

**BATU KAWAN BERHAD**

196501000504 (6292-U)

**ANNUAL REPORT FOR THE YEAR ENDED 30 SEPTEMBER**

**2023**

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## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Fifty-Ninth Annual General Meeting (“**59<sup>th</sup> AGM**”) of Batu Kawan Berhad (“**BKB**” or “**Company**”) will be held at Conference Room, Ground Floor, Wisma Taiko, No. 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan on Wednesday, 21 February 2024 at 3.00 p.m. for the following purposes:

### AGENDA

#### As Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 30 September 2023 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)
Mr. Lim Ban Aik	(Ordinary Resolution 3)
3. To approve the payment of Directors’ fees to the Non-Executive Directors for the financial year ended 30 September 2023 amounting to RM1,473,322 (2022: RM1,392,514). (Ordinary Resolution 4)
4. To approve the payment of Directors’ benefits (other than Directors’ fees) for the period from this 59<sup>th</sup> AGM to the Sixtieth Annual General Meeting (“**60<sup>th</sup> AGM**”) of the Company to be held in 2025. (Ordinary Resolution 5)
5. To re-appoint Messrs BDO PLT as External Auditors of the Company for the financial year ending 30 September 2024 and to authorise the Board of Directors to fix their remuneration. (Ordinary Resolution 6)

#### As Special Business:

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

“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;

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*.

## Notice of Annual General Meeting (Continued)

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 8)

“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 29 December 2023 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.

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.”

## Notice of Annual General Meeting (Continued)

- (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 9)

“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.”

7. 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 14 February 2024 shall be entitled to attend and vote at this Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend and vote in his/her stead.

By Order of the Board

**YAP MIOW KIEN (MAICSA 7059013) SSM PC 202008000769**

**GOH SWEE ENG (MIA 15953) SSM PC 202008002222**

**CHIEW CINDY (MAICSA 7057923) SSM PC 202008002202**

( Company Secretaries )

Ipoh, Perak Darul Ridzuan, Malaysia.

29 December 2023

## Notice of Annual General Meeting (Continued)

### NOTES:

#### (1) APPOINTMENT OF PROXY

- (a) A member of the Company entitled to attend 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 attend and vote 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 at the Company Share Registrar’s office, Boardroom Share Registrars Sdn Bhd (“**Boardroom**”), 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
  - Electronically  
The proxy form can be electronically lodged with Boardroom via Boardroom’s website, Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Please follow the procedures set out in the Administrative Guide for such lodgement. Alternatively, the proxy form can be emailed to Boardroom at [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com).
- (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 Boardroom not less than twenty-four (24) hours before the time appointed for the taking of the poll.

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

##### (a) Audited Financial Statements for financial year ended 30 September 2023

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.

##### (b) Re-election of Directors

Mr. Quah Chek Tin, Dr. Tunku Alina Alias and Mr. Lim Ban Aik who retire by rotation in accordance with the Company’s *Constitution* and being eligible, have offered themselves for re-election at this Annual General Meeting.

For the purpose of determining the eligibility of the Directors standing for re-election, the Board through its Nomination Committee had assessed the retiring Directors, and considered the following:

- (i) the Directors’ performance and contribution based on the Board Self-Evaluation for the financial year ended 2023 results;
- (ii) the Directors’ level of contribution to the Board and Board Committees’ deliberations;

## Notice of Annual General Meeting (Continued)

### NOTES: (Continued)

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

##### (b) Re-election of Directors (Continued)

- (iii) the level of independence demonstrated by the Independent Directors (i.e. Dr. Tunku Alina Alias and Mr. Lim Ban Aik), and their ability to act in the best interests of the Company; and
- (iv) the Directors' fitness and propriety with reference to the *Directors' Fit and Proper Policy* of the Company.

Based on the aforesaid assessment, the Board and Nomination Committee are satisfied that the retiring Directors met the following criteria required to an effective and contributing director:

- willingness and the ability to challenge and ask the right questions;
- sound character and integrity in dealing with potential conflict of interest situations;
- commitment and time to serve the Company;
- fitness and propriety;
- competent and capable; and
- past contribution and performance.

The Directors standing for re-election have discharged their duties and responsibilities effectively and efficiently. Noting their positive assessments, the Board approved Nomination Committee's recommendation that the retiring Directors, Mr. Quah Chek Tin, Dr. Tunku Alina Alias and Mr. Lim Ban Aik, be eligible to stand for re-election at the forthcoming Annual General Meeting.

Shareholders' approvals are sought for the re-elections of Mr. Quah Chek Tin, Dr. Tunku Alina Alias and Mr. Lim Ban Aik under Ordinary Resolutions 1, 2 and 3 respectively.

##### (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. In this respect, the Board agreed that the members' approval shall be sought at this 59<sup>th</sup> AGM on the Directors' fees and benefits in two (2) separate resolutions as follows:

- (i) Ordinary Resolution 4 on payment of Directors' fees to the Non-Executive Directors in respect of the financial year ended 2023 is 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 / Committee Members	145,000	25,000	15,000

- (ii) Ordinary Resolution 5 on payment of Directors' benefits (other than Directors' fees) for the period from this 59<sup>th</sup> AGM to 60<sup>th</sup> AGM of the Company to be held in 2025, 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.

## Notice of Annual General Meeting (Continued)

### NOTES: (Continued)

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

##### (d) Re-appointment of Auditors and Audit Fees

The Audit and Risk Committee had, at its meeting held on 21 November 2023, assessed the suitability and independence of the External Auditors, Messrs BDO PLT, and considered its engagement team, reporting, deliverables, fees and non-audit services. The Audit and Risk Committee also reviewed the information presented in the *Annual Transparency Report* of Messrs BDO PLT.

The Audit and Risk Committee was satisfied with the performance and suitability of Messrs BDO PLT based on the quality of audit, competency and sufficiency of resources of Messrs BDO PLT in relation to the financial year ended 2023 audit.

Noting the Audit and Risk Committee's assessment results supporting the re-appointment of Messrs BDO PLT as External Auditors of the Company for the financial year ending 2024, the Board approved the Audit and Risk Committee's recommendation to seek shareholders' approval for Messrs BDO PLT's re-appointment at the forthcoming Annual General Meeting in 2024 and to authorise the Directors to fix their remuneration under Ordinary Resolution 6.

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

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

Ordinary Resolution 7 proposed under Item 6(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 8 proposed under Item 6(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 DRP and such authority will expire at the conclusion of the forthcoming Annual General Meeting.

Ordinary Resolution 9 proposed under Item 6(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 7 and 8 mentioned above, further information is set out in the Circular to Shareholders of the Company dated 29 December 2023 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 Sembilan akan diadakan di Bilik Persidangan, Aras Bawah, Wisma Taiko, No. 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan, Malaysia pada hari Rabu, 21 Februari 2024 pada pukul 3.00 petang untuk tujuan-tujuan berikut:

### AGENDA

#### Sebagai Urusan Biasa:

1. Untuk menerima Penyata Kewangan Beraudit bagi tahun kewangan berakhir 30 September 2023 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)
Encik Lim Ban Aik	(Resolusi Biasa 3)
3. Untuk meluluskan pembayaran fi kepada Pengarah Bukan Eksekutif berjumlah RM1,473,322 bagi tahun berakhir 30 September 2023 (2022: RM1,392,514). (Resolusi Biasa 4)
4. Untuk meluluskan pembayaran faedah para Pengarah (selain daripada fi para Pengarah) bagi tempoh dari Mesyuarat Agung Tahunan Syarikat yang Kelima Puluh Sembilan sehingga Mesyuarat Agung Tahunan Syarikat yang Keenam Puluh yang akan diadakan pada tahun 2025. (Resolusi Biasa 5)
5. Untuk melantik semula Tetuan BDO PLT sebagai Juruaudit Syarikat bagi tahun kewangan berakhir 30 September 2024 dan memberi kuasa kepada para Pengarah untuk menetapkan saraan Tetuan BDO PLT. (Resolusi Biasa 6)

#### Sebagai Urusan Khas:

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

“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;

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 perlaksanaan skim syer pekerja; atau
    - (iv) memindah milik syer tersebut atau mana-mana bahagian daripada syer itu sebagai balasan pembelian; atau

## Notis Mesyuarat Agung Tahunan (Sambungan)

- (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 8)

“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 Appendix II dalam Surat Pekeliling Syarikat kepada para pemegang syer yang bertarikh 29 Disember 2023 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**”).

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.”

## Notis Mesyuarat Agung Tahunan (Sambungan)

- (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 9)

"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 pasaran 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."

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

**DENGAN INI JUGA DIMAKLUMKAN BAHAWA** hanya pemegang syer yang namanya terkandung di dalam Rekod Pendeposit atau Daftar Anggota pada 14 Februari 2024 adalah layak untuk hadir di mesyuarat ini atau melantik proksi untuk mengambil bahagian dan mengundi bagi pihaknya atau dalam hal suatu perbadanan, seorang perwakilan kuasa untuk menghadiri dan mengundi bagi pihaknya.

Dengan Perintah Lembaga Pengarah  
**YAP MIOW KIEN (MAICSA 7059013) SSM PC 202008000769**  
**GOH SWEE ENG (MIA 15953) SSM PC 202008002222**  
**CHIEW CINDY (MAICSA 7057923) SSM PC 202008002202**  
 ( Setiausaha-setiausaha Syarikat )

Ipoh, Perak Darul Ridzuan, Malaysia.  
 29 Disember 2023

### NOTA:

#### (1) PELANTIKAN PROKSI

- (a) Pemegang syer Syarikat yang layak untuk menghadiri dan mengundi pada mesyuarat ini berhak melantik tidak lebih daripada dua (2) proksi untuk menjalankan segala atau mana-mana haknya untuk turut menghadiri dan mengundi 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.

## Notis Mesyuarat Agung Tahunan (Sambungan)

### NOTA: (Sambungan)

#### (1) PELANTIKAN PROKSI (Sambungan)

- (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 perwakilan 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.
- (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 Bercetak  
Salinan asal borang proksi hendaklah diserahkan ke pejabat Pendaftar Saham Syarikat, Boardroom Share Registrars Sdn Bhd ("**Boardroom**"), Aras 11, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
  - Secara Elektronik  
Borang proksi boleh juga diserahkan secara elektronik kepada Boardroom melalui laman web Boardroom, Boardroom Smart Investor Portal di <https://investor.boardroomlimited.com>. Sila ikuti prosedur yang terdapat dalam Panduan Pentadbiran (*Administrative Guide*) untuk tujuan serahan tersebut. Sebagai alternatif, borang proksi boleh diemelkan kepada Boardroom di [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com).
- (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 Boardroom dalam tempoh tidak kurang daripada dua puluh empat (24) jam sebelum masa yang ditetapkan bagi menjalankan pengundian.

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

##### (a) Penyata Kewangan Beraudit bagi tahun berakhir 30 September 2023

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 Para Pengarah

Encik Quah Chek Tin, Dr. Tunku Alina Alias dan Encik Lim Ban Aik yang bersara mengikut giliran menurut *Perlembagaan Syarikat* dan layak, telah menawarkan diri untuk dipilih semula di Mesyuarat Agung Tahunan ini.

Bagi tujuan menentukan kelayakan para Pengarah untuk pelantikan semula pada Mesyuarat Agung Tahunan ini, Lembaga Pengarah telah menilai prestasi dan kelayakan para Pengarah yang bersara tersebut melalui Jawatankuasa Pencalonan, dan mempertimbangkan perkara berikut:

- (i) prestasi dan sumbangan Pengarah berdasarkan keputusan Penilaian Keberkesanan Lembaga bagi tahun kewangan 2023;
- (ii) tahap sumbangan para Pengarah yang bersara tersebut dalam perbincangan di kalangan Lembaga Pengarah dan Jawatankuasa Lembaga Pengarah;
- (iii) tahap kemandirian yang dipamerkan oleh para Pengarah Bebas (iaitu Dr. Tunku Alina Alias dan Encik Lim Ban Aik), dan keupayaan mereka untuk bertindak demi kepentingan terbaik Syarikat; dan
- (iv) kesesuaian tatasusila dan kendiri para Pengarah selaras dengan Dasar Kelayakan dan Kewajaran Pengarah Syarikat.

## Notis Mesyuarat Agung Tahunan (Sambungan)

### NOTA: (Sambungan)

#### (2) NOTA PENJELASAN BERKENAAN URUSAN-URUSAN BIASA (Sambungan)

##### (b) Pemilihan semula Para Pengarah (Sambungan)

Berdasarkan kepada penilaian tersebut, Lembaga Pengarah dan Jawatankuasa Pencalonan berpuas hati bahawa para Pengarah yang bersara telah memenuhi kriteria-kriteria berikut yang diperlukan oleh Pengarah yang efektif dan berkemampuan:

- ketersediaan dan mempunyai keupayaan untuk mencabar dan mengajukan soalan yang sesuai;
- karakter yang baik dan integriti dalam mengendalikan situasi-situasi konflik kepentingan;
- komitmen dan masa untuk berkhidmat kepada Syarikat;
- kesesuaian tatasusila dan sendiri;
- cekap dan kebolehan; dan
- sumbangan masa lalu dan prestasi.

Pengarah-pengarah tersebut yang mencalonkan diri dalam pemilihan semula telah menunaikan kewajiban dan tanggungjawab dengan sepenuhnya dan berkesan. Berdasarkan keputusan penilaian yang positif, Lembaga Pengarah telah meluluskan cadangan Jawatankuasa Pencalonan bahawa para Pengarah yang bersara, iaitu Encik Quah Chek Tin, Dr. Tunku Alina Alias, dan Encik Lim Ban Aik, layak untuk mencalonkan diri dalam pemilihan semula pada Mesyuarat Agung Tahunan ini.

Kelulusan para pemegang syer adalah dipohon dibawah Resolusi Biasa 1, 2 dan 3 masing-masing untuk pemilihan semula Encik Quah Chek Tin, Dr. Tunku Alina Alias dan Encik Lim Ban Aik sebagai Pengarah Syarikat.

##### (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. Dalam hal ini, Lembaga Pengarah bersetuju untuk mendapatkan kelulusan daripada para pemegang syer bagi fi dan faedah Pengarah dalam dua (2) resolusi berasingan berikut pada Mesyuarat Agung Tahunan yang Kelima Puluh Sembilan:

- (i) Resolusi Biasa 4 mengenai pembayaran fi Pengarah bagi tahun kewangan 2023 kepada Pengarah Bukan Eksekutif adalah seperti berikut:

	Lembaga Pengarah (RM Setahun)	Jawatankuasa Audit Dan Risiko (RM Setahun)	Jawatankuasa Lembaga (Lain-Lain) (RM Setahun)
Pengerusi Bukan Eksekutif	217,500	35,000	25,000
Pengarah Bukan Eksekutif / Ahli Jawatankuasa	145,000	25,000	15,000

- (ii) Resolusi Biasa 5 mengenai pembayaran faedah Pengarah (selain daripada fi Pengarah) bagi tempoh dari Mesyuarat Agung Tahunan yang Kelima Puluh Sembilan sehingga Mesyuarat Agung Tahunan Syarikat yang Keenam puluh yang akan diadakan pada tahun 2025, 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 sehari
Faedah lain	Perjalanan perniagaan, perubatan, perlindungan insurans, dan segala bayaran balik dan tuntutan bagi para Pengarah semasa menjalankan tugasnya

## Notis Mesyuarat Agung Tahunan (Sambungan)

### NOTA: (Sambungan)

#### (2) NOTA PENJELASAN BERKENAAN URUSAN-URUSAN BIASA (Sambungan)

##### (d) Pelantikan semula Juruaudit dan Bayaran Yuran

Jawatankuasa Audit dan Risiko dalam mesyuaratnya yang diadakan pada 21 November 2023, telah menilai kesesuaian dan kemandirian Juruaudit Luar, Tetuan BDO PLT, dan mempertimbangkan penglibatan pasukannya, pelaporan, prestasi kerja, yuran, dan perkhidmatan bukan audit yang diberikan. Jawatankuasa Audit dan Risiko juga meneliti maklumat yang dibentangkan dalam *Laporan Ketelusan Tahunan* Tetuan BDO PLT.

Jawatankuasa Audit dan Risiko berpuas hati dengan prestasi dan kesesuaian Tetuan BDO PLT berdasarkan kualiti audit, kecekapan serta kecukupan sumber Tetuan BDO PLT berhubung dengan audit bagi tahun kewangan 2023.

Berdasarkan keputusan penilaian tahunan oleh Jawatankuasa Audit and Risiko yang menyokong pelantikan semula Tetuan BDO PLT sebagai Juruaudit Luar Syarikat bagi tahun kewangan 2024, Lembaga Pengarah telah meluluskan saranan Jawatankuasa Audit dan Risiko untuk kelulusan para pemegang syer untuk pelantikan semula Tetuan BDO PLT pada Mesyuarat Agung Tahunan ini dan memberi kuasa kepada para Pengarah untuk menetapkan saraan Tetuan BDO PLT di bawah Resolusi Biasa 6.

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

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

Resolusi Biasa 7 yang dicadangkan di bawah Agenda 6(a), jika diluluskan, akan memberi kuasa kepada para Pengarah untuk membeli balik syer Syarikat. Kuasa ini, melainkan dibatalkan atau diubah 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 8 yang dicadangkan di bawah Agenda 6(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 urusan 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 memperbaharui 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 9 yang dicadangkan di bawah Agenda 6(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 7 dan 8 tersebut di atas, penerangan lanjut berkenaan dengan perkara-perkara tersebut di atas adalah terkandung di dalam Surat Pekeliling kepada Pemegang Syer Syarikat bertarikh 29 Disember 2023 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



### 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 Plantation, 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 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, Indonesia and Europe. 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 East Kalimantan, Indonesia which operate 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 (Selangor), 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 (i.e. Malay-Sino Chemical Industries Sendirian Berhad and 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**

Non-Independent Non-Executive  
Director



**MR. QUAH CHEK TIN**

Non-Independent Non-Executive  
Director



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

Senior Independent Non-Executive  
Director



**MR. LEE YUAN ZHANG**

Non-Independent Non-Executive  
Director



**MR. LIM BAN AIK**

Independent Non-Executive  
Director



**MS. SUSAN YUEN SU MIN**

Independent Non-Executive  
Director

#### COMPANY SECRETARIES

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

#### REGISTERED OFFICE / PRINCIPAL PLACE OF BUSINESS

Wisma Taiko,  
No. 1, Jalan S.P. Seenivasagam,  
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 Berhad  
OCBC Bank (Malaysia) Berhad  
RHB Bank Berhad  
Standard Chartered Bank Malaysia Berhad



## Profile of Directors

01



02



03



04



05



06



07



08



- 01 Tan Sri Dato' Seri Lee Oi Hian  
Non-Independent Non-Executive  
Chairman
- 02 Dato' Lee Hau Hian  
Managing Director
- 03 Dato' Yeoh Eng Khoon  
Non-Independent Non-Executive  
Director
- 04 Mr. Quah Chek Tin  
Non-Independent Non-Executive  
Director

- 05 Dr. Tunku Alina  
Binti Raja Muhd Alias  
Senior Independent Non-Executive  
Director
- 06 Mr. Lee Yuan Zhang  
Non-Independent Non-Executive  
Director
- 07 Mr. Lim Ban Aik  
Independent Non-Executive Director
- 08 Ms. Susan Yuen Su Min  
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*

Age	Gender	Nationality
72	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 of 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 is the Chairman of KLK Sawit Nusantara Berhad and serves as a member on the Board of Trustees of the Perdana Leadership Foundation, 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, which are both major shareholders of BKB. He is also deemed interested in various related party transactions with the BKB Group.

**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 of 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. He is deemed connected with Wan Hin Investments Sdn Berhad which is the holding company of Arusha Enterprise Sdn Bhd, which are both major shareholders of BKB. He is deemed interested in various related party transactions with the BKB Group.



**DATO' LEE HAU HIAN**

**Managing Director**

Age	Gender	Nationality
70	Male	Malaysian

## Profile of Directors (Continued)



**DATO' YEOH ENG KHOON**

**Non-Independent Non-Executive Director**

Age	Gender	Nationality
76	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.

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

**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.

Mr. Quah is presently the Chairman of Paramount Corporation Berhad and a Director of Genting Malaysia Berhad.

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



**MR. QUAH CHEK TIN**

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

Age	Gender	Nationality
72	Male	Malaysian

## Profile of Directors (Continued)



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

**Senior Independent Non-Executive Director**

*Chairman of Audit and Risk Committee*

*Member of Remuneration Committee*

Age	Gender	Nationality
60	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 and United Overseas Bank (Malaysia) Berhad.

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

**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 a Senior Executive within the Plantations division 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 previously also a Manager in a KLK subsidiary in Singapore, involved in marketing and trading of palm oil refined products and related logistic services.

Mr. Lee is a director of See Sen and M.P. Evans Group plc, a company listed on the London Stock Exchange.

He is the son of Dato' Lee Hau Hian and nephew of Tan Sri Dato' Seri Lee Oi Hian. Both Tan Sri Dato' Seri Lee Oi Hian and Dato' Lee Hau Hian are major shareholders of BKB.



**MR. LEE YUAN ZHANG**

**Non-Independent Non-Executive Director**

*Member of Audit and Risk Committee*

Age	Gender	Nationality
37	Male	Malaysian

## Profile of Directors (Continued)



**MR. LIM BAN AIK**

**Independent Non-Executive Director**

*Member of Audit and Risk Committee*

*Member of Nomination Committee*

*Chairman of Remuneration Committee*

Age	Gender	Nationality
49	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 started 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.

**Ms. Susan Yuen Su Min** was appointed to the Board on 1 March 2022. She graduated with a Bachelor Hons (Upper Class) Computer Science degree from University of London, United Kingdom.

Ms. Yuen has over 30 years of working experience in the banking industry and has served several banking establishments including Maybank and HSBC Malaysia. She was also previously attached to the National Bank of Abu Dhabi Malaysia Berhad (“**NBAD**”) where she was the Regional CEO Asia and Country CEO Malaysia from 2014 to 2018 prior to her retirement. Prior to joining NBAD, she served as CEO of ANZ Banking Group in Hong Kong from 2008 to 2014.

Ms. Yuen serves as an Independent Director on boards of Alliance Bank Malaysia Berhad and Press Metal Aluminium Holdings Berhad. She is also a Director of Chubb Insurance Malaysia Berhad, a public company.

She 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:
  - any conflict of interest or potential conflict of interest with BKB; and
  - 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.



**MS. SUSAN YUEN SU MIN**

**Independent Non-Executive Director**

*Member of Audit and Risk Committee*

*Chairman of Nomination Committee*

Age	Gender	Nationality
64	Female	Malaysian



## 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")**

Age  
**72**

Gender  
**Male**

Nationality  
**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**

Age  
**70**

Gender  
**Male**

Nationality  
**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**

Age  
**40**

Gender  
**Male**

Nationality  
**Malaysian**

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

Mr. Lee holds a Masters degree in Chemical Engineering (MEng) (Hons) 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 KLK 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 their Senior Management to create, implement and roll out operational processes, internal infrastructures, reporting systems and company policies. In addition, Mr. Lee was also appointed as the Chief Executive Officer of the KLK Group's Oleochemical Division on 1 April 2022.

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

## Profile of Key Senior Management (Continued)



### MR. TAN CHEE HENG

**Managing Director of Subsidiaries of BKB**

Age <b>52</b>	Gender <b>Male</b>	Nationality <b>Malaysian</b>
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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. 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.



### MR. PATRICK NG HONG CHUAN

**Group Plantations Director of Subsidiary of BKB, KLK**

Age <b>49</b>	Gender <b>Male</b>	Nationality <b>Malaysian</b>
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Environmental Engineering and Sustainable Development. He also completed the Harvard Business School Online Program on Leadership Principles in 2021.

He is a Graduate Member of the Institution of Engineers Malaysia, Life Member of the International Society of Oil Palm Agronomist and a Member of the Incorporated Society of Planters.

Mr. Patrick Ng was appointed as the KLK Group Plantations Director on 1 October 2022. Prior to his appointment, he was the President Commissioner of KLK's subsidiaries in Indonesia. He joined KLK in May 2021 after serving as the Deputy Director of KLK's associate company, Applied Agriculture Resources Sdn. Bhd. ("AAR"). He was with AAR since 1998 overseeing Research and Development with emphasis on palm nutrition and agro-management practices.

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

**Mr. Patrick Ng** holds a Bachelor of Engineering degree with Honours (Civil Engineering) from Universiti Sains Malaysia and awarded the 2006 British-Chevening (Malaysia) Scholarship to pursue his Master of Science in Imperial College (University of London) where he graduated with Distinction in

## Profile of Key Senior Management (Continued)



### MS. LEE WEN LING

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

Age  
**34**

Gender  
**Female**

Nationality  
**Malaysian**

involved in overseeing the sales and marketing, business development, planning and implementation of KLK's property projects. She was the Deputy Managing Director of KLK Land before she was appointed as the Managing Director of KLK Land.

Ms. Lee is the daughter of Tan Sri Dato' Seri Lee Oi Hian, the niece of Dato' Lee Hau Hian and cousin of Mr. Lee Yuan Zhang. Tan Sri Dato' Seri Lee and Dato' Lee are major shareholders of BKB.

**Ms. Lee Wen Ling** holds a degree in Economics from the University of Bristol, United Kingdom and joined KLK subsidiary, KLK Land Sdn Bhd ("**KLK Land**") in June 2012 as a Sales Executive. She worked her way up the ranks, and has been



### MR. GOH SWEE ENG

**Chief Financial Officer and Joint Company Secretary of BKB**

Age  
**51**

Gender  
**Male**

Nationality  
**Malaysian**

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.

**Mr. Goh Swee Eng** 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.

#### Additional Information:

- Save as disclosed above, none of the Key Senior Management has:
  - (i) any conflict of interest or potential conflict of interest with BKB; and
  - (ii) 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

The financial year ended 30 September 2023 (“FY 2023”) proved to be a challenging one for the Batu Kawan Berhad (“Company” or “BKB”) Group. For FY 2023, the Group achieved a 63% lower pre-tax profit of RM1.27 billion, which includes the results of its main subsidiary – Kuala Lumpur Kepong Berhad (“KLK”), than the record profit of RM3.44 billion reported last year. Revenues were lower at RM24.65 billion (FY 2022: RM28.22 billion) due primarily to lower prices in all the main sectors of plantations, oleochemicals and industrial chemicals. Apart from lower prices and a weaker macroeconomic environment, the Group pre-tax profit was impacted by several impairment charges, which are discussed below.



#### Group's Revenue

**RM24.65 billion**  
(2022: RM28.22 billion)

#### Group's Pre-tax Profit

**RM1.27 billion**  
(2022: RM3.44 billion)

Net profit (after tax and non-controlling interests) attributable to BKB shareholders was therefore lower at RM490.91 million compared to RM1.17 billion last year. Earnings per share (“EPS”) reduced more than half to 124.8 sen, compared to last year's 298.1 sen.

Your Board has declared a final single-tier dividend of 40 sen per share (“Final Dividend”) for this financial year, making a total dividend payout of 60 sen (FY 2022: 110 sen) for the full year, after including the interim dividend of 20 sen paid out in August 2023. This year's total dividends payout would be equivalent to some 48% of earnings (FY 2022: 37%).

During the financial year, a total of 180,900 BKB shares (FY 2022: 1,070,000) were bought back from the open market under the Company's share buy-back programme at an average price of RM20.46 per share (FY 2022: RM24.31 per share), thus increasing the number of shares held as Treasury shares to 6,154,500.

### SUBSIDIARIES' PERFORMANCE

#### MAIN SUBSIDIARY – KLK

KLK's pre-tax profit was 64% lower at RM1.15 billion against the RM3.21 billion achieved last year. Despite higher sales volume, its financial performance was affected by lower palm products prices, higher CPO production cost, weaker oleochemicals demand and several non-operational charges during the year. The latter, totaling RM226.50 million included charges for impairment of plasma receivables arising from the acquired former IJM Plantations Indonesian estates, restructuring costs for a European oleochemical facility and

its share of impairment charges of its overseas associate, Synthomer plc. Excluding these non-operational items, KLK's pre-tax profit this year would have been 59% lower than last year's similarly adjusted pre-tax profit of RM3.37 billion.

FY 2023 net profit (after tax and non-controlling interests) attributable to KLK shareholders was RM834.25 million compared to last year's RM2.16 billion. EPS for this year was lower at 77.4 sen (FY 2022: 200.9 sen).

The Plantation segment achieved 46% lower pre-tax profit of RM1.15 billion or 46% against RM2.12 billion last year, mainly affected by weaker average CPO prices of RM3,639/mt (FY 2022: RM4,227/mt), higher CPO production cost and the provision of plasma receivable impairment of RM60.48 million. There was a small increase in palm oil yield to 4.36 mt/ha (2022: 4.20 mt/ha) despite shortage of plantation workers (which has been addressed) and impact of unusually wet weather in some areas.

## Chairman's Statement (Continued)

### SUBSIDIARIES' PERFORMANCE (Continued)

#### MAIN SUBSIDIARY – KLK (Continued)

Pre-tax profit in the Manufacturing segment fell sharply by 75% to RM266.40 million (FY 2022: RM1.07 billion) with revenue declining 13% to RM19.69 billion (FY 2022: RM22.62 billion), reflecting significant challenges in the oleochemicals for the year. KLK's Oleochemical operations reported 86% lower pre-tax profit of RM133.10 million, compared to last year's good profits of RM916.60 million, due to weaker overall consumer demand, high energy and restructuring costs impacting its businesses in Europe. In China, a slower than expected economic recovery and competition from a new entrant impacted operations. The fall in Oleochemical profits was partially mitigated by a RM70.61 million gain on disposal of its European paper chemical business. In contrast, the refineries and trading operations however reported better profit of RM187.06 million (FY 2022: RM167.87 million) contributed by the Malaysian operations and trading activities.

Despite higher revenue of RM218.10 million (FY 2022: RM195.19 million), Property segment profit was lower at RM62.24 million (FY 2022: RM71.58 million), reflecting the recognition of profits from development phases with lower gross margin. Property activities are centered on the 1,001-acre Bandar Seri Coalfields township development at Sungai Buloh and the neighbouring 202-acre Caledonia township in Ijok, Selangor, about 8 kilometers from Bandar Seri Coalfields. At Bandar Seri Coalfields, a 2-storey neighbourhood shopping mall with some 300,000 square foot net floor area is being developed to provide shopping and retail convenience to the surrounding population as one of the offerings within the development of Coalfields Retail Park.

#### KLK's Pre-Tax Profit

**RM1.15 billion**  
(2021: RM3.21 billion)



#### KLK's Net Profit

(after non-controlling interests)  
**RM834.25 million**  
(2021: RM2.16 billion)



#### INDUSTRIAL CHEMICAL SUBSIDIARIES

Due largely to lower caustic soda selling prices, lower sale volumes and higher energy costs, our industrial chemical division recorded 35% lower pre-tax profits of RM135.64 million, compared to RM209.06 million achieved last year. Most of the profit reduction came from our chlor-alkali companies, namely Malay-Sino Chemical Industries Sendirian Berhad ("Malay-Sino") and Chemical Company of Malaysia Berhad. The oldest electrolyzers at both Malay-Sino's Lahat and Kemaman plants were replaced during the year with ones of newer technology and better electricity efficiency under their plant refurbishment programme.

CCM Polymers' pre-tax profit dropped 58% on 21% lower revenue due to weak customer demand from the glove industry which was impacted by inventory de-stocking by their customers post-pandemic. For See Sen Chemical Berhad, higher raw material and energy costs resulted in its operating margins being squeezed.



## Chairman's Statement (Continued)

### SUBSIDIARIES' PERFORMANCE (Continued)

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

Your Group's 92%-owned PT Satu Sembilan Delapan ("SSD") in Indonesia with 5,384 ha mature oil palm and a palm oil mill in Kalimantan Timur, recorded a 68% lower pre-tax profit (after inter-company loan interest) of RM7.61 million (FY 2022: RM34.44 million) due to weaker commodities' prices despite higher CPO sales volume. The new palm planting of the 987 ha plantable area out of a total 1,497 ha of undeveloped land adjacent to SSD's estate held by 90%-owned PT Tekukur Indah was completed in November 2023.

#### **PROPERTY INVESTMENTS**

Your Group's property investments in Australia now consist of equity interests ranging between 10% to 50% in ten (10) property development projects - eight (8) in Melbourne and two (2) in Perth. These projects are in various stages of development, with varying years of project completion, mostly involving development and sale of subdivided housing plots. While the property market has weakened in Australia following the rise in interest rates, we believe our property investments have lower risks and more resilience due to their locations. While some projects continue to be profitable, this year there was a pre-tax loss (after interest) of RM2.07 million (FY 2022: RM10.71 million profit) from these investments mainly due to slower sales and interest rate hike.



### OUTLOOK

CPO prices have ranged between RM3,700 and RM4,000 per tonne and current expectations may suggest range-bound prices ahead for palm oil due to subdued demand. However the full impact of El-Nino on weather conditions and thus on crop production has yet to be felt, which will likely impact prices. The Group's Plantation focus continues to be on improving productivity and yields through various on-the-ground actions.

For your Group's Manufacturing segment, we expect the Oleochemical and Industrial Chemical divisions to remain challenging in financial year 2024 from lacklustre demand from weaker economic growth and elevated energy costs in the face of uncertain macroeconomic and geo-political elevated uncertainties.

### BOARD COMPOSITION

Our Director, Tan Sri Rastam bin Mohd Isa resigned from the Board on 2 October 2023 when he was appointed the Chairman of another plantation group and I would like to take this opportunity to thank him for his numerous contributions to the Company over his 6 years of service. He will be dearly missed.

### APPRECIATION

On your behalf, I would like to take this opportunity to express my heartfelt thanks and sincere appreciation to my other fellow Directors, Management and employees of the Group for their contributions and efforts during a challenging year.

**Tan Sri Dato' Seri Lee Oi Hian**  
Chairman  
8 December 2023



## Kenyataan Pengerusi

### KAJIAN PRESTASI KEWANGAN

Tahun kewangan berakhir pada 30 September 2023 ("**FY 2023**") terbukti menjadi suatu cabaran bagi Kumpulan Batu Kawan Berhad ("**Syarikat**" atau "**BKB**"). Bagi FY 2023, keuntungan sebelum cukai Kumpulan mencapai 63% lebih rendah iaitu berjumlah RM1.27 bilion yang turut merangkumi keputusan anak syarikat utamanya – Kuala Lumpur Kepong Berhad ("**KLK**"), berbanding keuntungan yang dicatat pada tahun lepas iaitu sebanyak RM3.44 bilion. Pendapatan menurun pada RM24.65 bilion (FY 2022: RM28.22 bilion) terutamanya disebabkan oleh harga menurun dalam semua sektor utama dari perladangan, oleokimia dan industri kimia. Selain daripada harga yang lebih rendah dan persekitaran makroekonomi yang merosot, keuntungan sebelum cukai Kumpulan juga telah terkesan dengan beberapa kemerosotan nilai yang dikenakan seperti yang dibincangkan di bawah.

