition of 94,449,487 ordinary shares in Chemical Company of Malaysia Berhad ("CCM"), representing 56.32% equity interest in CCM for a total consideration of RM292,793,000 ("Acquisition"). Following the completion of the Acquisition, the Company's shareholding in CCM has increased from 5,716,600 ordinary shares representing 3.41% equity interest to 100,166,087 ordinary shares representing 59.73% equity interest in CCM. Accordingly, CCM is now a subsidiary of the Company. The effect of the business combination has been reflected in this report using the latest available financial information of CCM as at 31 December 2020.

CCM Group is principally involved in the manufacturing and marketing of chlor-alkali chemicals and polymer products, which are largely used in glove manufacturing industry, water treatment, oleochemical, oil and petrochemical, electronics and textile industries. CCM Group is a leading supplier of these chemicals in Malaysia and exports to several countries within South East Asia.

The recognised amounts of assets acquired and liabilities assumed at the date of acquisition were:

	Pre Acquisition Carrying Amount	Fair Value Adjustments	Recognised Value on Acquisition
	RM'000	RM'000	RM'000
Property, plant and equipment	240,044	1,683	241,727
Right-of-use assets	35,857	8,300	44,157
Investment properties	7,170	-	7,170
Intangible assets	5,094	113,198	118,292
Investment in associate	12,841	-	12,841
Other investments	279	-	279
Inventories	41,660	-	41,660
Trade and other receivables	83,199	-	83,199
Cash and cash equivalents	100,815	-	100,815
Trade and other payables	(67,811)	-	(67,811)
Deferred tax liabilities	(12,567)	(29,563)	(42,130)
Lease liabilities	(5,565)	-	(5,565)
Borrowings	(211,168)	-	(211,168)
Total identifiable net assets	229,848	93,618	323,466



## Notes to the Financial Statements (Continued)

	RM'000
Purchase consideration settled in cash and cash equivalents	310,077
Non-controlling interest	95,037
Fair value of identifiable net assets	<u>(323,466)</u>
Goodwill on consolidation	<u>81,648</u>
Purchase consideration settled in cash and cash equivalents	310,077
Cash and cash equivalents acquired	<u>(100,815)</u>
Net cash outflow arising from acquisition of a subsidiary	<u>209,262</u>

On 16 March 2021, the Company had completed the acquisition of remaining 40.27% equity interest in Chemical Company of Malaysia Berhad ("CCM") for a total consideration of RM209,349,000.

The effect of the above equity transactions with non-controlling interests was summarised below:

	RM'000
Consideration paid	209,349
Less: Net assets acquired from non-controlling interests	<u>(92,333)</u>
Net effect on changes in shareholdings of CCM	<u>117,016</u>

In the 9 months to 30 September 2021, CCM contributed revenue of RM299.6 million and profit of RM10.3 million. If the acquisition had occurred on 1 October 2020, management estimated that Group consolidated revenue would have been RM20.8 billion and consolidated profit for the financial year ended 30 September 2021 would have been RM2.5 billion.

- (ii) On 29 January 2021, KL-Kepong Plantation Holdings Sdn Bhd, a wholly owned subsidiary of KLK Group, had completed the acquisition of 95% equity interest in PT Applied Agricultural Resources Indonesia ("AARI") for a cash consideration of RM7.0 million.

The recognised amounts of assets acquired and liabilities assumed at the date of acquisition were:

	RM'000
Property, plant and equipment	1,626
Right-of-use assets	2,512
Deferred tax assets	410
Inventories	444
Trade and other receivables	1,473
Tax recoverable	182
Cash and bank balances	1,881
Trade and other payables	(226)
Provision for retirement benefits	<u>(1,354)</u>
Total identifiable net assets	<u>6,948</u>
Purchase consideration settled in cash and cash equivalents	6,977
Non-controlling interests	347
Fair value of identifiable net assets	<u>(6,948)</u>
Goodwill on consolidation	<u>376</u>
Purchase consideration settled in cash and cash equivalents	6,977
Cash and cash equivalents acquired	<u>(1,881)</u>
Net cash outflow arising from acquisition of a sub-sub-sidiary	<u>5,096</u>

In the 8 months to 30 September 2021, AARI contributed revenue of RM4.4 million and loss of RM686,000. If the acquisition had occurred on 1 October 2020, management estimated that KLK Group's consolidated revenue would have been RM19.9 billion and consolidated profit for the financial year ended 30 September 2021 would have been RM2.5 billion.

## Notes to the Financial Statements (Continued)

- (iii) On 17 June 2021, the KLK Group's wholly-owned subsidiary, KLK Land Sdn Bhd ("KLKL") had completed the acquisition of 20% equity interest in Aura Muhibah Sdn Bhd ("AMSB") for a cash consideration of RM182.6 million. Prior to the acquisition, AMSB was an associate of KLKL which already owned 40% equity interest in AMSB. Following the acquisition, KLKL owns 60% equity interest in AMSB.

The recognised amounts of assets acquired and liabilities assumed at the date of acquisition were:

	RM'000
Land held for property development	901,373
Trade and other receivables	145
Tax recoverable	141
Cash and bank balances	17,132
Trade and other payables	(385)
Tax payable	(284)
Total identifiable net assets	<u>918,122</u>
Purchase consideration settled in cash and cash equivalents	182,644
Fair value gain arising from changes in equity interest in an associate	324,260
Transfer from investment in an associate	41,028
Non-controlling interests' proportionate share of net identifiable assets	367,249
Fair value of identifiable net assets	<u>(918,122)</u>
Negative goodwill from acquisition of shares in a sub-subsiary	<u>(2,941)</u>
Purchase consideration settled in cash and cash equivalents	182,644
Cash and cash equivalents acquired	<u>(17,132)</u>
Net cash outflow arising from acquisition of a sub-subsiary	<u>165,512</u>

In the 3 months to 30 September 2021, AMSB contributed revenue of RM2.2 million and profit of RM801,000. If the acquisition had occurred on 1 October 2020, management estimated that KLK Group's consolidated revenue would have been RM19.9 billion and consolidated profit for the financial year ended 30 September 2021 would have been RM2.5 billion.

- (iv) On 6 September 2021 ("completion date"), the Company subsidiary, Kuala Lumpur Kepong Berhad ("KLKB") had completed the acquisition of 494,865,786 ordinary shares in IJM Plantations Berhad ("IJMP"), representing 56.2% equity interest in IJMP for a total cash consideration of RM1.534 billion. Following the completion of the acquisition together with 0.37% of equity interest in IJMP already owned by the Group, the Group's shareholding in IJMP was 56.57%.

Upon completion of the acquisition, KLKB had extended a Mandatory General Offer to acquire all the remaining IJMP shares not already held by KLKB and persons acting in concert with it for a cash offer price of RM3.10 per IJMP share.

## Notes to the Financial Statements (Continued)

IJMP is a company incorporated in Malaysia and listed in Bursa Malaysia, and IJMP Group is principally involved in the cultivation of oil palm, investment holding, trading of crude palm oil and provision of management services to its subsidiaries.

The acquisition represents an opportunity for the Group to pursue its long term strategy of expanding its plantation business through acquisition of brownfield oil palm plantations.

The recognised amounts of assets acquired and liabilities assumed at the date of acquisition were:

	<b>RM'000</b>
Property, plant and equipment	<b>2,949,327</b>
Right-of-use assets	<b>488,951</b>
Investments in associates	<b>23,571</b>
Deferred tax assets	<b>4,205</b>
Other receivables	<b>165,631</b>
Inventories	<b>99,945</b>
Biological assets	<b>26,707</b>
Trade and other receivables	<b>88,215</b>
Tax recoverable	<b>7,888</b>
Short term fund	<b>11,742</b>
Cash and bank balances	<b>153,320</b>
Trade and other payables	<b>(104,264)</b>
Lease liabilities	<b>(21,760)</b>
Tax payable	<b>(15,786)</b>
Borrowings	<b>(627,910)</b>
Provision for retirement benefits	<b>(23,821)</b>
Deferred tax liabilities	<b>(488,888)</b>
Derivatives financial liabilities	<b>(239)</b>
Non-controlling interests	<b>(7,034)</b>
<b>Total identifiable net assets</b>	<b><u>2,729,800</u></b>
Purchase consideration settled in cash and cash equivalents	<b>1,544,282</b>
Non-controlling interests' proportionate share of net identifiable assets	<b>1,185,518</b>
Fair value of identifiable net assets	<b><u>(2,729,800)</u></b>
Goodwill on consolidation	<b><u>-</u></b>
Purchase consideration settled in cash and cash equivalents	<b>1,544,282</b>
Cash and cash equivalents acquired	<b><u>(153,320)</u></b>
Net cash outflow arising from acquisition of a sub-subsidiary	<b><u>1,390,962</u></b>

In the 1 month to 30 September 2021, IJMP contributed revenue of RM99.2 million and profit of RM39.3 million. If the acquisition had occurred on 1 October 2020, management estimated that KLK Group's consolidated revenue would have been RM20.9 billion and consolidated profit for the financial year ended 30 September 2021 would have been RM2.7 billion.

Between the completion date and 30 September 2021, KLKB further acquired 80,796,733 ordinary shares in IJMP, representing 9.18% equity interest in IJMP, resulting in the Group holding a total of 578,952,019 IJMP shares, representing 65.75% equity interest in IJMP as at 30 September 2021.

## Notes to the Financial Statements (Continued)

### **Purchase of shares from non-controlling interests**

During the year, the Company acquired an additional of 0.22% equity interest that it did not already own in Kuala Lumpur Kepong Berhad ("KLK") from non-controlling interest.

The effect of the acquisition of 0.22% equity interest in KLK on the financial position of the Group was summarised below:

	<b>RM'000</b>
Consideration paid	<b>49,938</b>
Less: Net assets acquired from non-controlling interests	<b>(30,450)</b>
Net effect on changes in shareholdings of KLK	<b><u>19,488</u></b>

### **2020**

### **Purchase of shares from non-controlling interests**

On 18 May 2020, the Group's subsidiary, Equatorial Palm Oil plc ("EPO") (now known as Capital Metals plc) had disposed 50% equity interest in Liberian Palm Developments Limited ("LPD") held by its wholly-owned subsidiary, Equatorial Biofuels (Guernsey) Limited to KLK Agro Plantations Pte Ltd ("KLKAP"), a wholly-owned subsidiary of KLK Group, and transfer an outstanding debt of USD6.2 million in EPO owed by LPD to KLKAP. The consideration for the disposal of shares and transfer of debt was £1.

Following the completion of disposal on 11 June 2020, LPD is now a wholly-owned subsidiary of KLK Group.

The effect of the above equity transactions with non-controlling interests was summarised below:

	<b>RM'000</b>
Net consideration paid	-
Net liabilities acquired from non-controlling interests	<b>17,201</b>
	<b><u>17,201</u></b>
Exchange fluctuation reserve	<b>2,649</b>
Net effect on changes in shareholdings of a subsidiary to equity	<b><u>19,850</u></b>

(a) **Material non-controlling interests**

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

	2021			2020		
	Kuala Lumpur Kepong Berhad RM'000	Other Subsidiaries with Immaterial NCI RM'000	Total RM'000	Kuala Lumpur Kepong Berhad RM'000	Other Subsidiaries with Immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	53%			53%		
Carrying amount of NCI	<b>8,573,358</b>	<b>47,749</b>	<b>8,621,107</b>	6,697,063	47,286	6,744,349
Profit allocated to NCI	<b>1,385,095</b>	<b>7,555</b>	<b>1,392,650</b>	493,095	4,065	497,160

## Notes to the Financial Statements (Continued)

<b>Summary of financial information of Kuala Lumpur Kepong Berhad before inter-company elimination:</b>	<b>2021 RM'000</b>	2020 RM'000
Total assets	<b>28,077,431</b>	20,946,299
Total liabilities	<b>(13,870,391)</b>	(9,142,199)
Revenue	<b>19,915,796</b>	15,595,956
Profit for the year	<b>2,452,052</b>	857,049
Total comprehensive income	<b>2,779,084</b>	801,877
Net increase in cash and cash equivalents	<b>231,918</b>	910,982
Dividends paid to NCI	<b>(140,056)</b>	(47,018)

#### 42 SEGMENT INFORMATION - GROUP

The Group has four (4) reportable segments which are the Group's strategic business units. The strategic business units offer different products and are managed separately as they require different technology and marketing strategies. The Company's Managing Director and the Chief Executive Officer of KLK Group review internal management reports of each of the strategic business units on a monthly basis.

The reportable segments are summarised below:

Plantation	Cultivation and processing of palm and rubber products, refining of palm products, kernel crushing and trading of palm products
Manufacturing	Manufacturing of chemicals and transportation services, oleochemicals, non-ionic surfactants and esters, rubber gloves, parquet flooring products, pharmaceutical products and storing and distribution of bulk liquid
Property development	Development of residential and commercial properties
Investment holding/Others	Investment in quoted and unquoted corporations, investment in fixed income trust funds, unit trust funds and placement of deposits with licensed banks, letting out of office space and car parks, farming, management services, money lending and speciality chemicals manufacturing by an associate.

The accounting policies of the reportable segments are the same as described in Note 3.23.

Inter-segment pricing is determined based on negotiated terms in a manner similar to transactions with third parties.

Performance is measured based on segment profit before tax as included in the internal management reports that are reviewed by the Company's Managing Director and the Chief Executive Officer of KLK Group. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate with these industries.

Segment assets exclude tax assets.

Segment liabilities exclude tax liabilities.

**Notes to the Financial Statements** (Continued)

## (a) Business segment

	Plantation RM'000	Manufacturing RM'000	Property Development RM'000	Investment Holding/Others RM'000	Elimination RM'000	Consolidated RM'000
<b>2021</b>						
<b>Revenue</b>						
Sales to external customers	8,813,163	11,450,036	195,070	259,659	-	20,717,928
Inter-segment sales	1,685,777	7,407	-	1,080,044	(2,773,228)	-
Total revenue	<b>10,498,940</b>	<b>11,457,443</b>	<b>195,070</b>	<b>1,339,703</b>	<b>(2,773,228)</b>	<b>20,717,928</b>
<b>Results</b>						
Operating results	1,581,192	840,607	60,098	565,866	(28,215)	3,019,548
Finance costs	(10,320)	(50,165)	(1)	(234,092)	28,215	(266,363)
Share of profits of equity accounted associates, net of tax	16,495	1,938	9,147	265,376	-	292,956
Share of profits of equity accounted joint ventures, net of tax	33,860	-	-	6,005	-	39,865
Segment results	<b>1,621,227</b>	<b>792,380</b>	<b>69,244</b>	<b>603,155</b>	<b>-</b>	<b>3,086,006</b>
Profit before taxation						3,086,006
Taxation						(546,422)
Profit for the year						<b>2,539,584</b>
<b>Assets</b>						
Operating assets	12,463,147	8,443,942	2,664,029	3,767,776	-	27,338,894
Associates	90,638	27,427	17,689	1,659,722	-	1,795,476
Joint ventures	178,381	-	-	165,042	-	343,423
Segment assets	<b>12,732,166</b>	<b>8,471,369</b>	<b>2,681,718</b>	<b>5,592,540</b>	<b>-</b>	<b>29,477,793</b>
Tax assets						391,274
Total assets						<b>29,869,067</b>
<b>Liabilities</b>						
Segment liabilities	4,763,306	3,248,278	149,627	5,516,694	-	13,677,905
Tax liabilities						1,239,771
Total liabilities						<b>14,917,676</b>
<b>Other information</b>						
Depreciation of property, plant and equipment	328,324	306,366	722	11,666	-	647,078
Depreciation of right-of-use assets	24,198	26,234	20	390	-	50,842
Depreciation of investment properties	-	-	-	796	-	796
Non-cash expenses						
Property, plant and equipment written off	1,567	914	-	-	-	2,481
Provision for retirement benefits	7,076	14,571	(221)	(103)	-	21,323
Amortisation of intangible assets	-	4,764	-	6,452	-	11,216
Amortisation of deferred income	(150)	(8,286)	-	-	-	(8,436)
Impairment of						
- property, plant and equipment	61,887	33,283	-	-	-	95,170
- trade receivables	5,603	-	-	10	-	5,613
- plasma project receivables	795	-	-	-	-	795
Reversal of impairment of						
- trade receivables	(927)	(5,434)	-	-	-	(6,361)
- plasma project receivables	(2,789)	-	-	-	-	(2,789)
Write down of inventories	13,087	22,632	-	3	-	35,722
Write back of inventories	-	(19,151)	-	-	-	(19,151)

**Notes to the Financial Statements** (Continued)

	Plantation RM'000	Manufacturing RM'000	Property Development RM'000	Investment Holding/Others RM'000	Elimination RM'000	Consolidated RM'000
2020						
<b>Revenue</b>						
Sales to external customers	7,089,418	8,578,361	154,884	255,461	-	16,078,124
Inter-segment sales	937,331	43	-	569,716	(1,507,090)	-
Total revenue	<u>8,026,749</u>	<u>8,578,404</u>	<u>154,884</u>	<u>825,177</u>	<u>(1,507,090)</u>	<u>16,078,124</u>
<b>Results</b>						
Operating results	759,912	513,273	53,414	200,546	(33,109)	1,494,036
Finance costs	(15,414)	(49,554)	(18)	(230,524)	33,109	(262,401)
Share of profits of equity accounted associates, net of tax	11,142	1,552	1,667	15,299	-	29,660
Share of (losses)/profits of equity accounted joint ventures, net of tax	(7,222)	-	-	10,591	-	3,369
Segment results	<u>748,418</u>	<u>465,271</u>	<u>55,063</u>	<u>(4,088)</u>	<u>-</u>	<u>1,264,664</u>
Profit before taxation						<u>1,264,664</u>
Taxation						<u>(350,229)</u>
Profit for the year						<u>914,435</u>
<b>Assets</b>						
Operating assets	6,996,540	7,084,729	1,555,064	4,410,537	-	20,046,870
Associates	82,814	12,617	69,070	1,404,580	-	1,569,081
Joint ventures	142,784	-	-	136,406	-	279,190
Segment assets	<u>7,222,138</u>	<u>7,097,346</u>	<u>1,624,134</u>	<u>5,951,523</u>	<u>-</u>	<u>21,895,141</u>
Tax assets						<u>439,685</u>
Total assets						<u>22,334,826</u>
<b>Liabilities</b>						
Segment liabilities	1,437,971	2,275,882	123,742	5,364,807	-	9,202,402
Tax liabilities						<u>511,145</u>
Total liabilities						<u>9,713,547</u>
<b>Other information</b>						
Depreciation of property, plant and equipment	308,387	286,940	578	10,966	-	606,871
Depreciation of right-of-use assets	24,532	20,010	19	371	-	44,932
Depreciation of investment property	-	-	-	950	-	950
Non-cash expenses						
Property, plant and equipment written off	6,738	8,546	-	-	-	15,284
Provision for retirement benefits	42,411	8,820	-	(31)	-	51,200
Amortisation of intangible assets	-	3,836	-	-	-	3,836
Amortisation of deferred income	-	(8,182)	-	-	-	(8,182)
Impairment of						
- property, plant and equipment	-	476	-	-	-	476
- trade receivables	786	6,578	38	1	-	7,403
- plasma project receivables	10,489	-	-	-	-	10,489
Reversal of impairment of trade receivables	-	(5,489)	-	-	-	(5,489)
Write down of inventories	18,778	18,794	-	-	-	37,572
Write back of inventories	-	(15,842)	-	(114)	-	(15,956)



## Notes to the Financial Statements (Continued)

Additions to non-current assets, other than financial instruments (including investments in associates and joint ventures) and deferred tax assets, are as follows:

	Plantation RM'000	Manufacturing RM'000	Property Development RM'000	Investment Holding/ Others RM'000	Total RM'000
<b>2021</b>					
Capital expenditure	506,494	409,348	359	16,770	932,971
Right-of-use assets	6,733	28,310	-	-	35,043
Land held for property development	-	-	37,838	-	37,838
Intangible assets	-	2,590	-	-	2,590
	<b>513,227</b>	<b>440,248</b>	<b>38,197</b>	<b>16,770</b>	<b>1,008,442</b>
<b>2020</b>					
Capital expenditure	474,699	230,106	108	26,401	731,314
Right-of-use assets	9,870	202,881	-	-	212,751
Land held for property development	-	-	21,545	-	21,545
Intangible assets	-	2,689	-	-	2,689
	<b>484,569</b>	<b>435,676</b>	<b>21,653</b>	<b>26,401</b>	<b>968,299</b>

(b) 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, investments in associates, joint ventures and deferred tax assets.

(i) Revenue from external customers by geographical location of customers

	2021 RM'000	2020 RM'000
Malaysia	3,568,072	2,546,164
Far East	3,079,512	2,426,259
Middle East	343,092	276,719
South East Asia	6,035,102	4,807,965
Southern Asia	1,876,416	1,591,424
Europe	4,732,902	3,738,770
North America	404,622	288,454
South America	139,898	83,703
Australia	213,671	138,763
Africa	188,374	102,002
Others	136,267	77,901
	<b>20,717,928</b>	<b>16,078,124</b>

(ii) Non-current assets other than financial instruments, investments in associates, joint ventures and deferred tax assets and additions to capital expenditure and right-of-use assets by geographical location of assets

	Non-current Assets		Additions to Capital Expenditure and Right-of-use Assets	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	8,692,771	4,944,924	524,613	548,095
Indonesia	4,369,823	2,872,628	315,496	257,196
Australia	469,421	464,026	13,470	26,146
People's Republic of China	367,293	343,035	34,221	28,499
Europe	1,360,971	1,416,138	72,628	68,267
Liberia	237,362	319,447	1,007	13,279
Others	13,686	8,955	6,579	2,583
	<b>15,511,327</b>	<b>10,369,153</b>	<b>968,014</b>	<b>944,065</b>

(c) There is no single customer with revenue equal or more than 10% of the Group's revenue.

## Notes to the Financial Statements (Continued)

### 43. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

Financial instruments of the Group and the Company are categorised as follows:

- (i) Financial assets at amortised cost ("FA");
- (ii) Fair value through profit or loss ("FVTPL");
- (iii) Fair value through other comprehensive income ("FVOCI"); and
- (iv) Financial liabilities at amortised cost ("FL").