Untung bersih (selepas cukai dan kepentingan bukan kawalan) yang boleh diagihkan kepada pemegang saham BKB adalah lebih rendah iaitu pada RM490.91 juta berbanding RM1.17 bilion pada tahun lepas. Pemerolehan sesaham ("**EPS**") menyusut lebih dari separuh jumlah kepada 124.8 sen berbanding tahun lepas iaitu 298.1 sen.

Ahli Lembaga Pengarah anda telah mengisytiharkan dividen akhir peringkat tunggal berjumlah 40 sen sesaham ("**Dividen Akhir**") bagi tahun kewangan ini menjadikan jumlah keseluruhan pembayaran sebanyak 60 sen (FY 2022: 110 sen) bagi keseluruhan tahun selepas dimasukkan dividen interim sebanyak 20 sen yang telah dibayar pada bulan Ogos 2023. Jumlah keseluruhan bagi pembayaran dividen pada tahun ini adalah bersamaan dengan 48% (FY 2022: 37%) daripada perolehan.

Sepanjang tahun kewangan, jumlah keseluruhan saham BKB sebanyak 180,900 (FY 2022: 1,070,000 saham BKB) telah dibeli semula dari pasaran terbuka dibawah program pembelian balik saham Syarikat pada harga purata iaitu RM20.46 sesaham (FY 2022: RM24.31 sesaham), sekali gus meningkatkan bilangan saham yang dipegang sebagai saham Perbendaharaan kepada 6,154,500.

### PRESTASI ANAK-ANAK SYARIKAT / SUBSIDIARI

#### ANAK SYARIKAT UTAMA - KLK

Keuntungan sebelum cukai KLK adalah 64% lebih rendah pada RM1.15 bilion berbanding RM3.21 bilion yang telah dicapai pada tahun lepas. Walaupun jumlah jualan pada tahap yang tinggi, prestasi kewangan KLK telah terjejas oleh harga pasaran kelapa sawit yang rendah, kos pengeluaran CPO yang lebih tinggi, tahap permintaan oleokimia yang lemah dan beberapa perbelanjaan bukan operasi yang dikenakan sepanjang tahun. Yang terakhir berjumlah RM226.50 juta termasuk kemerosotan nilai yang dikenakan pada penghutang plasma yang timbul daripada bekas ladang IJM Plantations Indonesia yang diambil-alih, kos penstrukturan semula untuk kemudahan oleokimia Eropah dan bahagian kemerosotan nilai yang dikenakan pada syarikat bersekutu luar negaranya iaitu Synthomer plc. Tidak termasuk perbelanjaan bukan operasi, keuntungan sebelum cukai KLK pada tahun ini adalah 59% lebih rendah daripada keuntungan sebelum cukai yang diselaraskan pada tahun lepas iaitu sebanyak RM3.37 bilion.

Pada tahun ini, untung bersih (selepas cukai dan kepentingan bukan kawalan) yang boleh diagihkan kepada pemegang saham KLK adalah sebanyak RM834.25 juta berbanding RM2.16 bilion pada tahun lepas. EPS pada tahun ini adalah lebih rendah iaitu pada 77.4 sen (FY 2022: 200.9 sen).

Segmen Perladangan mencapai keuntungan sebelum cukai 46% lebih rendah pada RM1.15 bilion berbanding RM2.12 bilion pada tahun lepas, sebahagian besarnya disebabkan oleh purata harga CPO yang lebih lemah pada RM3,639/mt (FY 2022: RM4,227/mt), kos pengeluaran CPO yang lebih tinggi dan peruntukan pemerosotan nilai pada penghutang plasma sebanyak RM60.48 juta. Terdapat peningkatan kecil dalam hasil minyak kelapa sawit kepada 4.36 mt/ha (FY 2022: 4.20 mt/ha) walaupun kekurangan pekerja ladang (yang telah ditangani) dan kesan daripada keadaan cuaca lembab yang luar biasa di beberapa kawasan.

Keuntungan sebelum cukai dalam segmen Perkilangan jatuh mendadak sebanyak 75% kepada RM266.40 juta (FY 2022: RM1.07 bilion) dengan pendapatan susut 13% kepada RM19.69 bilion (FY 2022: RM22.62 bilion), mencerminkan cabaran yang ketara dalam oleokimia bagi tahun ini. Operasi Oleokimia KLK melaporkan keuntungan sebelum cukai 86% lebih rendah sebanyak RM133.10 juta, berbanding keuntungan yang baik pada tahun lepas sebanyak RM916.60 juta, disebabkan oleh permintaan keseluruhan pengguna yang lebih lemah, kos tenaga yang tinggi dan kos penstrukturan semula yang memberi kesan kepada perniagaan di Eropah. Di China, pemulihan ekonomi yang lebih perlahan daripada jangkaan dan persaingan daripada peserta baharu telah menjejaskan operasi. Penurunan dalam keuntungan Oleokimia sebahagiannya dikurangkan oleh keuntungan RM70.61 juta hasil daripada penjualan perniagaan kimia kertas di Eropah. Walau bagaimanapun, operasi penapisan dan perdagangan dilaporkan mendapat keuntungan yang lebih baik sebanyak RM187.06 juta (FY 2022: RM167.87 juta) disumbangkan oleh aktiviti operasi dan perdagangan di Malaysia.

## Kenyataan Pengerusi (Sambungan)

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

#### **ANAK SYARIKAT UTAMA – KLK (Sambungan)**

Walaupun pendapatan adalah lebih tinggi sebanyak RM218.10 juta (FY 2022: RM195.19 juta), keuntungan dalam segmen Hartanah adalah lebih rendah pada RM62.24 juta (FY 2022: RM71.58 juta), mencerminkan pengiktirafan keuntungan daripada fasa pembangunan dengan margin kasar yang lebih rendah. Aktiviti hartanah tertumpu pada pembangunan perbandaran Bandar Seri Coalfields seluas 1,001 ekar di Sungai Buloh dan pembangunan Bandar Caledonia berdekatan seluas 202 ekar di Ijok, Selangor, lebih kurang 8 kilometer dari Bandar Seri Coalfields. Di Bandar Seri Coalfields, pusat membeli-belah 2 tingkat sedang dibangunkan di kawasan kejiranan dengan keluasan lantai bersih kira-kira 300,000 kaki persegi untuk menyediakan kemudahan membeli-belah dan runcit kepada penduduk sekitar sebagai salah satu tarikan dalam pembangunan Coalfields Retail Park.

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

Disebabkan penurunan besar pada harga jualan soda kaustik, jumlah jualan yang lebih rendah dan kos tenaga yang lebih tinggi, bahagian kimia industri mencatatkan 35% keuntungan sebelum cukai yang lebih rendah sebanyak RM135.64 juta berbanding RM209.06 juta yang dicapai pada tahun lepas. Kebanyakan penurunan keuntungan datang daripada syarikat klor-alkali, iaitu Malay-Sino Chemical Industries Sendirian Berhad ("**Malay-Sino**") dan Chemical Company of Malaysia Berhad. Elektrolisis-elektrolisis yang usang di kedua-dua loji Malay-Sino di Lahat dan Kemaman telah digantikan pada tahun ini dengan teknologi yang lebih baru dan kecekapan elektrik yang lebih baik di bawah program baik pulih loji.

Keuntungan sebelum cukai CCM Polymers jatuh 58% pada 21% pendapatan yang lebih rendah disebabkan oleh permintaan pelanggan yang lemah daripada industri sarung tangan yang terjejas oleh penyahstokan inventori oleh pelanggan mereka selepas wabak. Bagi See Sen Chemical Berhad pula, kos bahan mentah dan tenaga yang lebih tinggi menyebabkan margin operasinya telah mengecil.

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

Anak syarikat perladangan dengan 92% pemilikan BKB, PT Satu Sembilan Delapan ("**SSD**") di Indonesia yang mempunyai 5,384 hektar kelapa sawit matang dan kilang kelapa sawit di Kalimantan Timur merekodkan 68% lebih rendah keuntungan sebelum cukai (selepas faedah pinjaman antara syarikat) kepada RM7.61 juta (FY 2022: RM34.44 juta) berikutan harga komoditi yang lemah walaupun volum jualan CPO yang lebih tinggi. Penanaman kelapa sawit yang terbaru di kawasan tanaman seluas 987 hektar daripada 1,497 hektar jumlah tanah yang belum dimajukan bersebelahan dengan ladang SSD yang 90% pemilikan BKB, PT Tekukur Indah telah siap ditanam pada November 2023.

#### **PELABURAN HARTANAH**

Faedah ekuiti Kumpulan pelaburan hartanah anda di Australia terdiri daripada 10% hingga 50% dalam sepuluh (10) projek pembangunan hartanah – lapan (8) di Melbourne dan dua (2) di Perth. Projek-projek ini terdiri daripada pelbagai peringkat pembangunan dengan tahun penyiapan projek yang berbeza-beza yang kebanyakannya melibatkan penyediaan dan penjualan plot perumahan yang dipecah bahagi. Walaupun pasaran hartanah telah melemah di Australia berikutan daripada kenaikan kadar faedah, kami percaya bahawa pelaburan hartanah kami mempunyai risiko yang lebih rendah dan lebih berdaya tahan kerana kedudukan lokasinya. Walaupun terdapat beberapa projek terus membawa keuntungan, terdapat kerugian sebelum cukai (selepas faedah) sebanyak RM2.07 juta (FY 2022: RM10.71 juta keuntungan) pada tahun ini dari pelaburan ini terutamanya disebabkan oleh jualan yang lebih perlahan dan kenaikan kadar faedah.

## Kenyataan Pengerusi (Sambungan)

### TINJAUAN

Harga CPO dianggarkan antara RM3,700 dan RM4,000 per tan dan jangkaan semasa mungkin mencadangkan harga pada jajaran kecil ke hadapan bagi minyak kelapa sawit berikutan permintaan yang lemah. Bagaimanapun, kesan besar El-Nino terhadap keadaan cuaca dan dengan itu ke atas pengeluaran tanaman masih belum dirasai, berkemungkinan akan memberi kesan kepada harga bagi minyak kelapa sawit. Perladangan Kumpulan akan terus memfokuskan kepada meningkatkan produktiviti dan hasil melalui pelbagai tindakan di lapangan.

Bagi segmen Perkilangan Kumpulan anda, kami menjangkakan bahagian Oleokimia dan Industri Kimia akan kekal mencabar pada tahun kewangan 2024 disebabkan oleh kesuraman permintaan daripada pertumbuhan ekonomi yang lemah dan peningkatan kos tenaga berikutan ketidakpastian makroekonomi dan geopolitik.

### BARISAN LEMBAGA PENGARAH

Pengarah kami, Tan Sri Rastam bin Mohd Isa telah meletak jawatan daripada Lembaga Pengarah pada 2 Oktober 2023 apabila beliau dilantik sebagai Pengerusi kumpulan perladangan yang lain dan saya ingin mengambil kesempatan ini untuk mengucapkan terima kasih atas sumbangan beliau kepada Syarikat selama 6 tahun perkhidmatannya. Beliau akan sangat dirindui.

### PENGHARGAAN

Bagi Pihak anda, saya ingin mengambil kesempatan ini untuk mengekspresikan perasaan terima kasih dan sepenuh keikhlasan penghargaan kepada barisan Pengarah, Pengurusan dan para pekerja Kumpulan atas sumbangan dan usaha mereka semasa tahun yang mencabar ini.

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

Pengerusi

8 Disember 2023

## Group Statistics

### Five-Year Group Financial Statistics

	2023 RM'000 MFRS	2022 RM'000 MFRS	2021 RM'000 MFRS	2020 RM'000 MFRS	2019 RM'000 MFRS
Revenue	24,653,397	28,223,929	20,717,928	16,078,124	16,045,591
Profit before taxation	1,278,700	3,445,078	3,086,006	1,264,664	929,312
Profit for the year	1,085,793	2,584,226	2,539,584	914,435	727,441
Profit attributable to equity holders of the Company	490,917	1,174,346	1,146,934	417,275	363,499
Total assets	31,907,533	32,361,608	29,869,067	22,334,826	21,824,464
Share capital	507,587	507,587	507,587	507,587	435,951
Treasury shares	(113,109)	(109,400)	(83,334)	(23,957)	(623,059)
Reserves	7,459,437	7,268,999	5,906,031	5,393,300	5,850,081
Total equity attributable to equity holders of the Company	7,853,915	7,667,186	6,330,284	5,876,930	5,662,973
Non-controlling interests	9,343,897	9,264,281	8,621,107	6,744,349	6,457,280
Total equity	17,197,812	16,931,467	14,951,391	12,621,279	12,120,253
Total liabilities	14,709,721	15,430,141	14,917,676	9,713,547	9,704,211
Total equity and liabilities	31,907,533	32,361,608	29,869,067	22,334,826	21,824,464
Cash & cash equivalents and Short term funds	2,836,472	3,469,520	3,782,671	4,333,636	4,230,370
Total borrowings	10,409,261	10,406,667	9,624,912	6,921,290	7,023,835
Net debt	7,572,789	6,937,147	5,842,241	2,587,654	2,793,465
Basic earnings per share (sen)	124.8	298.1	289.6	105.3	91.7
Dividend per share (sen)	60.0	110.0	110.0	55.0	60.0
Share price as at 30 September (RM)	20.18	20.00	20.80	15.06	15.68
Historical price earnings ratio (times)	16.2	6.7	7.2	14.3	17.1
Dividend yield (%) <sup>1</sup>	3.0	5.5	5.3	3.6	3.8
Dividend cover (times) <sup>2</sup>	2.1	2.7	2.6	1.9	1.5
Dividend payout ratio (%) <sup>3</sup>	48.1	36.9	38.0	52.2	65.4
Net assets per share attributable to equity holders of the Company (RM)	19.97	19.48	16.04	14.77	14.43
Return on shareholders' equity (%) <sup>4</sup>	6.3	15.3	18.1	7.1	6.4
Return on total assets (%) <sup>5</sup>	3.4	8.0	8.5	4.1	3.3
Net debt-to-equity ratio (times) <sup>6</sup>	0.44	0.41	0.39	0.21	0.23
Funds from operations ("FFO") net debt coverage ratio (times) <sup>7</sup>	0.29	0.57	0.50	0.68	0.50

<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

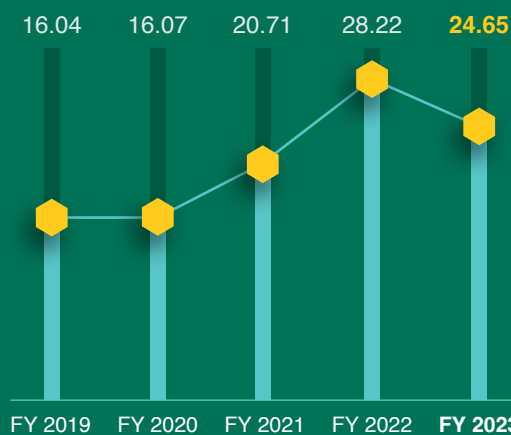
<sup>[6]</sup> Based on Net Debt (being Total Borrowings less Cash & Cash Equivalents and Short Term Funds) divided by Total Equity

<sup>[7]</sup> Based on FFO (being Operating Profit/(Loss) before Working Capital Changes less Tax Paid) divided by Net Debt (being Total Borrowings less Cash & Cash Equivalents and Short Term funds)

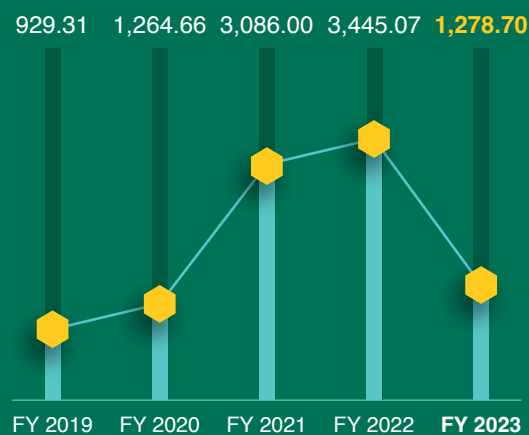
## Group Statistics (Continued)

### Performance at a Glance

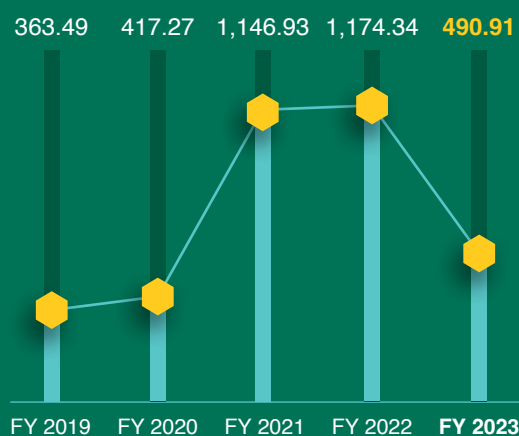
Revenue (in RM'bil)



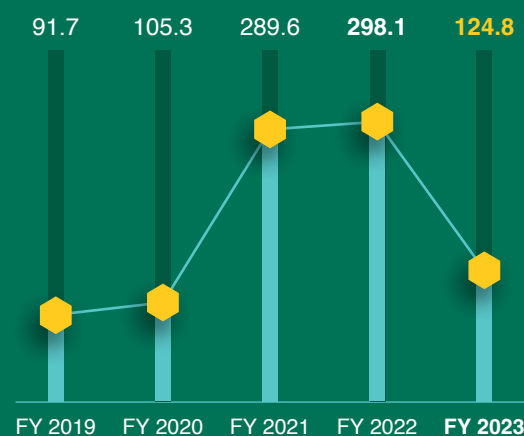
Profit Before Taxation (in RM'mil)



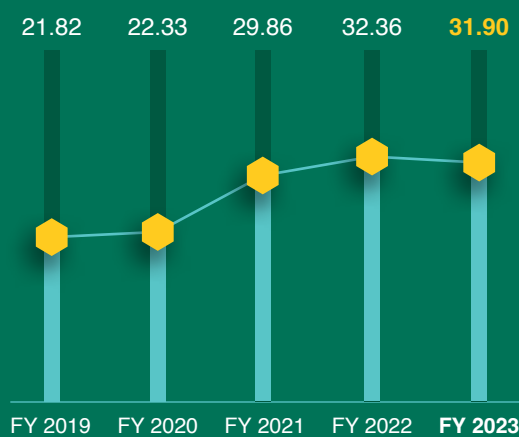
Profit Attributable to Equity Holders (in RM'mil)



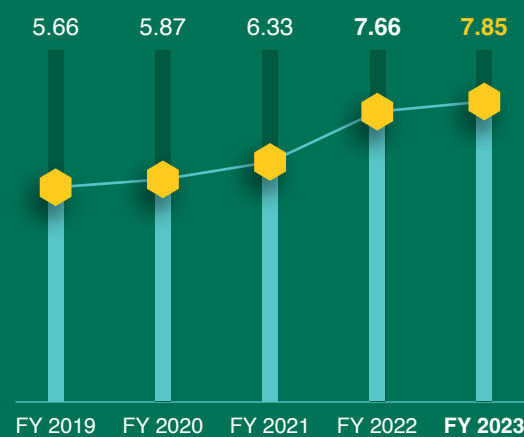
Earnings per Share (in sen)



Total Assets (in RM'bil)



Equity Attributable to Equity Holders (in RM'bil)





## Group Statistics (Continued)

### Five-Year Plantation Statistics

The below Five-year Plantation Statistics is a combination of KLK and non-KLK owned plantations.

		2023	2022	2021	2020	2019
<b>OIL PALM</b>						
<b>Fresh Fruit Bunches ("FFB") Production</b>						
- Own estates	(mt)	5,381,160	5,111,602	4,070,230*	4,052,560	4,219,104
- Sold	(mt)	231,407	237,157	115,671	75,428	143,245
- Purchased	(mt)	978,317	1,028,215	905,289	827,710	840,001
- Total processed	(mt)	6,128,069	5,902,660	4,859,848	4,804,842	4,915,860
<b>Weighted Average Hectarage</b>						
- Mature	(ha)	261,907	258,741	189,655	183,946	188,492
- Immature	(ha)	30,490	35,589	37,704	28,111	29,992
Total planted area	(ha)	292,397	294,330	227,359	212,057	218,484
<b>FFB Yield per Mature Hectare</b>	(mt/ha)	20.55	19.76	21.46	22.03	22.38
<b>Crude Palm Oil ("CPO") Yield per Mature Hectare</b>	(mt/ha)	4.37	4.21	4.66	4.82	4.90
<b>Mill Production</b>						
- CPO	(mt)	1,301,257	1,256,774	1,053,729	1,049,890	1,077,341
- Palm Kernel ("PK")	(mt)	255,231	248,794	200,448	200,594	205,201
<b>Oil Extraction Rate ("OER")</b>						
- CPO	(%)	21.23	21.29	21.68	21.85	21.92
- PK	(%)	4.16	4.21	4.12	4.17	4.17
<b>Cost of Production</b>						
- FFB	(RM/mt ex-estate)	399	336	270	261	260
- CPO	(RM/mt ex-mill)	2,231	1,953	1,512	1,467	1,456
(excludes windfall profit levy and Sabah sales tax)						
<b>Average Selling Prices</b>						
- CPO	(RM/mt ex-mill)	3,623	4,214	3,199	2,343	1,920
- PK	(RM/mt ex-mill)	1,826	2,971	2,130	1,375	1,210
<b>Average Profit per Mature Hectare</b>	(RM)	4,730	8,593	7,312	3,539	1,834

\* Includes one month of KLK Sawit Nusantara Berhad (formerly known as IJM Plantations Berhad) production of 99,049 mt.

## Group Statistics (Continued)

### Five-Year Plantation Statistics (Continued)

		2023	2022	2021	2020	2019
<b>RUBBER</b>						
<b>Production</b>						
- Own estates	('000 kg)	5,439	6,162	8,105	10,354	10,786
<b>Weighted Average Hectarage</b>						
- Mature	(ha)	5,952	6,024	7,017	8,061	8,640
- Immature	(ha)	2,122	2,617	2,795	3,115	3,243
Total planted area	(ha)	8,074	8,641	9,812	11,176	11,883
<b>Yield per Mature Hectare</b>	(kg/ha)	914	1,023	1,155	1,284	1,248
<b>Cost of Production</b>	(sen/kg ex-estate)	871	693	574	476	484
<b>Average Selling Prices (net of cess)</b>	(sen/kg)	816	928	883	720	713
<b>Average (Loss)/Profit per Mature Hectare</b>	(RM)	(4,135)	(1,053)	1,173	(486)	(233)

### Plantation Area Statement

			2023			2022	
	Age In Years	Hectares	% Under Crop	% of Total Planted Area	Hectares	% Under Crop	% of Total Planted Area
<b>OIL PALM</b>	4 to 9	67,777	23		64,206	22	
	10 to 18	120,248	41		122,266	41	
	19 and above	74,998	26		72,782	25	
	Mature	263,023	90	87	259,254	88	85
	Immature	30,499	10	10	36,310	12	12
	Total	293,522	100	97	295,564	100	97
<b>RUBBER</b>	6 to 10	405	5		288	3	
	11 to 15	1,739	22		1,717	21	
	16 to 20	1,819	23		1,835	22	
	21 and above	2,176	26		1,929	23	
	Mature	6,139	76	2	5,769	69	2
	Immature	1,921	24	1	2,564	31	1
	Total	8,060	100	3	8,333	100	3
<b>TOTAL PLANTED AREA</b>		301,582		100	303,897		100
Plantable Reserves		17,966			18,297		
Conservation Areas		25,477			28,231		
Building Sites, etc		10,706			12,285		
<b>GRAND TOTAL</b>		355,731			362,710		

## Management Discussion and Analysis

### OVERVIEW

Batu Kawan Berhad (“**BKB**” or “**the Group**”) is listed on the Main Market of Bursa Malaysia Securities Berhad and through its subsidiaries, is primarily involved in plantations, manufacture of oleochemicals and industrial chemicals, property development and investment activities.

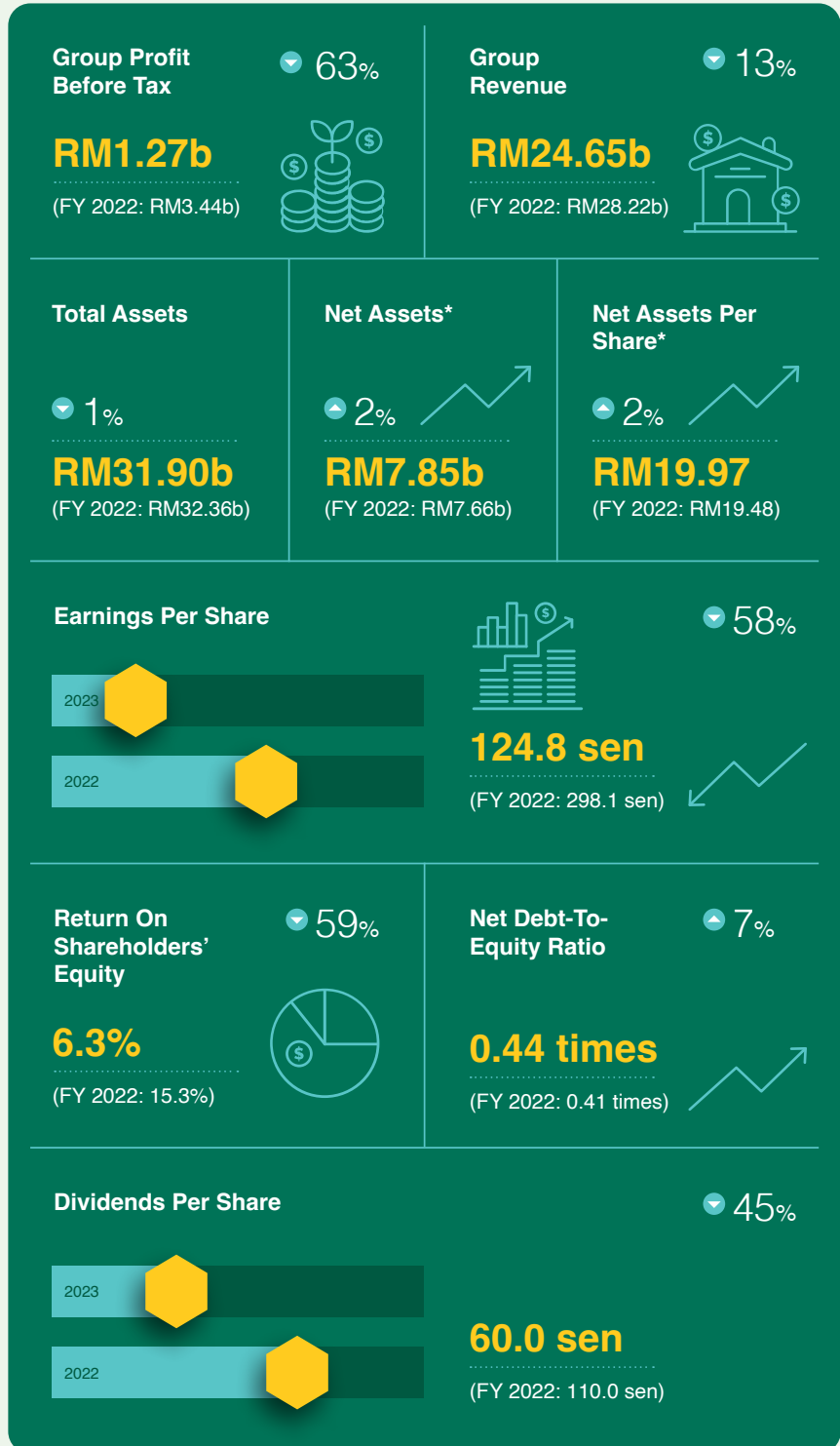
For FY 2023, despite higher sales volume of palm products, the Group achieved a y-o-y weaker result as crude palm oil (“**CPO**”) prices softened from prior peak levels and KLK’s downstream oleochemicals faced several challenges, including weak demand and high energy costs. The Group reported a 63% lower profit before taxation of RM1.27 billion, compared to RM3.44 billion reported for FY 2022, on 13% lower revenue of RM24.65 billion (FY 2022: RM28.22 billion). Accordingly, the after-tax profit attributable to shareholders was RM490.91 million or 58% lower (FY 2022: RM1.17 billion). Earnings per share (“**EPS**”) was lower at 124.8 sen (FY 2022: 298.1 sen).

As at 30 September 2023, the Group’s total assets slightly decreased by 1% to RM31.90 billion from FY 2022’s RM32.36 billion, while net assets attributable to equity holders of the Company was RM7.85 billion (FY 2022: RM7.66 billion) or 2% higher, translating to net assets per share of RM19.97 (FY 2022: RM19.48). With lower contribution from all business segments, particularly plantation and manufacturing segments, return on shareholders’ equity was declined to 6.3% (FY 2022: 15.3%).

The Group’s net debt-to-equity ratio stood at 0.44 times (FY 2022: 0.41 times) with approximately 72% of borrowings being long-term at fixed interest rates. Hence, the Group’s exposure to interest rate risks is limited to those short-term loans with floating interest rates, which are meant for working capital financing.

In respect of FY 2023, BKB declared total single-tier dividend per share of 60.0 sen (FY 2022: 110.0 sen) which would be equivalent to some 48% (FY 2022: 37%) of EPS.

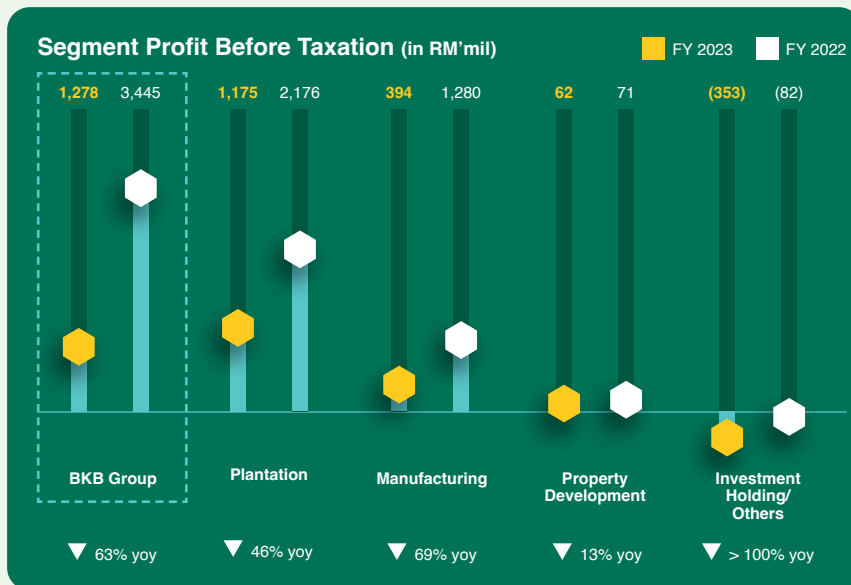
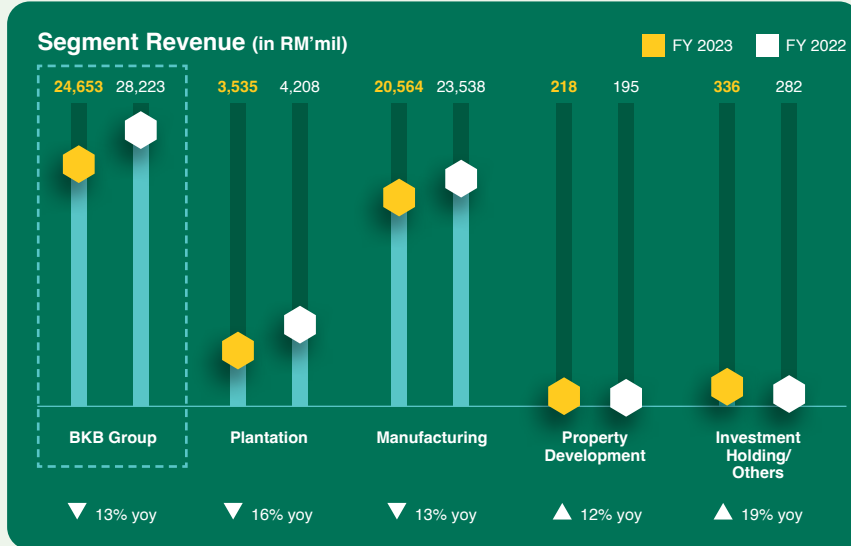
### FY 2023 FINANCIAL HIGHLIGHTS



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

## Management Discussion and Analysis (Continued)

### FINANCIAL REVIEW



### Revenue and Profitability

For FY 2023, the Group's revenue declined 13% y-o-y to RM24.65 billion largely from lower palm products prices, despite higher CPO sales volume, coupled with demand slowdown and high energy costs in Oleochemical segment. The Group reported profit before taxation of RM1.27 billion for FY 2023, 63% lower y-o-y, contributed mainly by the Plantation (92% vs 63%) and Manufacturing (31% vs 37%) segments.

The profit before taxation from our core Plantation segment primarily from KLK, was 46% lower y-o-y to RM1.17 billion in FY 2023 compared to RM2.17 billion in FY 2022. The decline performance was due to lower CPO and palm kernel ("PK") prices and higher cost of production. Average CPO and PK prices for FY 2023 were RM3,623 per mt (FY 2022: RM4,214 per mt) and RM1,826 per mt

(FY 2022: RM2,971 per mt) respectively. The results have also been dragged down by an impairment of plasma receivables pertaining to KLK Sawit Nusantara ("KSN") of RM60.48 million.

The Group's Manufacturing segment reported a significant lower pre-tax profit of RM394.29 million in FY 2023, 69% lower against last year's pre-tax profit of RM1.28 billion. KLK's Oleochemical business units faced challenging external conditions of weak demand, particularly in Europe, where high energy costs and sluggish demand persist. A strategic restructuring to close a fatty acid production plant in Europe in light of production overcapacity in the industry resulted in a one-off restructuring cost of approximately RM70.61 million being recognised in the financial year. Our Industrial Chemical division, on the other hand, was affected by lower caustic soda selling prices, lower sale volumes and higher unit production cost. Production at Malay-Sino's chlor-alkali operations was temporarily reduced for a period during the year in order to replace and upgrade to newer technology some of their old electrolyzers at both the Kemaman and Lahat plants. The electrolyzers replacement were originally scheduled for completion last year, but due to the COVID-19 pandemic experienced delays attributed to global logistics and supply chain disruptions. With the completion of these upgrades in the financial year, Group's chlor-alkali capacity saw a slight increase of 3%. The upgraded electrolyzers in Kemaman and Lahat plants will enhance production efficiency and cost competitiveness through reduced electricity consumption.

The Property Development segment of KLK continues to generate profits from progressive completion of development phases in Bandar Seri Coalfields ("BSC") in Sungai Buloh and the Caledonia township development in Ijok, about 8 kilometers from BSC.