	Carrying Amounts RM'000	FA RM'000	FVTPL RM'000	FVOCI RM'000	FL RM'000
<b>Group</b>					
<b>2021</b>					
<b>Financial assets</b>					
Other investments	924,238	84,672	134,207	705,359	-
Trade receivables	2,103,096	2,103,096	-	-	-
Other receivables, net of prepayments and indirect taxes	1,327,660	1,327,660	-	-	-
Contract assets	7,448	7,448	-	-	-
Derivative financial assets	162,486	-	162,486	-	-
Fixed income trust funds	1,231,361	-	1,231,361	-	-
Cash, deposits and bank balances	2,430,262	2,430,262	-	-	-
	<b>8,186,551</b>	<b>5,953,138</b>	<b>1,528,054</b>	<b>705,359</b>	<b>-</b>
<b>Financial liabilities</b>					
Borrowings	9,624,912	-	-	-	9,624,912
Trade payables	939,050	-	-	-	939,050
Other payables, net of indirect taxes and provision for retirement benefits	1,902,294	-	-	-	1,902,294
Contract liabilities	121,098	-	-	-	121,098
Lease liabilities	163,524	-	-	-	163,524
Derivative financial liabilities	238,167	-	238,167	-	-
	<b>12,989,045</b>	<b>-</b>	<b>238,167</b>	<b>-</b>	<b>12,750,878</b>
<b>2020</b>					
<b>Financial assets</b>					
Other investments	796,325	71,811	219,600	504,914	-
Trade receivables	1,328,694	1,328,694	-	-	-
Other receivables, net of prepayments and indirect taxes	847,996	847,996	-	-	-
Contract assets	10,276	10,276	-	-	-
Derivative financial assets	98,309	-	98,309	-	-
Fixed income trust funds	1,010,498	-	1,010,498	-	-
Cash, deposits and bank balances	3,149,252	3,149,252	-	-	-
	<b>7,241,350</b>	<b>5,408,029</b>	<b>1,328,407</b>	<b>504,914</b>	<b>-</b>
<b>Financial liabilities</b>					
Borrowings	6,921,290	-	-	-	6,921,290
Trade payables	506,138	-	-	-	506,138
Other payables, net of indirect taxes and provision for retirement benefits	751,606	-	-	-	751,606
Contract liabilities	87,821	-	-	-	87,821
Lease liabilities	157,999	-	-	-	157,999
Derivative financial liabilities	97,635	-	97,635	-	-
	<b>8,522,489</b>	<b>-</b>	<b>97,635</b>	<b>-</b>	<b>8,424,854</b>

## Notes to the Financial Statements (Continued)

	Carrying Amounts RM'000	FA RM'000	FVTPL RM'000	FVOCI RM'000	FL RM'000
<b>Company</b>					
<b>2021</b>					
<b>Financial assets</b>					
Other investments	163,370	-	95,466	67,904	-
Other receivables, net of prepayments	2,811	2,811	-	-	-
Amounts owing by subsidiaries	169,111	169,111	-	-	-
Cash, deposits and bank balances	45,492	45,492	-	-	-
	<b>380,784</b>	<b>217,414</b>	<b>95,466</b>	<b>67,904</b>	<b>-</b>
<b>Financial liabilities</b>					
Borrowings	709,000	-	-	-	709,000
Other payables	13,945	-	-	-	13,945
Amount owing to a subsidiary	454	-	-	-	454
	<b>723,399</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>723,399</b>
<b>2020</b>					
<b>Financial assets</b>					
Other investments	104,977	-	38,048	66,929	-
Other receivables, net of prepayments	100	100	-	-	-
Amounts owing by subsidiaries	176,565	176,565	-	-	-
Cash, deposits and bank balances	168,641	168,641	-	-	-
	<b>450,283</b>	<b>345,306</b>	<b>38,048</b>	<b>66,929</b>	<b>-</b>
<b>Financial liabilities</b>					
Borrowings	500,000	-	-	-	500,000
Other payables	10,759	-	-	-	10,759
	<b>510,759</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>510,759</b>

(b) Net gains and losses arising from financial instruments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net (losses)/gains on:				
Financial instruments at fair value through profit or loss	(22,031)	31,010	617	1,275
Other investments				
- recognised in other comprehensive income	158,085	(27,130)	975	(1,033)
- recognised in profit or loss	18,894	20,139	4,158	5,509
	<b>176,979</b>	<b>(6,991)</b>	<b>5,133</b>	<b>4,476</b>
Financial assets at amortised cost	113,821	114,716	8,892	17,979
Financial liabilities at amortised cost	(252,736)	(288,184)	(24,456)	(20,325)
	<b>16,033</b>	<b>(149,449)</b>	<b>(9,814)</b>	<b>3,405</b>

(c) Financial risk management

The Group has exposure to the following risks from the use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(d) Credit risk

Credit risk is the risk of a financial loss to the Group 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 receivables from customers, investment securities and derivative assets used for hedging. 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.

## Notes to the Financial Statements (Continued)

(i) Receivables

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

Management has a credit policy in place and exposure to credit risk is monitored on an on-going basis. Credit worthiness review is regularly performed for new customers and existing customers who trade on credit, to mitigate exposure on credit risk. Where appropriate, the Group requires its customers to provide collateral before approvals are given to trade on credit.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due the agreed credit periods, which are deemed to have higher credit risk, are monitored individually.

Other than other receivables as disclosed at Note 22, none of the receivables are secured by financial guarantees given by banks, shareholders or directors of the customers.

The Group and Company do not have any significant exposure to any individual customer.

The exposure of credit risk for trade receivables as at the end of the reporting period by business segment was:

	Group	
	2021 RM'000	2020 RM'000
Plantation	620,557	294,554
Manufacturing	1,432,773	983,987
Property development	45,673	48,272
Others	4,093	1,881
	<b>2,103,096</b>	<b>1,328,694</b>

(ii) Investments and other financial assets

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

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group. Transactions involving derivative financial instruments are with approved financial institutions.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the Group invested in both domestic and overseas securities. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

The investments and other financial assets are unsecured.

## Notes to the Financial Statements (Continued)

(iii) Financial guarantees

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

The Group provides unsecured financial guarantees to banks in respect of banking facilities granted to certain sub-subsidiaries. The Group monitors on an on-going basis the results of the sub-subsidiaries and repayments made by the sub-subsidiaries.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, there was no indication that any subsidiary and/or sub-subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

Maturity profile of financial guarantee contracts of the Group at the end of each reporting period based on contractual undiscounted repayment obligations is repayable upon any default by the sub-subsidiaries in respect of the guaranteed bank facilities.

(iv) Inter-company balances

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

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

*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 statements of financial position.

(e) 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 sufficient levels of cash and cash equivalents and adequate amounts of credit facilities to meet its working capital requirements. In addition, the Group strives to maintain flexibility in funding by keeping its credit lines available at a reasonable level. As far as possible, the Group raises funding from financial institutions and prudently balances its portfolio with some short and long-term funding so as to achieve overall cost effectiveness.

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

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

	Carrying Amounts RM'000	Contractual Interest/ Coupon Rate	Contractual Cash Flows RM'000	Less than 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
<b>Group 2021</b>							
Borrowings	9,624,912	0.70% to 4.65%	11,001,614	3,601,786	656,435	3,414,716	3,328,677
Trade payables	939,050	-	939,050	939,050	-	-	-
Other payables, net of indirect tax	1,902,294	-	1,902,294	1,902,294	-	-	-
Contract liabilities	121,098	-	121,098	121,098	-	-	-
Lease liabilities	163,524	0.19% to 12.00%	199,284	35,822	103,342	44,208	15,912
Derivative financial liabilities	238,167	-	238,167	238,167	-	-	-
	<b>12,989,045</b>		<b>14,401,507</b>	<b>6,838,217</b>	<b>759,777</b>	<b>3,458,924</b>	<b>3,344,589</b>

**Notes to the Financial Statements** (Continued)

	Carrying Amounts RM'000	Contractual Interest/ Coupon Rate	Contractual Cash Flows RM'000	Less than 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000	More than 5 years RM'000
2020							
Borrowings	6,921,290	0.19% to 8.25%	8,547,666	1,525,471	395,687	2,363,782	4,262,726
Trade payables	506,138	-	506,138	506,138	-	-	-
Other payables, net of indirect tax	751,606	-	751,606	751,591	15	-	-
Contract liabilities	87,821	-	87,821	87,821	-	-	-
Lease liabilities	157,999	0.29% to 12.00%	207,192	33,301	31,636	53,663	88,592
Derivative financial liabilities	97,635	-	97,635	97,635	-	-	-
	<u>8,522,489</u>		<u>10,198,058</u>	<u>3,001,957</u>	<u>427,338</u>	<u>2,417,445</u>	<u>4,351,318</u>
<b>Company 2021</b>							
Borrowings	<b>709,000</b>	<b>2.66% to 4.05%</b>	<b>769,806</b>	<b>229,250</b>	<b>20,250</b>	<b>520,306</b>	-
Other payables	<b>13,945</b>	-	<b>13,945</b>	<b>13,945</b>	-	-	-
Amount owing to a subsidiary	<b>454</b>	-	<b>454</b>	<b>454</b>	-	-	-
	<u><b>723,399</b></u>		<u><b>784,205</b></u>	<u><b>243,649</b></u>	<u><b>20,250</b></u>	<u><b>520,306</b></u>	-
2020							
Borrowings	500,000	4.05%	581,055	20,250	20,250	540,555	-
Other payables	10,759	-	10,759	10,759	-	-	-
	<u>510,759</u>		<u>591,814</u>	<u>31,009</u>	<u>20,250</u>	<u>540,555</u>	-

(f) 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.

(i) Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases, inter-company advances 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 United States Dollar ("USD"), Pound Sterling ("GBP"), Euro, Australian Dollar ("AUD"), Singapore Dollar ("SGD") and Indonesian Rupiah ("Rp") and Japanese Yen ("JPY").

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

Foreign currencies exposures of the Group are hedged through forward exchange contracts. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

## Notes to the Financial Statements (Continued)

### Exposure to foreign currency risk

The Group's significant 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 was:

Group	Denominated in foreign currencies						
	USD RM'000	GBP RM'000	Euro RM'000	AUD RM'000	SGD RM'000	Rp RM'000	JPY RM'000
<b>2021</b>							
Trade and other receivables	459,487	3,644	404,113	1,624	3,945	162,923	175
Short-term funds	8,343	-	-	-	-	-	-
Cash and cash equivalents	519,630	476	73,112	10,784	50,792	302	20,562
Borrowings	(594,743)	-	(141,021)	-	-	-	(157,797)
Trade and other payables	(101,774)	(44)	(208,138)	(1,340)	(4,144)	-	-
Contract liabilities	(49,451)	-	(21,243)	(5)	-	-	-
Lease liabilities	(77,168)	-	-	-	-	-	-
Forward exchange contracts	3,877	-	3,224	12	(6)	(929)	-
Exposure in the statement of financial position	<b>168,201</b>	<b>4,076</b>	<b>110,047</b>	<b>11,075</b>	<b>50,587</b>	<b>162,296</b>	<b>(137,060)</b>
<b>2020</b>							
Trade and other receivables	350,601	2,947	261,681	1,747	4,005	61,387	-
Short-term funds	-	-	-	-	6,707	-	-
Cash and cash equivalents	370,321	45,509	116,633	357	92,804	3	-
Borrowings	(188,101)	-	(153,638)	-	-	-	-
Trade and other payables	(62,882)	(138)	(124,214)	(356)	(3,154)	(391)	-
Contract liabilities	(38,788)	-	(9,014)	(5)	-	-	-
Lease liabilities	(77,085)	-	-	-	-	-	-
Forward exchange contracts	19,872	-	556	(199)	2	(1,048)	-
Exposure in the statement of financial position	<b>373,938</b>	<b>48,318</b>	<b>92,004</b>	<b>1,544</b>	<b>100,364</b>	<b>59,951</b>	<b>-</b>
<b>Company</b>							
<b>2021</b>							
Amounts owing by subsidiaries	-	-	-	169,097	-	-	-
Cash and cash equivalents	462	-	-	10,591	541	-	-
Other payables	-	-	-	(273)	-	-	-
Exposure in the statement of financial position	<b>462</b>	<b>-</b>	<b>-</b>	<b>179,415</b>	<b>541</b>	<b>-</b>	<b>-</b>
<b>2020</b>							
Amounts owing by subsidiaries	-	-	-	176,550	-	-	-
Cash and cash equivalents	108,553	-	-	1	50,633	-	-
Other payables	-	-	-	(356)	-	-	-
Exposure in the statement of financial position	<b>108,553</b>	<b>-</b>	<b>-</b>	<b>176,195</b>	<b>50,633</b>	<b>-</b>	<b>-</b>

### Currency risk sensitivity analysis

The sensitivities of the Group's profit after tax and equity to the possible change in the following foreign currencies against the respective functional currencies of the Group entities are shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.



## Notes to the Financial Statements (Continued)

A 5% strengthening of the functional currencies of the Group entities against the foreign currencies at the end of the reporting period would have increased/(decreased) profit after tax and equity by the amounts shown below:

	2021		2020	
	Profit/(Loss) RM'000	Equity RM'000	Profit/(Loss) RM'000	Equity RM'000
<b>Group</b>				
Functional currency/Foreign currency				
RM/GBP	(4)	(35,610)	(2,071)	(21,569)
RM/Euro	9,768	-	6,570	-
RM/USD	93,091	-	33,313	(1,563)
RM/SGD	(2,684)	(799)	(5,106)	(889)
RM/Rp	(8,892)	-	(4,882)	-
RM/AUD	(803)	(2,139)	-	-
RM/JPY	6,860	-	-	-
CHF/Euro	(5,737)	-	(3,663)	-
Rmb/USD	1,560	-	(225)	-
Euro/USD	(11,245)	-	(6,685)	-
Rp/USD	8,602	-	12,982	-
USD/GBP	-	-	(195)	-
USD/RM	(149)	-	3,480	-
USD/Rp	(2,289)	-	(2,485)	-
SGD/USD	(10)	-	(6)	-
<b>Company</b>				
Functional currency/Foreign currency				
RM/USD	(23)	-	(5,428)	-
RM/SGD	(27)	(575)	(2,532)	(470)
RM/AUD	(8,970)	-	(8,810)	-

A 5% weakening of the functional currencies of the Group entities against the foreign currencies at the end of the reporting period would have equal but opposite effect on profit after tax and equity.

(ii) Interest rate risk

The Group's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's floating rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Fixed income trust funds, unit trust funds, deposits with licensed banks, 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 through its Treasury Committee reviews the funding requirements for its business operations and capital expenditure and adopts a policy to secure an appropriate mix of fixed and floating rate exposure suitable for the Group.

To achieve this objective, the Group has obtained the most competitive cost of capital through the issuance of Islamic Medium Term Notes, long-term and short-term borrowings and trade financing facilities.

## Notes to the Financial Statements (Continued)

### Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed rate instruments				
Financial assets	2,908,419	3,847,796	197,692	338,590
Financial liabilities	(7,895,065)	(5,875,400)	(500,000)	(500,000)
	<b>(4,986,646)</b>	<b>(2,027,604)</b>	<b>(302,308)</b>	<b>(161,410)</b>
Floating rate instruments				
Financial assets	428,336	371,836	-	-
Financial liabilities	(1,729,847)	(1,045,890)	(209,000)	-
	<b>(1,301,511)</b>	<b>(674,054)</b>	<b>(209,000)</b>	<b>-</b>

### Interest rate risk sensitivity analysis

#### Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial 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.

#### Cash flow sensitivity analysis for floating rate instruments

A change of 50 basis points in interest rates at the end of the reporting period would have increased/(decreased) profit after tax and equity by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	2021		2020	
	Profit/(Loss) RM'000	Equity RM'000	Profit/(Loss) RM'000	Equity RM'000
<b>Group</b>				
Floating rate instruments				
Increase by 50 basis points	(5,717)	-	(4,036)	-
Decrease by 50 basis points	5,717	-	4,036	-
<b>Company</b>				
Floating rate instruments				
Increase by 50 basis points	(794)	-	-	-
Decrease by 50 basis points	794	-	-	-

- (iii) Debt and equity price risk  
Debt and equity price risk arises from the Group's investments in debt and equity securities.

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

Management of the Group monitors the equity investments on a portfolio basis. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Risk Management Committee of the Group.

#### Debt and equity price risk sensitivity analysis

The analysis assumes that all other variables remain constant.

A 5% increase in debt and equity prices at the end of the reporting period would have increased the Group's and the Company's equity by RM31,712,000 (2020: RM22,725,000) and RM575,000 (2020: RM470,000) respectively. A 5% decrease in debt and equity prices would have equal but opposite effect on equity.

## Notes to the Financial Statements (Continued)

(iv) Commodity price risk

The Group is exposed to price fluctuation risk on commodities mainly of palm oil and rubber for derivative financial instruments under Note 28.

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

The prices of these commodities are subject to fluctuations due to uncontrollable factors such as weather, global demand and global production of similar and competitive crops. The Group mitigates the risk to the price volatility through hedging in the futures market and where deemed prudent, the Group sells forwards in the physical market.

*Commodity price risk sensitivity analysis*

A 5% increase/(decrease) of the commodities price at the end of the reporting period, with all other variables held constant, would have increased/(decreased) profit after tax and equity by the amounts shown below:

	2021		2020	
	Profit/(Loss) RM'000	Equity RM'000	Profit/(Loss) RM'000	Equity RM'000
<b>Group</b>				
5% increase in commodities prices	(16,663)	-	(12,642)	-
5% decrease in commodities prices	16,663	-	12,642	-

(g) Fair value of financial instruments

The carrying amounts of cash and cash equivalents, deposits with licensed banks, short-term receivables and payables reasonably approximate fair values due to the relatively short-term nature of these financial instruments.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	Carrying Amounts/ Fair Values	
	2021 RM'000	2020 RM'000
<b>Group</b>		
Other investments	924,238	796,325
Fixed income trust funds	1,231,361	1,010,498
Derivative financial instruments		
Forward foreign exchange contracts	6,141	18,869
Commodities future contracts	(81,822)	(18,195)
Other receivables	446,418	235,671
Borrowings	(9,624,912)	(6,921,290)
<b>Company</b>		
Amounts owing by subsidiaries	163,910	171,704
Other investments	163,370	104,977
Borrowings	(709,000)	(500,000)

## Notes to the Financial Statements (Continued)

### Fair value hierarchy

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed.

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Group</b>				
<b>2021</b>				
<b>Fair value of financial instruments carried at fair value</b>				
Other investments	776,594	-	62,972	839,566
Fixed income trust funds	1,231,361	-	-	1,231,361
Derivative financial instruments				
Forward foreign exchange contracts	-	6,141	-	6,141
Commodities future contracts	(81,822)	-	-	(81,822)
	<u>1,926,133</u>	<u>6,141</u>	<u>62,972</u>	<u>1,995,246</u>
<b>Fair value of financial instruments not carried at fair value</b>				
Amounts owing by investee companies	-	-	84,672	84,672
Other receivables	-	-	446,418	446,418
Borrowings	-	-	(9,624,912)	(9,624,912)
	<u>-</u>	<u>-</u>	<u>(9,093,822)</u>	<u>(9,093,822)</u>
<b>2020</b>				
<b>Fair value of financial instruments carried at fair value</b>				
Other investments	660,353	-	64,161	724,514
Fixed income trust funds	1,010,498	-	-	1,010,498
Derivative financial instruments				
Forward foreign exchange contracts	-	18,869	-	18,869
Commodities future contracts	(18,195)	-	-	(18,195)
	<u>1,652,656</u>	<u>18,869</u>	<u>64,161</u>	<u>1,735,686</u>
<b>Fair value of financial instruments not carried at fair value</b>				
Amounts owing by investee companies	-	-	71,811	71,811
Other receivables	-	-	235,671	235,671
Borrowings	-	-	(6,921,290)	(6,921,290)
	<u>-</u>	<u>-</u>	<u>(6,613,808)</u>	<u>(6,613,808)</u>
<b>Company</b>				
<b>2021</b>				
<b>Fair value of financial instruments carried at fair value</b>				
Other investments	106,976	-	56,394	163,370
	<u>106,976</u>	<u>-</u>	<u>56,394</u>	<u>163,370</u>
<b>Fair value of financial instruments not carried at fair value</b>				
Amounts owing by subsidiaries	-	-	163,910	163,910
Amount owing to a subsidiary	-	-	(454)	(454)
Borrowings	-	-	(709,000)	(709,000)
	<u>-</u>	<u>-</u>	<u>(545,544)</u>	<u>(545,544)</u>

## Notes to the Financial Statements (Continued)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Company</b>				
2020				
<b>Fair value of financial instruments carried at fair value</b>				
Other investments	47,445	-	57,532	104,977
	<u>47,445</u>	<u>-</u>	<u>57,532</u>	<u>104,977</u>
<b>Fair value of financial instruments not carried at fair value</b>				
Amounts owing by subsidiaries	-	-	171,704	171,704
Borrowings	-	-	(500,000)	(500,000)
	<u>-</u>	<u>-</u>	<u>(328,296)</u>	<u>(328,296)</u>

The following table shows a reconciliation of Level 3 fair value of other investments:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At beginning of the year	64,161	65,641	57,532	56,861
Net change in fair value	(1,189)	(1,171)	(1,138)	671
Impairment losses	-	(309)	-	-
At end of the year	<u>62,972</u>	<u>64,161</u>	<u>56,394</u>	<u>57,532</u>

There were no transfers between all three levels of the fair value hierarchy during the financial year.

The following summarises the methods used in determining the fair values of financial instruments reflected in the above table.

### Level 1 Fair Value

#### *Investments in quoted shares and commodities future contracts*

The fair values of investments that are quoted in an active market and commodities future contracts are determined by reference to their quoted closing bid price at the end of the reporting period.

#### *Investments in unit trust funds and fixed income trust funds*

The fair values of unit trust funds and fixed income trust funds are based on quoted price of the funds at the end of the reporting period.

### Level 2 Fair Value

#### *Forward foreign exchange contracts*

The fair value of forward foreign exchange contracts is based on their quoted price at the end of the reporting period.

### Level 3 Fair Value

#### *Financial instruments not carried at fair value*

Fair value of the following financial instruments not carried at fair value, which is determined for disclosure purposes, is calculated based on present value of future cash flows discounted at the market rate of interest at the end of the reporting date:

- Amounts owing by investee companies
- Other receivables - Advances to Plasma plantations projects
- Borrowings
- Amounts owing by subsidiaries
- Amount owing to a subsidiary

Fair value of other unquoted investments is estimated based on adjusted net asset method.

### **Transfer between Level 1 and Level 2 fair values**

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2020: no transfer in either directions).

## Notes to the Financial Statements (Continued)

### 44. 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 a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The net debt-to-equity ratios at the end of the reporting period were:

	Group	
	2021 RM'000	2020 RM'000
Total borrowings (Note 35)	9,624,912	6,921,290
Less: Short-term funds (Note 29)	(253,444)	(919,994)
Less: Cash and cash equivalents (Note 30)	(3,408,179)	(3,239,756)
Net debt	<u>5,963,289</u>	<u>2,761,540</u>
Total equity	<u>14,951,391</u>	<u>12,621,279</u>
Net debt-to-equity ratio	<u>0.40</u>	<u>0.22</u>

There were no changes in the Group's approach to capital management during the year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal of more than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The Group is not subject to any other externally imposed capital requirements other than as disclosed in Note 35 to the financial statements.

### 45. SIGNIFICANT EVENTS SUBSEQUENT TO REPORTING DATE

- (a) The proposed acquisition of 60% equity interest in P.T. Pinang Witmas Sejati ("PWS") by KLK Group's wholly-owned subsidiary, Taiko Plantations Pte Ltd, was completed on 1 October 2021. Following the completion, PWS is now a sub-subsidiary of the Group.
- (b) The Mandatory General Offer ("MGO") to acquire all the remaining shares in IJM Plantations Berhad ("IJMP") not already held by the Group's subsidiary, KLKB has closed on 18 November 2021. As of 18 November 2021, total valid acceptances that KLKB received under the MGO together with the shares acquired from the open market and shares already held by KLKB is 835,574,615 shares, representing 94.89% of the total issued shares of IJMP.

On 6 December 2021, IJMP was delisted from the Official List on the Main Market of Bursa Securities in accordance with the Main Market Listing Requirements of Bursa Securities.