## Management Discussion and Analysis (Continued)

### FINANCIAL REVIEW (Continued)

#### Borrowings and Cash Reserve

As at 30 September 2023, the Group's net debts increased to RM7.57 billion (FY 2022: RM6.93 billion) with increased short-term borrowings for working capital financing. Accordingly, the Group's net gearing stood at 0.44 times (FY 2022: 0.41 times) as at end-September 2023. With a debt load of some RM10.40 billion coupled with lower profitability, the Group's funds from operations ("FFO") net debt coverage ratio has fallen to 0.29 times in FY 2023 (FY 2022: 0.57 times). Approximately 59% of borrowings (or some RM6.10 billion) are Sukuks issued by BKB and KLK,

all of which carry an AA<sub>1</sub>/Stable rating. We anticipate debts to reduce when the capital expenditure spending taper off after the completion of KLK's various downstream capacity expansion projects. While KLK's Oleochemical sector is facing several challenges such as high energy prices and weaker end-market demand, as global economies pick up, market demand is expected to normalise. Going forward, BKB's leverage position should gradually improve in the near term.

The Group is cognisant of its gearing levels and aim to maintain a sound liquidity position, backed by sustainable cashflows from its operations. Cash holdings (including liquid money-market funds) of some

RM2.83 billion will allow the Group to take advantage of any growth opportunities and the Group is confident of its ability to support its future business growth plans and strategies.

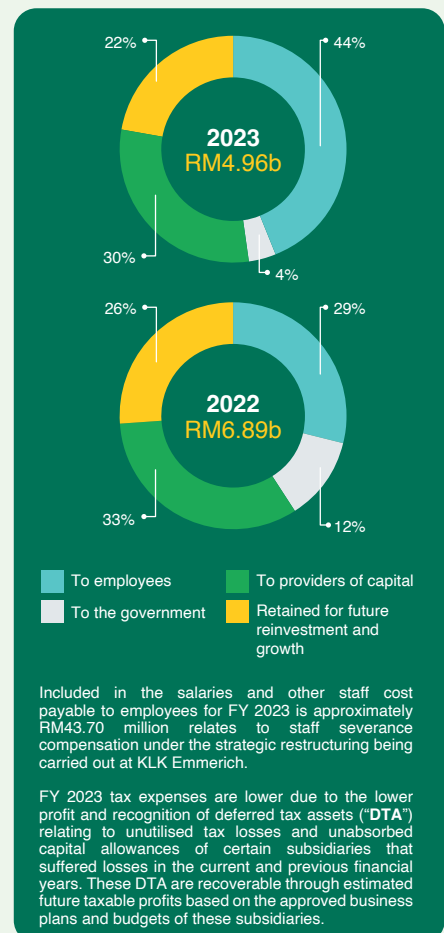
#### Dividends

BKB is committed to paying annual dividends and has established a healthy dividend track record over the years. For FY 2023, the Board has declared a final, single-tier dividend of 40 sen per share, bringing the full-year ordinary dividends to 60 sen pershare (FY 2022: 110 sen pershare), representing a 48% payout ratio (FY 2022: 37%).

### 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.

	2023 RM'000	2022 RM'000
<b>Value Added</b>		
Revenue	24,653,397	28,223,929
Operating expenses	(20,080,540)	(22,048,846)
Value added from operations	4,572,857	6,175,083
Other operating income	577,472	519,890
Share of results of associates	(169,618)	148,303
Share of results of joint ventures	(15,419)	50,666
<b>Total</b>	<b>4,965,292</b>	<b>6,893,942</b>
<b>Value Distributed</b>		
To employees (salaries and other staff cost)	2,183,592	2,015,233
To government (tax expenses)	192,907	860,852
To providers of capital:		
Dividends	432,719	433,400
Finance cost	441,262	397,207
Non-controlling interests	594,876	1,409,880
Retained for future reinvestment and growth:		
Depreciation and amortisation	1,061,738	1,036,424
Retained earnings	58,198	740,946
<b>Total</b>	<b>4,965,292</b>	<b>6,893,942</b>
<b>Reconciliation</b>		
Profit attributable to owners of the Company	490,917	1,174,346
Add:		
Depreciation and amortisation	1,061,738	1,036,424
Finance cost	441,262	397,207
Staff cost	2,183,592	2,015,233
Tax expenses	192,907	860,852
Non-controlling interests	594,876	1,409,880
	<b>4,965,292</b>	<b>6,893,942</b>



Note: The Group Value-Added Statement ("VAS") is a supplement to and 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 principles of accounting remain the same in the preparation of this VAS.



## Management Discussion and Analysis (Continued)

### REVIEW OF BUSINESS & OPERATIONS



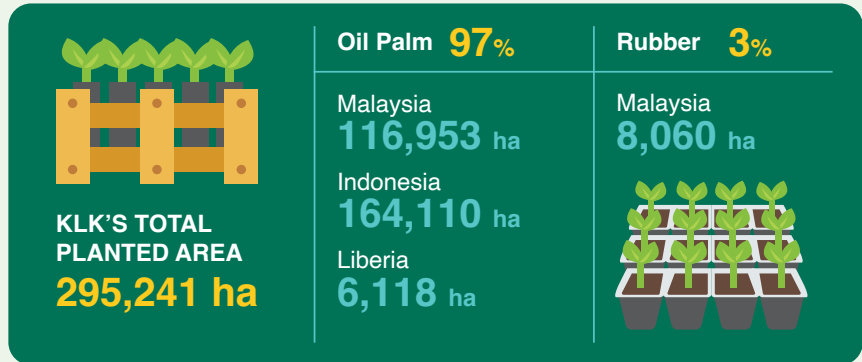
#### Plantation

Except for two Indonesian plantation subsidiaries held by BKB, the Group's oil palm plantations and downstream resource-based manufacturing operations are owned by KLK.

#### Main Subsidiary - KLK

KLK is the third-largest listed planter in Malaysia and among the top 10 worldwide, with a sizeable planted area spanning 295,241 hectares ("ha") as at 30 September 2023. KLK's estates are geographically diversified and spread across Malaysia (Peninsular Malaysia and Sabah), Indonesia (Belitung Island, Kalimantan and Sumatra) and Liberia.

Similar to other planters, during the year, KLK's Plantation segment has not been spared the effects of volatile and lower CPO prices, adverse weather conditions, high cost of inputs, increased cost of labour and impact of government policies on CPO export/import taxes in both producing and consuming countries. In the previous year, CPO prices reached unprecedented highs, surpassing RM8,000 per mt at one point momentarily and averaging RM5,000 per mt for the entire year 2022 (longer term historical average was around RM2,500 per mt). This surge was attributed to a tight supply of some edible oils and supply chain disruptions, further exacerbated by the Russian invasion of Ukraine, and for a period, the restrictions on CPO exports imposed by the Indonesian government. At the beginning of 2023, CPO prices fell to about RM4,000 per mt, thereafter CPO prices fluctuated around a range between RM3,300 per mt to RM3,800 per mt for most part of the year.



In FY 2023, KLK's core Plantation segment reported a lower profit before taxation of RM1.15 billion (FY 2022: RM2.12 billion) largely attributed to CPO and PK prices (ex-mill) which averaged lower at some RM3,600 per mt and RM1,800 per mt (FY 2022: RM4,200 per mt and RM2,900 per mt) respectively, coupled with higher cost of production. Despite the sharply lower CPO prices, they remain higher than the historical average of about RM2,500 per mt. However, KLK's CPO production cost continued to increase by 14% to RM2,229 per mt in FY 2023 (+RM277 per mt y-o-y), following the 29% increase (+RM443 per mt y-o-y) in FY 2022, which was driven by fertiliser prices. The drivers for production cost increase are higher input costs (fertilisers, fuel, agrochemicals), increasing cost of labour (hike in minimum wages in Malaysia) and the impact of weather extremities (very wet and later changing to very hot and dry). Following a two-year period of low yields, the anticipated recovery in FFB production in both Malaysia and Indonesia did not however materialised. The increase in higher production costs industry-wide have reduced the plantation sector profit margin. While fertiliser prices have started to decline during the year, they remain still elevated. KLK's continued emphasis on mechanisation initiatives covering in-field operations, crop evacuation, upkeep and fertiliser application should result in yield improvement and ease the cost pressure in the medium term.

#### KLK's Plantation Statistics

Weighted Average  
Age of Palms

13.2 years

FFB Yield per  
Mature Hectare

20.48 mt/ha

CPO Yield per  
Mature Hectare

4.36 mt/ha

OER

21.29%



## Management Discussion and Analysis (Continued)

### REVIEW OF BUSINESS & OPERATIONS (Continued)



#### Plantation (Continued)

##### Main Subsidiary - KLK (Continued)

Plantation results include an impairment of plasma receivables attributable to KLK Sawit Nusantara ("KSN") of RM60.48 million.

KLK continues to source over 80% of its FFB from its own estates, thereby ensuring FFB quality and mill efficiency. Overall FFB yields in FY 2023 improved to 20.48 mt/ha (FY 2022: 19.71 mt/ha), while FY 2022 FFB yields was amongst the lowest recorded in the past 5 years. FFB production volume increased mainly due to improved estate operation management, helped by more timely pruning and better upkeep of field work following the return of guest workers intake during the financial year. For its recently acquired plantations, in KSN, yields have subsequently increased by 13% while in PT Pinang Witmas Sejati ("PWS"), yields have crossed the 20 mt/ha level in FY 2023, indicating that the operational integration post-acquisition have worked out well. Further positive benefits of the operational integration for these acquisitions are expected in future years. The focus is on further improving the operational efficiencies of their estates and improving harvesting supervision to reduce crop losses and improved the crop quality.

Overall, average profit per mature hectare for palm products dropped to RM4,719 per hectare from FY 2022's high record at RM8,603 per hectare due to lower commodity prices and increased production costs.

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

BKB has two (2) plantation subsidiaries located in East Kalimantan (Indonesia), namely PT Satu Sembilan Delapan ("SSD") - a 92% owned subsidiary and PT Tekukur Indah ("TKI") - a 90% owned subsidiary.

SSD has 5,384 hectares of fully matured oil palms and a 60 mt/hour palm oil mill located in Berau, East Kalimantan. Adjacent to SSD's plantation, TKI owns 1,497 hectares of which 987 hectares are plantable. Most of the area has been planted with oil palms beginning from November 2021, leaving a balance of 30 hectares as at 30 September 2023, which were fully planted in November 2023.

SSD's FFB yields, due to a young crop profile, are increasing with nearly two-thirds of its palms in the prime category and the remainder young palms. This year's FFB yield averaged 23.67 mt/ha while OER was 19.71%.

##### Plantation Outlook

Notably, the onset of El-Niño raised concerns about its impact on palm oil production and thus on price expectations, particularly for the latter part of 2023 and the next year. However, global oilseeds production is projected to increase to 660 million tonnes the next season, compared to 630 million tonnes the current season, driven primarily by increased soybeans plantings, and if realised, will keep a damper on prospective palm oil prices.

In 2022, the Group's core Plantation business benefited from high palm oil prices. For the most part of FY 2023, CPO prices have softened to a range of RM3,300 per mt to RM3,800 per mt after declining from some RM4,000 per mt at the beginning of 2023, reflecting the cyclical nature of the industry. Looking ahead, the segment remains challenged by increased input costs (fertilisers, fuel and agrochemicals) and increased labour costs. In the near term, CPO prices are expected to remain supported by supply constraints and its price competitiveness against other edible oils.

KLK continues to focus on addressing key issues that limit yields, improve estate efficiency to increase productivity and managing costs while ensuring high standards in field operations and replantings, pushing KLK's plantation towards better outcomes and yields. On the ground, operations will focus on achieving optimum harvesting rounds, achieving high crop quality, ensuring timely harvesting of fruit bunches and loose fruits collected while keeping mill losses to the minimum. Attention will be given to proper drainage in light of weather and climate changes.



## Management Discussion and Analysis (Continued)

### REVIEW OF BUSINESS & OPERATIONS (Continued)



## Manufacturing

### Oleochemical

KLK's Oleochemical and other downstream facilities are situated in Malaysia, China, Europe and Indonesia. 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 further downstream into specialties such as sulphonated methyl esters, surfactants and phytonutrients. Oleochemical products are used in a variety of areas, including home and personal health care, cosmetics, food & nutrition, flavours & fragrances, lubricants and industrial chemicals. As one of the world's leading oleochemical producers, KLK supplies to customers both domestically and in various countries around the world.

In FY 2023, the Oleochemical division's profit before taxation fell sharply by 85% to RM133.10 million (FY 2022: RM916.60 million) while revenue dropped 19% to RM11.87 billion (FY 2022: RM14.70 billion) reflecting mainly weakness in consumer demand and impact of high energy costs particularly for the oleochemical businesses in Europe.

In contrast, 2022 had seen as strong demand recovery post COVID-19 for basic oleochemicals, namely fatty acids, fatty alcohols and fatty esters, which are base ingredients that go into the manufacture of home and personal care consumer staple goods. Consumer sentiments in 2023, however were cautious as the world moved from the pandemic to an environment of inflation, rising interest rates and geopolitical conflicts, which weakened both volumes and margins.

Despite a slight improvement in sales volume, the Malaysian basic oleochemical ("oleo") operations faced headwinds, including continuing fierce competition for market share and declining by-product prices, thus making maintaining historical margins difficult. Soap noodle sales were depressed for a period due to revived export taxes in Indonesia in November 2022, making Indonesian soap noodle producers more price-competitive.

The demand for Ethylene bis-stearamide ("EBS") products remained sluggish and the business struggled to maintain plant utilisation above half capacity, while esters, including mid-chain triglycerides and IPP esters which go into consumer staples such as foods and personal care segments, maintained a healthy order book.

Business sentiment in China remained soft and the anticipated post COVID-19 economic recovery did not occur. With the slow demand for fatty acids and glycerine, many local traders were forced to dump products at a loss. The situation worsened when Indonesian producers redirected their fatty acids to China due to European Commission's imposition of anti-dumping duties on them. At the same time, a key new market entrant entered the market and increased basic oleochemical capacities in the market triggering domestic price declines. Glycerine prices declined due to a sluggish downstream epichlorohydrin ("ECH") market, while fatty esters sales to the food and pharmaceutical sectors remained stable.

Other than weak demand, the European basic oleo business continued to be disadvantaged by high energy costs. Even after the initial energy price shock following the Russia-Ukraine war had subsided, natural gas price levels remained elevated, which negatively impacted competitiveness. The KLK

Emmerich's Düsseldorf site continued to suffer from high tallow prices driven by strong demand for animal fats from biodiesel producers. This led to difficulties in sourcing animal-based feedstock, resulting in low plant utilisation and negative contributions. Management has decided to implement a strategic restructuring that will consolidate basic oleo manufacturing to the Emmerich site and leaving the Düsseldorf site to focus on producing specialties that are less energy-intensive. Consequently, a one-off restructuring cost of some RM70.61 million was charged in the current financial year. On 31 March 2023, KLK signed a sales and purchase agreement to acquire an Italy-based Temix Oleo S.p.A ("Temix") to strengthen its specialties portfolio and which acquisition has been completed.

### Oleochemical Outlook

KLK expects demand in Europe will remain dampened in coming quarters while the Asian market expected to recover quicker. The oleochemical industry will see many new capacities coming onstream in 2024/2025 that will bring fierce competition for market share. KLK will continue to reinvest in the operations to drive further value along the integration chain, including expansion of fatty acid and fatty alcohol capacities in Indonesia and Malaysia. Expansion into oleo derivatives products and specialty business will continue to be a key priority, along with improving plant efficiencies to achieve operational excellence and cost optimisation to deliver high-quality sustainably produced products to the market.



## Management Discussion and Analysis (Continued)

### REVIEW OF BUSINESS & OPERATIONS (Continued)



#### Manufacturing (Continued)

##### Industrial Chemical

BKB's Industrial Chemical division comprises 98%-owned Malay-Sino Chemical Industries Sendirian Berhad ("**Malay-Sino**"), wholly-owned Chemical Company of Malaysia Berhad ("**CCM**"), and 61%-owned See Sen Chemical Berhad ("**See Sen**"). We are the largest manufacturer of chlor-alkali chemicals in Malaysia following the acquisition of CCM.



Our Industrial Chemical companies manufacture a wide range of products, including 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. These products are used in a wide variety of applications, including rubber glove manufacturing, soaps, detergents, bleaches, disinfectant, pulp & paper, water treatment, electronics and petrochemicals.

The Division has eight (8) operation sites in Peninsular Malaysia, supported by an in-house logistics arm which owns and operates some 100 units of bulk tankers and lorries to deliver our chemical products safely to customers.

The Industrial Chemical division posted a group profit before taxation of RM135.64 million, some 35% lower than last year's RM209.06 million, impacted mainly by lower caustic soda selling prices, lower sales volume and higher unit production cost. Cost of production was significantly higher, partly from a protracted shutdown of our Lahat plant to facilitate replacement of aging electrolyzers, and compounded by higher electricity cost.

During the year, two of our chlor-alkali plants had successfully undergone technology upgrade to improve energy efficiency of its electrolyzers. The replacement of these electrolyzers were delayed by global logistics and supply chain disruption during COVID-19. As a consequence, production was temporarily disrupted for a longer period than anticipated. The two electrolyzers upgrades were completed in end February 2023 for the Kemaman plant, and in early September 2023 for the Lahat plant. With these upgrades, the Group's chlor-alkali capacity saw a slight increase of 3%.

Generally, caustic soda demand was lower this year due to reduced offtake from key customers, namely oleochemical and super-absorbent polymer manufacturers. Likewise, liquid chlorine sales have been impacted by weaker demand from the glove industry. On the other hand, hydrochloric acid saw an increased in offtake from a key customer.

Lahat's production was resumed in early September, trailing a competitor's new plant which commissioned in early August 2023. The new additional capacity introduced has exacerbated the current excess of chlorine situation in the domestic market. We expect this situation to continue into FY 2024 until market demand for chlorine improves. The technical equipment issue at our Pasir Gudang plant was rectified in December 2022 and subsequent operations have been running smoothly since then.

## Management Discussion and Analysis (Continued)

### REVIEW OF BUSINESS & OPERATIONS (Continued)



#### Manufacturing (Continued)

##### Industrial Chemical (Continued)

Our polymer products primarily serve the glove industry. Post-pandemic, the business has experienced a notable demand slowdown due to glove inventory de-stocking activities. Malaysian glove producers are impacted by pricing pressures from Chinese glove manufacturers selling below Malaysian costs to gain market share. Given the continuing low utilisation rate in the local glove players and new competition from Chinese glove manufacturers, this has led to a decline in earnings for our polymer business in FY 2023.

Our sulphuric acid manufacturing business will always face stiff competition from cheaper smelter acid imports. Its weaker FY 2023 results reflected lower profits from solid alum, sodium silicate and all sulphur-derived products, namely sulphuric acid, dilute acid and sulphur powder (except oleum) due to demand weakness and higher raw materials costs.



##### Industrial Chemical Outlook

Going forward, we envisage a softening in selling prices for most chlor-alkali products and high costs to weigh on the Industrial Chemical earnings.

Regional caustic soda prices are anticipated to stabilise in the near term and within current price range. However, selling prices of chlorine derivatives are expected to decline amidst competition from other local producers and traders. Our production costs are projected to remain elevated with high energy costs, additional depreciation charges from the new upgraded electrolyzers, and higher cost of raw material imports on a stronger US Dollar. Whenever there is a positive price gap between natural gas and electricity rates, our co-generation plants and improved electricity efficiencies from the upgraded electrolyzers are expected to partially cushion the impact of high energy costs.

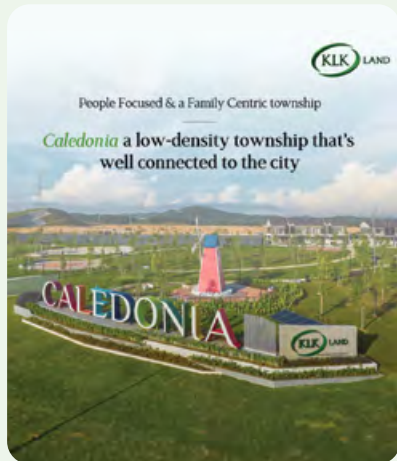
## Management Discussion and Analysis (Continued)

### REVIEW OF BUSINESS & OPERATIONS (Continued)



#### Property Development

KLK has been involved in Property Development since the 1990s, with currently its Bandar Seri Coalfields (“BSC”), a 1,001-acre freehold development in Sungai Buloh, Selangor, being its major revenue contributor. A new 202-acre freehold township named Caledonia in Ijok, Selangor, is also being developed since August 2022.



Despite challenges posed by high inflation, elevated interest rates, rising construction and labour costs, developers in the residential property market maintain a cautious optimism for the rest of 2023. The market displayed stability in the first half of the year (1H 2023) and is expected to sustain this trend.

For FY 2023, the Property division reported RM218.10 million in revenue, 12% higher compared to RM195.19 million in FY 2022. However, profit before taxation decreased to RM62.24 million, 13% lower than last financial year’s RM71.58 million. The weaker results were mainly due to lower profit contributions from the Walden and Jardin development phases in BSC, due partly to timing issues.

In BSC, KLK has completed two significant project phases in FY 2023, namely Walden 1 and Phase 1 of Jardin 1. Walden 1, comprising 75 units of Bungalows, was handed over to buyers in the fourth quarter of FY 2023, achieving a 99% sales rate prior to delivery. Phase 1 of Jardin 1, featuring 110 units of 22’ x 75’ terrace links, was completed and handed over to purchasers in September, attaining a 100% sales rate prior to delivery. Building on the success of Jardin 1, KLK released 237 units of Jardin 2 and launched Quinton 1, consisting of 128 units of cluster residences in August. KLK continues to pursue its long-term goals of elevating the available amenities within this township, notably with the development of Coalfields Retail Park to further benefit the community.

Meanwhile, in Caledonia, the first commercial component, Caledonia Avenue, was launched in the third quarter of FY 2023. These 47 units of spacious and modern shop offices are strategically positioned along the prominent Federal Road 54. Notably, this offering has garnered substantial interest, with sales achieving a steady take up rate within a mere five months of its launch.

#### Property Development Outlook

In the coming year, global uncertainty is expected to persist with inflation, geopolitical instability and sluggish demand. The KLK Property team remains committed to offering the right suite of products to meet market demand while continuing to enhance amenities within BSC and Caledonia. At the same time, the team will closely monitor costs and exploring avenues to create cost optimisation strategies.



#### Others – Australian Property Investments

BKB’s property investment portfolio currently consists of ten (10) projects in Australia; eight (8) in Melbourne and two (2) in Perth.

BKB collaborates with two (2) reputable and established real estate developers in Australia, namely Satterley Property Group and Riverlee Group in its property investments. BKB’s equity stakes in its Australian property development projects range from 10% to 50%, and their expected project completion dates ranging from 2024 to 2038. The current primary revenue contributions stem from the ongoing progress of key projects, including Botanical (Mickleham, Melbourne), Bluestone (Tarneit, Melbourne) and Clementine (Brookside, Perth).

For FY 2023, the property investments reported a combined loss before tax (after deducting loans interest) of RM2.07 million, in contrast to the RM10.71 million profit recorded in last year. The adverse performance was primarily due to lower profit contributions from the Satterley Greenvale joint venture and Satterley Forrestfield associate, due to timing, as their property development projects move towards their final phase.



## Management Discussion and Analysis (Continued)

### REVIEW OF BUSINESS & OPERATIONS (Continued)



#### Others – Australian Property Investments (Continued)

In New Epping (Epping, Melbourne), the construction of Ramsay Hospital was completed in August 2023 and handed over to operator Ramsay Health Care. Operations are set to commence in February 2024. The healthcare hub will be synergistic with the adjacent Northern Hospital Epping. All 151 units in the Stage 1 residences are fully occupied. Several active prospects and potential development opportunities are presently being evaluated with a central emphasis on introducing the positive vibrancy of a 'live, learn & work' theme. One of the initiatives involves striving to create sustainable communities through the implementation of Green Star Communities to be planned in New Epping.

#### Australian Property Investments Outlook

Since the onset of COVID-19, rather than experiencing a downturn in Australian property market, Australia witnessed a remarkable property boom. The Reserve Bank of Australia ("RBA") attempted to curb demand and buyer confidence by announcing 12 successive interest rate hikes. As soon as the market realised that interest rates would not keep rising forever, property prices began going up again. Median property values across Australia have been steadily increasing for most of 2023, even with interest rates remain elevated.

Melbourne's housing market is currently showing a mild steady price growth trajectory with house values have risen by 0.4% at the end of September 2023. While these indicators are positive, there are still distinct challenges ahead, similar to those faced by other major capital cities, including high interest rates and economic uncertainties.

Perth's real estate values remained resilient, as evidenced by a 1.3% rise in the home value index in September 2023. The primary driver maintaining upward pressure on housing values is the scarcity of available properties. Combined with affordability, strong migration, consistently low listings, and a limited rental market, these factors collectively support the resilience of the local real estate sector. Reflecting that, Perth leads other capitals by registering the highest annual capital gain of 8.8%. Despite observing some recovery in the second half of FY 2023, the future trajectory of housing values is characterised by uncertainty, primarily due to high interest rates and pullback in consumer spending, leading to weakened economic conditions. Challenges such as high costs and a scarcity of skilled trades continue to hinder efforts to deliver more housing supply.



*Ramsay Hospital building*

## Sustainability Statement

### ABOUT THIS STATEMENT

Batu Kawan Berhad (“**BKB**” or “**Company**”) is pleased to present our annual Sustainability Statement (“**Statement**”) for the financial year ended 30 September 2023 (“**FY 2023**”), which outlines our Group’s sustainability strategies and practices, initiatives and performance milestones for the reporting period of 1 October 2022 to 30 September 2023, unless stated otherwise. This Statement is intended to be read jointly with BKB’s FY 2023 Annual Report together with the relevant policies and procedure documents made available on our corporate website at [www.bkawan.com.my](http://www.bkawan.com.my).

### STATEMENT REPORTING STANDARDS

Our Statement has been prepared, as best we can, in accordance with the guidelines and framework outlined below:

#### Principal Guidelines of Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”)

- Bursa Malaysia Main Market Listing Requirements in relation to enhanced sustainability reporting framework
- Sustainability Reporting Guide 3rd Edition 2022
- Task Force on Climate-related Financial Disclosures (“**TCFD**”) recommendations

#### Additional Guidelines/References

- Global Reporting Initiative (“**GRI**”) Standards
- The United Nations Sustainable Development Goals (“**UNSDG**”)

### SCOPE OF STATEMENT

Our Statement updates of the Group’s sustainability performance and progress of our two (2) primary business segments, namely Plantation and Manufacturing which account for more than 97% of the Group’s total revenue and 90% of the Group’s operating profit in FY 2023.

#### Plantation

Most of the assets in our Plantation segment are held and operated by our main subsidiary - Kuala Lumpur Kepong Berhad\* (“**KLK**”). Activities in the segment involves the cultivation of oil palm and rubber, as well as the subsequent activities of harvesting and processing of the crops produced.

Revenue	Operating profit
RM3.54 billion	RM1.19 billion
Planted area	
301,582 hectares	

\*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 their Annual Report can be found at KLK’s website at [www.klk.com.my](http://www.klk.com.my).

#### Manufacturing

Our Manufacturing segment mainly covers:

- (1) KLK’s Oleochemical, which involves the downstream processing of crude palm oil (“**CPO**”) and palm kernel (“**PK**”) products; and
- (2) BKB’s Industrial Chemical, which Industrial Chemical and transport subsidiaries are involved in production of inorganic basic chemicals and transport of chemicals products.

Revenue	Operating profit
RM20.56 billion	RM531.88 billion
Production Facilities	
<ul style="list-style-type: none"> <li>• 15 oleochemical manufacturing facilities, 5 refineries &amp; 5 kernel crushing plants across Malaysia, Indonesia, Europe and China</li> <li>• 8 industrial chemical’s operating centres in Malaysia, with capacity for 195,600 dry mt</li> </ul>	



## Sustainability Statement (Continued)

### ABOUT THIS STATEMENT (Continued)

#### SCOPE OF STATEMENT (Continued)

The reporting scope in our Statement excludes the “Property Development” and “Other” segments as they have minimal impact on the Group’s overall sustainability performance and progress. Nevertheless, BKB will include any all significant areas that we operate in, as and when they arise, in our future reports.

While we did not conduct internal or external assurance exercises on the information contained within this Statement for FY 2023, it is in our plan for the next financial year to obtain assurance on our disclosures.

BKB welcomes and encourages its stakeholders to provide feedback pertaining to our Statement and the issues covered to our Sustainability team at [cosec@bkawan.com.my](mailto:cosec@bkawan.com.my).

## OUR APPROACH TO SUSTAINABILITY

### SUSTAINABILITY POLICY (“Policy”)

BKB recognises that embedding the practice of Sustainability within our businesses will drive the Group to adopt a responsible, accountable and transparent approach in all our operations.

Our Policy statement applies to all directors and employees of BKB and its subsidiaries (excluding KLK and its group of companies as the KLK Group, being a listed company has its own separate Sustainability policy) and is for the purpose of communicating to our business partners, customers, contractors, suppliers, trading and joint-venture partners and other stakeholders, our approach on Sustainability.



Our sustainability efforts are based on the three (3) key pillars: **Environmental**, **Social** and **Governance** (“ESG”), as below:

<b>Environmental</b>	<ul style="list-style-type: none"> <li>- <b>Protecting the environment by working towards reducing environmental impact as well as optimising resource utilisation.</b></li> <li>• Towards sustainable low carbon strategies in our operations</li> <li>• Adopting a responsible value chain</li> </ul>
<b>Social</b>	<ul style="list-style-type: none"> <li>- <b>Being a responsible organisation and improving social progress within the geographies which our Group is operating in.</b></li> <li>• Developing a diversified, equal opportunity and inclusive workforce</li> <li>• Contributing to social progress and supporting communities where we operate</li> </ul>
<b>Governance</b>	<ul style="list-style-type: none"> <li>- <b>Pursue stable and profitable progress through good business practices.</b></li> <li>• Conducting business in an ethical manner</li> <li>• Compliance with applicable laws and regulations</li> </ul>

These commitments supplement the existing policies of our Group that already contain relevant requirements that relate to Sustainability.

## Sustainability Statement (Continued)

### OUR APPROACH TO SUSTAINABILITY (Continued)

#### SUSTAINABILITY FRAMEWORK

Our Group is making Sustainability an anchor in our management focus and business improvement initiatives, recognising that it has an impact beyond the Group's business alone. Therefore, our Sustainability Framework embeds ESG relevant factors into our business operations by aligning business strategy and decision making to deliver sustainable practices while also balancing our economic aspirations for our people and communities.

For FY 2023, our sustainability framework has been refined in order to part align with the *Bursa Malaysia Main Market Listing Requirements in relation to enhanced sustainability reporting framework* i.e. Common Sustainability Matters. This is an attempt of alignment to Common Sustainability Matters but not an early full adoption of the enhanced sustainability reporting framework. We have re-categorised and re-arranged our existing ten (10) material sustainability

matters into eleven (11) Common Sustainability Matters and two (2) other sustainability matters (unique to our plantation segment), under six (6) focus areas namely, (i) Climate Change, (ii) Environmental Management, (iii) Operational Excellence ("OpEx"), (iv) Employee Management, (v) Community Investment, and (vi) Business Ethics & Integrity, as follows:

#### Our Sustainability Goal:

To adopt responsible and sustainable practices in its business and operations to ultimately achieve results that are sustainable for future generations.

Our Goal Outcome	Our Focus Area	Sustainability Matters	In alignment to UNSDGs		
Environmental – Responsible Manufacturer	Climate Change	<ul style="list-style-type: none"> <li>Emissions Management</li> <li>Energy Management</li> </ul>	6 CLEAN WATER AND SANITATION	7 AFFORDABLE AND CLEAN ENERGY	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Environmental Management	<ul style="list-style-type: none"> <li>Water</li> <li>Waste Management</li> <li>Biodiversity</li> </ul>	13 CLIMATE ACTION	15 LIFE ON LAND	
Social - Enriching communities	Operational Excellence ("OpEx")	<ul style="list-style-type: none"> <li>Health &amp; Safety (Product Quality &amp; Safety, Product Stewardship)</li> </ul>	3 GOOD HEALTH AND WELL-BEING		
	Employee Management	<ul style="list-style-type: none"> <li>Labour Practices &amp; Standards (Talent Development)</li> <li>Diversity</li> </ul>	4 QUALITY EDUCATION		
	Community Investment	<ul style="list-style-type: none"> <li>Community/ Society</li> </ul>	8 DECENT WORK AND ECONOMIC GROWTH		
Governance	Business ethics & integrity	<ul style="list-style-type: none"> <li>Anti-corruption</li> <li>Data Privacy &amp; Security</li> <li>Supply Chain Management/ Traceability</li> </ul>	As per BKB's Corporate Governance Overview Statement.		
			12 RESPONSIBLE CONSUMPTION AND PRODUCTION		

## Sustainability Statement (Continued)

### OUR APPROACH TO SUSTAINABILITY (Continued)

#### SUSTAINABILITY FRAMEWORK (Continued)

We plan and target to deliver the objectives under each focus area by addressing the concerns related to each of our material matters and Sustainability initiatives which could be summarised as below:



#### Energy Minimisation

Reduce energy usage for natural gas, fuel and purchased electricity.



#### GHG Emission

Reduce greenhouse gas emissions by reducing overall energy usage in all forms.



#### Waste

Reduce process waste (non-hazardous & hazardous) and system waste, applying new waste disposal technology, where applicable.



#### Water

Reduce overall water consumption through conservation, recycling, and reuse.



#### Hydrogen Usage

Increase use of hydrogen as a non-carbon fuel source for energy production within operations.



#### Material Efficiency

Maximise our conversion of raw materials used in our products to increase material efficiency.



#### Product Circularity

Develop solutions to recover and recycle our products and extend the life of the materials we manufacture.



#### Social Responsibility

Corporate Social Responsibility (“CSR”) is a main part of our sustainability. We actively engage with the local community through various programmes in order to contribute positively to the community.

#### SUSTAINABILITY GOVERNANCE

The BKB Board of Directors (“**Board**”) has an oversight responsibility to achieve sustainable value to stakeholders through its policies, objectives and strategies, with the support of the Sustainability Steering Committee (“**SSC**”) and the Sustainability Working Committee (“**SWC**”) working on sustainability matters and initiatives, as shown in the diagram below.



Since sustainability matters are important to BKB, the initiatives under the SSC are led by BKB Managing Director who reports directly to the Board on a regular basis and collaborates with the SWC to oversee the implementation of sustainability-related initiatives and activities. Our SSC is represented by C-suite and Senior Management from all operating centres. Under the purview of the SSC is the SWC, represented by members from middle management across our operating centres. The SWC is responsible for the day-to-day implementation of the Group’s strategies and plans. Separately, Sustainability team acts both as subject matter experts and coordinates the Group’s efforts and performance, including undertaking the materiality assessment process. These roles and responsibilities are reflected in their respective terms of reference.