For the period from 18 November 2021 to 10 December 2021, KLKB further acquired 697,188 shares from the open market. As at 10 December 2021, total IJMP shares held by KLKB was 836,271,803 shares representing 94.97% of total issued shares of IJMP.

- (c) Subsequent to 30 September 2021 until the date of this financial statements, the Company bought back a total of 300,800 of its issued shares from the open market for a total cost of RM6,613,000. The average price paid for the shares bought back was RM21.95 per share. The shares bought back were financed by internally generated funds and borrowings and held as treasury shares.

### 46. AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors on 13 December 2021.

## Statement by Directors and Statutory Declaration

### 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 100 to 198 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 September 2021 and of their financial performance and cash flows for the financial year then ended.

On behalf of the Board

**DATO' LEE HAU HIAN**  
(Managing Director)

**DATO' YEOH ENG KHOON**  
(Director)

13 December 2021

### Statutory Declaration Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Goo Swee Eng @ Goh Swee Eng, being the officer primarily responsible for the financial management of Batu Kawan Berhad, do solemnly and sincerely declare that the financial statements set out on pages 100 to 198 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 at Ipoh in the )  
State of Perak Darul Ridzuan )  
on 13 December 2021. )

Before me:

**GOO SWEE ENG @ GOH SWEE ENG**  
(MIA 15953)

**MURUGAN A/L KRISHNAN**  
Commissioner for Oaths  
Ipoh,  
Perak Darul Ridzuan,  
Malaysia.



## Independent Auditors' Report to the Members

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Batu Kawan Berhad, which comprise the statements of financial position as at 30 September 2021 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on 100 to 198.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 September 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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. **Determination of fair value of identifiable assets acquired and liabilities assumed on the acquisition of Chemical Company of Malaysia Berhad ("CCM") and IJM Plantations Berhad ("IJMP")**

As disclosed in Note 41 to the financial statements, the Group acquired CCM in December 2020 and IJMP in September 2021 for purchase considerations of RM310.1 million and RM1,544.3 million respectively. As part of the purchase price allocations performed by management, these amounts have been allocated to the fair value of identifiable assets acquired and liabilities assumed, resulting in the recognition of total goodwill amounting to RM81.6 million.

We determined the fair value of the identifiable assets acquired and liabilities assumed, including the intangible assets identified, on the business combination to be a key audit matter as the purchase price allocation require significant judgement by management.

#### **Audit response**

Our audit procedures included the following:

- (i) assessed the methodology and the appropriateness of the key assumptions applied by management on the goodwill recognised as disclosed in Note 16 to the financial statements; and
- (ii) considered whether the relevant disclosures were appropriate in the financial statements.

## Independent Auditors' Report to the Members (Continued)

### 2 Annual impairment assessment of the carrying amount of goodwill on consolidation

Goodwill on consolidation of the Group is allocated to three (3) cash-generating units ("CGUs"), which are plantation, manufacturing and property with a total carrying amount of RM437.4 million as disclosed in Note 16 to the financial statements. In relation to this, management is required to perform impairment assessment on an annual basis.

We determined the impairment assessment of goodwill for the plantation and manufacturing CGUs to be a key audit matter because the determination of the recoverable amounts of goodwill for these CGUs requires management to exercise significant judgement and estimates about the future results and the key assumptions applied to cash flow projections of the CGUs, including projected growth rates, commodity prices and volumes, operational costs, appropriate pre-tax discount rates, as well as industry trends and past performances.

#### Audit response

Our audit procedures, with the involvement of component auditors, included the following:

- (i) assessed the historical reliability of projections of the Group by comparing prior period projection to actual results for the financial year;
- (ii) evaluated the reasonableness of the key assumptions applied by management in the projections by the Group to available external industry sources of data and corroborated with the findings from other areas of the audit, where applicable; and
- (iii) performed sensitivity analysis to stress test the key assumptions used in the impairment assessment.

### 3 Impairment assessment of property, plant and equipment and right-of-use assets of Liberian Palm Developments Limited ("LPDL")

As at 30 September 2021, the carrying amounts of property, plant and equipment and right-of-use assets of LPDL amounted to RM198.5 million and RM38.8 million respectively as disclosed in Note 12 to the financial statements.

We considered this to be a key audit matter because of the significant judgements and estimates applied by management to determine the recoverability of property, plant and equipment and right-of-use assets of LPDL due to the key assumptions used in the value-in-use calculations.

The key assumptions are selling price of crude palm oil, fresh fruit bunches ("FFB") yield rates, crude palm oil extraction rate and pre-tax discount rate, whereby changes in these key assumptions would result in material deviations in the value-in-use calculations as disclosed in Note 12 to the financial statements.

#### Audit response

Our audit procedures, with the involvement of component auditors, included the following:

- (i) evaluated the reasonableness of the significant key assumptions relating to selling price of crude palm oil, FFB yield rates, crude palm oil extraction rate and pre-tax discount rate applied by management in the value-in-use calculations by the Group to available external industry sources of data and corroborated with the findings from other areas of the audit, where applicable; and
- (ii) assessed the appropriateness of sensitivity analysis performed by management, including the disclosures, on a reasonably possible change in the key assumptions and the corresponding effect on the value-in-use calculations.

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

## Independent Auditors' Report to the Members (Continued)

### 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 other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### 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 MFRSs, IFRSs, 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 ISAs 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 ISAs, 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 internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

## Independent Auditors' Report to the Members (Continued)

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or 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 achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 41 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.

**BDO PLT**  
(LLP0018825-LCA & AF 0206)  
Chartered Accountants

KUALA LUMPUR

13 December 2021

**LUM CHIEW MUN**  
Partner  
03039/04/2023 J  
Chartered Accountant

## Analysis of Shareholdings

At 1 December 2021

Issued Share Capital : 399,535,463 ordinary shares (including 5,182,800 treasury shares)  
 Voting Rights : One (1) vote per share in the case of a poll and one (1) vote per person on a show of hands

### DISTRIBUTION OF SHAREHOLDINGS

Range of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	106	2.28	2,773	0.00
100 – 1,000	1,468	31.60	1,018,695	0.26
1,001 – 10,000	2,270	48.86	8,176,785	2.07
10,001 – 100,000	655	14.10	19,101,046	4.84
100,001 – less than 5% of issued shares	144	3.10	155,709,396	39.48
5% and above of issued shares	3	0.06	210,343,968	53.34
<b>TOTAL</b>	<b>4,646</b>	<b>100.00</b>	<b>394,352,663</b>	<b>100.00</b>

### THIRTY LARGEST SECURITIES ACCOUNT HOLDERS

Name	No. of Shares	% of Issued Share Capital <sup>A</sup>
1. Arusha Enterprise Sdn Bhd	165,125,639	41.87
2. Wan Hin Investments Sdn Berhad	23,206,329	5.88
3. Yeoh Chin Hin Investments Sdn Berhad	22,012,000	5.58
4. CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Di-Yi Sdn Bhd (PB)	15,450,054	3.92
5. Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lembaga Kemajuan Tanah Persekutuan (464016811369)	11,500,000	2.92
6. CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Heah Seok Yeong Realty Sdn Berhad (PB)	10,271,903	2.60
7. Malaysia Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for High Quest Holdings Sdn Bhd (20-00217-000)	9,200,000	2.33
8. Lee Chan Investments Sdn Bhd	9,159,275	2.32
9. Decarats MG Sdn Bhd	8,000,000	2.03
10. High Quest Holdings Sdn Bhd	7,116,780	1.80
11. Teoh Guat Eng Holdings Sdn Bhd	6,132,188	1.56
12. CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Heah Seok Yeong Realty Sdn Berhad (PB)	4,981,873	1.26
13. Di-Yi Sdn Bhd	3,992,873	1.01
14. Key Development Sdn Berhad	3,570,821	0.91
15. Cengal Emas Sdn Bhd	3,380,996	0.86
16. Malay-Sino Formic Acid Sdn Bhd	3,167,290	0.80
17. Malay Rubber Plantations (Malaysia) Sdn Berhad	2,868,172	0.73
18. Congleton Holdings Sdn Bhd	2,859,697	0.73
19. Steppe Structure Sdn Bhd	2,284,728	0.58
20. Chinchoo Investment Sdn Berhad	2,229,619	0.57
21. Lembaga Kemajuan Tanah Persekutuan (FELDA)	2,024,300	0.51
22. Gan Teng Siew Realty Sdn Berhad	1,764,918	0.45
23. Lee Oi Loon	1,649,771	0.42
24. Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	1,623,450	0.41
25. Arusha Enterprise Sdn Bhd	1,540,785	0.39
26. CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Lyne Ching Sdn Berhad (PB)	1,525,377	0.39

## Analysis of Shareholdings (Continued)

At 1 December 2021

### THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (Continued)

Name	No. of Shares	% of Issued Share Capital <sup>^</sup>
27. Tan Sri Dato' Seri Lee Oi Hian	1,348,141	0.34
28. Key Development Sdn Berhad	1,165,090	0.30
29. Lee Nyit Kean	1,124,830	0.29
30. Rengo Malay Estate Sendirian Berhad	1,086,253	0.28
<b>TOTAL</b>	<b>331,363,152</b>	<b>84.04</b>

<sup>^</sup> Calculated based on 394,352,663 shares (excluding 5,182,800 treasury shares).

### SUBSTANTIAL SHAREHOLDERS

According to the Register of Substantial Shareholders required to be kept under Section 144 of the Companies Act 2016 ("Act"), the following are the substantial shareholders of the Company:

Name	Direct Interest		Deemed Interest		Total	
	No. of Shares	% <sup>^</sup>	No. of Shares	% <sup>^</sup>	No. of Shares	% <sup>^</sup>
Arusha Enterprise Sdn Bhd	166,974,581	42.34	6,035,462 <sup>1</sup>	1.53	173,010,043	43.87
Wan Hin Investments Sdn Berhad	23,206,329	5.88	173,010,043 <sup>1</sup>	43.87	196,216,372	49.75
Yeoh Chin Hin Investments Sdn Berhad	22,012,000	5.58	-	-	22,012,000	5.58
Di-Yi Sdn Bhd	19,442,927	4.93	196,216,372 <sup>1</sup>	49.75	215,659,299	54.68
High Quest Holdings Sdn Bhd	16,316,780	4.13	196,216,372 <sup>1</sup>	49.75	212,533,152	53.89
Tan Sri Dato' Seri Lee Oi Hian	1,623,328	0.41	218,590,309 <sup>2</sup>	55.43	220,213,637	55.84
Dato' Lee Hau Hian	1,583,444	0.40	215,924,419 <sup>3</sup>	54.75	217,507,863	55.15
Dato' Yeoh Eng Khoon	323,564	0.08	22,105,474 <sup>4</sup>	5.60	22,429,038	5.68
Grateful Blessings Inc	-	-	215,659,299 <sup>1</sup>	54.68	215,659,299	54.68
Grateful Blessings Foundation	-	-	215,659,299 <sup>1</sup>	54.68	215,659,299	54.68
Cubic Crystal Corporation	-	-	212,533,152 <sup>1</sup>	53.89	212,533,152	53.89
High Quest Anstalt	-	-	212,533,152 <sup>1</sup>	53.89	212,533,152	53.89

<sup>^</sup> Calculated based on 394,352,663 shares (excluding 5,182,800 treasury shares).

#### Notes:

- <sup>1</sup> Deemed interest by virtue of Section 8(4) of the Act.
- <sup>2</sup> Deemed interest in the shares held by his children and a company by virtue of Section 8(4) of the Act. Tan Sri Dato' Seri Lee Oi Hian is also deemed to have an interest by virtue of Section 8(4) of the Act via other companies although he does not have any economic or beneficial interest in the shares of the Company as his deemed interest is held via the interest of his family members as discretionary beneficiaries of Grateful Blessings Foundation (which said family members' interest is held subject to the discretion of Grateful Blessings Foundation Council).
- <sup>3</sup> Deemed interest in the shares held by his child and by virtue of Section 8(4) of the Act.
- <sup>4</sup> Deemed interest in the shares held by his spouse and children, and by virtue of Section 8(4) of the Act.