Our Board aims to be equipped with the necessary knowledge regarding the management of sustainability, including climate-related risks and opportunities required, to drive informed decision making by attending ESG-related programmes conducted by Bursa or other institutions. The majority of BKB Directors have also completed the Mandatory Accreditation Programme Part II on sustainability (a new mandatory onboarding programme by Bursa Malaysia which requires Directors to complete by 1 August 2025).

We plan to establish more specific sustainability-linked key performance indicators (“**KPIs**”) and embed them within our performance evaluation scorecards to drive group-wide accountability in steering our sustainability performance.

## Sustainability Statement (Continued)

### OUR APPROACH TO SUSTAINABILITY (Continued)

#### STAKEHOLDER ENGAGEMENT

Our Group works collaboratively with various internal and external stakeholders from the community, business, government, suppliers and service providers to ensure all stakeholders' areas of interest within our business scope are managed, resolved and handled responsibly and sustainably.

Similar to past years, we have identified eight (8) key stakeholder groups which may be affected by the Group's business operations and activities. During the year under review, we engaged with stakeholders to create conversations about sustainability material matters and/or topics relevant to their interests and our operations, which have an impact on society as a whole.

Such interactions with stakeholders enable Management to better understand a variety of perspectives and obtain feedback on the Group's business direction and strategies, allowing us to build better long-term strategies in achieving the Group's financial and non-financial objectives. The table below summarises our key stakeholder groups, their areas of interest, and our approaches in engaging with them.

No.	Stakeholder Group	Area 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> </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> <li>Employee Induction</li> <li>Grievance Policy</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 Forum &amp; 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 / Supplier Audit</li> <li>Vendor Quality &amp; Performance Audit</li> <li>Meetings and Discussion</li> </ul>
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> <li>Supply Consistency</li> <li>Quality Stability</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 Meetings</li> <li>Company Announcements</li> <li>Annual Report</li> <li>Corporate Governance Report</li> <li>Websites</li> </ul>
6.	Bankers and Financial Institutions	<ul style="list-style-type: none"> <li>Governance &amp; 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>Websites</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>Corporate Social Responsibility</li> <li>Publicity and Corporate Branding</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 Matters</li> <li>Challenges Faced by the Chemical 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>Grievance Policy</li> <li>Email Surveys</li> </ul>

## Sustainability Statement (Continued)

### OUR APPROACH TO SUSTAINABILITY (Continued)

#### STAKEHOLDER ENGAGEMENT (Continued)

On 13 and 14 June 2023, our CCM Chemicals Sdn Bhd (“CCM Chemicals”) co-hosted the Global Chlorine Safety Seminar 2023 with World Chlorine Council in Johor Bahru, Malaysia. It brought together experts, professionals and chlor-alkali enthusiasts from around the globe to discuss and promote the safe handling and use of chlorine. The seminar provided a perfect environment for knowledge sharing and networking.



#### SUSTAINABILITY MATERIAL MATTERS

Creating a long-term value requires a thorough understanding of industry trends, operational challenges, and stakeholder expectations. As a result, we create our strategies based on the sustainability material matters of our business growth as well as the needs of our stakeholders. These significant issues influence our Board and SSC as we shape the organisation for a long-term sustainable growth.

#### Materiality Matrix

Our Group's ESG Materiality Matrix is determined by the significance levels of those ESG aspects relevant to the Group's business operations as well as the views and expectations of our stakeholders with emphasis on their sustainability trends, risks and opportunities that affect our business strategies and direction.

We aim to conduct a comprehensive materiality assessment once every three (3) years while we undertake an annual review of the relevance of our previously prioritised ESG impacts arising from our day-to-day activities. This year a full-scale materiality assessment is due and it was conducted during the reporting period involving our key internal stakeholders to ensure that their interests and concerns and those they perceived of interest and concern to our key external stakeholders, are addressed. Our material matters will then influence our business decision on allocation of our resources.

This year through our full-scale materiality assessment review and moderation session, we concluded that all our existing ten (10) sustainability material matters are aligned with BKB's strategic priorities and stakeholder expectations. However, this year we have re-categorised and re-arranged our existing ten (10) sustainability material matters into eleven (11) Common Sustainability Matters, which partly aligns with Bursa Malaysia's future TCFD reporting, with two (2) additional sustainability material matters to our plantation segment. They are as follows:

Focus Area	FY 2022	FY 2023
Climate Change	1) Climate change	1) Emissions Management 2) Energy Management
Environmental Management	2) Environmental Management 3) Biodiversity	3) Water 4) Waste Management 5) Biodiversity
Operational Excellence (“OpEx”)	4) Occupational Health & Safety 5) Product Quality & Safety	6) Health & Safety (includes product quality & safety)
Employee Management	6) Labour Practices & Equal Opportunities 7) Training & Development	7) Labour Practices & Standards 8) Diversity
Community Investment	8) Communities	9) Community/Society wellbeing
Business ethics & integrity	9) Business Ethics & Integrity 10) Traceability	10) Anti-corruption 11) Data Privacy & Security 12) Traceability 13) Supply Chain Management



## Sustainability Statement (Continued)

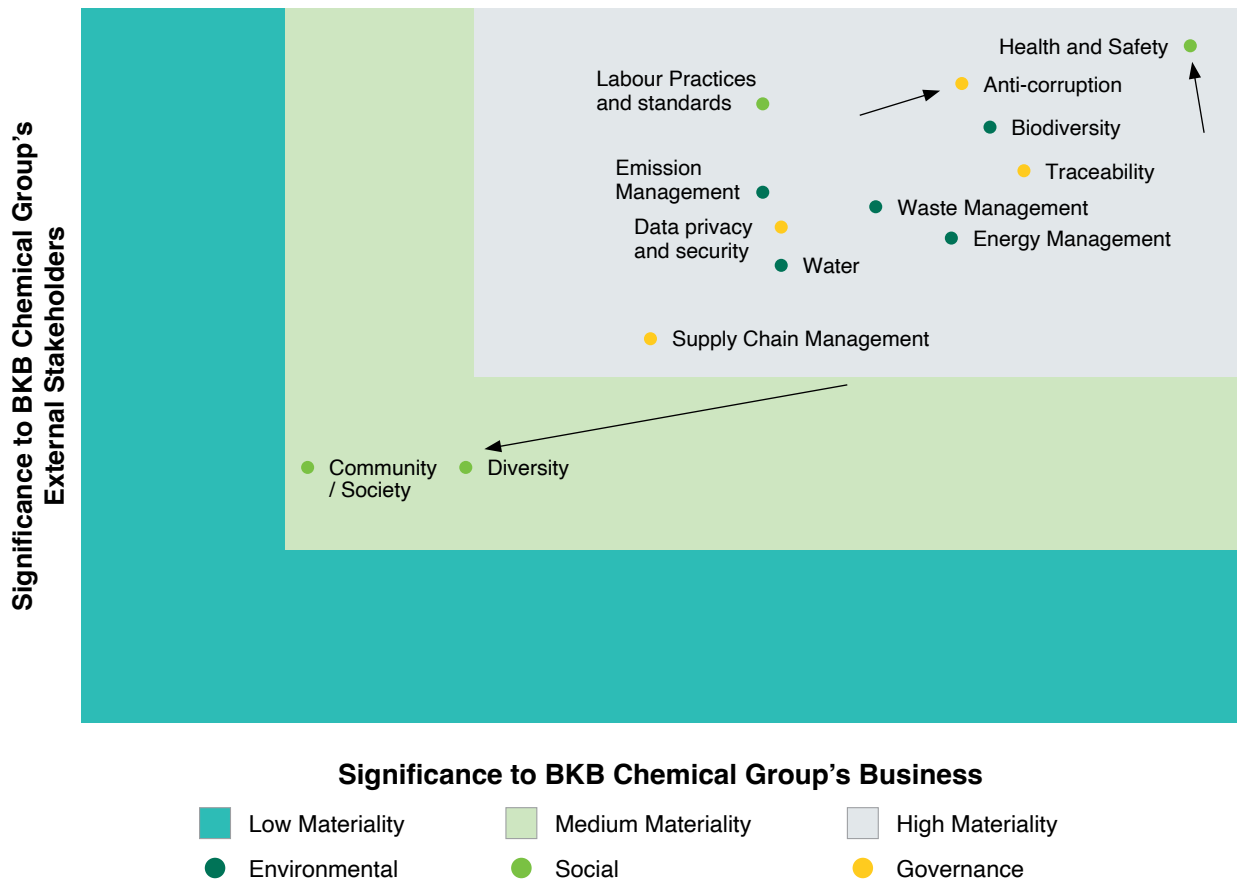
### OUR APPROACH TO SUSTAINABILITY (Continued)

#### SUSTAINABILITY MATERIAL MATTERS (Continued)

##### Materiality Matrix

Last year's reporting, three (3) sustainability material matters, namely "Health & Safety", "Anti-corruption" and "Diversity" have been repositioned following our materiality review and moderation exercise. The first two (2) reflect increased stakeholders' interest in our business ethics and integrity in conducting our business, as well as in the health and safety of our employees, and public and product safety throughout the value chain. The "Diversity" material matter was shifted to the medium priority quadrant reflecting the nature of our plantation and chemical industries which are hard to attract female employees due to the outdoor nature of work and perception of hazardous environment for chemical plants. The updated material matrix including the materiality assessment process undertaken has been reviewed by our SSC and endorsed by the Board.

Our ESG Materiality Matrix is as follows:



Our revised Materiality Matrix renews our focus on material matters which forms the basis of our report, while the respective indicators facilitate the monitoring and measurement of our sustainability performance.

Our Enterprise Risk Management ("ERM") framework includes sustainability and climate-related risks in addition to corporate financial and operational risks. We ensure all identified risks stay within our risk appetite through revision and monitoring by designated risk owners and the Risk Management Coordinator, and further reviewed by the BKB Audit and Risk Committee on a quarterly reporting via our Key Risk Indicators ("KRIs").

## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS



#### ENVIRONMENTAL

##### CLIMATE CHANGE

##### Related UNSDGs:



##### Why is this significant?

Climate change will have a wide-ranging effect on the environment and socio-economic related sectors, impacting water resources, agriculture and food security, human health, terrestrial ecosystems as well as biodiversity and coastal zones. Delays in responding to climate change may lower our competitive edge.

Our Group's Plantation segment will be impacted by climate change from rise in temperatures, unseasonal weather, floods and droughts.

Our Group's Manufacturing segment has huge energy consumption and GHG emissions that contribute to climate change impacts. Hence, it is our responsibility, as corporate citizens, to reduce our carbon footprint while also embracing opportunities that unfold during the transition to a low-carbon economy.

##### Our approach

To address climate change, our environmental footprints across all our operations in the Plantation and Manufacturing segments are measured and managed. We aim to implement energy-efficient and/or energy-saving approaches to reduce energy consumption in our value chain and achieve cost effectiveness in our energy usage. Reducing energy consumption will be environmental benefits.

In managing our energy and emission impacts, we use technology and new equipment to implement energy-saving and cost-effective techniques in the Plantation and Manufacturing processes of our plants to reduce their operations carbon footprint and energy consumption.

No	Initiatives	Energy & Emission Impacts
(i)	Co-generation plants	Installed combined heat and power generation units to generate electricity and use heat produced to produce steam and chilled water for plant operations, hence reducing use of fossil fuel to produce these items separately.
(ii)	Newer technology and energy efficient electrolyzers and membranes	Upgrading of more energy efficient electrolyzers and membranes at industrial chemicals plants to reduce electricity power consumption.
(iii)	Biogas power plants	Conversion of methane gas captured from palm oil mill effluent ("POME") into electricity to reduce GHG emissions and biological oxygen demand.
(iv)	Usage of by-products as an alternative energy source	Increase usage of palm pressed fibre ("PPF") and kernel shells as biofuels to reduce fossil fuel consumption.
(v)	Filter belt press ("FBP")	Installation of FBP in selected palm oil mills to reduce GHG emissions.
(vi)	Project Palm Oleo Klang ("POK") Solar	To address sustainable energy source, POK installed 1,576 monocrystalline solar PV modules on rooftops across the facility, with a total capacity of 866.8kWp. It is estimated to produce 1 GWh of renewable electricity annually, equivalent to 5% of the facility's yearly electricity consumption, while also reducing annual Scope 2 emissions by 550 mt CO <sub>2</sub> eq. This free and clean electricity also resulted in significant cost savings of over RM500,000 per year.
(vii)	The Wärmeverbund Heat Integration Project	At the Emmerich manufacturing facility, this project is to address the loss of energy due to high wastewater temperatures, including substantial financial and environmental costs. 1 <sup>st</sup> phase involved installation of 2 activated carbon filters to recycle 25 m <sup>3</sup> /h of wastewater, elevating the heat integration system's feed temperature from 18°C to 22°C resulted in energy savings and also reduced waste water fees, along with a 30 m <sup>3</sup> /h decrease in well water usage. 2 <sup>nd</sup> phase involved enhancing heat exchanger surfaces which significantly reduced steam consumption for feed water in steam production. Currently underway 3 <sup>rd</sup> phase involves economisers for distillation columns to further curtail steam consumption and promote energy efficiency. The project is expected to yield cost savings of €172,000 in waste water fees and €137,000 in energy costs for fiscal year 2022-2023, along with saving 1,400 MWh of energy.

## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



#### ENVIRONMENTAL (Continued)

##### CLIMATE CHANGE (Continued)

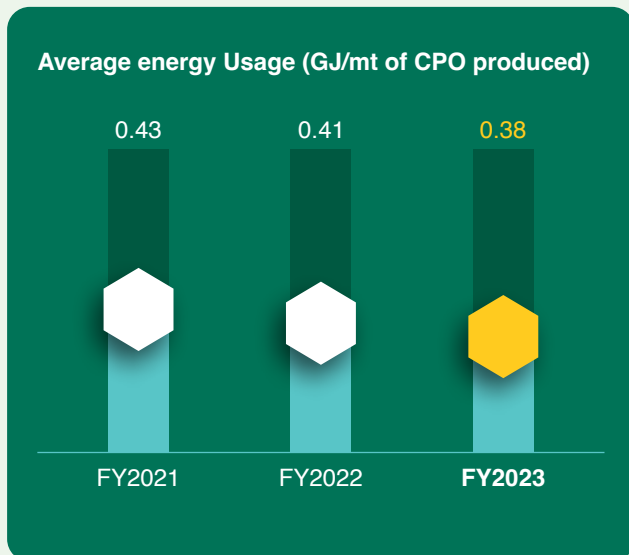
##### Our performance

##### ENERGY MANAGEMENT AT PLANTATION SEGMENT

Our Plantation segment has projects, both completed and in-progress, to recycle biogas from our palm oil effluent. We continue to explore more efficient resource utilisation and to incorporate green energy wherever feasible in our operations to shift away from non-renewable energy sources.

In FY 2023, Plantation segment average energy usage intensity was 0.38 GJ/mt of CPO produced as compared to 0.41 GJ/mt of CPO produced, with the higher efficiency achieved mainly attributed to higher CPO processed of 1.25 million mt (2022: 1.05 million mt).

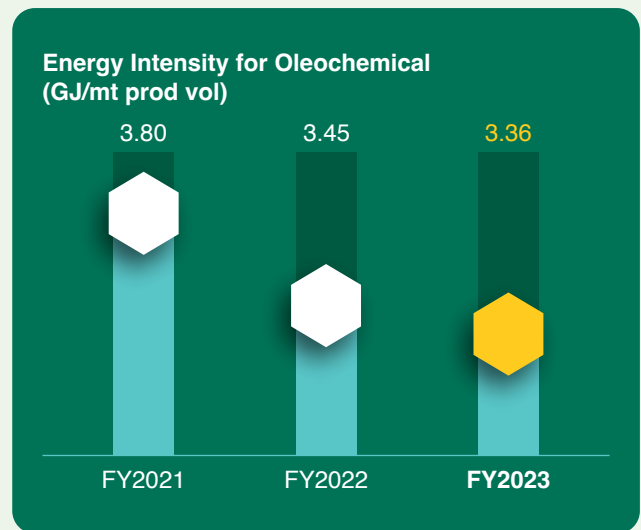
The Plantation segment currently operates 9 biogas plants, with 4 located in Malaysia, 4 in Indonesia, and 1 in Liberia. There was 179,097 mt CO<sub>2</sub>eq methane avoided from biogas capture.



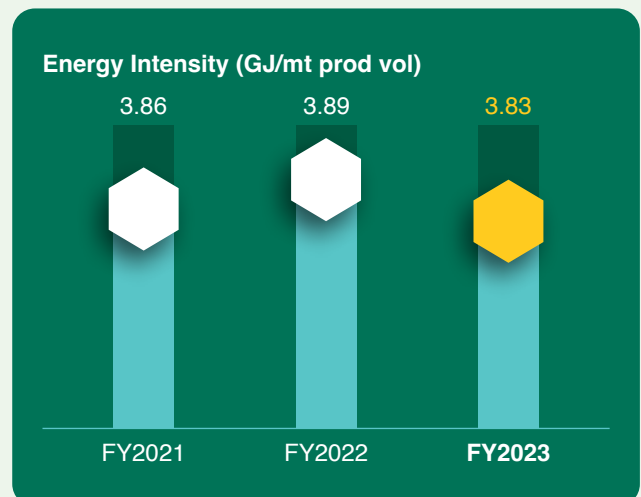
Also, there are 27 existing FBPs with 185,250 mt CO<sub>2</sub>eq GHG emissions reduction from these FBPs.

##### ENERGY MANAGEMENT AT MANUFACTURING SEGMENT

##### Oleochemical



##### Industrial chemical



## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



### ENVIRONMENTAL (Continued)

#### CLIMATE CHANGE (Continued)

#### Our performance (Continued)

#### ENERGY MANAGEMENT AT MANUFACTURING SEGMENT (Continued)

Energy Consumption breakdown for Manufacturing Segment

Energy Consumption (GJ)	Industrial Chemical			Oleochemical		
	2021	2022	2023	2021	2022	2023
A. Non-renewable fuel consumed	635,583	1,218,101	1,147,102	8,108,148	7,137,593	7,592,892
B. Renewable fuel consumed	-	-	-	-	39,923	88,175
C. Electricity purchased for consumption	1,411,610	1,207,409	1,220,564	2,758,276	2,444,153	2,318,367
D. Self-generated electricity, heating, cooling, & steam (which are not consumed)	-	-	-	123,395	-	-
E. Electricity, heating, cooling & steam sold	13,985	9,847	9,093	66,420	37,456	54,576
Total energy consumption (A+B+C+D)-E	2,033,208	2,415,664	2,358,573	10,923,398	9,584,213	9,944,858

While non-renewable energy remains a significant portion of our consumption, we are committed to actively reduce our overall unit energy consumption in order to produce sustainable chemicals.

For Oleochemical, the energy consumption intensity improved 3% to 3.36 GJ/mt production volume for FY 2023 as compared to 3.45 GJ/mt production volume in FY 2022 mainly from higher total production volume.

For Industrial Chemical, the energy consumption intensity was 3.83 GJ/mt of production volume for FY 2023, which was 2% less efficient than FY 2022 mainly due to a fall in

total production volume caused by temporary shutdowns to facilitate the electrolyzers replacement and upgrade projects in Malay-Sino Chemical Industries Sendirian Berhad (“**Malay-Sino**”) Kemaman and Lahat plants during the year. For the first half of FY 2023, old electrolyzers in Lahat plant encountered multiple breakdowns resulting in low run rates. They are now replaced by ones of newer technology and better operating efficiency. In addition, a steam optimisation project for the sulphuric acid plant was implemented at See Sen Chemical Berhad (“**See Sen**”) Kemaman plant.

For the transportation sector, new prime movers powered by Euro 3 engines with lower fuel consumption were acquired under our fleet renewal programme. Overall fleet diesel fuel consumption for FY 2023 average 2.73 km/litre or 2.6% improvement over FY 2022's 2.66 km/litre and on par with FY 2021, reducing CO<sub>2</sub> emissions. Our transportation is Scope 2 GHG emissions amounted to 5,571 mt CO<sub>2</sub> equivalent.

## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



### ENVIRONMENTAL (Continued)

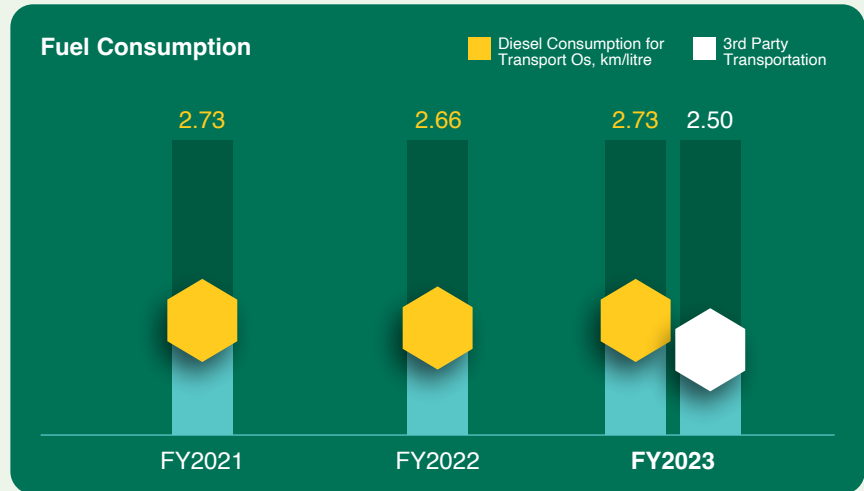
#### CLIMATE CHANGE (Continued)

##### Our performance (Continued)

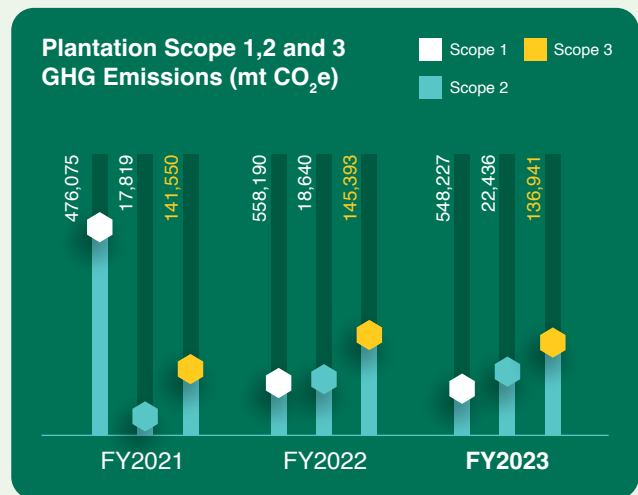
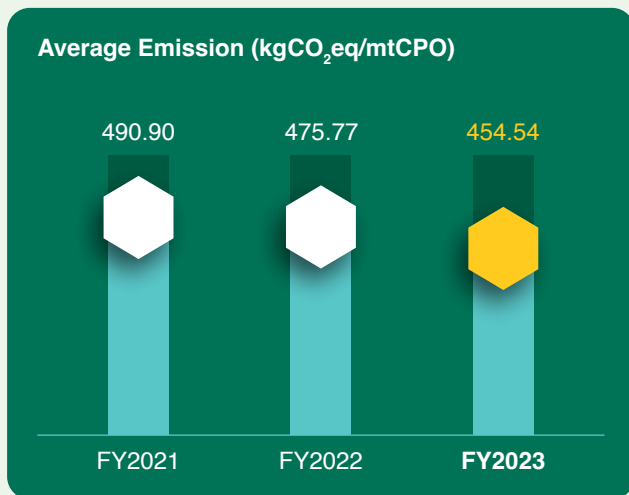
#### ENERGY MANAGEMENT AT MANUFACTURING SEGMENT (Continued)

In March 2023, our transport subsidiaries were awarded the “3<sup>rd</sup> Best Company Trucks with the Most CO<sub>2</sub> Reduction in Malaysia” by Scania under its Scania Ecolution Partnership Programme.

During FY 2023, we initiated the monitoring and tracking of fuel consumption of our goods deliveries by third-party trucks, with an average of 2.50 km/litre and GHG emissions of 9,190 mt CO<sub>2</sub> equivalent. This tracking provides a baseline for future inclusion in Scope 3 tracking and reporting for third-party transportation.



### EMISSIONS MANAGEMENT AT PLANTATION SEGMENT



Plantation has opted for a more detailed approach in alignment with the GHG Protocol, providing comprehensive disclosure on Scope 1, 2, and limited Scope 3 emissions based on its in-house efforts and the GHG Protocol.

GHG intensity for plantation was 454.54 kg CO<sub>2</sub> eq /mt CPO produced for FY 2023, a 4% improvement compared to 475.77 kg CO<sub>2</sub> eq /mt CPO produced in FY 2022, with Scope 1 & Scope 2 GHG Emissions at 548,227 mt CO<sub>2</sub> eq and 22,426 mt CO<sub>2</sub> eq respectively while limited Scope 3 was at 136,951 mt CO<sub>2</sub> eq.



## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)

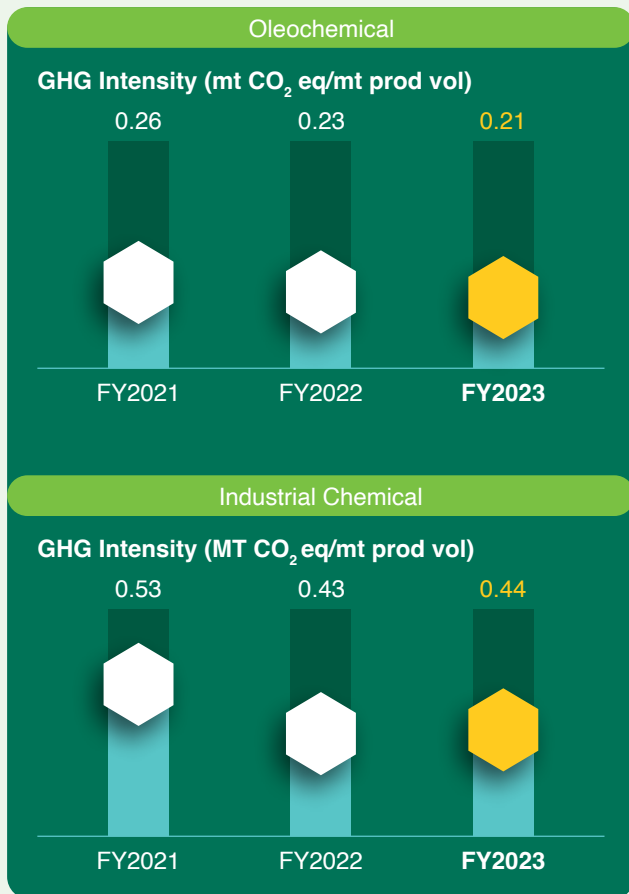


#### ENVIRONMENTAL (Continued)

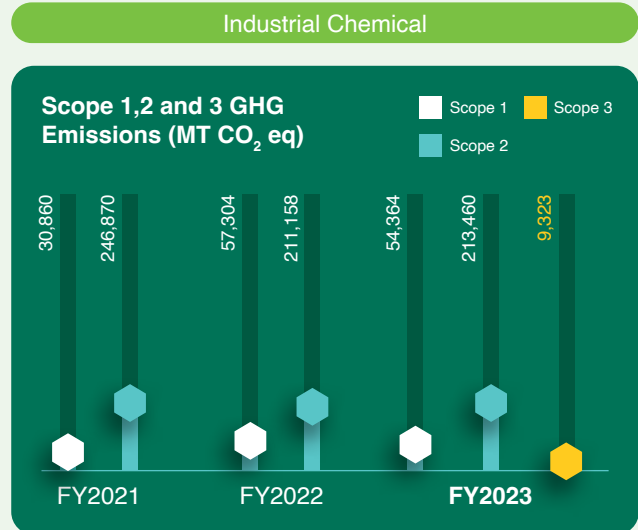
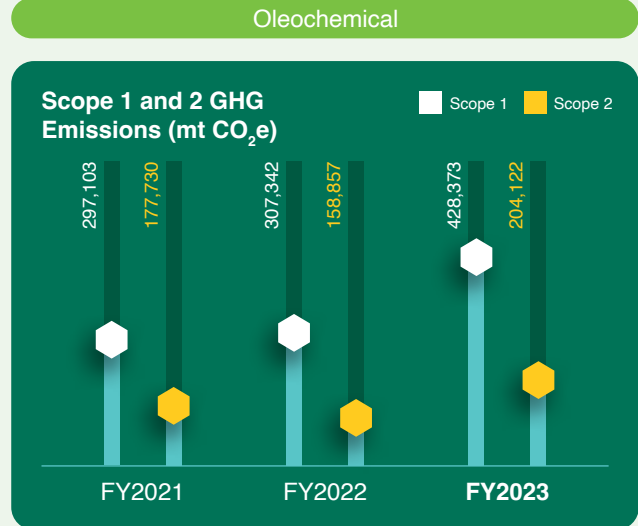
#### CLIMATE CHANGE (Continued)

#### Our performance (Continued)

#### EMISSIONS MANAGEMENT AT MANUFACTURING SEGMENT



The Manufacturing segment is committed to reducing its GHG intensity over time. In our pursuit of sustainability, we are exploring renewable energy credits to offset our carbon intensity. Any reduction in intensity not only fulfills customer expectations but also sets the baseline for any lower product carbon footprint efforts in the future. This in turn, will have a cascading effect on the entire life cycle analysis of our products.



The total GHG emissions of Oleochemical for FY 2023 amounted to 428,373 mt CO<sub>2</sub>e for Scope 1 and 204,122 mt CO<sub>2</sub>e for Scope 2, representing 39% and 28% higher in total GHG emissions for Scope 1 and Scope 2 from last year.

For the Industrial Chemical division, the total GHG emissions was at 54,364 mt CO<sub>2</sub>e for Scope 1 and 213,460 mt CO<sub>2</sub>e for Scope 2, representing a 5% reduction for Scope 1 and 1% higher for Scope 2 than last year.

Additionally, Industrial Chemical has started tracking and monitoring our Scope 3 emissions, limited to business travel and employees commuting to work. This year, these GHG emissions amounted to 9,323 mt CO<sub>2</sub>e. We will establish a target for our Scope 3 emissions once we have further refined our emissions data for all our operations.

## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



### ENVIRONMENTAL (Continued)

#### ENVIRONMENTAL MANAGEMENT

##### Related UNSDGs:



##### Why is this significant?

Our Group utilises natural resources such as energy, water, and other finite resources that are also relevant for future generations. While adhering to environmental standards and regulations, we strive to practise sustainable and responsible environmental management as both an ethical business approach and a motivator for us to improve our current operations.

How we care for our environment is critical to safeguard opportunities for future generations. We seek to work proactively with our stakeholders on sustainability solutions. This section discusses the impact of our Plantation and Manufacturing operations on water conservation and waste management.

##### Our approach

The majority of BKB Group manufacturing plants are already accredited with ISO14001:2015 on Environmental Management System which seeks to reduce environmental impacts from our activities, products and services through continual assessments and continuous improvement. Our Group also conveys periodic education and awareness to key stakeholders on climate change impacts and the importance of resource use efficiency.

We also ensure that all our plants and operations in the Plantation and Manufacturing segments comply with environmental regulations. Our operations are benchmarked to voluntary environmental standards as well as using digitalisation and new technology to reduce material consumption and waste production. Our key approaches in FY 2023 cover the following areas:

- 1) Water Conservation
- 2) Waste Management

We implement water conservation initiatives and raise employees' awareness on proper water management at all our operating centres. These initiatives include:

- (i) Implementation of rainwater harvesting system to reduce water dependency on third party water;
- (ii) Installation of modified water taps with foot operated switch to reduce flow rates at the transportation sector; and
- (iii) Raising awareness among employees through ESG campaigns and reminders to water saving at our operating centres.

In adhering to environmental regulations in relation to manufacturing scheduled wastes, we are guided by local councils' regulatory laws and jurisdictional guidance. We ensure that our manufacturing scheduled wastes are properly stored and managed till collection points and final disposal by appointed Department of Environment's ("DOE") licensed contractors to approved waste facilities.

For our operating centres, we also established initiatives to increase awareness among our employees in efforts to reduce wastes such as:

- (i) Segregation of non-recyclable and recyclable wastes;
- (ii) Used paper and E-waste recycling; and
- (iii) Promote digitalisation and paperless.

## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



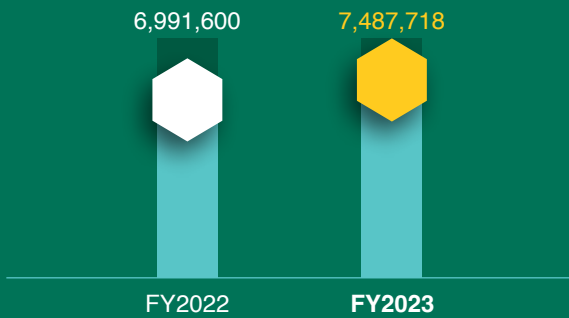
#### ENVIRONMENTAL (Continued)

#### ENVIRONMENTAL MANAGEMENT (Continued)

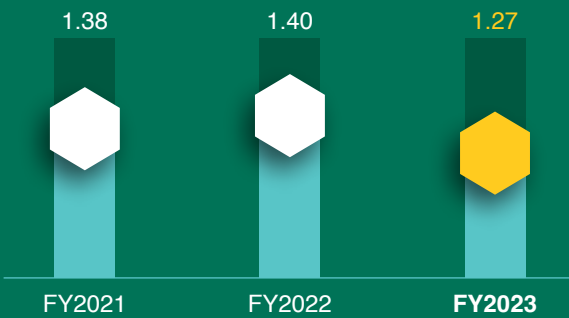
#### Our performance

#### WATER CONSERVATION AT PLANTATION SEGMENT

##### Total Water Consumption (m³)



##### Water Usage Rate (m³/mt FFB processed)

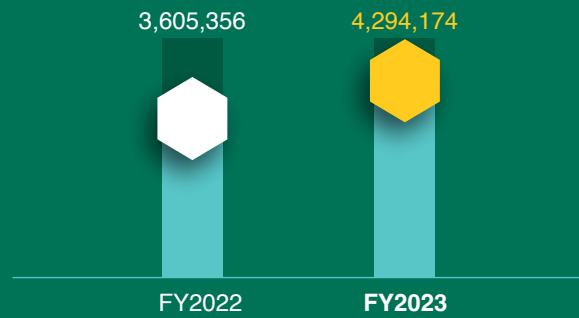


Water conservation and minimising water consumption are practical. In our plantations and mills, we carefully consider the unique characteristics of the land, topography, and the influence of weather conditions, including the impact of both droughts and floods, when managing our water resources.