## Analysis of Shareholdings (Continued)

At 1 December 2021

### DIRECTORS' INTEREST

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Act, the Directors' interests in the Company and its subsidiaries and/or related corporations are as follows:

**Company:**

**Batu Kawan Berhad**

Name	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>^</sup>	No. of Shares	% <sup>^</sup>
Tan Sri Dato' Seri Lee Oi Hian	1,623,328	0.41	218,590,309 <sup>1</sup>	55.43
Dato' Lee Hau Hian	1,583,444	0.40	215,924,419 <sup>2</sup>	54.75
Dato' Yeoh Eng Khoon	323,564	0.08	22,105,474 <sup>3</sup>	5.60
Mr. Quah Chek Tin	-	-	-	-
Tan Sri Rastam Bin Mohd Isa	-	-	-	-
Dr. Tunku Alina Binti Raja Muhd Alias	-	-	-	-
Mr. Lee Yuan Zhang	10,271	*	-	-
Mr. Lim Ban Aik	6,200	*	5,000 <sup>4</sup>	*

<sup>^</sup> Calculated based on 394,352,663 shares (excluding 5,182,800 treasury shares).

**Notes:**

\* Less than 0.01%.

<sup>1</sup> Deemed interest in the shares held by his children and a company by virtue of Section 8(4) of the Act. Tan Sri Dato' Seri Lee Oi Hian is also deemed to have an interest by virtue of Section 8(4) of the Act via other companies although he does not have any economic or beneficial interest in the shares of the Company as his deemed interest is held via the interest of his family members as discretionary beneficiaries of Grateful Blessings Foundation (which said family members' interest is held subject to the discretion of Grateful Blessings Foundation Council).

<sup>2</sup> Deemed interest in the shares held by his child and by virtue of Section 8(4) of the Act.

<sup>3</sup> Deemed interest in the shares held by his spouse and children, and by virtue of Section 8(4) of the Act.

<sup>4</sup> Deemed interest in the shares held by his spouse.

**Subsidiary:**

**Kuala Lumpur Kepong Berhad**

Name	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>^</sup>	No. of Shares	% <sup>^</sup>
Tan Sri Dato' Seri Lee Oi Hian	73,112	*	513,706,196	47.65
Dato' Lee Hau Hian	84,536	*	513,613,196	47.65
Dato' Yeoh Eng Khoon	340,176	0.03	4,838,476	0.44
Dr. Tunku Alina Binti Raja Muhd Alias	1,000	*	-	-

<sup>^</sup> Calculated based on 1,077,887,001 shares (excluding 3,130,784 treasury shares).

\* Less than 0.01%.

By virtue of their deemed interests in the shares of the Company, Tan Sri Dato' Seri Lee Oi Hian and Dato' Lee Hau Hian are deemed to have an interest in the shares of the other subsidiaries of the Company to the extent of the Company's interest in the respective subsidiaries.

Other than as disclosed above, none of the other Directors has any interest in the shares of its related corporations.



## Properties Held by the Group

At 30 September 2021

Location	Tenure	Year Lease Expiring	Titled Area Hectares <sup>#</sup>	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
<b>PLANTATION</b>							
<b><u>MALAYSIA</u></b>							
<b>Kedah</b>							
Ladang Pelam Baling	Freehold	–	2,960	Oil palm and rubber estate	1986 1992	–	42,658
Ladang Batu Lintang Serdang	Freehold	–	1,808	Oil palm estate and palm oil mill	1986	42	34,551
Ladang Buntar Serdang	Freehold	–	549	Oil palm estate	1986	–	12,216
<b>Perak</b>							
Ladang Lekir Manjung	Freehold	–	3,307	Oil palm estate	2008	–	159,579
Ladang Changkat Chermin Manjung	Leasehold	2080	2,525	Oil palm estate and palm oil mill	2008	38	76,398
Ladang Raja Hitam Manjung	Freehold	–	1,497	Oil palm estate	2008	–	55,234
Ladang Kuala Kangsar Padang Rengas	Freehold Leasehold	– 2896	1,007 333	Oil palm and rubber estate	1979* 2016	–	60,670
Ladang Subur Batu Kurau	Freehold	–	1,282	Oil palm estate	1986	–	28,679
Ladang Glenealy Parit	Freehold	–	1,059	Oil palm estate	1992	–	23,644
Ladang Serapoh Parit	Freehold	–	936	Oil palm and rubber estate	1979* 1992	–	11,928
Ladang Allagar Trong	Freehold Leasehold	– 2908	525 248	Oil palm estate	1986	–	8,959
<b>Selangor</b>							
Ladang Changkat Asa Hulu Selangor	Freehold	–	1,543	Oil palm and rubber estate, palm oil mill and rubber factory	1979*	41 46	24,438
Ladang Tuan Mee Sungai Buloh	Freehold	–	1,010	Oil palm estate and palm oil mill	1979*	49	29,704
Ladang Kerling Kerling	Freehold	–	619	Oil palm and rubber estate	2002	–	56,077

# Titled area is in hectares except otherwise indicated

\* Year of last revaluation

## Properties Held by the Group (Continued)

At 30 September 2021

Location	Tenure	Year Lease Expiring	Titled Area Hectares#	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
Ladang Sungai Gapi Kerling	Freehold	–	603	Oil palm estate	1979* 1985	–	4,555
Fajar Palmkel Rawang	Freehold	–	16,000 sq m	Kernel crushing plant	2019	2	9,174
<b>Negeri Sembilan</b>							
Ladang Ayer Hitam Bahau	Freehold	–	2,640	Oil palm estate	1985	–	39,931
Ladang Batang Jelai Rompin	Freehold	–	2,051	Oil palm and rubber estate	1985	–	33,092
Ladang Jeram Padang Bahau	Freehold	–	1,943	Oil palm and rubber estate, palm oil mill, rubber factory and biogas power plant	1985	31 32 3	30,956
Ladang Kombok Rantau	Freehold	–	1,910	Oil palm and rubber estate	1985	–	36,544
Ladang Ulu Pedas Pedas	Freehold	–	922	Oil palm estate	1985	–	12,748
Ladang Gunong Pertanian Simpang Durian	Leasehold	2077	686	Oil palm estate	1985	–	17,532
<b>Johor</b>							
Ladang Landak Paloh	Leasehold	2068 and 2078	4,451	Oil palm estate	1979*	–	21,051
Ladang Kekayaan Paloh	Leasehold	2068 and 2078	4,436	Oil palm estate, palm oil mill and biogas power plant	1979*	15 5	28,025
Ladang Voules Segamat	Freehold	–	2,969	Oil palm and rubber estate and rubber factory	1979*	48	33,620
Ladang Paloh Paloh	Freehold	–	2,003	Oil palm estate	1979*	–	28,484
Ladang Fraser Kulai	Freehold	–	1,915	Oil palm estate	1979*	–	39,903
Ladang New Pogoh Segamat	Freehold	–	1,545	Oil palm and rubber estate	1979*	–	18,644

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## Properties Held by the Group (Continued)

At 30 September 2021

Location	Tenure	Year Lease Expiring	Titled Area Hectares <sup>#</sup>	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
Ladang Sungei Penggeli Bandar Tenggara	Leased property	2087	942	Oil palm estate	1988	–	24,783
Ladang Ban Heng Pagoh, Muar	Freehold	–	631	Oil palm estate	1979*	–	10,912
Ladang Sungai Bekok Bekok	Freehold	–	625	Oil palm estate	1979*	–	6,541
Ladang See Sun Renggam	Freehold	–	589	Oil palm estate	1984	–	10,879
KL-Kepong Edible Oils Pasir Gudang	Leasehold	2045	5	Refinery	1985	38	5,352
<b>Pahang</b>							
Ladang Sungei Kawang Lanchang	Freehold	–	1,889	Oil palm and rubber estate	1979*	–	24,110
Ladang Renjok Bentong	Freehold	–	1,578	Oil palm and rubber estate	1979*	–	29,642
Ladang Tuan Bentong	Freehold Leasehold	– 2030 and 2057	910 443	Oil palm and rubber estate	1979*	–	12,662
Ladang Selborne Padang Tengku, Kuala Lipis	Freehold	–	1,258	Rubber estate	1992	–	23,298
Ladang Kemasul Mengkarak	Freehold	–	459	Oil palm and rubber estate	1983	–	6,167
<b>Kelantan</b>							
Ladang Kuala Gris Kuala Krai	Freehold	–	2,429	Oil palm and rubber estate	1992	–	36,394
Ladang Kerilla Tanah Merah	Freehold	–	2,176	Oil palm and rubber estate	1992	–	35,360
Ladang Pasir Gajah Kuala Krai	Freehold Leasehold	– 2907	951 1,155	Oil palm estate and palm oil mill	1981*	40	34,432
Ladang Sungai Sokor Tanah Merah	Freehold	–	1,603	Oil palm and rubber estate	1992	–	31,155

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\* Year of last revaluation

**Properties Held by the Group** (Continued)  
At 30 September 2021

Location	Tenure	Year Lease Expiring	Titled Area Hectares#	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
Ladang Kuala Hau	Freehold	–	305	Rubber estate	1980*	–	9,631
Machang	Leasehold	2326	242				
<b>Sabah</b>							
<b>Tawau Region</b>							
Ladang Jatika	Leasehold	Between 2068 and 2083	3,508	Oil palm estate	1991	–	57,245
Ladang Sigalong	Leasehold	Between 2063 and 2079	2,864	Oil palm estate	1983	–	20,365
Ladang Pangeran	Leasehold	Between 2063 and 2080	2,855	Oil palm estate and palm oil mill	1983	20	37,902
Ladang Sri Kunak	Leasehold	Between 2063 and 2076	2,770	Oil palm estate	1983	–	14,316
Ladang Pang Burong	Leasehold	Between 2063 and 2080	2,548	Oil palm estate	1983	–	15,687
Ladang Pinang	Leasehold	Between 2068 and 2085	2,420	Oil palm estate	1983	–	34,241
Ladang Tundong	Leasehold	Between 2063 and 2073	2,155	Oil palm estate, palm oil mill and biogas power plant	1983	35 9	25,718
Ladang Ringlet	Leasehold	Between 2065 and 2081	1,834	Oil palm estate	1989	–	22,978
<b>Lahad Datu Region</b>							
Ladang Tungku	Leasehold	2085	3,418	Oil palm estate	1991*	–	55,544
Ladang Bornion	Leasehold	2078	3,233	Oil palm estate and palm oil mill	1992	23	28,543
Ladang Bukit Tabin	Leasehold	2079	2,916	Oil palm estate	1993	–	45,417
Ladang Segar Usaha	Leasehold	2077	2,792	Oil palm estate	1990*	–	49,195
Ladang Rimmer	Leasehold	2085	2,730	Oil palm estate	1991*	–	65,227
Ladang Sungai Silabukan	Leasehold	2079	2,654	Oil palm estate	1993	–	18,103