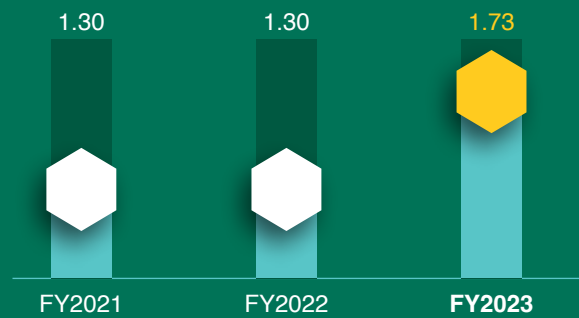
#### WATER CONSERVATION AT MANUFACTURING SEGMENT

##### Oleochemical

##### Total Water Consumption (m³)



##### Water Intensity (m³/mt prod vol)



Starting in 2021, we have measured water intensity in our upstream and downstream operations in addition to monitoring the amount of water withdrawn and discharged. This is made possible with data obtained from third party service providers.

## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



### ENVIRONMENTAL (Continued)

#### ENVIRONMENTAL MANAGEMENT (Continued)

#### Our performance (Continued)

#### WATER WITHDRAWAL

	Industrial Chemical			Oleochemical		
	2021 Unit (m³)	2022 Unit (m³)	2023 Unit (m³)	2021 Unit (m³)	2022 Unit (m³)	2023 Unit (m³)
Surface Water	-	215	-	1,464,900	1,227,334	1,332,396
Groundwater	-	-	-	2,076,505	2,219,017	2,329,558
Seawater	-	-	-	1,766,849	1,750,067	1,509,787
Produced water	-	-	-	270,018	-	-
Third-party water	1,646,548	2,020,168	1,924,555	2,878,734	2,548,763	2,596,270
<b>Total water withdrawal by site</b>	<b>1,646,548</b>	<b>2,020,383</b>	<b>1,924,555</b>	<b>8,457,006</b>	<b>7,745,181</b>	<b>7,768,011</b>

In FY 2023, Industrial Chemical utilised 1.9 million m³ of water representing a 4.7% reduction from the previous year in line with lower total production volume. However, there was a marginal increase in water withdrawal for Oleochemical in FY 2023 at 7.8 million m³ as compared to 7.7 million m³ in FY 2022.

#### WATER DISCHARGED

	Industrial Chemical			Oleochemical		
	2021 Unit (m³)	2022 Unit (m³)	2023 Unit (m³)	2021 Unit (m³)	2022 Unit (m³)	2023 Unit (m³)
<b>Total water discharged</b>	<b>196,875</b>	<b>225,717</b>	<b>235,792</b>	<b>4,140,249</b>	<b>4,140,315</b>	<b>3,472,597</b>

All water discharged are properly treated through Industrial Effluent Treatment Systems ("IETS") which complies with the Environmental Quality Act ("EQA") 1974 in our Manufacturing plants.

#### WATER REUSED/RECYCLED

	Industrial Chemical			Oleochemical		
	2021	2022	2023	2021	2022	2023
Percentage of water recycled and reused	4%	4%	1%	7%	-	6%

Water recycling and its reuse in our Industrial Chemical involves recycling of caustic evaporation condensation at Malay-Sino's Kemaman and Lahat plants. In FY 2023, only 1% was being recycled due to lower run rates of the Malay-Sino's Kemaman and Lahat plants during the project tie-in for their electrolyzers upgrades.

#### RAINWATER HARVESTING

	Industrial Chemical		
	2021	2022	2023
Rainwater Harvesting Unit (m³)	119	303	209

## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



#### ENVIRONMENTAL (Continued)

#### ENVIRONMENTAL MANAGEMENT (Continued)

#### Our performance (Continued)

#### RAINWATER HARVESTING (Continued)

Starting in FY 2021, our CCM Polymers Sdn Bhd (“CCM Polymers”) Bangi and CCM Chemicals Pasir Gudang plants with an area covering 560 m<sup>2</sup> of existing roofing, began rainwater harvesting. The harvested water was filtered and tested before being recycled back into processing. In FY 2023, we started to report See Sen Pasir Gudang’s rainwater harvesting covering an area of 228 m<sup>2</sup> with an estimated annual catchment of some 362 m<sup>3</sup> rainwater. The harvested water was used for watering plants and floor cleaning.

Despite an average daily collection of 0.99 m<sup>2</sup> in Johor statistically, actual rainwater harvesting falls short of targets due to factors such as inconsistent rainfall, water evaporation, and roof or system contamination.

### WASTE MANAGEMENT AT PLANTATION SEGMENT

Scheduled Waste Breakdown (MT)	2021	2022	2023
Used Oil	144.71	197.47	210.09
Inks and Paints	0.34	11.28	1.20
Chemical Containers	53.00	70.62	78.87
E-Waste	1.90	3.75	3.39
Used Batteries	9.87	13.30	17.53
Used Oil Filters	19.65	22.61	32.23
Used Hydraulic Oil	0.00	3.72	2.31
Oily Sludge	0.00	0.00	0.00
Clinical Waste	0.17	0.12	0.21

We take proactive steps to keep track of scheduled wastes (including oils, lubricants, fuel filters, chemicals, and pesticide containers) and dispose of them responsibly in full compliance with environmental laws and regulations applicable in the location of operation.

### WASTE MANAGEMENT AT MANUFACTURING SEGMENT

#### Oleochemical

Waste By Composition (MT)	2023
<b>Hazardous</b>	
Generated	9,424
Diverted from Disposal	764
Directed to Disposal	2,190
<b>Non-Hazardous</b>	
Generated	23,230
Diverted from Disposal	6,686
Directed to Disposal	12,602
<b>Total Waste</b>	<b>32,653</b>

This year, we have also begun more in-depth monitoring of waste and effluent, (including waster breakdowns from upstream activities, waster intensity from downstream activities, waster generation and disposal hazardous and non-hazardous) as well as the quality of discharged water.



## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



### ENVIRONMENTAL (Continued)

#### ENVIRONMENTAL MANAGEMENT (Continued)

#### Our performance (Continued)

##### Waste Disposal at Industrial Chemical

Type of Waste	Industrial Chemical		
	2021	2022	2023
General Waste	221	471	554
Scheduled Waste	1,925	3,086	4,595
<b>Total Volume of Waste Generated (MT)</b>	<b>2,146</b>	<b>3,557</b>	<b>5,149</b>
<b>Waste Generated Intensity (kg/MT prod vol)</b>	<b>4.08</b>	<b>5.73</b>	<b>8.37</b>

Waste intensity – 8.4 kg of waste generated/mt production volume (FY 2022: 5.7 kg/mt production volume) in Industrial Chemical. All general and scheduled waste go to landfill and/or incinerators operated by local councils.

##### Waste Recovery at Industrial Chemical

Type of Waste	Industrial Chemical		
	2021	2022	2023
<b>Total Volume of Scheduled Waste Recovery (MT)</b>	<b>3,046</b>	<b>1,561</b>	<b>660</b>
<b>Waste Recovery Intensity (kg/MT prod vol)</b>	<b>5.79</b>	<b>2.51</b>	<b>1.07</b>

Malay-Sino's Lahat plant of Industrial Chemical division holds a license for the prescribed premise (on-site) treatment facility, allowing collection of SW206 (acid waste) from the waste generators. Instead of the acid waste being disposed to the waste collection facilities by the waste generators, the acid waste is treated and reused in the production of Ferric Chloride. This initiative allows reuse of scheduled waste instead of their disposal thereby conserving the environment.

### BIODIVERSITY

#### Related UNSDGs:



#### Why is this significant?

Biodiversity protection is at the heart of our plantation operations. To safeguard biodiversity, we adopt sustainable land management practices, ensuring that we coexist harmoniously with nature. We are committed to biodiversity conservation by identifying, protecting, and maintaining High Conservation Value ("HCV") areas in its plantation activities. Areas with a significant concentration of biological value or valuable ecosystems are preserved.

## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



#### ENVIRONMENTAL (Continued)

#### BIODIVERSITY (Continued)

##### Our approach

KLK's Group Biodiversity Conservation Policy reaffirms and reiterates their commitment to biodiversity conservation throughout their operations and supply chains. When rare and endangered species are discovered within HCV sites, there is collaboration with non-governmental organisations and the State Wildlife Agency to preserve and conserve these populated HCV areas. Their habitats are protected through the use of appropriate management, monitoring plans, and best management practices for ecosystem services.

KLK's Sustainability Report is available on its website [www.klk.com.my](http://www.klk.com.my), contains more information on these initiatives.

##### Our performance

- (i) **Progress of KOTANDES Programme**  
Konservasi Hutan Desa ("KOTANDES"), with latest revision, covers 6,428 hectares in East Kalimantan, Indonesia to preserve and maintain a high-quality forest and its biodiversity as well as to promote local community welfare through sustainable practices.
- (ii) **KLKCare Bumi Kita – Biodiversity Conservation Programme**  
This programme is designed to rejuvenate and enhance forest ecosystems while also safeguarding wildlife habitats.
- (iii) **KLKCare x RIMAU – Tiger Conservation**  
In FY 2023, KLK continues its support for Persatuan Pelindung Harimau Malaysia ("RIMAU") by extending a RM500,000 donation for a two-year partnership, facilitating the training, equipment, and deployment of the Amanjaya Patroller teams established by RIMAU.
- (iv) **KLKCare x BORA – Wildlife Habitat Restoration**  
In collaboration with Bringing Back Our Rare Animals ("BORA"), KLK initiated the Wildlife Habitat Restoration programme to safeguard the rare and majestic species such as Bornean Bantengs.
- (v) **KLKCare x WWF-Malaysia – Wildlife Corridor Restoration in Tabin Landscapes**  
KLK has designated 7.1 hectares of land within KLK Ladang Bukit Tabin, Sabah to establish a vital wildlife corridor linking Tabin Wildlife Reserve and the isolated Silabukan Kecil Forest Reserve.
- (vi) **KLK x Earthworm Foundation Mitigating Human Elephant Conflict**  
In 2023, KLK Sawit Nusantara extended its backing to empower and enhance the capabilities of the Ulu Muanad Human-Elephants Coexistence Monitoring Team, aimed at mitigating human-elephant conflicts.
- (vii) **Tree Planting Project**  
Our plantation teams in Malaysia and Indonesia have actively participated in tree planting. To date, they have successfully planted 459,000 trees within their plantations in those countries.

## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



#### SOCIAL

#### OPERATIONAL EXCELLENCE ("OpEx")

##### Related UNSDGs:



##### Why is this significant?

BKB Group is committed to fostering a safe and healthy workplace for all its employees and contractors in line with UNSDG No 3 on Good Health and Well-being, and UNSDG No 8 on Decent Work and Economic Growth.

A strong health and safety culture at the workplace sets the foundation for our businesses to thrive and underpins both our financial success and moral obligations. Occupational Health & Safety ("OSH") also protects our Group against financial, operational, and legal ramifications as these will safeguard our employees and assets, maintain trust with stakeholders, and secures our future.

#### Our approach

Apart from ISO14001 certification, all BKB Industrial Chemical manufacturing plants are also accredited with ISO45001:2008 on Occupational Health and Safety Management Systems.

We have implemented Safety Opportunity for Improvement ("SOFI") across all operating centres ("OCs") to encourage and create awareness at all levels of employees to report and find unsafe acts as well as unsafe conditions. Furthermore, 6 Safety Principles ("6SPs") have been introduced as a backbone of our safety culture.

Our 6 Safety Principles are as follows:



1. Safety is Priority



2. No Injury at Work



3. Strong Process Safety & Integrity



4. System & Control



5. Management of Change



6. Learning & Prevention

In compliance with the Occupational Safety and Health Act 1994, Health, Safety and Environment ("HSE") Committees have been established in our operations sites to identify, plan and resolve OSH-related concerns.

The HSE Committees' key tasks and responsibilities include:

- Assist in the development of health and safety laws, as well as safe working procedures;
- Evaluate the effectiveness of health and safety programmes;
- Examine probable trends in accidents, near-misses, workplace poisoning or infections, and detrimental incidents;
- Report dangerous or unhealthy conditions and recommend corrective measures; and
- Evaluate HSE workplace policies, conduct safety inspection and recommend improvements as needed.

The Hazard Identification, Risk Assessment, and Risk Control ("HIRARC") process is regularly reviewed and assessed to ensure that it remains relevant in identifying all potential hazards and providing effective mitigation measures. An incident reporting line has been established to communicate information for Management's attention.

We provide health and safety training at the point of onboarding of new recruits, on-the-job and regular refresher training to employees and contractors. Our HSE training programmes include emergency response, hazard, and risk management, as well as health awareness. These programmes are reviewed regularly to ensure their relevance.

## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)









#### SOCIAL (Continued)

#### OPERATIONAL EXCELLENCE (OpEx) (Continued)

#### Our performance

##### 6SP Audit

6SP audits were conducted between September and October 2023, and the results are as below:

Safety Principle	Safety Points	Actions to bridge any Gap indentified
1. Safety is Priority 	<ul style="list-style-type: none"> <li>Usage of PPE</li> <li>Proper tool usage</li> <li>Fitness to work</li> <li>'Stop and Think' practices</li> <li>Handover and takeover process</li> </ul>	Trang & awareness: regular safety awareness campaigns and safety training.
2. No Injury at Work 	<ul style="list-style-type: none"> <li>Wet surface prevention</li> <li>Stairs safety</li> <li>Trip hazard</li> <li>Near miss and unsafe condition</li> </ul>	Training enhancement, incident analysis and near-miss reporting.
3. Strong Process Safety & Integrity 	<ul style="list-style-type: none"> <li>Interlock and Safety Device</li> <li>Preventive Maintenance</li> <li>Equipment and Piping Labelling</li> </ul>	Identifying process vulnerabilities, maintenance & ensuring system reliability.
4. System & Control 	<ul style="list-style-type: none"> <li>Safety Procedure Compliance</li> </ul>	Compliance: Reinforcement, monitoring and auditing.
5. Management of Change ("MoC") 	<ul style="list-style-type: none"> <li>Process and Procedure</li> <li>Documentation</li> </ul>	Documentation, understanding of process, potential impact assessment, employee awareness of MoC.
6. Learning & Prevention 	<ul style="list-style-type: none"> <li>Incident and Near Miss Reporting</li> </ul>	Knowledge-sharing platform: store and disseminate lessons learned.

## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



#### SOCIAL (Continued)

##### HEALTH & SAFETY

##### Number of work-related fatalities and Lost time incident rate

An important measure of OSH is Loss Time Injuries (“LTIs”) Severity Rate. LTI Severity Rate is derived as: (No. of days lost due to Major Accident x 1,000,000)/Total man-hours worked.

##### At Plantation

Year	Number of Lost Days		Total Manhours Worked		LTI Severity Rate	
	2022	2023	2022	2023	2022	2023
Malaysia	3,452	3,620	36,347,780	39,989,690	242.04	90.52
Indonesia	23,913	26,619	46,202,815	49,682,822	515.57	535.78
Liberia	11	390	3,299,296	2,037,041	3.33	191.45

##### Fatalities in Indonesia

Unfortunately, there were three (3) work-related fatalities in FY 2023: one from a lightning strike, another involving a truck accident and the third due to a neck injury from a fall. Thorough investigations were conducted to analyse the circumstances and identify preventive measures.

##### At Manufacturing

Year	Industrial Chemical			Oleochemical	
	2021	2022	2023	2022	2023
Number of Lost Days	63	455	58	362	861
Total Manhours Worked	2,844,656	2,714,459	3,441,623	6,243,084	7,336,320
LTI Severity Rate	22.15	167.62	16.85	59.11	117.36

OSH policies and procedures are an important support not just for keeping employees safe, but also for their customers, suppliers, and anyone who enters their plants. We are proud to declare that there has been no fatality in BKB Industrial Chemical for the past two (2) years. The LTI Severity Rate for FY 2023 rate was 16.85 lost days/million man-hours worked, almost a 90% improvement as compared to last year’s 167.62 lost days/million man-hours worked which was attributed by two (2) prolonged medical incidents. See Sen has been achieving Zero LTIs over 3.56 million man-hours worked since FY 2018.

All the 885 employees are trained on health and safety standards via the following training programmes:

- (i) Employees’ Safety Induction;
- (ii) Annual Safety Refresher course; and
- (iii) Monthly Safety Training (“KAHOOT”).

##### PRODUCT QUALITY & SAFETY

We are committed to manufacturing products that meet high quality and safety standards. Our customer’s satisfaction with the quality and safety of our products and services is our top priority. We adhere to a strict quality assurance process to ensure that we meet the requirements of each country. This applies to the entirety of our portfolio and encompasses all aspects of our products, systems, and services.



## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



#### SOCIAL (Continued)

##### CERTIFICATION AT PLANTATION SEGMENT

KLK Group steered and governed by their respective Quality Policies, provides products and services that meet or exceed customers' expectations while adhering to all internal and external safety, regulatory, and quality requirements. Plantation industry-standard certifications include:

- Roundtable on Sustainable Palm Oil ("RSPO") and Roundtable Certified Sustainable Palm Oil ("CSPO")
- Malaysian Standard on Sustainable Palm Oil ("MSPO")
- International Sustainability and Carbon Certification ("ISCC")
- Indonesia Sustainable Palm Oil ("ISPO")

##### Certification status

Certification	Estates	Palm Oil Mills
RSPO	76% (95%)	78% (100%)
MSPO	100%	100%
ISPO	96%	100%
ISCC	N/A	20 mills

\* Numbers in brackets (%) excludes KLK Sawit Nusantara

The drop in RSPO certification in FY 2022 and FY 2023 was a direct result of KLK's acquisition of IJM Plantation, and not a failure in renewal or audit processes. The certification process for these assets has been underway since 2021. KLK sets a target to complete certifications for assets located in Malaysia by the end of 2023, in Indonesia by third quarter in 2025, and in Liberia by the end of 2025.

##### CERTIFICATION AT MANUFACTURING SEGMENT

Our Industrial Chemical and Oleochemical products and processes have been certified as attaining world-class standards by various international bodies. We collaborate closely with government agencies such as the DOE, Ministry of Human Resources, and the Department of Occupational Safety and Health ("DOSH") to undertake compliance audits and site visits to validate the Group's practices in accordance with various legal requirements and standards.

In FY 2023, our OCs in BKB Industrial Chemical are accredited with ISO certifications for Quality, Environmental management systems as well as Occupational Health and Safety. Malay-Sino, See Sen, and CCM Chemicals have successfully obtained ISO 45001:2018 and ISO14001:2015 recertifications after their HSE integration. In addition, there are Kosher, Halal accreditation, and SIRIM certifications obtained for chlor-alkali, coagulant, and Oleochemicals individual products.

Company	% of manufacturing plant with certification		
	ISO 9001:2015	ISO 14001:2015	ISO 45001:2018
CCM Polymers	100%	100%	100%
CCM Chemicals	100%	100%	100%
Malay-Sino	100%	100%	100%
Circular Agency Sdn. Bhd. & North South Transport Sdn. Bhd	100%	100%	100%
See Sen	100%	100%	100%



Sedex

ecovadis



## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



#### SOCIAL (Continued)

##### PRODUCT STEWARDSHIP

We are committed to delivering our clients with exceptional service and products while protecting their safety and health. Accordingly, steps are taken to provide customers with requirements assessments, site audits and product training. Before the first product delivery is made to a new customer, audits are made to ensure that they have adequate and proper facilities to receive our products. Details of these initiatives are outlined below:

##### Customer Installation Assessment

This is a requirement that must be met before the first product is delivered to a new customer.

- Before the products are delivered, the customer's installation will be evaluated to ensure that it meets the prerequisite safety standards.
- The assessment covers HSE elements to ensure a safe environment during the unloading process, product storage, handling, and emergency response.
- Any gaps during the assessment will be communicated to the customer, and any corrective actions will be incorporated prior to product delivery.

##### Product Handling Training

This includes comprehensive product safety training for customers, agents, dealers, contractors, and employees.

- There are two types of product handling training:
  1. Comprehensive liquid chlorine training
    - This is a three-day programme that includes both theoretical and practical instruction in dealing with chlorine leaks from the container.
  2. Introduction to other products training
    - The training can be conducted at customer premises consisting of two-hour classroom training only or includes a practical mock exercise on emergency handling.

Other training programmes and initiatives are as follows:

##### **Driver Management Programme**

The transport of hazardous chemicals requires sound management to prevent accidents and undue exposure of chemicals to drivers and the public. We work closely with each transport company that we utilise to ensure their commitment to this programme. Ten (10) selected Scania trucks have started with geo-fencing speed control with position-based and real-time vehicle adjustments in pre-defined zones. This will increase safety and reduce fuel consumption.

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

A new safety initiative was the introduction of JMP for our chemical products drivers, highlighting high accident-risk areas along certain road journeys. In FY 2022, our transportation sector completed the JMP for the Karak highway and during FY 2023, they have extended the JMP for the Ipoh South-Changkat Jerling route.

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

As part of our safety services, emergency response teams are available around the clock at several locations to deal with chemical emergencies or road accidents involving our chemical products. We have established our own in-house Emergency Response Team ("ERT").

## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



#### SOCIAL (Continued)

##### EMPLOYEE MANAGEMENT

##### Related UNSDGs:



##### Why is this significant?

At BKB Group, our people are at the heart of everything we do, from our employees and suppliers to the communities within our operations. We aim to foster a workforce that is engaged, skilled, and productive. Above all, safety remains a priority to BKB Group as it ensures operational productivity, business continuity and protects our valued employees' wellbeing.

BKB Group believes in upholding and promoting human rights and fair labour practices in our operations. We conduct business in a manner that supports and respects human rights, diversity and equal opportunity. Every employee has the right to fair and equal treatment. These includes fair pay, safe working conditions, equal access to promotions and remuneration, career advancement as well as skill development, among others.

In our recruitment and selection process, our hiring decisions are made solely on the merit and qualification of the individual and their ability to succeed in their assigned job role. We provide equal pay for equal work done regardless of gender, age, race or ethnicity.

BKB Group is contributing towards the achievement of the UNSDG No. 3 Good Health and Well-being, UNSDG No. 4 on Quality Education, and UNSDG No. 8 on Decent Work and Economic Growth.

##### Our approach

BKB Group aims to treat all employees fairly and humanely, with respect, and have zero tolerance for discrimination, harassment or bigotry. We maintain fair employment, fair remuneration, and encourage diversity in all our businesses. These practices foster a healthy work culture atmosphere, creating trust in employees, suppliers, and other stakeholders.

Our Group's Code of Conduct and Ethics sets out our Equal Opportunity and Workplace Diversity stand, in which the Group adheres to equal employment and anti-discrimination in the workplace at all times. To eliminate bias within the organisation, we strive to ensure that employment opportunities properly reflect gender, ethnicity, and any other characteristics protected by laws and regulations.

All potential candidates are given equal opportunities to become a part of our organisation. In all of our businesses and value chains, we prohibit the use of forced or bonded labour, human trafficking, and any form of child labour. We expect our employees, contractors, vendors, and partners with whom the Group does business to be equally committed to not tolerating such practices.

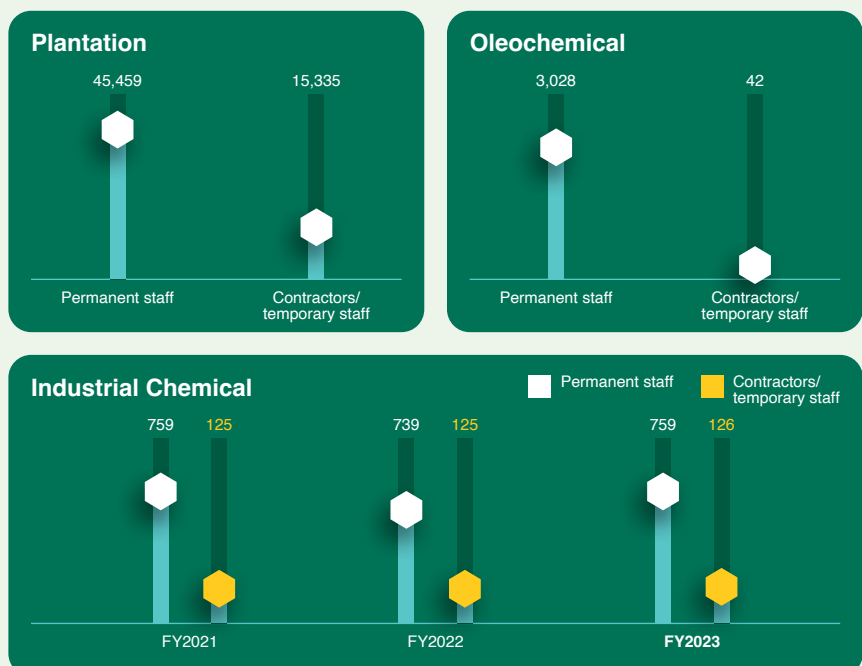
We adhere to local labour and employment-related laws in all our human resources practices and management.

The Group also engaged with the communities in which the operating centre operates by actively participating in community development and fosters a stronger sense of unity and trust through those regular engagements.

##### Our performance

#### LABOUR PRACTICES AND STANDARDS

##### Total workforce



## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



#### SOCIAL (Continued)

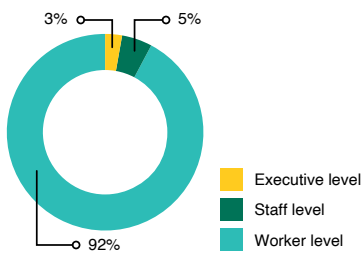
#### EMPLOYEE MANAGEMENT (Continued)

#### Our performance (Continued)

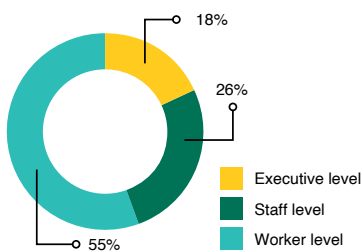
#### LABOUR PRACTICES AND STANDARDS (Continued)

Percentage of management, executive & non-executive

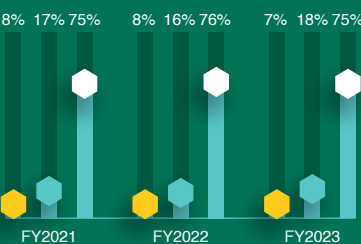
#### Plantation Employees by Category



#### Oleo Employees by Category



#### Industrial Chemical Employees by Category



As at FY 2023, the Group (Plantation and Manufacturing segments) workforce comprises a total of 49,372 employees, encompassing both Malaysian and non-Malaysian workforce, representing a diverse range of roles and expertise across all our operations in Malaysia, Indonesia, Europe, China, and Liberia. Each member of our workforce is a vital part of our collective journey towards sustainability and success.

There were 14% of contracted employees in our Industrial Chemical division mainly from our transportation sector (some 75 truck drivers) wherein, it is an industry practice and norm to engage them on an annual contract basis instead of permanent employment. Despite contracted employment, our truck drivers stay with us for an average of four (4) to five (5) years with employment duration ranging from 2 months to 27 years in service, reflecting long service to the Group.

#### Percentage of BKB Directors by gender and age group

Gender	FY 2021		FY 2022		FY 2023	
Male	7	88%	7	78%	7	78%
Female	1	13%	2	22%	2	22%
<b>Total</b>	<b>8</b>	<b>100%</b>	<b>9</b>	<b>100%</b>	<b>9</b>	<b>100%</b>

Age Group	FY 2021		FY 2022		FY 2023	
30 years - 39 years	1	13%	1	11%	1	11%
40 years - 49 years	1	13%	1	11%	1	11%
50 years - 59 years	1	13%	1	11%	1	11%
60 years - 69 years	1	13%	2	22%	1	11%
70 years - 79 years	4	50%	4	44%	5	56%
<b>Total</b>	<b>8</b>	<b>100%</b>	<b>9</b>	<b>100%</b>	<b>9</b>	<b>100%</b>

\* In October 2023, Tan Sri Rastam bin Mohd Isa resigned as an Independent Non-Executive Director of BKB.

BKB is led by an experienced, diverse and effective Board who provides strategic objectives and direction for the Group. This is to ensure its long-term success and the delivery of sustainable value to its stakeholders. The Directors collectively, have wide and varied technical, financial and commercial experience which facilitates effective, thorough and considered discharge of the Board's statutory and fiduciary duties and responsibilities.

As at 30 September 2023, the Board of BKB comprised of nine (9) Directors, of whom two (2) are females, providing a representation rate of 22% which complies with the new requirement of Bursa Malaysia Main Market Listing Requirements to have at least one (1) woman director on the board of a listed company.

BKB remains committed to meeting the target of 30% female Directors and will recruit suitably qualified female directors as and when it is the best interest of the Company.

## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



#### SOCIAL (Continued)

#### EMPLOYEE MANAGEMENT (Continued)

#### Our performance (Continued)

#### DIVERSITY

#### Main subsidiary – KLK Group (Plantation segment & Oleochemical Division)

#### Group gender, nationality and employment percentage



Women to total workforce

FY2021  
**20.8%**

FY2022  
**21.3%**

FY2023 **20.4%**



Temporary workers to total workforce

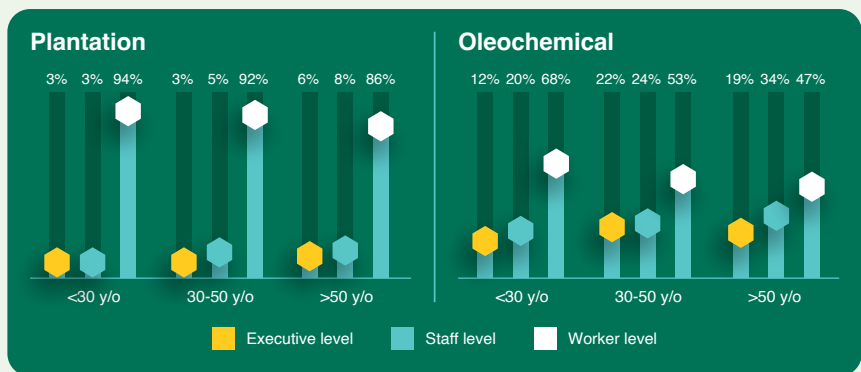
FY2021  
**N/A**

FY2022  
**28.5%**

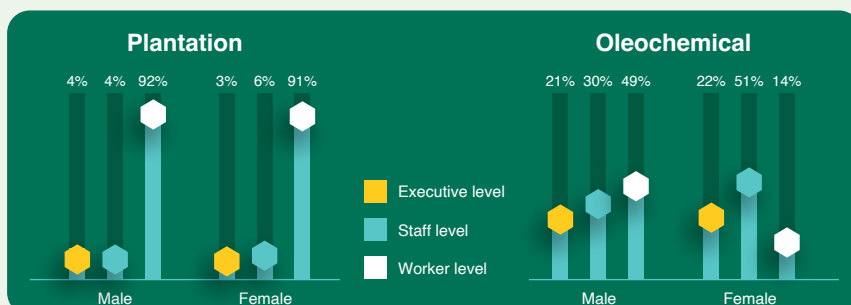
FY2023 **27.6%**

The physically challenging aspects of oil palm harvesting and processing contribute to the male-dominated composition of KLK Group workforce. KLK is actively promoting gender diversity by encouraging more women to apply for positions within the organisation and there is a Gender Committee across its operations in Malaysia and Indonesia to gather feedback from the ground and to provide greater assurance and security for minority groups within the workforce.

#### Percentage of employees by age group (upstream and downstream)



#### Percentage of employees by gender (upstream and downstream)



KLK recognises the unique perspectives and talents that physically challenged individuals bring to the workplace, contributing to a more inclusive and dynamic environment. There are a total of 139 differently abled employees across the KLK Group.



## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



#### SOCIAL (Continued)

##### EMPLOYEE MANAGEMENT (Continued)

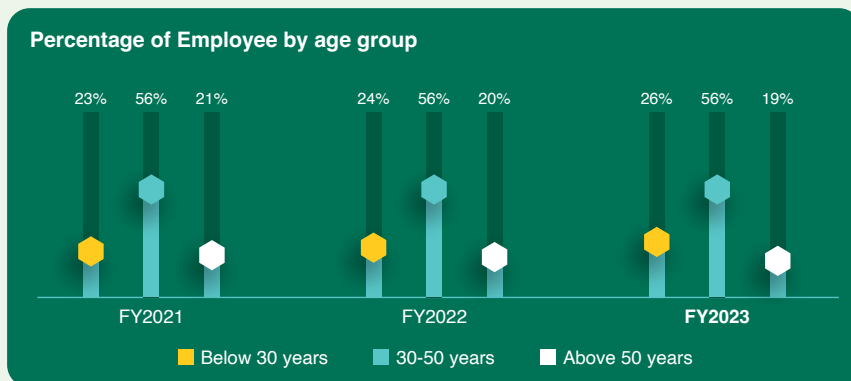
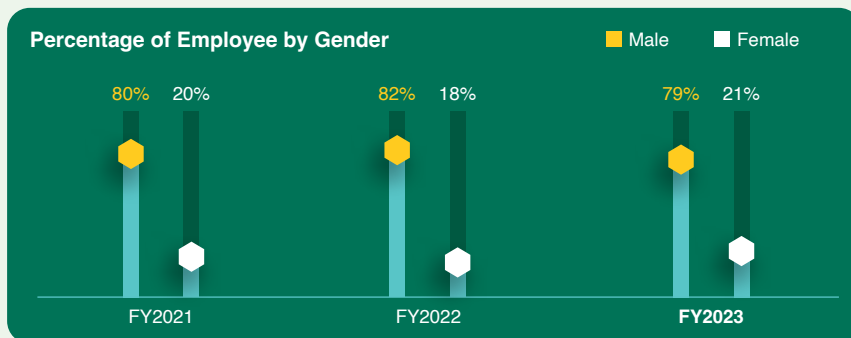
##### Our performance (Continued)

##### DIVERSITY (Continued)

##### Industrial Chemical

##### Percentage of employees by gender and age group

Total employees of 885 in FY 2023, 864 in FY 2022 and 884 in FY 2021.



In FY 2023, the percentage of female employees was 21% of total employees, a marginal 1% increase from FY 2022 with 93% of the employment in executive and non-executive categories, and some 56% of the workforce is between 30 to 50 years age group. Millennial age group of below 30 years is increasing in the workforce from 23% in FY 2021 to 26% in FY 2023.

We promote diversity and encourages balanced participation of female employees in our chemical operations in line with UNSDG No. 5 on Gender Equality. However, a common pattern in the chemical manufacturing and transportation industry is that predominantly male employees are attracted to its operational activities. Nevertheless, the Group will continuously promote increased woman participation in our operations. Our transportation sector managed to recruit one (1) female prime mover driver in FY 2023.



Being a lady trucker, she achieved personal satisfaction and fulfilment since she is able to pursue her passion and interests. Furthermore, the job offers competitive pay and benefits.

## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



#### SOCIAL (Continued)

#### EMPLOYEE MANAGEMENT (Continued)

#### Our performance (Continued)

#### DIVERSITY (Continued)

#### Total number of employee turnover at KLK Group

##### Number of employees turnover by category

	Plantation	Oleochemical
Executive	144	38
Staff	153	81
Worker level	7,533	169

#### Number of substantiated complaints concerning human rights violations

Eight (8) cases reported on KLK grievance website. Investigations are currently on-going and status reports are open for viewing by the public on <https://www.klk.com.my/sustainability/grievance/>.

#### Total number of employee turnover at Industrial Chemical

Year	FY2021	FY2022	FY2023
Total number of employee turnover	160	201	191
Percentage of employee turnover	18%	23%	22%

Our natural attrition rate was 22%, 1% lower than last year.

#### Number of substantiated complaints concerning human rights violations

Since our tracking three (3) years ago, there have been no reported substantiated complaints concerning human rights violations. BKB Industrial Chemical conducts periodic surveys on foreign workers, particularly to assess their understanding of their rights relating to work as a migrant based on the eleven (11) International Labour Organisation's indicators of forced labour checklist.

## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



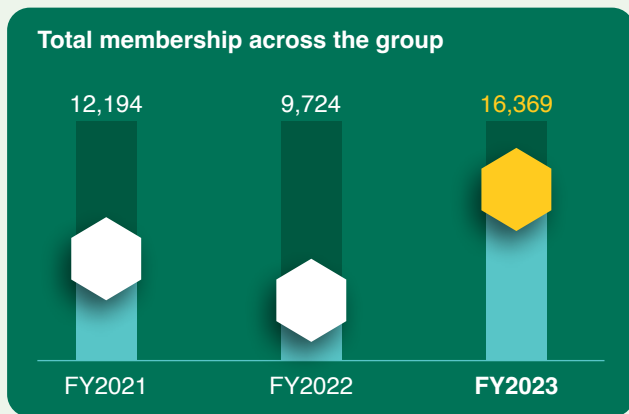
#### SOCIAL (Continued)

#### EMPLOYEE MANAGEMENT (Continued)

#### Our performance (Continued)

#### HUMAN & WORKER RIGHTS/COLLECTIVE BARGAINING

##### Unions at KLK Group



Categories	Number of Union Members
Plantation - Malaysia	5,635
Plantation - Indonesia	9,340
Plantation - Liberia	360
KLK OLEO	1,034
<b>Total</b>	<b>16,369</b>

We take pride in championing our employees' Freedom of Association and safeguarding their rights to engage in collective bargaining. A significant 16,369 employees are active union members.

KLK appointed a third party to conduct a human rights risk assessment focused on two (2) critical areas namely, (i) recruitment fees paid by workers seeking employment; and (ii) a human rights risk rating based on the International Labour Organisation's ("ILO") forced labour indicators in their operations. This third party ran an extensive survey visiting 17 sites and interviewed 1,629 foreign workers, or 71% of total foreign workers population across all sampled operating centres in Peninsular Malaysia. The survey results showed that KLK has been consistently improving to eliminate systemic and critical human rights risks.

##### Unions at Industrial Chemical

Unions	Total No. of Employees		
	2021	2022	2023
National Union of Commercial Workers (NUCW)	12	30	12
Chemical Workers Union of Malaya (CWU)	37	11	29
Kesatuan Pekerja-Pekerja Malay-Sino Chemical Industries Sdn Bhd	91	97	96
National Union of Petroleum and Chemicals Industry Workers (NUPICW)	160	131	150
<b>TOTAL</b>	<b>300</b>	<b>269</b>	<b>287</b>

\* Employees who are not covered by the Collective Bargaining Agreements have their working conditions and terms of employment defined in the Employee Handbook.

## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



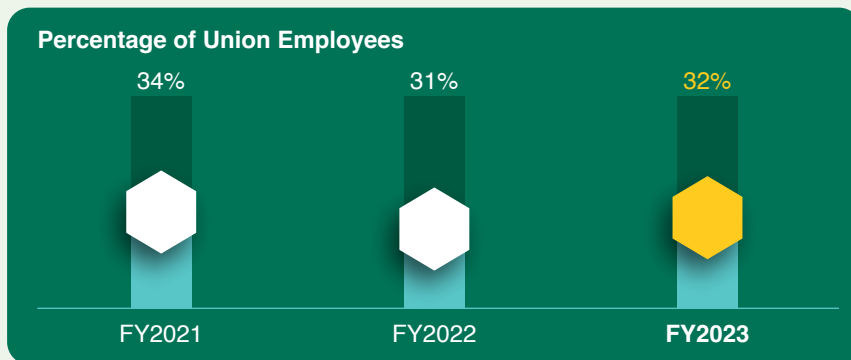
#### SOCIAL (Continued)

##### EMPLOYEE MANAGEMENT (Continued)

##### Our performance (Continued)

##### HUMAN & WORKER RIGHTS/ COLLECTIVE BARGAINING (Continued)

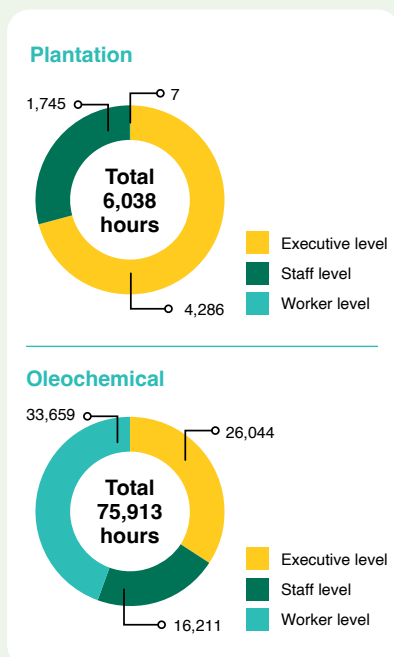
##### Unions at Industrial Chemical (Continued)



In FY 2023, approximately 32% of our BKB Industrial Chemical workforce are covered under worker unions of their choice and a close working relationship is maintained with unions that represent our employees. Majority of the Unions (i.e. NUPICW, NUCW and *Kesatuan Pekerja-Pekerja Malay-Sino Chemical Industries Sdn Bhd*) in our OCs have reached the 3-year Collective Agreement (“CA”) renewal phase in 2022. The CWU 3-year CA will expire in year 2024.

#### KLK Group

##### Hours of training by level



A remarkable 81,952 hours of training have been delivered at KLK Group (Plantation segment and Oleochemical division) via external trainers, aimed at enhancing the skills and knowledge of their workforce.

##### Total hours of training by employee at Industrial Chemical

Year	2021	2022	2023
Total employee training hours	15,382	26,641	27,607
Average Training Hours per Employee	17.40	30.83	31.19

The main training focus is on HSE to ensure the safe use of chemicals in our daily operations, particularly for plant employees. However, to ensure that employees are holistically developed, training in intrapersonal and interpersonal skills, and leadership skills are given. The training hours recorded include physical training, seminars, workshops as well as webinar training. We spent an average of 31.19 training hours per employee in FY 2023 for a total of 27,607 training hours, as compared to 30.83 training hours and a total of 26,641 training hours in FY 2022. Approximately 66% of the training hours are provided to non-executives which is in line with the composition of the workforce.

## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



#### SOCIAL (Continued)

#### COMMUNITY INVESTMENT

##### Related UNSDGs:



##### Why is this significant?

The beginnings of any community engagement require building trust. The Group is determined to fulfil its role as a responsible corporate citizen by giving back to the surrounding communities in which we operate by taking an active role in community development and foster a sense of unity, through our CSR programmes, with focus on education, community service, the environment, health and sports.

By investing in education, our aim is to provide equal access to affordable vocational training, eliminate gender and wealth disparities, and achieve universal access to quality higher education. By doing so, we will nurture high-quality local talent pool that will not only benefit BKB Group in the near term but also serve as future leaders of organisations. It is an acknowledgement of the communities in which we operate that our contributions towards the betterment of local communities through CSR-related initiatives will strengthen our relationship with them.

##### Our approach

Our main objective is to align our community programmes toward generating mutually beneficial outcomes for both the Group and the community.

Community engagement begins with the recognition that we are not merely operators in an area but an integral part of the local ecosystem.

In FY 2023, KLK Group invested RM10.9 million to sustain and manage 160 childcare, learning facilities and schools within their plantations, providing education to approximately 11,979 children of their plantation workers and from underprivileged communities in rural settings across Malaysia, Indonesia and Liberia.

Other community initiatives are as follows:

- (i) Invested RM620,500 in Yayasan KLK Scholarships for young Malaysians.
- (ii) Vaccinated 11,500 recipients in Liberia.

This year, BKB and its Industrial Chemical division have donated to educational institutions and organised welfare-related initiatives with a focus on local communities surrounding their plants, as follows:

No	Activities/Programmes – Educational	No	Activities/Programmes – Community/Society Welfare
1)	Donation to SRJK Ave Maria Convent Ipoh to construct swimming pool building	1)	2023 Kinta Valley Wind Orchestra Press Start Gala Night
2)	White Canes Donation to four (4) schools in Penang, Selangor, Kuala Lumpur & Putrajaya	2)	“BECAUSE WE CARE” - Visit to Elderly Centre at Pusat Jagaan Al-Fikrah, Sg Sekamat, Kajang Selangor, and Orphans at Pusat Jagan Praise Home Ipoh
3)	Educational Talk to UTAR’s Engineering Students	3)	Blood Donation KKM-350 ml/pax
4)	Industrial Visit to CCM PGW Plant	4)	Cleaning Activity at Flood Victims’ Houses
5)	Community Awareness Programme – PGW	5)	Donation to Government’s Sport Clubs (Kelab Sukan dan Kebajikan Syarikat Air Melaka, Kesatuan Pegawai Kastam Semenanjung Malaysia, Jabatan Agama Islam Terengganu, Pertubuhan Kebajikan Sukan JKKP Malaysia & Tabung Majlis Sukan Negeri Kedah)
6)	Donation to Underprivileged Students at SJK(C) Bukit Merah		
7)	Sponsorship to UTP ESTECH 2023		
8)	Internship Programme		



## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



#### SOCIAL (Continued)

#### COMMUNITY INVESTMENT (Continued)

##### Our approach (Continued)

BKB has donated RM500,000 cash to SJK (C) Ave Maria Convent Ipoh ("SRJK Ave Maria") in October 2022 through "Tiger Chinese Education Charity Concert" which successfully raised over RM2.0 million to refurbish and extend the size of the school's swimming pool.

BKB has also contributed RM20,000 as the main sponsor to Kinta Valley Symphonic Society ("KVSS") for its 2023 Kinta Valley Wind Orchestra "Press Start" Gala Night annual concert held on 28 October 2023 with 480 participants at Auditorium RTM Ipoh. This marks the second year of BKB being the main sponsor of KVSS's event following last year's KVSS 10<sup>th</sup> Anniversary Celebration Concert. KVSS is an Ipoh-based non-profit organisation made for the community by the community with its Kinta Valley Wind Orchestra was founded in 2010. Since its inception under the leadership of the Music Director and Conductor, Mr Eugene Pook, the orchestra has been a platform for many in the community to experience the finer arts of music.

For any community impact programmes to be successful, it is vital to have spirit of volunteerism among our employees. We started monitoring and tracking employees' participation in community impact programmes and allowing them to take time-off from work to participate in those programmes.

##### Our performance

#### COMMUNITY/SOCIETY WELLBEING PERFORMANCE DATA

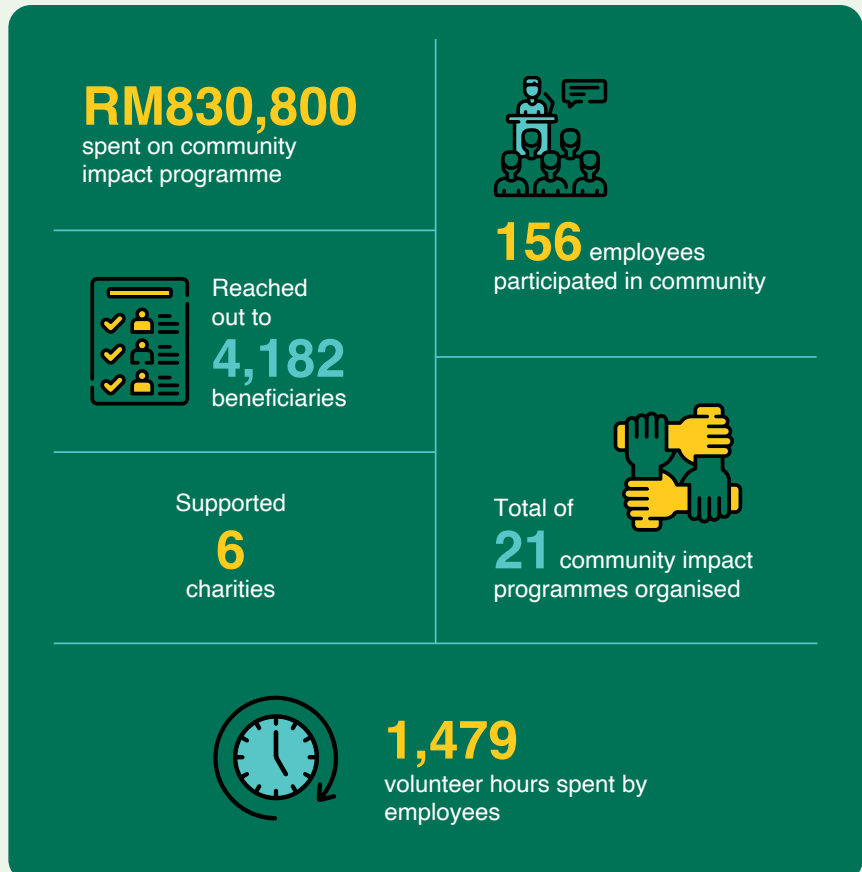
##### At KLK Group (Plantation segment and Oleochemical division)

- (i) **Philanthropy** – in FY 2023, KLK Group's contributions totalled RM4.8 million, benefiting educational institutions, performing arts organisations and NGOs that align with their shared values and objectives.
- (ii) **Special Meals for Inmates during Malaysia Day** – a RM150,000 donation for some 11,500 inmates in Tapah, Taiping, and Sungai Buloh prisons to mark Malaysia Day on 16 December 2023.
- (iii) **Supporting Development of National Sporting Talent** – a RM560,000 sponsorship in support of national sport initiatives in FY 2023 for Malaysian mixed badminton doubles players and international tennis federation players.

##### At Industrial Chemical

Key highlights of BKB and its Industrial Chemical division's contribution for FY 2023 are as follows:

#### BKB and its Industrial Chemical Division



## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



#### GOVERNANCE

#### BUSINESS ETHICS & INTEGRITY

##### Related UNSDGs:



##### Why is this significant?

Upholding the values of ethics and integrity comes with our commitment to our stakeholders. The foundation of ethical behaviour helps create long-lasting positive effects for the business, fostering strong business relations and empowering employee productivity. As the business is run ethically, creating stronger bonds between stakeholders and instilling stability within the Company would invariably follow.

##### Our approach

At BKB Group, we aim to uphold business ethics and implement a high standard of corporate governance in conducting business with integrity, guided by our *Code of Conducts and Ethics*. The Board is continuously identifying 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.

The Group's stance against corruption is outlined in our *Anti-Bribery and Anti-Corruption ("ABAC") Policy*, which is regularly reviewed to ensure alignment with the *Malaysian Anti-Corruption Commission ("MACC") Act 2009*. All new joiners will undergo an induction programme where they are required to familiarise themselves with the Group's ABAC Policy and other policies and procedures, while suppliers, contractors, agents and customers are notified of our ABAC Policy via the Group's notification letter.

##### Our performance

#### ANTI-CORRUPTION

##### At KLK Group (Plantation segment and Oleochemical division)

##### Percentage of employees who have received training on anti-corruption by employee category

##### Percentage received anti-corruption training

	Plantation	Oleochemical
Executive	100%	99%
Staff	100%	94%
Worker level	-	97%

*Note: Plantation workers are not required to do anti-corruption training*

##### Percentage of operations assessed for corruption-related risks

In KLK Group's annual evaluation for corruption-related risks, all 54 sites, encompassing functions and business units across operational regions, are thoroughly assessed between February and March 2023.

##### Confirmed incidents of corruption and action taken

In FY 2023, there were six (6) anti-corruption incidents reported via whistleblowing channels and uncovered during audit visits. Investigations and domestic inquiries were carried out before meting out proper disciplinary actions against the affected personnel.

## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



#### GOVERNANCE (Continued)

#### BUSINESS ETHICS & INTEGRITY (Continued)

##### Our performance (Continued)

##### ANTI-CORRUPTION (Continued)

##### At Industrial Chemical

##### Percentage of employees who have received training on anti-corruption by employee category

BKB Corporate conducts annual refresher trainings for the ABAC and whistleblowing policies as control measure for the Group's employees and associated persons to act professionally, fairly and with integrity in all business dealings and relationship. These policies are available on our corporate website and some subsidiaries' intranet to ensure they are accessible to all stakeholders.

In FY 2023, BKB Corporate led by Company Secretary has conducted the townhall in June 2023 for all OCs and all employees have completed the necessary annual refresher training to increase and improve awareness on anti-fraud, bribery and corruption matters. Respective OC's HR personnel continue to create understanding of the policies and procedures set out in the Group's ABAC Policy and standard operating procedures.

##### Percentage of operations assessed for corruption-related risks

During the year under review, the Risk Coordinator has conducted a corruption risk review to assess and identify vulnerable processes and risk factors that may require mitigation controls to address potential bribery and corruption practices.

We believe 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.

##### Confirmed incidents of corruption and action taken

As at 30 September 2023, we recorded zero incidents of corruption across BKB Group's business operations.

#### DATA PRIVACY & SECURITY

With the acceleration in adoption of digital technologies and infrastructure, it has also made data more susceptible to cybersecurity risks. As a result, we have a responsibility to manage the growing threat of cyber-attacks on the Group, including protecting our customers' sensitive information, to prevent any leaks, threats or loss of customer information.

##### At KLK Group (Plantation segment and Oleochemical division)

Protecting against data breaches is of upmost concern for KLK Group. The responsible handling of sensitive information, be it related to their operations, employees, customers, or stakeholders, is integral to maintaining trust and safeguarding their reputation. Some of the measures they have put in place to mitigate the risk of data leakage are as follows:

- (i) Updated their Group IT & Security Policy to ensure good governance and coordinate security activities across the organisation.
- (ii) Conducted regular "Whitehat" phishing exercises to assess and enhance their security measures.
- (iii) Conducted annual IT Security Awareness training for all employees to stay informed about evolving cybersecurity threats.

##### Number of substantiated complaints concerning breaches in customer privacy and losses of customer data

As a result of their robust measures, KLK has received zero substantiated complaints regarding breaches of customer privacy or losses of customer data. This reflects KLK's unwavering commitment to safeguarding sensitive information and maintaining the trust of their customers.

##### At Industrial Chemical

Our cybersecurity measures strictly adhere to our *Data Privacy Policy* which is developed in accordance with the *Personal Data Protection Act ("PDPA") 2010* and aligned with General Data Protection Regulation Framework.

##### Number of substantiated complaints concerning breaches in customer privacy and losses of customer data

As of FY 2023, there were zero substantiated complaints concerning breaches in customer privacy or data loss.

At BKB, managing data and security is an integral part of our Enterprise Risk Management ("ERM") framework. We monitor regularly to ensure that our data privacy and security controls and processes are operating effectively.

## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



#### GOVERNANCE (Continued)

##### TRACEABILITY

##### Related UNSDGs:



##### Why is this significant?

Traceability is defined as the ability to identify and trace the origin, distribution, location and application of products and materials through the supply chains. In our Plantation segment and Oleochemical division under KLK Group, traceability has become an important requirement for many of its larger customers. Thus, systems have been put in place to ensure, as far as possible, our palm products are traceable from estates to mills and refineries, and ultimately to buyers in both local and international markets.

##### Our approach

In the pursuit of greater buy-in from our supply chain in the matter of traceability, KLK Group is committed to making the process as simple and pain-free as possible for their supply chain partners. Establishing traceability and promoting transparency are very important in assuring the public that they are choosing sustainably-produced palm oil that does not contribute to deforestation or wildlife habitat destruction. However, tracking palm products from third-party suppliers, including smallholders, independent growers, and small mills, refineries and production facilities, remains a challenge. Despite KLK best efforts, obtaining comprehensive data from these suppliers for thorough traceability analysis has been a hurdle.

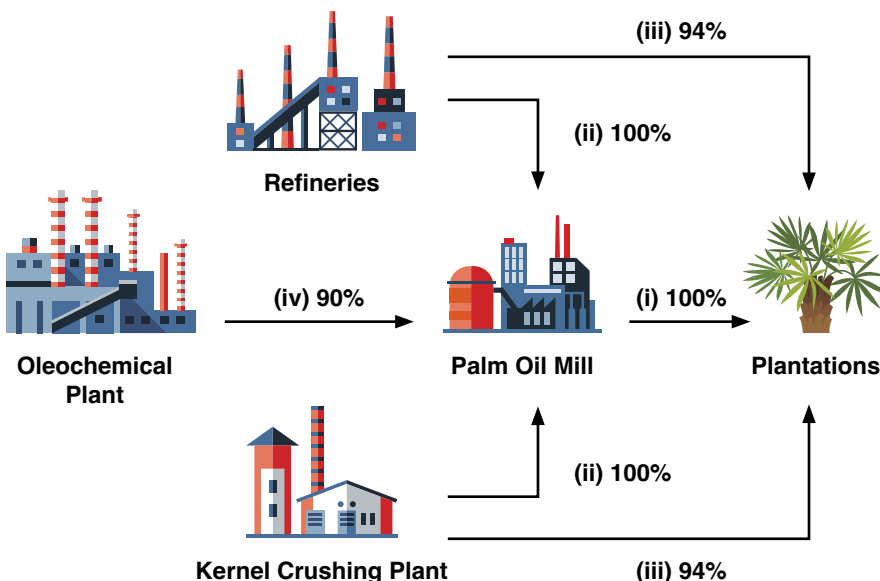
As part of KLK Group's commitment to transparency, KLK Group has updated and published half-yearly suppliers' list on their website at [www.klk.com.my](http://www.klk.com.my).

##### Our performance

##### TRACEABILITY

#### KLK Traceability – Supply Chain Mapping & Traceability Achievement

##### KLK Supply Chain Traceability



- i. Traceability to Plantation ("TTP") for KLK Palm Oil Mills ("POMs")
- ii. Traceability to Mills ("TTM") for KLK Refineries and Kernel Crushing Plants ("KCPs")
- iii. Traceability to Plantation ("TTP") for KLK Refineries and KCPs
- iv. Traceability to Mills ("TTM") for KLK Oleochemical Plants

## Sustainability Statement (Continued)

### MANAGEMENT APPROACH FOR MATERIAL MATTERS (Continued)



#### GOVERNANCE (Continued)

#### TRACEABILITY (Continued)

##### KLK Traceability – Supply Chain Mapping & Traceability Achievement (Continued)

##### Traceability Achievement

##### I. Traceability to Plantation for KLK Refineries & KCPs



##### II. Traceability to Mills for Oleochemical



Traceability data at KLK is recorded according to calendar year and not the financial year, from 2021 for Plantation while Oleochemical has started with the same methodology from 2022, to ease on data collection. Typically, it encompasses the midstream of the oil palm business, referring to the ability to track the production, processing and distribution of palm oil and its derivatives throughout the supply chain i.e. “100% Traceability to Plantation for Refinery & Kernel Crushing Plant and to Mill for Oleochemical Plants”.

KLK group has achieved significant milestones in traceability compared to last year, with a 14% improvement in TTP for KLK Refineries & KCPs and a 2% improvement of TTM for KLK Oleo. This is on top of KLK achieving 100% traceability from Palm Oil Mills to Plantations/FFB Suppliers and 100% traceability from Refineries & KCPs to Palm Oil Mills.

#### SUPPLY CHAIN MANAGEMENT

##### At KLK Group

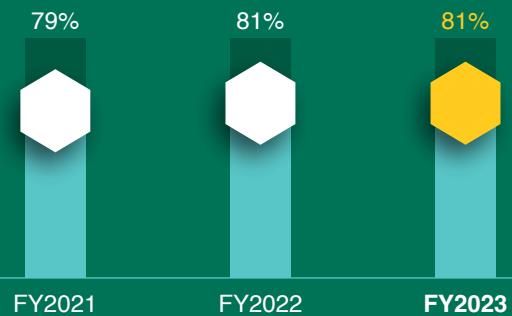
Supplier engagement Workshops were conducted in partnership with NGOs, especially Proforest in Malaysia and Daemter in Indonesia. In the first quarter of 2023, three engagement sessions were conducted in Sabah, Peninsular Malaysia and Riau, Indonesia. A total of 76 participants, representing 66 POMs within KLK’s supply chain, underwent training during these sessions.

##### Proportion of spending on local suppliers at Industrial Chemical

All of our suppliers are required to adhere to *BKB’s Code of Ethics and Conduct*, ABAC Policy, sustainable procurement practices, and safeguarding employees’ and workers’ rights, which can be assessed through our corporate website.

Our procurement processes embed sustainability elements throughout, from the registration of suppliers up to the annual supplier performance assessment.

##### % of Local Suppliers



In FY 2023, out of RM737.2 million spent on purchases, 81% was spent on local suppliers and the majority of them were utility bills. Cognisant of our operational needs, we prioritise procuring raw materials and services from local suppliers to the best extent possible, as we believe that we are not only contributing positively to the local economy but also reducing our carbon footprint.



## Corporate Governance Overview Statement

The Board of Directors (“**Board**”) of Batu Kawan Berhad (“**BKB**” or “**Company**”) recognises that sound corporate governance is essential in ensuring that the operations and objectives within the Group are driven and implemented, to enhance stakeholders’ value and for long-term sustainable business prosperity and corporate accountability. The Board is continuously strengthening the corporate governance and internal controls of the Group to ensure that a high standard of corporate governance is adopted throughout the Group.

The Board is pleased to present this statement with an overview of the Group’s state of corporate governance practices during the financial year (“**FY**”) ended 30 September 2023. This overview statement explains the application by the Group of the following three (3) key principles and the practices as 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 is prepared in compliance with *Main Market Listing Requirements* (“**Main LR**”) of Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”) and it is to be read together with the Corporate Governance Report 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, diverse and effective Board which provides strategic direction for the Group. This is to ensure its long-term success and the delivery of sustainable value to its stakeholders. 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 responsibility 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.

#### Roles and Responsibilities of the Board

The Board assumes, amongst others, the following principal functions and responsibilities (which are as set out in the Board Charter):

- (a) Providing leadership to the Company by:
  - guiding the development of appropriate standards and values for the Company.
  - acting in a manner consistent with its *Code of Conduct for Directors* and the *Code of Conduct and Ethics for the Company*.
  - promoting a good corporate governance culture which reinforces ethical, prudent and professional behavior within the Company.
- (b) Overseeing the development and implementation of corporate strategies by:
  - working with the Senior Management team to ensure that an appropriate strategic direction and set of goals are in place.
  - regularly reviewing and amending or updating the Company’s strategic direction and goals to ensure that the strategic plans support long-term value creation and include strategies on the economic, environmental, social and governance considerations underpinning the Company’s sustainability.
  - overseeing planning activities including the development and approval of strategic plans, annual corporate budgets and long-term budgets including operating budgets, capital expenditure budgets and cash flow budgets.
  - reviewing the progress and performance of the Company in meeting these plans and corporate objectives, including reporting the outcome of such reviews.

## Corporate Governance Overview Statement (Continued)

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

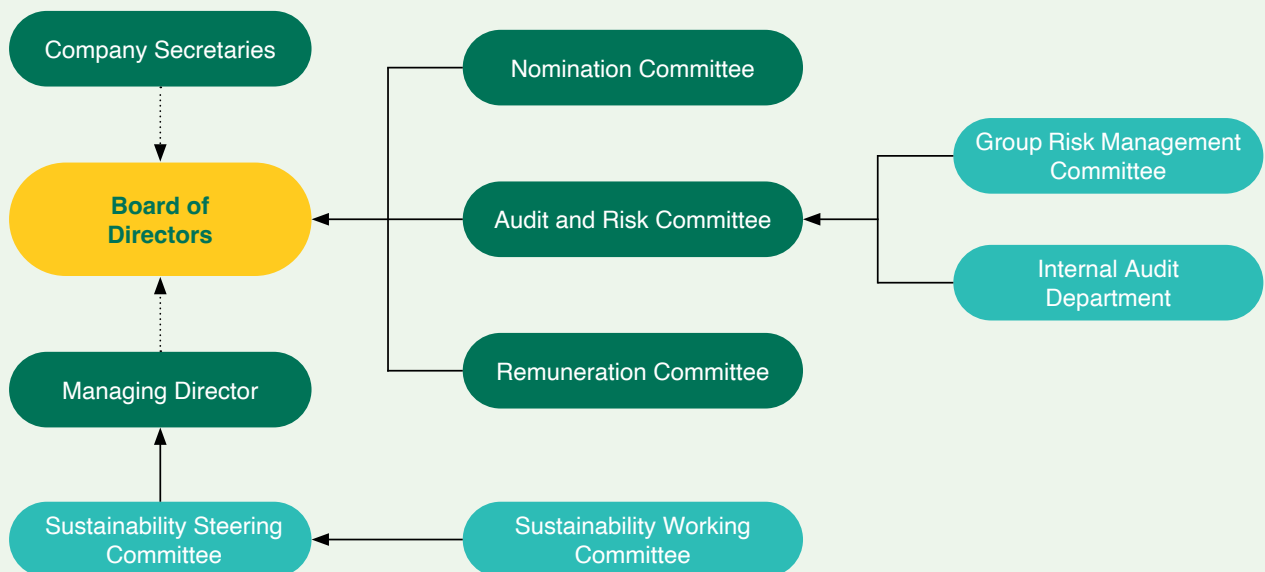
#### I. Board Leadership (Continued)

##### Roles and Responsibilities of the Board (Continued)

- (c) Ensuring corporate accountability to the shareholders primarily through adopting an effective shareholder communications strategy, encouraging effective participation at general meetings and, through its Chairman, being the key interface between the Company and its shareholders.
- (d) Overseeing the control and accountability systems that seek to ensure the Company is progressing towards the goals set by the Board and in line with the Company's purpose, the agreed corporate strategy, legislative requirements and community expectations.
- (e) Ensuring effective risk management, compliance and control systems (including legal compliance) are in place.
- (f) Delegating appropriate powers to the Managing Director, Management and Board Committees to ensure that the effective day-to-day management of the business and monitoring the exercise of these powers.
- (g) Ensuring Senior Management has the necessary skills and experience, and that measures are in place to provide for orderly succession of members of the Board and Senior Management.
- (h) Ensuring all its Directors are able to understand financial statements and can form a view on the information presented therein.
- (i) Ensuring the integrity of the financial and non-financial reporting of the Company and its subsidiaries.
- (j) Exercising its powers for a proper purpose and in good faith in the best interest of the Group and exercising reasonable care, skill and diligence at all times in the discharge of its duties.

The Board delegates certain of its governance responsibilities to the 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 Board Committees report to the Board on the outcome of their deliberations of the Board Committee meetings for final decisions.

The governance structure of the Board is illustrated below:



## Corporate Governance Overview Statement (Continued)

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

#### I. Board Leadership (Continued)

##### Roles and Responsibilities of the Board (Continued)

The Board meets at least four (4) times a year, with additional meetings convened as and when necessary. The annual meeting calendar is prepared and circulated in advance of each new year in order to facilitate the Directors' time planning. During the FY 2023, a total of five (5) 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	5	5
Dato' Lee Hau Hian	5	5
Dato' Yeoh Eng Khoo	5	5
Mr. Quah Chek Tin	5	5
Tan Sri Rastam Bin Mohd Isa <sup>2</sup>	5	5
Dr. Tunku Alina Binti Raja Muhd Alias	5	5
Mr. Lee Yuan Zhang	5	5
Mr. Lim Ban Aik	5	5
Ms. Susan Yuen Su Min	5	5

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

<sup>2</sup> Tan Sri Rastam Bin Mohd Isa resigned as a Director on 2 October 2023.

The Board is satisfied with the level of commitment given by the Directors in carrying out their duties and 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 corporations, which should enable the Directors to devote sufficient time to their duties as Directors.

##### Code of Conduct for Directors and Code of Conduct and Ethics for the Company ("Codes")

The Board has formalised the Codes which govern the underlying core ethical values and commitment to high standards of integrity, transparency, accountability and corporate social responsibility as well as promote good business conduct and helps 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 revised Codes (last reviewed and updated in August 2022) are available on the Company's website, [www.bkawan.com.my](http://www.bkawan.com.my).

##### Roles of Chairman and Managing Director

The positions of the Chairman and the Managing Director are held by different individuals with clear and distinct roles which are formally documented in the *Board Charter*. The separation of roles promotes accountability and facilitates division of responsibilities between them as a check and balance mechanism. The Chairman manages the Board effectiveness and conduct, whilst the Managing Director has overall responsibility for the day-to-day management, operating units, organisational effectiveness and implementation of Board policies and decisions.

Although the Chairman of the Board is a Non-Independent Director, the Independent Directors ensure a good balance of power and authority on the Board. The Independent Directors further fulfill 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. Furthermore, the tenure of service of the Independent Directors does not exceed the tenure limit of nine (9) years under the MCCG, which will prevent the risk of impairment to objectivity due to familiarity.

## Corporate Governance Overview Statement (Continued)

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

#### I. Board Leadership (Continued)

##### Company Secretaries

The Board members have full access to three (3) suitably competent in-house Company Secretaries, all whom are qualified to act as company secretaries under the *Companies Act 2016*. 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 for 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.

In recognising the importance of sound and timely information flow to Board effectiveness, all announcements made to 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

In fostering an anti-corruption culture and ensuring that its activities and business transactions are open and transparent, the Group has in place the *Group Anti-Corruption Policy* and its *Standard Operating Procedures* ("SOP") which set out the Group's stance on corruption and bribery. The said policy and SOP serve as control measure for 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* is available on the Company's website, [www.bkawan.com.my](http://www.bkawan.com.my).

During the year under review, the Risk Coordinator has conducted a corruption risk review to assess and identify vulnerable processes and risk factors that may require mitigation controls to address potential bribery and corruption practices. Training and awareness sessions were held for employees to increase and improve awareness on anti-fraud, bribery and corruption matters. Respective Operating Centre's Human Resource personnel continue to create understanding of the policies and procedures set out in the *Group Anti-Corruption Policy* and SOP.

## Corporate Governance Overview Statement (Continued)

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

#### I. Board Leadership (Continued)

##### Group Anti-Corruption Policy (Continued)

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 Board has approved for the Anti-Corruption Working Group and Internal Audit Department to undertake a review of the Group's anti-bribery and corruption programme to assess its performance, efficiency and effectiveness and risk management system. This review also aims to provide assurance that the Group is operating in compliance with its corruption-related policies and procedures.

##### Group Whistleblowing Policy

The Company has adopted a *Group Whistleblowing Policy* whereby the stakeholders (including employees) can raise their concerns in confidence, without fear of retaliation, and are protected from reprisals and victimisation in respect of whistleblowing done in good faith. The Company conducts all internal investigation processes in compliance with the applicable law and with focus on accuracy, precision, fairness and respect for all parties involved, to ensure that all parties receive fair and ethical treatment.