# Titled area is in hectares except otherwise indicated

\* Year of last revaluation

**Properties Held by the Group** (Continued)  
At 30 September 2021

Location	Tenure	Year Lease Expiring	Titled Area Hectares <sup>#</sup>	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
Ladang Lungmanis	Leasehold	2085	1,656	Oil palm estate and palm oil mill	1991*	21	13,254
KLK Premier Oils	Leasehold	2066	4	Kernel crushing plant and refinery	1998	18	7,625
	Leasehold	2110	2	PKC warehouse	2007	14 12	4,669
<b>Sugut Region</b>							
Ladang Sungai Sabang	Leasehold	Between 2068 and 2098	838	Oil palm estate	1999 2000	–	164,263
	Leased property	Between 2031 and 2099	3,812	Oil palm estate and palm oil mill	1999 2000 2001	19	
Ladang Rakanan Jaya North	Leasehold	Between 2095 and 2099	3,294	Oil palm estate	1999 2001	–	124,089
	Leased property	Between 2032 and 2099	657	Oil palm estate	1999 2000 2001	–	
Ladang Excellent Challenger I	Leasehold	Between 2079 and 2095	2,987	Oil palm estate	1997 2008	–	96,478
	Leased property	Between 2033 and 2098	519	Oil palm estate	1999 2000 2001	–	
Ladang Berakan Maju	Leasehold	Between 2079 and 2081	622	Oil palm estate	1999	–	102,510
	Leased property	Between 2031 and 2099	2,388	Oil palm estate	1999 2000 2001	–	
Ladang Excellent Challenger II	Leasehold	Between 2078 and 2095	919	Oil palm estate	1997 2008	–	91,013
	Leased property	Between 2032 and 2099	1,939	Oil palm estate and palm oil mill	2000	13	
Ladang Rakanan Jaya South	Leasehold	2095	277	Oil palm estate	1999 2001	–	29,720
	Leased property	Between 2031 and 2098	691	Oil palm estate	1999 2000 2001	–	

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**Properties Held by the Group** (Continued)  
At 30 September 2021

Location	Tenure	Year Lease Expiring	Titled Area Hectares <sup>#</sup>	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
<b>Sandakan Region</b>							
Ladang Minat Teguh	Leasehold	Between 2077 and 2887	2,788	Oil palm estate and palm oil mill	1997* 2000, 2004	22	103,113
	Leased property	Between 2031 and 2099	51	Oil palm estate	1999 2000 2001	–	
Ladang Desa Talisai North	Leasehold	2082	2,415	Oil palm estate	1997* 2002	–	84,789
Ladang Meliau	Leasehold	Between 2087 and 2094	2,206	Oil palm estate	1997* 1998 2000 2002	–	76,860
	Leased property	Between 2032 and 2097	51	Oil palm estate	1999 2000 2001	–	
Ladang Desa Talisai South	Leasehold	2082	1,640	Oil palm estate and palm oil mill	1997* 2002	30	66,235
Ladang Sijas	Leasehold	2087	1,011	Oil palm estate and seed production, training & research centre	1997* 2002	19	36,509
IJM Edible Oil	Leasehold	Between 2038 and 2100	7	Kernel crushing plant	1996 1997 2002 2003	18	15,663
	Leased property	Between 2035 and 2095	15		2006		
<b>INDONESIA</b>							
<b>Bangka Belitung Region</b>							
Kebun Steelindo Wahana Perkasa	Hak Guna Usaha	Extension in progress	14,065	Oil palm estate, palm oil mill, refinery, kernel crushing plant and biogas power plant	1994	21 8 8 9	119,775
Kebun Parit Sembada	Hak Guna Usaha	Extension in progress	3,990	Oil palm estate and palm oil mill	2003	13	10,305
Kebun Alam Karya Sejahtera	Hak Guna Usaha	2050, 2053 and 2056	2,471	Oil palm estate	2010	–	45,854

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\* Year of last revaluation

**Properties Held by the Group** (Continued)  
At 30 September 2021

Location	Tenure	Year Lease Expiring	Titled Area Hectares#	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
<b>Riau Region</b>							
Kebun Mandau	Hak Guna Usaha	2045	11,571	Oil palm estate, palm oil mill, kernel crushing plant, refinery and biogas power plant	1996	18 14 8 8	141,463
Kebun Nilo	Hak Guna Usaha	2028	12,860	Oil palm estate and palm oil mills	1996	18 and 9	270,061
	Hak Guna Usaha	2054	1,363	Oil palm estate	2005		22,029
Kebun Sekarbumi Alamlestari	Hak Guna Usaha	2024	6,200	Oil palm estate and palm oil mills	2009	25	53,993
<b>North Sumatra Region</b>							
PT Langkat Nusantara Kepong **	Leased property	2039	21,384	Oil palm estate and palm oil mills	2009	7 and 2	334,146
<b>Lampung Region</b>							
Kebun Prima Alumga	Hak Guna Usaha	2021, 2029 and 2049	10,513	Oil palm estate	2010	–	338,028
<b>North Kalimantan Region</b>							
Kebun Prima Bahagia Permai	Hak Guna Usaha	2046	7,731	Oil palm estate and palm oil mill	2008	2	530,925
	Hak Guna Usaha	Application in progress	3,778	Oil palm estate	2008	–	
	Hak Guna Usaha	Application in progress	1,310	Oil palm estate	2008	–	
	Hak Guna Usaha	2043	1,017	Oil palm estate	2008	–	
<b>East Kalimantan Region</b>							
Kebun Jabontara Eka Karsa	Hak Guna Usaha	2033	14,086	Oil palm estate and palm oil mill	2006	6	205,634
Kebun Putra Bongan Jaya	Hak Guna Usaha	2044	11,602	Oil palm estate	2018	–	428,142
	Izin Lokasi	2023	4,460	–	2018	–	
Kebun Sinergi Agro Industri	Hak Guna Usaha	2044	10,104	Oil palm estate and palm oil mill	2008	4	571,053
	Hak Guna Usaha	2045	3,255	Oil palm estate	2014	–	

\*\* PT Langkat Nusantara Kepong operates on the property owned by the joint venture partner, PT Perkebunan Nusantara II.

# Titled area is in hectares except otherwise indicated



## Properties Held by the Group (Continued)

At 30 September 2021

Location	Tenure	Year Lease Expiring	Titled Area Hectares#	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
Kebun Malindomas Perkebunan	Hak Guna Usaha	2043	7,971	Oil palm estate	2007	–	100,340
Kebun Hutan Hijau Mas	Hak Guna Usaha	2029 and 2043	7,317	Oil palm estate, palm oil mill and biogas power plant	2007 2009	12 5	76,838
Kebun Satu Sembilan Delapan	Hak Guna Usaha	Between 2029 and 2044	5,728	Oil palm estate and palm oil mill	Between 2008 and 2009	7	95,085
Kebun Tekukur Indah	Hak Guna Usaha	2055	1,497	Oil palm estate	Between 2012 and 2016	–	11,702
Kebun Karya Bakti Sejahtera Agrotama	Hak Guna Usaha	2053	1,378	Oil palm estate	2012	–	196,162
	Hak Guna Usaha	Application in progress	2,885	Oil palm estate	2017	–	
Kebun Indonesia Plantation Synergy	Hak Guna Usaha	2054	3,556	Oil palm estate, palm oil mill and kernel crushing plant	2009 2012	9 8	200,896
<b>Central Kalimantan Region</b>							
Kebun Karya Makmur Abadi	Hak Guna Usaha	2051	9,397	Oil palm estate and palm oil mill	2007	6	231,353
Kebun Mulia Agro Permai	Hak Guna Usaha	2040	9,056	Oil palm estate and palm oil mill	2006	8	156,008
Kebun Menteng Jaya Sawit Perdana	Izin Lokasi	2022	2,384	Oil palm estate	2007	–	36,031
<b>LIBERIA</b>							
Palm Bay Estate Grand Bassa County	Leasehold	2063	13,007	Oil palm estate, palm oil mill, bulking installation, kernel crushing plant and biogas power plant	2013	3 2 2 –	104,579
<b>MANUFACTURING</b>							
<b>MALAYSIA</b>							
KL-Kepong Oleomas Klang, Selangor	Leasehold	2097	19	Oleochemical factory	2004	12 to 15	37,212
Palm-Oleo Rawang, Selangor	Freehold	–	15	Oleochemical, soap noodles and industrial amides factories	1991 1994	25 and 30	18,009

# Titled area is in hectares except otherwise indicated

**Properties Held by the Group** (Continued)  
At 30 September 2021

Location	Tenure	Year Lease Expiring	Titled Area Hectares <sup>#</sup>	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
Malay-Sino Chemical Industries Lot 3557 and 4524 Kawasan Perindustrian Teluk Kalung Kemaman, Terengganu	Leasehold	2056 and 2059	14	Chemical factory	Between 1996 and 2011	10 to 23	16,629
See Sen Chemical Lot 2989 and 3558 Kawasan Perindustrian Teluk Kalung Kemaman, Terengganu	Leasehold	2055	12	Chemical factory	1995	25	5,531
Palm-Oleo (Klang) Klang, Selangor	Leased property	2088	7	Oleochemical factory	2007	30 and 40	25,492
Malay-Sino Chemical Industries Lot 70810 and 70811 4½ Miles, Jalan Lahat Ipoh, Perak	Leasehold	2074	5	Chemical factory and Methyl Chloride factory	1996* 2011	45 11	3,258 170
B.K.B. Hevea Products Ipoh, Perak	Leasehold	2089	5	Parquet factory	1994	27	2,908
KL-Kepong Rubber Products Ipoh, Perak	Leasehold Freehold	2045 –	4 3	Industrial land Rubber gloves factory	2020 2012	– 37	4,653 19,671
See Sen Chemical PT 6326, Bandar Sri Sendayan Seremban, Negeri Sembilan	Freehold	–	2	Chemical factory	2013	7	9,005
See Sen Chemical PTD 21873, Pasir Gudang Industrial Estate Pasir Gudang, Johor	Leasehold	2039	2	Chemical factory	1979	36	2,225
KLK Bioenergy Shah Alam, Selangor	Leasehold	2074	1	Biodiesel plant	2009	36	2,859
KLK Indahmas Klang, Selangor	Leasehold	2097	52	Industrial land	2019	–	182,844
Malay-Sino Chemical Industries Lot 541, Kg Acheh Industrial Estate Sitiawan, Perak	Leasehold	2087	1	Industrial land with warehouse	1996*	32	556

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**Properties Held by the Group** (Continued)  
At 30 September 2021

Location	Tenure	Year Lease Expiring	Titled Area Hectares#	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
See Sen Chemical Lot 5441, Kawasan Perindustrian Teluk Kalung Kemaman, Terengganu	Leasehold	2056	9,013 sq m	Acid pipeline	2003	–	90
Malay-Sino Properties Lot 9878, Kg Acheh Industrial Estate Sitiawan, Perak	Leasehold	2093	4,282 sq m	Industrial land with warehouse	1996*	26	205
CCM Chemicals Pasir Gudang Works Plot 411 Pasir Gudang Industrial Estate Pasir Gudang, Johor	Leasehold	2051	10	Industrial land, chemical factory and offices	2010*	21 to 28	37,150
CCM Water Systems No 4 & 6 Jalan Kemajuan Satu 16/17A Shah Alam, Selangor	Leasehold	2094	1	Industrial land, chemical factory and offices	2010*	26	11,412
CCM Polymers No 69, Jalan P10/21 Selaman Industrial Park Section 10 Bandar Baru Bangi, Selangor	Leasehold	2098	7,969 sq m	Industrial land, chemical factory and offices	2018	9	20,904
Innovative Resins No 32, 34 and 36 Jalan P10/16 Selaman Industrial Park Section 10 Bandar Baru Bangi, Selangor	Leasehold	2098	2,915 sq m	Industrial land and chemical semi-detached factory	Between 2002 and 2006	20	2,560
<b>INDONESIA</b>							
PT KLK Dumai Dumai Timur, Riau	Leased property	2031	12,876 sq m	Oleochemical factory	2011	7	16,335
<b>BELGIUM</b>							
KLK Tensachem SA Ougree	Freehold	–	10	Surfactant factory	2014	14 to 91	23,309

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## Properties Held by the Group (Continued)