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. During the year under review, the Audit and Risk Committee reviewed the existing reporting channels flowchart illustrating the procedures involving whistleblowing. The Audit and Risk Committee reviews on a quarterly basis all whistleblowing cases received.

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

##### Directors' Training

All Directors have attended the *Mandatory Accreditation Programme ("MAP")* Part I on corporate governance and director's roles, duties and liabilities as required under the Main LR while a majority of Directors have also completed the MAP Part II on sustainability (a new mandatory onboarding programme by Bursa Malaysia which requires Directors to complete by 1 August 2025).

To foster a more immersive learning experience, Management arranges on-site visits, offering valuable opportunities for informal engagement between the Board and Management teams across the Group's operations. These visits enhance Directors' contributions to the Group's operations and they are updated with industry-specific developments.

The Directors have also 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
Stanford Economic Forum	Stanford University
Pillar Two of BEPS 2.0 (Base Erosion and Profit Shifting) – Global Minimum Tax	Deloitte Tax Services Sdn Bhd
Senior Management Development Programme 2023	Melbourne Business School
CGS – CIMB 15 <sup>th</sup> Annual Malaysia Virtual Corporate Day	CGS – CIMB Securities Sdn Bhd

## Corporate Governance Overview Statement (Continued)

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

#### I. Board Leadership (Continued)

##### Directors' Training (Continued)

Conference / Seminar / Workshop	Presenter / Organiser
Malaysia-China Business Forum 2023	The Associated Chinese Chambers of Commerce and Industry of Malaysia (ACCCIM)
International Planters Conference 2023	Incorporated Society of Planters
Customer Centricity for a more Resilient Organisation	A J Boelens – Nanyang Business School, Singapore
Audit Oversight Board – Conversation with Audit Committees	Securities Commission Malaysia
Awareness Session Briefing on Introduction to Integrated Reporting	Ernst & Young Consulting Sdn Bhd
Aligning Mindsets towards Digital Transformation and Sustainable Agriculture	Dr. Victor Tan – KL Strategic Change Consulting Group
ESG – Role of the Accountant and Financial Reporting	Malaysian Institute of Accountants
The 2023 Budget Seminar	Deloitte Tax Services Sdn Bhd
Mandatory Accreditation Programme Part II : Leading for Impact	Institute of Corporate Directors Malaysia
Integrating ESG into Organisational Financial Reporting Framework	Malaysian Institute of Accountants
Greening Our Footprint: A Workshop on GHG Reduction and Sustainability	Galaxy Tech Solutions (KL) Sdn Bhd
National Tax Seminar 2022 (Budget 2023)	Inland Revenue Board
Going Net-Zero in the Palm Oil Industry: Role of GHG Foot Print Assurance & Carbon Project Certification	Bursa Carbon Exchange
Sustainable Forestry Towards Net-Zero	Bursa Carbon Exchange
Advocacy Session for Directors & CEO of Main Market Listed Issuers	Bursa Malaysia Berhad
Mergers and Acquisitions Executive Education Programme	Imperial Business School
Model Structure for PPP in Social Infrastructure Projects	Bar Council Malaysia
Stakeholder Engagement	Singapore Institute of Directors, Critical Eye
Bursa Carbon Exchange Briefing	Hong Leong Manufacturing Group, Bursa Malaysia Berhad
A Dialogue with Bursa Malaysia – FTSE4GOOD ESG Rating for All PLCs	Bursa Malaysia Berhad
Financial Fraud & Forensics Conference 2023	Malaysian Institute of Accountants
JC3 Upskilling Sustainability Training (JUST) Series 3 – A Passion for Purpose: Delivering a Just Transition to Net Zero	Asian Institute of Chartered Bankers
The Emerging Trends, Threats and Risks to the Financial Services Industry – Managing Global Risk, Investment and Payment System	FIDE Forum
Keeping the Board Out of Trouble	Asia School of Business, Iclif Executive Education Centre
Anti-Money Laundering (AML) & Countering the Financing of Terrorism (CFT)	Dr. Vijayaraj R Kanniah – Visioon Business Solutions Sdn Bhd
Climate Risk Management & Scenario Analysis	Octagon Advisors Pte Ltd



## 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* was last reviewed and updated in May 2022 to ensure that it continues to remain relevant and appropriate for the Board in discharging its fiduciary duties. The *Board Charter* is published on the Company's website, [www.bkawan.com.my](http://www.bkawan.com.my).

##### Governing Sustainability

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.

The Board is responsible for integrating sustainability into the Group's strategy. During the year under review, the Board together with the Sustainability Steering Committee ("**SSC**"), assessed the FY 2022 sustainability performance of the Group in order to use the resulting outcome to better manage their processes for improvements. They also reviewed the FY 2023 sustainability initiatives (which in addition to the existing framework, included amongst others monitoring of Scope 3 carbon emissions). They also noted the materiality rankings of the assessment survey conducted based on the *Bursa Malaysia's Common Sustainability Material Matters*, together with the movement of the material matters from FY 2020 to FY 2022. A rating agency, RAM Sustainability Sdn Bhd conducted an assessment on the Group's Environment, Social and Governance ("**ESG**") performance and gave a low ESG risk rating, indicating manageable risk factors with minimal impact on reputational, business or financial.

The Board also formalised a *Group Sustainability Policy* for the purpose of communicating the Group's Sustainability approach to stakeholders. The *Group Sustainability Policy* is available on the Company's website at [www.bkawan.com.my](http://www.bkawan.com.my).

The Board continues to play an essential role in aligning its Sustainability initiatives with the strategic direction of the Group. The Directors also participated in training and/or seminars to stay abreast with and understand the sustainability issues relevant to the Company and the business, including climate-related risks and opportunities.

Further details on the sustainability reporting of the Group can be found in the Sustainability Statement as disclosed on pages 43 to 78 of this Annual Report.

#### II. Board Size, Composition and Diversity

For FY 2023, the Board comprised nine (9) members, eight (8) Non-Executive Directors (including the Chairman) and one (1) Executive Director. Subsequent to the commencement of FY 2024, it was reduced to eight (8) members upon the resignation of Tan Sri Rastam Bin Mohd Isa as an Independent Director. The composition of the Board, for FY 2023 and at present, meets the requirements of Main LR of Bursa Malaysia of at least one-third (1/3) of the Board being independent.

Together, the Directors bring a wide range of competencies, capabilities, technical skills and relevant business experience. This mix of skills and experience is vital for the successful direction of the Group.

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.

During the year, the Board maintained a total number of two (2) women Directors and will continue to source for suitable qualified women candidates for appointment to the Board.

## Corporate Governance Overview Statement (Continued)

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

#### II. Board Size, Composition and Diversity (Continued)

##### Independent Directors

The Board recognises the importance of independence and objectivity in the decision-making process. For FY 2023, the Board comprised of four (4) Independent Directors, one (1), Dr. Tunku Alina Alias, of whom the Board had designated as the Senior Independent Director (“SID”). Subsequent to the commencement of FY 2024, the number of Independent Directors was reduced to three (3) members upon the resignation of Tan Sri Rastam Bin Mohd Isa as an Independent Director.

Hence, to-date, none of the present Independent Directors of the Company has exceeded the Main LR’s mandatory 12-year tenure limit and MCCG recommendation which limits the tenure of an Independent Director to not more than nine (9) years.

##### Nomination Committee

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 was last updated in May 2022) which deals with its authority and duties.

For FY 2023, the Nomination Committee comprised exclusively Non-Executive Directors, the majority of whom are independent, as follows:

Ms. Susan Yuen Su Min (Chairman) – Independent Non-Executive Director  
 Tan Sri Dato’ Seri Lee Oi Hian – Non-Independent Non-Executive Director  
 Tan Sri Rastam Bin Mohd Isa – Independent Non-Executive Director

Following Tan Sri Rastam’s resignation as a Director in October 2023, he also ceased to be a Nomination Committee member and was replaced by Mr. Lim Ban Aik in November 2023.

The Nomination Committee meets at least once a year, with additional meetings convened as and when necessary. During the FY 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 <sup>1</sup>	Attended
Ms. Susan Yuen Su Min (Chairman) <sup>2</sup> - Independent Non-Executive	1	1
Tan Sri Dato’ Seri Lee Oi Hian - Non-Independent Non-Executive	2	1
Tan Sri Rastam bin Mohd Isa <sup>2</sup> - Independent Non-Executive	1	1
Dato’ Yeoh Eng Khoo (Chairman) <sup>2</sup> - Non-Independent Non-Executive	1	1
Dr. Tunku Alina Binti Raja Muhd Alias <sup>2</sup> - Senior Independent Non-Executive	1	1

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

<sup>2</sup> Dato’ Yeoh Eng Khoo retired as the Chairman of Nomination Committee and was replaced by Ms. Susan Yuen Su Min on 1 December 2022. For purposes of Board Committee rotation, Dr. Tunku Alina also retired as a Nomination Committee member and Tan Sri Rastam was appointed as a member. Subsequently with the resignation of Tan Sri Rastam as a BKB Director, he also ceased as the Nomination Committee member.

## Corporate Governance Overview Statement (Continued)

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

#### II. Board Size, Composition and Diversity (Continued)

##### Nomination Committee (Continued)

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 performance of the Directors seeking for re-election at the forthcoming Annual General Meeting (“AGM”);
- (2) Reviewed the composition of the Board based on its required mix of skills, experience and other qualities which are considered important by the Board;
- (3) Reviewed and assessed the Board Committees in terms of size, structure and composition for compliance with the provisions of the relevant guidelines and regulations;
- (4) Assessed the individual Director, overall Board and its Board Committees’ performance and effectiveness as a whole;
- (5) Reviewed the tenure of service of Independent Directors;
- (6) For Board Committees renewal, proposed changes to the composition of the Board Committees (after having assessed the suitability of Board members based on their appropriate level of expertise, experience and commitment for appointment to Board Committees);
- (7) Reviewed the changes to the composition of the subsidiaries’ boards;
- (8) Assessed Directors’ training needs to ensure all Directors receive appropriate continuous development programmes;
- (9) Reviewed the succession plans of the Board and Senior Management; and
- (10) Reviewed and assessed the term of office and performance, and duties carried out by the Audit and Risk Committee and each of its member.

All recommendations of the Nomination Committee are subject to endorsement and approval of the Board.

##### Recruitment Process and Annual Assessment of Directors

The Nomination Committee is responsible for assessing 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 the Directors have the requisite competence to serve on the Board and had demonstrated their commitment to the Group in terms of participation and dialogue during the year under review.

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 the *Board Charter*, *Codes of Conducts* and respective *Terms of References*. The Nomination Committee was satisfied with the existing composition of the Board and its Committees, and was of the view that with the current mix of skills, knowledge, experience and strength of the Directors, the Board and its Board Committees were able to discharge their duties effectively. The Nomination Committee also agreed that the Board had operated as a cohesive and cooperative body, fostering trust, openness, and respect in its relationships with both Board members and Management. They were satisfied with its overall performance, with some areas identified for improvements.

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.

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 AGM 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 AGM. 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 AGM are disclosed in the notice of AGM.

## Corporate Governance Overview Statement (Continued)

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

#### II. Board Size, Composition and Diversity (Continued)

##### Recruitment Process and Annual Assessment of Directors

In order to ensure a person to be appointed or elected/re-elected as Director possesses the necessary quality and character as well as integrity, competency and commitment, the Board has adopted a *Directors' Fit and Proper Policy*. This policy serves as a guide for the Nomination Committee and the Board in their review and assessment of candidates that are to be appointed as well as Directors who are seeking for re-election. During the year, the Nomination Committee also conducted a fit and proper assessment on the Directors who were proposed for re-election at the AGM of the Company. The policy is accessible on the Company's website at [www.bkawan.com.my](http://www.bkawan.com.my).

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.

#### 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. 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 was last revised and updated in May 2022, and is available at the Company's website, [www.bkawan.com.my](http://www.bkawan.com.my).

##### Remuneration Committee

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.

For FY 2023, the Remuneration Committee comprised exclusively Non-Executive Directors, the majority of whom are independent, as follows:

Tan Sri Rastam Bin Mohd Isa (Chairman) – Independent Non-Executive Director  
 Tan Sri Dato' Seri Lee Oi Hian – Non-Independent Non-Executive Director  
 Mr. Lim Ban Aik – Independent Non-Executive Director

Following Tan Sri Rastam's resignation as a Director in October 2023, he also ceased to be the Remuneration Committee chairman and the position was filled by Mr. Lim Ban Aik in November 2023. For Board Committee refreshment, Dr. Tunku Alina Alias was appointed as a Remuneration Committee member in November 2023.

## Corporate Governance Overview Statement (Continued)

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

#### III. Remuneration (Continued)

##### Remuneration Committee (Continued)

The Remuneration Committee meets at least once a year, with additional meetings convened as and when necessary. During the FY 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 Meetings	
	Held <sup>1</sup>	Attended
Tan Sri Rastam bin Mohd Isa (Chairman) <sup>2</sup> - Independent Non-Executive	0	0
Tan Sri Dato' Seri Lee Oi Hian - Non-Independent Non-Executive	1	1
Mr. Lim Ban Aik <sup>3</sup> - Independent Non-Executive	0	0
Dato' Yeoh Eng Khoon <sup>3</sup> - Non-Independent Non-Executive	1	1
Mr. Quah Chek Tin <sup>3</sup> - Non-Independent Non-Executive	1	1

<sup>1</sup> reflects the number of meetings held during the period the Remuneration Committee members held office.

<sup>2</sup> Dato' Yeoh and Mr. Quah retired as the Remuneration Committee chairman and member respectively on 1 December 2022. The positions were filled by Tan Sri Rastam as the Remuneration Committee chairman and Mr. Lim Ban Aik as a Remuneration Committee member. Subsequently with the resignation of Tan Sri Rastam as a BKB Director, he also ceased as the Remuneration Committee chairman.

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 Managing 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)

##### Remuneration Committee (Continued)

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

Company				
Category	Fees (RM'000)	Salaries (RM'000)	Incentive (RM'000)	Other Emoluments <sup>A</sup> (RM'000)
<i>Executive Director</i>				
- Dato' Lee Hau Hian	-	4,080	3,850	1,559
<i>Non-Executive Directors</i>				
- Tan Sri Dato' Seri Lee Oi Hian	248	-	-	14
- Dato' Yeoh Eng Khoon	157	-	-	16
- Mr. Quah Chek Tin	174	-	-	22
- Tan Sri Rastam Bin Mohd Isa <sup>1</sup>	182	-	-	14
- Dr. Tunku Alina Binti Raja Muhd Alias	181	-	-	22
- Mr. Lee Yuan Zhang	166	-	-	18
- Mr. Lim Ban Aik	178	-	-	18
- Ms. Susan Yuen Su Min	187	-	-	20
Group				
Category	Fees (RM'000)	Salaries (RM'000)	Incentive (RM'000)	Other Emoluments <sup>A</sup> (RM'000)
<i>Executive Director</i>				
- Dato' Lee Hau Hian	314	4,080	3,850	1,588
<i>Non-Executive Directors</i>				
- Tan Sri Dato' Seri Lee Oi Hian	248	6,120	6,120	2,164
- Dato' Yeoh Eng Khoon	460	-	-	51
- Mr. Quah Chek Tin	174	-	-	22
- Tan Sri Rastam Bin Mohd Isa <sup>1</sup>	182	-	-	14
- Dr. Tunku Alina Binti Raja Muhd Alias	181	-	-	22
- Mr. Lee Yuan Zhang	176	540	225	96
- Mr. Lim Ban Aik	178	-	-	18
- Ms. Susan Yuen Su Min	187	-	-	20

<sup>A</sup> Other emoluments include meeting allowance, overseas travelling allowance, business travel, medical, insurance claim and other claimables and reimbursables for the purpose of enabling the Directors to perform their duties.

<sup>1</sup> Tan Sri Rastam Bin Mohd Isa resigned as a Director on 2 October 2023.

The Board has endorsed that the Directors' fees would be held constant for three (3) years. However, to ensure that the Directors' fees align with appropriate peer groups and are measured against profits and other targets set in accordance with the Company's annual budget and plans, the Remuneration Committee reviews the Directors' fees annually.



## Corporate Governance Overview Statement (Continued)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I. Audit and Risk Committee

For FY 2023, the Audit and Risk Committee of the Company comprised five (5) members, with three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. All members were appointed by the Board on the recommendation of the Nomination Committee. The members of the Committee are as follows:

Dr. Tunku Alina Binti Raja Muhd Alias (Chair) - Senior Independent Non-Executive Director  
 Mr. Quah Chek Tin - Non-Independent Non-Executive Director  
 Ms. Susan Yuen Su Min - Independent Non-Executive Director  
 Mr. Lee Yuan Zhang - Non-Independent Non-Executive Director  
 Mr. Lim Ban Aik - Independent Non-Executive Director

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 by its *Terms of Reference* which was approved and adopted by the Board.

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*.

#### Relationship with External Auditors

Through the Audit and Risk Committee, the Board has direct relationship with the External Auditors. In the fourth Quarter of 2023, the Audit and Risk Committee assessed the suitability and independence of the Company's External Auditors, Messrs BDO PLT ("**BDO**"), and considered its engagement team, reporting, deliverables, fees and non-audit services. The Audit and Risk Committee also reviewed the information presented in the *Annual Transparency Report* of BDO.

The Audit and Risk Committee was satisfied with the suitability of BDO based on the quality of audit, competency and sufficiency of resources of BDO in relation to the FY 2023 audit.

Noting the Audit and Risk Committee's assessment results supporting the re-appointment of BDO as External Auditors of the Company for the FY 2024, the Board approved the Audit and Risk Committee's recommendation to seek shareholders' approval for BDO's re-appointment at the forthcoming AGM in 2024.

#### 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.

#### 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.

## Corporate Governance Overview Statement (Continued)

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

#### II. Risk Management Framework (Continued)

During the FY under review, a total of two (2) GRMC meetings were held and the following reviews on BKB Chemical Group were carried out by GRMC:

- (a) Risk consequence rating parameters for the FY 2023;
- (b) Graphical Risk Profile Matrix, and High and Significant Risks updates;
- (c) Headline risks and top 20 operational risks by the operating centres;
- (d) Risk heat map and Key Risk Indicators;
- (e) Risks profile summary;
- (f) Significant risk and Management actions; and
- (g) Health, Safety and Environment performance and notable incidents.

The GRMC also reviewed the results of the Corruption Risk Profile assessment conducted for FY 2023 within the BKB Group.

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

#### I. Communication with 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. Investors and shareholders may also express their concerns to the SID.

##### 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.

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 Governance Overview Statement (Continued)

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

#### I. Communication with Stakeholders (Continued)

##### 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

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.

At the Fifty-Eighth AGM of the Company held on 23 February 2023, all nine (9) Directors were present in person to engage directly with the shareholders at the meeting. 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. The Director, Management and External Auditors responded to the shareholders' queries. The shareholders were also provided with the Company's responses to questions submitted in advance of the meeting by the Minority Shareholders Watch Group before the commencement of the meeting to ensure transparency.

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 minutes of AGM is available on the Company's website, [www.bkawan.com.my](http://www.bkawan.com.my).

## 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, general public and the Group’s assets. The Board also recognises 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 (“**Committee**”).

### 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 Committee 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 Committee for review and deliberation. Minutes of the Committee meetings which recorded these deliberations were presented to the Board for approval and notation.

These ongoing processes are co-ordinated by the Risk Management unit in conjunction with all the business heads within the Group and with periodic reporting to the GRMC which in turn reports to the Committee.

The Group’s risks relating to Kuala Lumpur Kepong Berhad, its main subsidiary, is managed by Kuala Lumpur Kepong Berhad’s own GRMC. The principal risks include sustainability risks, market and commodity prices risks, operational risks, investment risk and cybersecurity risk. These principal risks for the year ended 30 September 2023 (“**FY 2023**”) 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 2023, presented to the Committee via Key Risk Indicators on a quarterly basis, have been reviewed by the Board as follows:

##### (a) Business and Operation Risk

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, facilities 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 Risk

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) Health and Safety Risk

The Group operations involve manufacturing and distribution of industrial chemical throughout the nation. These chemicals are regarded as hazardous chemicals and therefore significant attention is focused on health and safety aspects of employees, customers, contractors, and general public. Strict safety policies and procedures are observed. The Group also measures and monitors the safety performance across all its operating centers.

##### (d) Financial and Credit Risk

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 financial risk management policies. There is also a constant review of economic conditions and commodity pricing to mitigate adverse implications to business operations.

##### (e) 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.

##### (f) Marketing Risk

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

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

### CONTROL ENVIRONMENT & ACTIVITIES (Continued)

#### • Risk Management Framework (Continued)

##### (g) 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 industry standard network security layers, 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.

##### (h) Sustainability Risk

Sustainability risk is reviewed by GRMC with the support of Sustainability Steering Committee. Collaboratively with the Sustainability Working Committee, other sustainability matters and initiatives are deliberated and addressed. The major segments of sustainability risk are closely monitored.

##### (i) Climate Change Risk

Accelerated by the impacts of global warming driven by human emissions of greenhouse gases, climate change including erratic weather patterns such as prolonged dry weather and severe flooding along with rising sea levels, may pose significant risks to businesses and their supply chains. To alleviate effects of climate change, the plantation segment is committed to no deforestation by ensuring new developments are protective over flora and fauna while manufacturing operating centres circumvented flood disaster at flood prone areas through proper drainage systems and adequate flood insurance coverage.

##### (ii) Environmental Pollution Risk

The Group advocates protection of the environment through ethical manufacturing. With the goal of minimising pollution impacting air, water and land, manufacturing operations are installed with the necessary monitoring equipment such as gas detectors, interlock systems, and effluent treatment plants. All scheduled waste are disposed through authorised channels. Strict procedures are established to prevent chemical spillage within the logistics and distribution operations. For large-scale projects, an Environmental Impact Assessment is undertaken to mitigate potential environmental issues. All operating centers within the Chemical Division are ISO 14001 certified.

#### • 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 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 Committee, and approval and matters or decisions made within the Committee'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.



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

### CONTROL ENVIRONMENT & ACTIVITIES (Continued)

#### • 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).

#### • Integrity and Anti-Corruption

As a responsible corporation, the Group is committed to fostering an anti-corruption culture and to ensure 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.

The *Group Anti-Corruption Policy* outlines the Group's approach in combating bribery and corruption 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 *Code of Conduct and Ethics* and other relevant policies and procedures. Training and awareness session are conducted across the Group to remind staff the importance of integrity and Group's stand on anti-corruption. As part of the Group's ongoing commitment, Anti-Corruption training is provided by Human Resource Department during onboarding of new employees.

#### • Group Internal Audit

The Internal Audit Department, which reports directly to the Committee, conducts reviews on the 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 are guided by *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 in accordance with a risk-based audit plan approved annually by the Committee. Root-cause analysis is conducted with appropriate recommendations made to address the issues and weaknesses highlighted and they are subsequently followed up to ensure proper implementation. Ad-hoc internal control review is also conducted to appraise the consistency and effectiveness of internal controls.

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.

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

### 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 2023*, and reported to the Committee 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.

### 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, Chief Financial Officer and Group Internal Auditor 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. 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 8 December 2023.

## Audit and Risk Committee Report

The Board is pleased to present the report of the Audit and Risk Committee (“**Committee**”) for the financial year ended 30 September 2023 (“**FY 2023**”).

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 Committee was also revised and expanded to include the additional roles and functions conducted by the Committee. The 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

For FY 2023, the Committee comprised five (5) members, with three (3) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Directors. All members were appointed by the Board on the recommendation of the Nomination Committee.

The Committee carried out their duties in accordance with their *Terms of Reference*.

The Committee convened five (5) meetings during FY 2023. The members of the Committee and their attendance at the meetings, are as follows:

Name of Directors	Number of Meetings	
	Held <sup>1</sup>	Attended
<b>Dr. Tunku Alina Binti Raja Muhd Alias (Chair)<sup>2</sup></b> - Senior Independent Non-Executive Director	5	5
<b>Mr. Quah Chek Tin<sup>2</sup></b> - Non-Independent Non-Executive Director	5	5
<b>Dato’ Yeoh Eng Khoon<sup>3</sup></b> - Non-Independent Non-Executive Director	1	1
<b>Tan Sri Rastam Bin Mohd Isa<sup>3</sup></b> - Independent Non-Executive Director	1	1
<b>Ms. Susan Yuen Su Min<sup>3</sup></b> - Independent Non-Executive Director	4	4
<b>Mr. Lee Yuan Zhang<sup>3</sup></b> - Non-Independent Non-Executive Director	4	4
<b>Mr. Lim Ban Aik<sup>3</sup></b> - Independent Non-Executive Director	4	4

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

<sup>2</sup> Dr. Tunku Alina Binti Raja Muhd Alias was appointed as the Committee Chair to replace Mr. Quah Chek Tin who has stepped down as Chairman on 1 December 2022. Mr. Quah Chek Tin remains as a Committee member.

<sup>3</sup> Dato’ Yeoh Eng Khoon and Tan Sri Rastam Bin Mohd Isa retired as Committee members on 1 December 2022 and replaced by Ms. Susan Yuen Su Min; Mr. Lee Yuan Zhang and Mr. Lim Ban Aik who were appointed on the same day.

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

The Committee meets regularly and the Chief Financial Officer, Managing Director of BKB Chemical Group, Internal Audit Department and occasionally, representatives of the External Auditors attend these meetings. Other members of the Board may attend the meetings on the invitation of the Committee. During the year under review, the total number of meetings held included the meeting between the members of the Committee and representatives of the External Auditors without the presence of Management.

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

## Audit and Risk Committee Report (Continued)

### SUMMARY OF ACTIVITIES OF THE COMMITTEE

In line with the key functions in its *Terms of Reference* of the Committee, the following activities were carried out by the Committee during FY 2023 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) Discussed with Management and the External Auditors in the review of the Group's quarterly results and year-end financial statements, amongst others, the accounting policies that were applied, the use of key accounting estimates and the exercise of Management's significant judgements in the process of applying the Group's accounting policies that may affect the financial results and position.
- (c) Reviewed the audit reports for the Group and the Company prepared by the External Auditors and considered the major findings by the External Auditors and Management's responses thereto.
- (d) Reviewed the year end audit planning memorandums for the Group and the Company which were prepared by External Auditors.

#### 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 the risks.
- (d) Reviewed the Group's Risk Heat Map and Key Risk Indicators on BKB Group's sectoral risks, Market & Business, Operations, and Corporate & Environment, Social and Governance.
- (e) 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.
- (f) 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.

#### 3) Internal Audit

- (a) Reviewed the adequacy of the scope, functions, competency and resources of the internal audit function (including the assessment tools and procedures in assessing the performance of Internal Audit Department) and ensure that it has the necessary authority to carry out its responsibilities.
- (b) Reviewed the audit findings which were circulated to the Committee. The summary of key findings was then presented in the Committee meetings, where the Committee members deliberated the adequacy and effectiveness of internal controls based on the findings and outcome of the audits conducted.
- (c) Reviewed the risk-based annual internal audit plan and its progress updates to ensure adequate scope and coverage on its activities.

#### 4) External Audit

- (a) In the fourth Quarter of 2023, the Committee assessed the suitability and independence of the External Auditors, Messrs BDO PLT ("BDO") and considered its engagement team, reporting, deliverables, fees and non-audit services. The Committee also reviewed the information presented in the *Annual Transparency Report* of BDO. The Committee was satisfied with the suitability of BDO based on the quality of audit, competency and sufficiency of resources of BDO in relation to the FY 2023 audit. Noting the Committee's assessment results supporting the re-appointment of BDO as External Auditors of the Company for the financial year ending 2024, the Board approved the Committee's recommendation to seek shareholders' approval for BDO's re-appointment at the forthcoming Annual General Meeting in 2024.
- (b) Reviewed with the External Auditors their audit planning memorandum, the nature and scope of the audit, prior to the commencement of audit and to ensure coordination with the audit firms of subsidiaries.
- (c) Met with the External Auditors once without the presence of Management to exchange free and honest views and opinions on audit issues. There were no major concerns raised by the External Auditors at the meeting.

## Audit and Risk Committee Report (Continued)

### SUMMARY OF ACTIVITIES OF THE COMMITTEE (Continued)

#### 4) External Audit (Continued)

- (d) Reviewed with the External Auditors on the following and reported the same to the Board:
- (i) audit report, including the key issues 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 audit matters and significant audit findings reported by the External Auditors.

#### 5) Related Party Transactions

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, Chapter 10 of the Main LR, Financial Reporting Standard 124* and the *Companies Act 2016*.

#### 6) Other Duties

- (a) Reviewed the preliminary assessment report by tax consultants, Deloitte Tax, on the compliance of BKB Group's Pillar Two of BEPS 2.0 – Global Minimum Tax.
- (b) Reviewed the Group's Whistleblowing reporting channels flowchart and summary of Whistleblowing reports received by BKB Group (excluding Kuala Lumpur Kepong Berhad Group) during the year.
- (c) Received updates on Conflict of Interest ("COI") and potential COI situations, and discussed the COI disclosure procedures for the Directors and Key Senior Management.
- (d) Reviewed the Audit and Risk Committee Report before submitting for Board's approval for inclusion in the Annual Report.

### INTERNAL AUDIT FUNCTION

The Company has an independent in-house Internal Audit Department whose principal responsibility is to assess and report to the Board, through the Committee, the robustness of internal control of the Company. Currently, there are two (2) Internal Auditors. The Internal Audit Department's main audit scope covers the operating centres under the industrial chemical subsidiaries. The Company's Internal Audit Department is also supported by the Internal Audit Division of its subsidiary, Kuala Lumpur Kepong Berhad, which has 69 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 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;
- Identify the key business processes within the Group and the Company that internal audit should focus on; and
- Allocate necessary resources to selected areas of audit to provide Management and the Committee an effective and efficient level of internal audit coverage.

## Audit and Risk Committee Report (Continued)

### INTERNAL AUDIT FUNCTION (Continued)

An annual internal audit plan is presented to the 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:

- a) Undertook internal audit based on the audit plan that had been reviewed and approved by the Committee which includes the review of operational compliance with established internal control procedures and reliability of financial records.
- b) Conducted ad-hoc reviews with regards to specific areas of concern as directed by the Committee and Management.
- c) Assessed key business risks at each business unit and performed continuous monitoring of those risks via risk validation procedures and reviewing supporting documentations.
- d) Issued and presented quarterly internal audit report summaries to the Committee during the year, on the Group's operating centres with appropriate audit recommendations.

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 endeavours to put in place appropriate action plans and carry out necessary assignments to further enhance the Group's internal control. Its resources and manpower requirements are reviewed on a regular basis to ensure the function can discharge its duties effectively. The costs incurred for the Group Internal Audit function for FY 2023 were RM8,765,674.



## 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	3,059	131
Non-Audit Fees (assurance related services)	37	15

### 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

In accordance with 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:

Batu Kawan Berhad ("BKB") and its Subsidiaries	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>	173,534
See Sen Chemical Berhad ("See Sen")	Purchase of raw materials, finished goods, other products and services	TMK Group  <u>Interested Directors*</u>	6,188
	Sale of finished goods and other products and services	LOH, LHH  <u>Interested Major Shareholders#</u>	43,456

## Additional Compliance Information (Continued)

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

BKB and its Subsidiaries	Type of Transactions	Related Party and Nature of Relationship	Transactions Aggregate Value RM'000
Chemical Company of Malaysia Berhad ("CCM") Group	Sale and purchase of finished goods, raw materials, other products and services including transportation services	TMK Group <u>Interested Directors*</u> LOH, LHH  <u>Interested Major Shareholders#</u>	25,004
<b>BKB Group</b>	<b>TMK Group</b>	<b>TOTAL</b>	<b>248,182</b>
Malay-Sino Group	Purchase and sale of products and services which relate to core chemical business	Taiko Marketing (Singapore) Pte Ltd ["TMK(S)"]  <u>Interested Directors*</u> LOH, LHH  <u>Interested Major Shareholders#</u>	28,882
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>	-
CCM Group	Purchase of raw materials, finished goods, other products and services	TMK(S)  <u>Interested Directors*</u> LOH, LHH  <u>Interested Major Shareholders#</u>	11,922
<b>BKB Group</b>	<b>TMK(S)</b>	<b>TOTAL</b>	<b>40,804</b>
Malay-Sino Group	Sale and purchase of raw materials, finished goods, other products and services including transportation services	Chlor-Al Chemical Pte Ltd ("CAC")  <u>Interested Directors*</u> LOH, LHH  <u>Interested Major Shareholders#</u>	4,261
See Sen	Purchase and sale of products and services	CAC  <u>Interested Directors*</u> LOH, LHH  <u>Interested Major Shareholders#</u>	3,880

## Additional Compliance Information (Continued)

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

BKB and its Subsidiaries	Type of Transactions	Related Party and Nature of Relationship	Transactions Aggregate Value RM'000
CCM Group	Purchase and sale of products and services	CAC  <u>Interested Directors*</u> LOH, LHH  <u>Interested Major Shareholders#</u>	30,825
<b>BKB Group</b>	<b>CAC</b>	<b>TOTAL</b>	<b>38,966</b>
See Sen	Purchase and sale of products and services	Taiko Chemical Industries Sdn Bhd ("TCI") Group  <u>Interested Directors*</u> LOH, LHH  <u>Interested Major Shareholders#</u>	11,826
<b>BKB Group</b>	<b>TCI Group</b>	<b>TOTAL</b>	<b>11,826</b>
See Sen	Sale of electricity and provision of other chemical-based products and services	BASF See Sen Sdn Bhd ("BASF See Sen")  <u>Interested Directors*</u> LOH, LHH  <u>Interested Major Shareholders#</u>	9,370
<b>BKB Group</b>	<b>BASF See Sen</b>	<b>TOTAL</b>	<b>9,370</b>
PT Satu Sembilan Delapan ("PT SSD")	Sale of fresh fruit bunches ("FFB") and palm products	KLK Group  <u>Interested Directors*</u>	25,331
	Purchase of FFB and palm products	LOH, LHH  <u>Interested Major Shareholders#</u>	38,086
<b>BKB Group</b>	<b>KLK Group</b>	<b>TOTAL</b>	<b>63,417</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.

## Additional Compliance Information (Continued)

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

#### Note: (Continued)

# 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.

#### 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

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. CCM Group

- (a) CCM is a wholly-owned subsidiary of BKB.
- (b) A BKB Director, LHH is also a director of CCM.

##### 7. BASF See Sen

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

##### 8. KLK Group

- (a) KLK is 47% subsidiary of BKB based on assessment performed under *MFRS 10 Consolidated Financial Statements*.
- (b) Certain BKB Directors, LOH and LHH are directors and major shareholders 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 2023.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries, associates and joint ventures are involved in the business of plantation, manufacturing, trading, general transportation and workshop services, as well as property development and investment holding. Other details relating to the respective 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	1,278,700	630,630
Taxation	(192,907)	(3,464)
Profit for the year	<u>1,085,793</u>	<u>627,166</u>
Attributable to:		
Equity holders of the Company	490,917	627,166
Non-controlling interests	594,876	-
	<u>1,085,793</u>	<u>627,166</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 90 sen per share amounting to RM354,042,867 in respect of the financial year ended 30 September 2022 was paid on 2 March 2023; and
- (b) an interim single tier dividend of 20 sen per share amounting to RM78,676,193 in respect of the financial year ended 30 September 2023 was paid on 3 August 2023.