At 30 September 2021

Location	Tenure	Year Lease Expiring	Titled Area Hectares <sup>#</sup>	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
<b>CHINA</b>							
Taiko Palm-Oleo (Zhangjiagang) Zhangjiagang City, Jiangsu	Leasehold	2054	20	Oleochemical factory	2004	16	39,235
Shanghai Jinshan Jingwei Chemical Jinshan, Shanghai	Leasehold	2052	2	Oleochemical factory	2008	16	2,695
<b>GERMANY</b>							
KLK Emmerich Emmerich Am Rhein	Freehold	–	21	Oleochemical factory	2010	28 to 68	14,237
KLK Emmerich Dusseldorf	Leasehold	2104	6	Oleochemical factory	2015	16 to 111	41,733
<b>NETHERLANDS</b>							
Dr. W. Kolb Netherlands BV Moerdijk	Freehold	–	8	Ethoxylation factory	2007	28	85,976
KLK Kolb Specialties BV Delden	Freehold	–	17	Chemical specialty factory	2018	18 to 74	48,300
<b>SWITZERLAND</b>							
Dr. W. Kolb AG Hedingen	Freehold	–	2	Ethoxylation factory	2007	21 to 57	72,389
<b>PROPERTY DEVELOPMENT</b>							
<b>MALAYSIA</b>							
Aura Muhibah Senai, Johor	Freehold	–	1,012	Property development operating as oil palm estate	2016	–	901,373
KL-Kepong Country Homes Ijok, Selangor	Freehold	–	54	Property development	1979	–	75,861
	Freehold	–	658	Property development	1979	–	13,643
	Leasehold	2082, 2108 and 2117	11	operating as oil palm estate	2010 2018		
Colville Holdings Setul, Negeri Sembilan	Freehold	–	421	Property development operating as oil palm estate	1985	–	10,431
KL-Kepong Property Development Gombak, Selangor	Freehold	–	403	Property development operating as oil palm estate	2004	–	147,077
	Leasehold	2094	1	Property development	2020		1,405

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**Properties Held by the Group** (Continued)  
At 30 September 2021

Location	Tenure	Year Lease Expiring	Titled Area Hectares <sup>#</sup>	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
Palermo Corporation Bagan Samak, Kedah	Freehold	–	351	Property development operating as oil palm estate	1986	–	13,017
Scope Energy Tanjung Kupang, Johor	Freehold	–	203	Property development	2016	–	883,909
KLK Park Homes Ijok, Selangor	Freehold	–	126 55	Property development Property development operating as oil palm estate	2020	–	52,923
Kompleks Tanjong Malim Hulu Selangor, Selangor	Freehold	–	172	Property development operating as oil palm estate	1979	–	7,974
KL-Kepong Property Management Paloh, Johor	Freehold	–	26	Property development operating as oil palm estate	1979*	–	391
KL-Kepong Complex Sungai Buloh, Selangor	Freehold	–	8	Property development	1979	–	3,114
Menara KLK No 1, Jalan PJU 7/6 Mutiara Damansara Petaling Jaya, Selangor	Freehold	–	5,730 sq m	Office building	2003	12	45,550
<b>INVESTMENT PROPERTY</b>							
<b><u>MALAYSIA</u></b>							
Innovative Resins No 5, Jalan 4/12E Section 4 Bandar Baru Bangi, Selangor	Leasehold	2097	130 sq m	Terraced house	2021*	20	600
Chemical Company of Malaysia Lot 3880, Mukim of Bukit Raja Klang, Selangor	Freehold	–	2	Industrial land, plant and warehouse	2021*	35	6,300

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**Properties Held by the Group** (Continued)  
At 30 September 2021

Location	Tenure	Year Lease Expiring	Titled Area Hectares#	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
<b>OTHERS</b>							
<b>MALAYSIA</b>							
Stolthaven (Westport) Klang, Selangor	Leased property	2024	12	Bulking installation	2006 2014	7 and 23	15,373
Circular Agency Lot 202186, 202187 and 202188, Zarib Industrial Park, Ipoh, Perak	Leasehold	2092	1	Land with office building and workshop	1996*	27	1,810
Wisma Taiko 1, Jalan S.P. Seenivasagam Ipoh, Perak	Freehold	–	2,984 sq m	Head Office building	1983	36	3,112
	Leasehold	2892	2,408 sq m		2000		1,588
Kelkay Bulking Installation Port Klang, Selangor	Leased property	Pending renewal	3,968 sq m	Bulking installation	1975 2014	46	269
Chemical Company of Malaysia Lot 10010 and 10111 Mukim 16 Seberang Perai Pulau Pinang	Freehold	–	9,970 sq m	Agriculture land	2021*	–	270
<b>INDONESIA</b>							
SWP Bulking Installation Belitung Island	Hak Guna Bangunan	2035	20	Bulking installation and jetty	2005	12 and 16 15	11,839
PT Steelindo Wahana Perkasa East Belitung	Hak Guna Bangunan	2026	49,875 sq m	Warehouse	2018	16	1,577
PT Hutan Hijau Mas Berau, East Kalimantan	Hak Pakai	2035	8	Jetty	2010	7	1,065
3, 5, 6 & 7, Block C Ruko Puri Mutiara Sunter Agung Tanjung Priok Jakarta Utara	Hak Guna Bangunan	2027	300 sq m	Office building	2007	14	34

# Titled area is in hectares except otherwise indicated

\* Year of last revaluation

**Properties Held by the Group** (Continued)  
At 30 September 2021

Location	Tenure	Year Lease Expiring	Titled Area Hectares <sup>#</sup>	Description / Existing Use	Year of Acquisition / Last Revaluation	Age of Buildings (Years)	Net Carrying Amounts RM'000
<b>AUSTRALIA</b>							
Chilimony Farm Northampton Western Australia	Freehold	–	16,189	Cereal and cattle farm	2012 2013	–	87,970
Wyunga Farm Dandaragan Western Australia	Freehold	–	5,678	Cereal farm	2013 2014	–	31,737
Erregulla Farm Mingenew Western Australia	Freehold	–	10,215	Cereal and sheep farm	2004* 2018	–	37,505
Mungedar Farm Dandaragan Western Australia	Freehold	–	9,888	Cereal and cattle farm	2014 2016 2020	–	89,620
Warrenng Gully Farm Williams Western Australia	Freehold	–	5,119	Cereal and sheep farm	2004* 2014	–	29,939
Jonlorrie Farm York Western Australia	Freehold	–	4,927	Cereal and sheep farm	2013 2014	–	72,032
Tatchbrook Farm Arthur River Western Australia	Freehold	–	6,516	Cereal and sheep farm	2015 2016 2017	–	54,008

# Titled area is in hectares except otherwise indicated

\* Year of last revaluation



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# PROXY FORM

# BATU KAWAN BERHAD

196501000504 (6292-U)



No. of Shares Held	CDS Account No.	Tel. No.

I/We \_\_\_\_\_  
(Full Name in Block Letters)

NRIC/Passport/Company No. \_\_\_\_\_

of \_\_\_\_\_  
being (a) member(s) of BATU KAWAN BERHAD hereby appoint\_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_  
(Full Name in Block Letters)\*and/or \_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_  
(Full Name in Block Letters)

or failing him THE CHAIRMAN OF THE MEETING as my/our proxy/proxies to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held as a virtual meeting conducted through live streaming from the Broadcast Venue at Menara KLK, Level 10, No. 1, Jalan PJU 7/6, Mutiara Damansara, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 17 February 2022 at 2.15 p.m. and at any adjournment thereof, and to vote as indicated below:

Resolution	Relating to:	For	Against
1	Re-election of the following Directors who retire by rotation in accordance with the Company's Constitution: Mr. Quah Chek Tin		
2	Dr. Tunku Alina binti Raja Muhd Alias		
3	Re-election of the following Directors who were appointed during the year and retire in accordance with the Company's Constitution: Mr. Lee Yuan Zhang		
4	Mr. Lim Ban Aik		
5	Payment of Directors' fees		
6	Payment of Directors' benefits		
7	Re-appointment of Auditors and their remuneration		
8	Proposed Renewal of Authority to Buy Back Shares		
9	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
10	Proposed Renewal of Authority for Directors to Allot and Issue New BKB Shares in relation to the Dividend Reinvestment Plan		

\* Please delete if inapplicable.

Please indicate with a tick (✓) how you wish your vote to be cast

For appointment of two (2) proxies, percentage of shareholding to be represented by the proxies:	
	Percentage (%)
Proxy 1	
Proxy 2	

\_\_\_\_\_  
Signature of Shareholder

Date: \_\_\_\_\_

**Notes:**

- The Broadcast Venue of the Annual General Meeting is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the chairperson of the meeting to be present at the main venue of the meeting. Members or proxies or representatives **ARE NOT ALLOWED** to be physically present at the Broadcast Venue on the day of the Annual General Meeting. Therefore, members are strongly advised to participate and vote remotely at the Annual General Meeting through the live streaming and online remote voting using the Remote Participation and Voting ("RPV") facilities provided by the appointed Poll Administrator for the Annual General Meeting, Tricor Investor & Issuing House Services Sdn Bhd ("Tricor") on its TIH Online website at <https://tth.online>. Please follow the procedures set out in the Administrative Guide for the Annual General Meeting which is available on the Company's website at [www.bkawan.com.my](http://www.bkawan.com.my) and Bursa Malaysia Securities Berhad's website at [www.bursamalaysia.com](http://www.bursamalaysia.com) to register, participate, speak (in the form of real time submission of typed texts) and vote remotely via the RPV facilities.
- A member of the Company entitled to participate and vote at the meeting is entitled to appoint not more than two (2) proxies to exercise all or any of his/her rights to participate at the same meeting on his/her behalf. A proxy may but need not be a member of the Company. Where a member appoints two (2) proxies, the appointments shall be invalid unless he/she specifies in the instrument appointing the proxies the proportion of shareholdings to be represented by each proxy.
- Where the proxy form is executed by a corporation, it must be signed under its common seal or where the corporation does not have a common seal, by any two (2) of its authorised officers or under the hand of its officer or attorney duly authorised. In the case of a corporation with a single director, it shall be signed by the single director and countersigned by the company secretary of the corporation.

- (d) Where an exempt authorised nominee appoints two (2) or more proxies, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (e) The appointment of proxy may be made in hardcopy form or by electronic means as specified below and must be received by the Company not less than twenty-four (24) hours before the time appointed for the taking of the poll:
- In hardcopy form  
The original proxy form shall be deposited to Tricor's office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8 Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Tricor Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
  - Electronically via Tricor Online System ("TIIH Online")  
The proxy form can be electronically lodged with Tricor via TIIH Online at <https://tiih.online>. Please follow the procedures set out in the Administrative Guide for such lodgement.
- (f) The power of attorney or other authority, if any, under which it is signed or a notarially certified of that power or authority, shall be deposited with Tricor not less than twenty-four (24) hours before the time appointed for the taking of the poll.
- (g) If neither "for" nor "against" is indicated above, the proxy will vote or abstain as he/she thinks fit.
- (h) Only members whose names appear on the General Meeting Record of Depositors or Register of Members as at 10 February 2022 shall be entitled to participate or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to participate, speak and vote in his/her stead.

**Personal Data Privacy**

*By submitting the duly executed proxy form, the member (i) consents to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010, for the purpose of the Annual General Meeting, including any adjournment thereof and (ii) warrants that where the member discloses the personal data of the member's proxy(ies), attorney(s) and/or representative(s) to the Company (and/or its agents/service providers), the member has obtained the prior consent of such persons for the collection, use and disclosure by the Company (and/or its agents/service providers) of the personal data of such persons for the purpose of the Annual General Meeting, including any adjournment thereof, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*

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Affix Stamp  
Here

**BATU KAWAN BERHAD**  
**C/O TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD**  
**Unit 32-01, Level 32, Tower A,**  
**Vertical Business Suite,**  
**Avenue 3,**  
**Bangsar South,**  
**No. 8, Jalan Kerinchi,**  
**59200 Kuala Lumpur,**  
**Malaysia**

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