On 8 December 2023, the Directors declared the payment of a final single tier dividend of 40 sen per share amounting to RM157,352,000 for the year ended 30 September 2023 which will be paid on 28 February 2024. The entitlement date for the dividend shall be 19 February 2024.

### RESERVES AND PROVISIONS

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

### 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 180,900 of its issued shares from the open market for a total cost of RM3,709,000. 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
December 2022	180,900	21.36	20.34	20.46	3,709
	<u>180,900</u>				<u>3,709</u>

As at 30 September 2023, the Company retained as treasury shares a total of 6,154,500 of its issued share capital of 399,535,463. Such treasury shares are held at a carrying amount of RM113,108,441 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 23 February 2023 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  
 Dr. Tunku Alina Binti Raja Muhd Alias  
 Mr. Lee Yuan Zhang ^  
 Mr. Lim Ban Aik  
 Ms. Susan Yuen Su Min  
 Tan Sri Rastam Bin Mohd Isa (resigned on 2 October 2023)

^ Tan Sri Dato' Seri Lee Oi Hian, Dato' Lee Hau Hian, Dato' Yeoh Eng Khoon and Mr. Lee Yuan Zhang are also Directors of the Company's subsidiaries.

### DIRECTORS OF SUBSIDIARIES

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

Abd Hadi Bin Manas	Arota G Telaumbanua.IR	Chuah Kay Kian
Afridah Binti Ahmad	Aw Chung Cheong	Damin
Akhmad Haris Suharto, SH	Azman Hanafi Bin Abdullah	Datin Nabilah Binti Mahiaddin
Akinori Kuwauchi *	Baskaran a/l Rengasamy +	Dato' Tan Thean Thye
Al Hakim Hanafiah	Boon Yen Fei	Datuk Victor Wong Chet Sing +
Albert Su Sing Yong	Bruce Counsel +	Dinakaran a/l Madhavan
Andrew John Styzinski **	Chai Chew Yoon +	Djap Tet Fa *
Andrew Wylie *	Chen Chee Hee	Dr. Bors Cajus Abele *
Arif Sugandi	Chong Choong Khim	Dr. Kee Khan Kiang
Arifin Susilo Adiasa	Chua Boon Hook	Drs. Sunarjo Musa

## Report of the Directors (Continued)

Edwin Soesilo Adiasa  
Ellen Maria Koster +  
Erik Averdijk \*  
Erika Mushtarina Bin Mat Ariffin \*\*  
Fakhrul-Azman Bin Nawī  
Foo Kuan Lee \*  
Foong Huey Yuan  
Francesco di Filippo  
Francis Sandanaraj a/l John Joseph  
Gea Ban Peng  
Geoffrey Collins

Goh Keng Ee  
Goo Swee Eng @ Goh Swee Eng  
Guy Alexander Bessant  
Hanif Zakwan Bin Zaifuddin  
Har Wai Ming  
Hasfizal Bin Mukhtar ++  
Hitoshi Sasaki  
Ho Tze Sung  
Hoh Chui Lai \*  
Indra Gunawan  
Janaki Raman a/l Shanmugam  
Jarrod Quah Swee Jin  
Jasvinder Singh a/l Joginder Singh  
Johari Bin Salleh  
Juhari Bin Ahmad  
Jusman Bahudin  
Kanapathi Rao Al A Natchana  
Klaus H. Nottinger  
Kong Kwok Lum  
Kook Hui Ling \*  
Kow Tiat Yong  
Kuay Cheow Kwee  
Kunalan Thamudaran ++  
Lee Guo Zhang  
Lee Nyit Kean +  
Lee Toong Hian  
Lee Tze Ian  
Lee Wen Ling  
Leong Kin Wing

Leong Tat Loong  
Lim Chian  
Lim Fu Yen  
Lim Kiam Chye  
Lim Shen Wei  
Lim Teng Hong  
Ling Ping Sheun Arthur  
Mah Fak Chin  
Mardiana Rahayu Binti Tukiran ++  
Mark Bramer  
Md. Nasrudin Bin Ismail

Mohmad Azman Bin Abdul Majid  
Murali a/l Thomas  
Ng Jia Jia +  
Ng Seng Chueng +  
Nico Tahir +  
Nik Myshani Bin Nik Mohammed ++  
Noor Ahmir Bin Ramlan  
Nor Azlan Bin Zulkifli  
Norbaiti Bin Jarabe  
Ong Kuan Aik  
Ooi Liang Hin  
Ooi Yew Hua  
Oscar Lee Kim Law  
Own Boon Aik  
Pang Chee Hwee \*  
Pang Pik Kuang  
Patrick Ng Hong Chuan  
Philo Dellano  
Pines Ltd  
Rajoo Sinnappan \*  
Ralf Ewering  
Ravindra Panchalingam  
Redzwan Bin Subari  
Roberto Cella \*  
Rozi Bin Ibrahim  
Samsudin Bin Tukimin +  
Saniman Bin Md Apandi  
Saparudin Bin Rabayani  
Sashi Nambiar

Satoshi Hirohara  
Shivaganesh Kuppusamy  
Stephen Hii King Vie  
Subramaniam a/l Kumarasamy \*  
Sundrakumar a/l Raju +  
Tai Woon Chein  
Takatsugu Sumitani +  
Tan Chee Heng  
Tan Poh Teck  
Tan Shu Hui \*  
Tan Sri Dato' Hj Esa Bin Hj Mohamed  
Tan Sri Dato' Yap Suan Chee  
Tang Kok Hong  
Teh Kwan Wey  
Teo Cheng Peow  
Teoh Yee Thuan \*  
Tham Yoke Ling +  
Thomas Thomas  
Tschuor Adrian  
Tukimin  
Uwe Halder  
Vemal Venugopal Naidu  
Venodh Selvam a/l Kalaselvam  
Veronica Lusi Herdiyanti  
Vijayakumar a/l Sathivalu  
Walter Eric Salisbury Bryant ++  
Wan Azlan Bin Wan Abdul Rashid +  
Wan Azmiruddin Bin Wan Fadzir  
William Ong Eng San  
Willie Wong Chik Hing +  
Wong Chee Kiat \*  
Wong Kim Sun  
Wong Shew Yam @ Norman Wong  
Wong Shew Yee @ Eric  
Xia Jian Jun  
Yap Miow Kien  
Yeoh Gim Khoo  
Yow Boon Beng

\* Appointed during the financial year.

\*\* Appointed after the financial year but before the date of this report.

+ Resigned/retired/ceased/passed away during the financial year.

++ Resigned after the financial year but before the date of this report.

## 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 2022	Additions (Disposals) Number of shares	Balance as at 30 September 2023
<b>Company:</b>			
<b>Batu Kawan Berhad</b>			
<b>Direct interest</b>			
Tan Sri Dato' Seri Lee Oi Hian	1,665,428	-	1,665,428
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	218,590,309	-	218,590,309
Dato' Lee Hau Hian	215,924,419	-	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	151,112	-	151,112
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
Lim Ban Aik	11,000	-	11,000
<b>Deemed interest</b>			
Tan Sri Dato' Seri Lee Oi Hian	515,187,496	36,000	515,223,496
Dato' Lee Hau Hian	515,094,496	-	515,094,496
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 interests 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)

### DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 30 September 2023 were as follows:

	Group RM'000	Company RM'000
Fees provided	2,100	1,473
Other emoluments	24,964	9,598
Benefits-in-kind	66	35
	<u>27,130</u>	<u>11,106</u>

### INDEMNITY AND INSURANCE COSTS

During the financial year, Directors and Officers of the Group are covered under the Directors' and Officers' Liability Insurance Policy ("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 other than those disclosed in Note 40 to the financial statements.

## Report of the Directors (Continued)

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 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature occurred in the interval between the end of that financial year and the date of this report.

### AUDITORS

The auditors, BDO PLT 201906000013 (LLP0018825-LCA) & AF0206, have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 30 September 2023 were as follows:

	<b>Group RM'000</b>	<b>Company RM'000</b>
Statutory audit	4,956	131
Assurance related services	105	15
Non-audit services	89	-
	<u>5,150</u>	<u>146</u>

Signed on behalf of the Board in accordance with a resolution of the Directors dated 8 December 2023.

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

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

**Statements of Profit or Loss**

For The Year Ended 30 September 2023

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	4	24,653,397	28,223,929	674,446	761,251
Cost of sales		(21,540,432)	(22,903,249)	-	-
Gross profit		3,112,965	5,320,680	674,446	761,251
Other operating income		577,472	519,890	28,180	44,142
Distribution costs		(472,609)	(519,589)	-	-
Administrative expenses		(902,580)	(901,381)	(16,208)	(14,693)
Net (impairment losses)/reversals of impairment of financial assets		(59,211)	13,486	-	-
Other operating expenses		(351,038)	(789,770)	(20,968)	(38,616)
Operating profit	5	1,904,999	3,643,316	665,450	752,084
Finance costs	6	(441,262)	(397,207)	(34,820)	(36,266)
Share of (loss)/profit of equity accounted associates, net of tax		(169,618)	148,303	-	-
Share of (loss)/profit of equity accounted joint ventures, net of tax		(15,419)	50,666	-	-
Profit before taxation		1,278,700	3,445,078	630,630	715,818
Taxation	9	(192,907)	(860,852)	(3,464)	(7,469)
Profit for the year		1,085,793	2,584,226	627,166	708,349
Attributable to:					
Equity holders of the Company		490,917	1,174,346	627,166	708,349
Non-controlling interests		594,876	1,409,880	-	-
		1,085,793	2,584,226	627,166	708,349
		Sen	Sen	Sen	Sen
Basic/Diluted earnings per share	10	124.8	298.1	159.4	179.8

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



## Statements of Other Comprehensive Income

For The Year Ended 30 September 2023

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Profit for the year</b>	<b>1,085,793</b>	<b>2,584,226</b>	<b>627,166</b>	<b>708,349</b>
<b>Other comprehensive income/(loss) that will be reclassified subsequently to profit or loss, net of tax</b>				
Currency differences arising from translation of net investments in foreign entities	385,612	182,827	-	-
Share of other comprehensive (loss)/income in associates	(40,811)	112,610	-	-
	<b>344,801</b>	<b>295,437</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive (loss)/income that will not be reclassified subsequently to profit or loss, net of tax</b>				
Net changes in fair value of equity instruments at fair value through other comprehensive income	(50,868)	26,306	(1,162)	226
Share of other comprehensive (loss)/income in associates	(14,716)	63,420	-	-
Share of other comprehensive loss in joint venture	(18)	-	-	-
(Loss)/Gain on remeasurement of defined benefit plans (Note 34)	(12,486)	71,573	-	-
	<b>(78,088)</b>	<b>161,299</b>	<b>(1,162)</b>	<b>226</b>
<b>Total other comprehensive income/(loss) for the year</b>	<b>266,713</b>	<b>456,736</b>	<b>(1,162)</b>	<b>226</b>
<b>Total comprehensive income for the year</b>	<b>1,352,506</b>	<b>3,040,962</b>	<b>626,004</b>	<b>708,575</b>
Attributable to:				
Equity holders of the Company	628,300	1,404,542	626,004	708,575
Non-controlling interests	724,206	1,636,420	-	-
	<b>1,352,506</b>	<b>3,040,962</b>	<b>626,004</b>	<b>708,575</b>

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

## Statements of Financial Position

As At 30 September 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Assets</b>					
Property, plant and equipment	12	13,434,647	12,613,544	603	638
Right-of-use assets	13	1,386,506	1,401,384	1,003	1,210
Investment properties	14	30,372	6,881	-	-
Inventories	15	2,012,424	1,991,597	-	-
Goodwill on consolidation	16	461,665	446,181	-	-
Intangible assets	17	110,144	100,193	-	-
Investments in subsidiaries	18	-	-	1,681,986	1,660,009
Investments in associates	19	2,317,427	2,381,817	-	-
Investments in joint ventures	20	242,282	424,316	-	-
Other investments	21	922,278	782,365	66,966	68,129
Other receivables	22	401,069	428,863	-	-
Amounts owing by subsidiaries	18	-	-	359,247	369,735
Deferred tax assets	23	492,716	334,887	-	-
Derivative financial assets	28	1,249	-	-	-
Total non-current assets		21,812,779	20,912,028	2,109,805	2,099,721
Inventories	15	3,038,795	4,141,014	-	-
Biological assets	24	222,324	211,912	-	-
Trade receivables	25	2,421,080	2,073,376	-	-
Other receivables, deposits and prepayments	26	1,217,436	863,651	180	2,196
Amounts owing by subsidiaries	18	-	-	4,169	3,007
Contract assets	27	74,489	83,186	-	-
Tax recoverable		236,006	61,192	232	254
Derivative financial assets	28	48,152	545,729	-	-
Short-term funds	29	119,415	267,937	99	200,039
Cash and cash equivalents	30	2,717,057	3,201,583	85,904	211,721
Total current assets		10,094,754	11,449,580	90,584	417,217
<b>Total assets</b>		31,907,533	32,361,608	2,200,389	2,516,938
<b>Equity</b>					
Share capital	31	507,587	507,587	507,587	507,587
Reserves	32	7,459,437	7,268,999	1,293,092	1,099,807
		7,967,024	7,776,586	1,800,679	1,607,394
Less: Cost of treasury shares	31	(113,109)	(109,400)	(113,109)	(109,400)
Total equity attributable to equity holders of the Company		7,853,915	7,667,186	1,687,570	1,497,994
Non-controlling interests		9,343,897	9,264,281	-	-
<b>Total equity</b>		17,197,812	16,931,467	1,687,570	1,497,994
<b>Liabilities</b>					
Deferred tax liabilities	23	1,146,043	1,167,024	-	-
Lease liabilities	13	155,219	158,527	830	1,026
Deferred income	33	81,633	90,149	-	-
Provision for retirement benefits	34	552,739	496,646	92	67
Derivative financial liabilities	28	21	-	-	-
Borrowings	35	7,514,568	7,724,349	500,000	500,000
Total non-current liabilities		9,450,223	9,636,695	500,922	501,093
Trade payables	36	867,846	1,057,413	-	-
Other payables	37	1,220,586	1,174,959	11,157	17,138
Amount owing to subsidiaries	18	-	-	544	525
Contract liabilities	27	135,224	142,625	-	-
Deferred income	33	8,656	8,628	-	-
Lease liabilities	13	28,306	25,630	196	188
Borrowings	35	2,894,693	2,682,318	-	500,000
Tax payable		42,022	157,557	-	-
Derivative financial liabilities	28	62,165	544,316	-	-
Total current liabilities		5,259,498	5,793,446	11,897	517,851
<b>Total liabilities</b>		14,709,721	15,430,141	512,819	1,018,944
<b>Total equity and liabilities</b>		31,907,533	32,361,608	2,200,389	2,516,938

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

## Consolidated Statement of Changes in Equity

For The Year Ended 30 September 2023

	Attributable to the equity holders of the Company									
	Share Capital	Treasury Shares	Capital Reserve	Exchange Fluctuation Reserve	Fair Value Reserve	Other Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 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
Net change in fair value of equity instruments	-	-	-	-	22,131	-	-	22,131	4,175	26,306
Realisation on fair value of equity instruments	-	-	-	-	(58,615)	-	58,615	-	-	-
Transfer of reserves	-	-	48,083	-	-	-	(48,083)	-	-	-
Share of other comprehensive income in associates	-	-	-	53,750	-	-	30,271	84,021	92,009	176,030
Gain on remeasurement of defined benefit plans (Note 34)	-	-	-	-	-	-	34,200	34,200	37,373	71,573
Currency differences arising from translation of net investments in foreign entities	-	-	711	89,133	-	-	-	89,844	92,983	182,827
Total other comprehensive income/(loss) for the year	-	-	48,794	142,883	(36,484)	-	75,003	230,196	226,540	456,736
Profit for the year	-	-	-	-	-	-	1,174,346	1,174,346	1,409,880	2,584,226
Total comprehensive income/(loss) for the year	-	-	48,794	142,883	(36,484)	-	1,249,349	1,404,542	1,636,420	3,040,962
Issuance of shares to non-controlling interests	-	-	-	-	-	-	-	-	10	10
Purchase of shares from non-controlling interests	-	-	-	(683)	-	383,633	(13,054)	369,896	(482,887)	(112,991)
Redemption of redeemable preference shares	-	-	-	-	-	-	-	-	(6,400)	(6,400)
Shares buy back	-	(26,066)	-	-	-	-	-	(26,066)	-	(26,066)
Employees' share grant scheme	-	-	-	-	-	-	-	-	5,859	5,859
Acquisition through business combination	-	-	-	-	-	-	-	-	213,189	213,189
Effect of changes in shareholdings in subsidiaries	-	-	-	543	(108)	-	(37,534)	(37,592)	(41,486)	(79,078)
Expiry of unconditional Mandatory General Offer on acquisition of a subsidiary	-	-	-	-	-	59,522	-	59,522	66,068	125,590
FY2021 final dividend paid	-	-	-	-	-	-	(354,688)	(354,688)	-	(354,688)
FY2022 interim dividend paid	-	-	-	-	-	-	(78,712)	(78,712)	-	(78,712)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	(747,599)	(747,599)
Total transactions with owners of the Company	-	(26,066)	(493)	(140)	(108)	443,155	(483,988)	(67,640)	(993,246)	(1,060,886)
At 30 September 2022	507,587	(109,400)	934,853	181,402	579,179	-	5,573,565	7,667,186	9,264,281	16,931,467

Note 32

Note 31

At 1 October 2021

Net change in fair value of equity instruments  
Realisation on fair value of equity instruments  
Transfer of reserves  
Share of other comprehensive income in associates  
Gain on remeasurement of defined benefit plans (Note 34)  
Currency differences arising from translation of net investments in foreign entities  
Total other comprehensive income/(loss) for the year  
Profit for the year  
Total comprehensive income/(loss) for the year  
Issuance of shares to non-controlling interests  
Purchase of shares from non-controlling interests  
Redemption of redeemable preference shares  
Shares buy back  
Employees' share grant scheme  
Acquisition through business combination  
Effect of changes in shareholdings in subsidiaries  
Expiry of unconditional Mandatory General Offer on acquisition of a subsidiary  
FY2021 final dividend paid  
FY2022 interim dividend paid  
Dividends paid to non-controlling interests  
Total transactions with owners of the Company  
At 30 September 2022

## Consolidated Statement of Changes in Equity (Continued)

For The Year Ended 30 September 2023

	Attributable to the equity holders of the Company						
	Share Capital	Treasury Shares	Capital Reserve	Exchange Fluctuation Reserve	Fair Value Reserve	Retained Earnings	Non-Controlling Interests
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2022	507,587	(109,400)	934,853	181,402	579,179	5,573,565	9,264,281
Net change in fair value of equity instruments	-	-	-	-	(24,615)	-	(24,615)
Realisation on fair value of equity instruments	-	-	-	-	(1,417)	1,417	-
Transfer of reserves	-	-	5,685	-	-	(5,685)	-
Share of other comprehensive loss in associates	-	-	-	(19,475)	-	(4,637)	(31,415)
Share of other comprehensive loss in joint ventures	-	-	-	-	-	(9)	(9)
Loss on remeasurement of defined benefit plans (Note 34)	-	-	-	-	-	(5,371)	(7,115)
Other currency differences arising from translation of net investments in foreign entities	-	-	422	191,068	-	-	194,122
Total other comprehensive income/(loss) for the year	-	-	6,107	171,593	(26,032)	(14,285)	129,330
Profit for the year	-	-	-	-	-	490,917	594,876
Total comprehensive income/(loss) for the year	-	-	6,107	171,593	(26,032)	476,632	724,206
Shares buy back	-	(3,709)	-	-	-	-	(3,709)
Employees' share grant scheme	-	-	-	-	-	-	5,830
Acquisition through business combination	-	-	-	-	-	-	15,927
Effect of changes in shareholdings in subsidiaries	-	-	(206)	(55)	(99)	(4,783)	(15,664)
FY2022 final dividend paid	-	-	-	-	-	(354,043)	(354,043)
FY2023 interim dividend paid	-	-	-	-	-	(78,676)	(78,676)
Dividends paid to non-controlling interests	-	-	-	-	-	-	(650,683)
Total transactions with owners of the Company	-	(3,709)	(206)	(55)	(99)	(437,502)	(644,590)
At 30 September 2023	507,587	(113,109)	940,754	352,940	553,048	5,612,695	9,343,897

Note 32

Note 31

At 1 October 2022

Net change in fair value of equity instruments

Realisation on fair value of equity instruments

Transfer of reserves

Share of other comprehensive loss in associates

Share of other comprehensive loss in joint ventures

Loss on remeasurement of defined benefit plans (Note 34)

Other currency differences arising from translation of net investments in foreign entities

Total other comprehensive income/(loss) for the year

Profit for the year

Total comprehensive income/(loss) for the year

Shares buy back

Employees' share grant scheme

Acquisition through business combination

Effect of changes in shareholdings in subsidiaries

FY2022 final dividend paid

FY2023 interim dividend paid

Dividends paid to non-controlling interests

Total transactions with owners of the Company

At 30 September 2023

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 2023

	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 2021	507,587	(83,334)	49,706	32,555	742,371	1,248,885
Net change in fair value of equity instruments	-	-	226	-	-	226
Total other comprehensive income for the year	-	-	226	-	-	226
Profit for the year	-	-	-	-	708,349	708,349
Total comprehensive income for the year	-	-	226	-	708,349	708,575
Shares buy back	-	(26,066)	-	-	-	(26,066)
FY2021 final dividend paid	-	-	-	-	(354,688)	(354,688)
FY2022 interim dividend paid	-	-	-	-	(78,712)	(78,712)
Total transactions with owners of the Company	-	(26,066)	-	-	(433,400)	(459,466)
At 30 September 2022	<b>507,587</b>	<b>(109,400)</b>	<b>49,932</b>	<b>32,555</b>	<b>1,017,320</b>	<b>1,497,994</b>
Net change in fair value of equity instruments	-	-	(1,162)	-	-	(1,162)
Total other comprehensive loss for the year	-	-	(1,162)	-	-	(1,162)
Profit for the year	-	-	-	-	627,166	627,166
Total comprehensive (loss)/income for the year	-	-	(1,162)	-	627,166	626,004
Shares buy back	-	(3,709)	-	-	-	(3,709)
FY2022 final dividend paid	-	-	-	-	(354,043)	(354,043)
FY2023 interim dividend paid	-	-	-	-	(78,676)	(78,676)
Total transactions with owners of the Company	-	(3,709)	-	-	(432,719)	(436,428)
At 30 September 2023	<b>507,587</b>	<b>(113,109)</b>	<b>48,770</b>	<b>32,555</b>	<b>1,211,767</b>	<b>1,687,570</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 2023

	2023 RM'000	2022 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	1,278,700	3,445,078
Adjustments for:		
Depreciation of property, plant and equipment	969,484	943,283
Depreciation of right-of-use assets	60,982	63,176
Depreciation of investment properties	12	289
Amortisation of intangible assets	31,260	29,676
Amortisation of deferred income	(8,646)	(8,653)
Impairment of property, plant and equipment	27,821	43,313
Property, plant and equipment written off	7,635	6,997
Impairment loss on intangible assets	44	-
Gain on disposal of property, plant and equipment	(2,917)	(2,919)
Surplus on government acquisition of land	(42,218)	(4,049)
Surplus on disposal of land	(10,212)	(3,698)
Surplus on disposal of a business line	(76,443)	-
Surplus on disposal of shares in a subsidiary (Note C)	-	(2,119)
Provision for retirement benefits	67,198	71,215
Impairment of trade receivables	922	661
Trade receivables written off	1,220	4,730
Reversal of impairment of trade receivables	(3,772)	(22,146)
Impairment of other receivables	20	7
Other receivables written off	-	6,348
Impairment of plasma project receivables	62,915	8,586
Reversal of impairment of other receivables	-	(72)
Reversal of impairment of plasma project receivables	(874)	(523)
Write down of inventories to net realisable value	165,809	288,040
Write back of slow moving inventories	(331)	(429)
Write back of inventories previously written down to net realisable value	(108,962)	(7,410)
Finance costs	434,168	391,472
Lease interest expense (Note D)	7,094	5,735
Dividend income	(45,876)	(38,670)
Interest income	(97,284)	(72,532)
Exchange (gain)/loss	(1,069)	1,350
Net change in fair value of derivatives	15,005	(73,825)
Net change in fair value of biological assets	(11,732)	15,646
Net change in fair value of debt instruments	(3,650)	(2,754)
(Gain)/Loss on termination of leases	(69)	129
Employees' share grant schemes	5,830	5,859
Share of loss/(profit) of equity accounted associates, net of tax	169,618	(148,303)
Share of loss/(profit) of equity accounted joint ventures, net of tax	15,419	(50,666)
Operating profit before working capital changes	2,907,101	4,892,822
Working capital changes:		
Inventories	1,201,176	(1,287,976)
Biological assets	2,335	(12,376)
Trade and other receivables	(474,757)	446,109
Contract assets	12,345	(75,738)
Trade and other payables	(299,325)	284,955
Contract liabilities	(6,488)	18,966
Deferred income	-	500
Cash generated from operations	3,342,387	4,267,262
Interests received	16,476	9,110
Interests paid	(456,503)	(399,473)
Tax paid	(682,005)	(943,738)
Retirement benefits paid	(52,723)	(52,042)
Net cash generated from operating activities	2,167,632	2,881,119



## Consolidated Statement of Cash Flows (Continued)

For The Year Ended 30 September 2023

	2023 RM'000	2022 RM'000
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,661,384)	(1,308,506)
Purchase of right-of-use assets	(14,695)	(15,470)
Development of investment property	(4,297)	-
Expenditure on land held for property development	(20,827)	(8,695)
Purchase of shares in subsidiaries, net of cash acquired (Note B)	(108,892)	(303,834)
Purchase of additional shares in subsidiaries	-	(75,270)
Purchase of additional shares in an associate	(21,324)	(479,062)
Subscription of shares in joint ventures	(9,630)	(26,023)
Purchase of shares from non-controlling interests	(19,954)	(922,449)
Purchase of other investments	(244,494)	(27,823)
Purchase of intangible assets	(1,755)	(1,151)
Capital repayment to non-controlling interests	-	-
Proceeds from disposal of property, plant and equipment	9,382	11,568
Compensation from government on land acquired	42,372	4,123
Proceeds from disposal of a business line	79,334	-
Proceeds from disposal of a subsidiary, net of cash disposed (Note C)	-	1,964
Proceeds from disposal of other investments	5,338	67,875
Proceeds from maturity of other investment	100,000	-
Net withdrawal from short-term funds	148,833	3,982
(Advances to)/Repayment from plasma project receivables	(15,436)	44,298
Dividends received from associates	12,482	193,300
Dividends received from joint ventures	-	20,300
Dividends received from investments	45,059	31,581
Interests received	65,609	45,718
Repayment from/(Advances to) joint ventures	174,114	(12,767)
Repayment from/(Advances to) investee companies	5,970	(29,423)
Net cash used in investing activities	<u>(1,434,195)</u>	<u>(2,785,764)</u>
<b>Cash flows from financing activities</b>		
Drawdown of term loans (Note D)	238,240	1,060,638
Issuance of Islamic Medium Term Notes (Note D)	-	2,500,000
Repayment of term loans (Note D)	(534,487)	(1,549,663)
Redemption of Islamic Medium Term Notes (Note D)	(500,000)	(1,000,000)
Net drawdown/(repayment) of short-term borrowings (Note D)	768,845	(302,217)
Payments of lease liabilities (Note D)	(25,454)	(21,136)
Payments of lease interest (Note D)	(7,146)	(5,667)
Dividends paid to shareholders of the Company	(432,719)	(433,400)
Dividends paid to non-controlling interests	(650,683)	(747,599)
Capital reduction paid to a non-controlling interest	(1,127)	-
Issuance of shares to non-controlling interests	-	10
Redemption of redeemable preference shares from non-controlling interests	-	(6,400)
Shares buy back	(3,709)	(26,066)
Net cash used in financing activities	<u>(1,148,240)</u>	<u>(531,500)</u>
Net decrease in cash and cash equivalents	(414,803)	(436,145)
Effects of exchange rate changes	16,442	61,440
Cash and cash equivalents at beginning of year	3,031,289	3,405,994
Cash and cash equivalents at end of year (Note A)	<u>2,632,928</u>	<u>3,031,289</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)	674,654	1,350,479
Money market funds (Note 30)	656,498	926,914
Cash and bank balances (Note 30)	1,385,905	924,190
Cash and cash equivalents (Note 30)	2,717,057	3,201,583
Bank overdrafts (Note 35)	(84,129)	(170,294)
	<u>2,632,928</u>	<u>3,031,289</u>

## Consolidated Statement of Cash Flows (Continued)

For The Year Ended 30 September 2023

	2023 RM'000	2022 RM'000
<b>B. Analysis of purchase of shares in subsidiaries</b>		
Property, plant and equipment (Note 12)	80,259	668,279
Right-of-use assets (Note 13)	1,804	17,377
Intangible assets (Note 17)	38,117	-
Inventories (Note 15)	64,018	5,069
Net current assets	42,231	3,315
Borrowings	(49,349)	(7,005)
Deferred tax liabilities (Note 23)	(12,239)	(139,081)
Provision for retirement benefits (Note 34)	(3,733)	(14,983)
Lease liabilities (Note 13)	(1,836)	-
Fair value of identifiable net assets of subsidiaries acquired, representing total purchase price	159,272	532,971
Non-controlling interests	(15,927)	(213,189)
Purchase price satisfied by cash	143,345	319,782
Less: Cash and cash equivalents of subsidiaries acquired	(34,453)	(15,948)
Cash outflow on acquisition of subsidiaries	108,892	303,834
<b>C. Analysis of disposal of shares in a subsidiary</b>		
Property, plant and equipment (Note 12)	-	3
Net current liabilities	-	(315)
Exchange fluctuation reserve	-	164
Total net liabilities of a subsidiary disposed	-	(148)
Surplus on disposal of shares in a subsidiary	-	2,119
Total sale consideration	-	1,971
Less: Cash and cash equivalents of a subsidiary disposed	-	(7)
Net cash inflow on disposal of shares in a subsidiary	-	1,964

## Consolidated Statement of Cash Flows (Continued)

For The Year Ended 30 September 2023

### 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 & Long Term Borrowings RM'000	Short-Term Borrowings RM'000	Islamic Medium Term Notes RM'000	Total RM'000
At 1 October 2021	163,524	2,468,541	1,933,138	5,100,000	9,665,203
Cash flows					
Drawdown of term loans	-	1,060,638	-	-	1,060,638
Issuance of Islamic Medium Term Notes	-	-	-	2,500,000	2,500,000
Repayment of term loans	-	(1,549,663)	-	-	(1,549,663)
Redemption of Islamic Medium Term Notes	-	-	-	(1,000,000)	(1,000,000)
Net repayment of short-term borrowings	-	-	(302,217)	-	(302,217)
Payments of lease liabilities	(21,136)	-	-	-	(21,136)
Payments of lease interest	(5,667)	-	-	-	(5,667)
Non-cash flows					
Addition of new leases	39,357	-	-	-	39,357
Remeasurement and modification of leases	29	-	-	-	29
Termination of leases	(501)	-	-	-	(501)
Acquisition through business combination	-	-	7,005	-	7,005
Lease interest expense	5,735	-	-	-	5,735
Currency translation differences	2,816	25,621	(6,690)	-	21,747
At 30 September 2022	<b>184,157</b>	<b>2,005,137</b>	<b>1,631,236</b>	<b>6,600,000</b>	<b>10,420,530</b>
Cash flows					
Drawdown of term loans	-	238,240	-	-	238,240
Repayment of term loans	-	(534,487)	-	-	(534,487)
Redemption of Islamic Medium Term Notes	-	-	-	(500,000)	(500,000)
Net drawdown of short-term borrowings	-	-	768,845	-	768,845
Payments of lease liabilities	(25,454)	-	-	-	(25,454)
Payments of lease interest	(7,146)	-	-	-	(7,146)
Non-cash flows					
Addition of new leases	26,424	-	-	-	26,424
Remeasurement and modification of leases	2,580	-	-	-	2,580
Termination of leases	(1,940)	-	-	-	(1,940)
Acquisition through business combination	1,836	47,682	1,667	-	51,185
Lease interest expense	7,094	-	-	-	7,094
Conversion of term loans to short term borrowings	-	(24,701)	24,701	-	-
Currency translation differences	(4,026)	33,651	33,161	-	62,786
At 30 September 2023	<b>183,525</b>	<b>1,765,522</b>	<b>2,459,610</b>	<b>6,100,000</b>	<b>10,508,657</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 2023

	2023 RM'000	2022 RM'000
<b>Cash flows from operating activities</b>		
Profit before taxation	630,630	715,818
Adjustments for:		
Depreciation of property, plant and equipment	44	47
Depreciation of right-of-use asset	207	35
Provision for retirement benefits	25	17
Exchange (gain)/loss	(4,568)	1,278
Finance costs	34,774	36,258
Lease interest expenses	46	8
Dividend income	(644,964)	(745,719)
Interest income	(29,482)	(15,532)
Gain on capital reduction of a subsidiary	-	(3,646)
Operating loss before working capital changes	(13,288)	(11,436)
Working capital changes:		
Other receivables	1,294	1,572
Amounts owing by subsidiaries	2,265	5,955
Other payables	(922)	(617)
Cash used in operations	(10,651)	(4,526)
Interests received	8,734	2,297
Interests paid	(41,155)	(33,159)
Tax paid	(1,550)	(3,879)
Net cash used in operating activities	(44,622)	(39,267)
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(9)	(9)
Purchase of additional shares in subsidiaries	(1,074)	(75,269)
Purchase of other investment	(99,190)	-
Proceeds from maturity of other investment	100,000	-
Net withdrawal/(placement) of short-term funds	199,940	(200,000)
Dividends received	644,614	745,676
Loan to subsidiaries	(25,621)	(285,615)
Repayment from subsidiaries	35,556	59,857
Net cash generated from investing activities	854,216	244,640
<b>Cash flows from financing activities</b>		
Redemption of redeemable preference shares	-	25,500
Repayment of short term borrowings (Note B)	-	(209,000)
(Redemption)/Issuance of Islamic medium term notes (Note B)	(500,000)	500,000
Proceed from capital reduction in subsidiary	-	5,846
Dividends paid to shareholders of the Company	(432,719)	(433,400)
Payments of lease liabilities (Note B)	(188)	(31)
Payments of lease interest (Note B)	(46)	(8)
Shares buy back	(3,709)	(26,066)
Net cash used in financing activities	(936,662)	(137,159)
Net (decrease)/increase in cash and cash equivalents	(127,068)	68,214
Effects of exchange rate changes	1,251	2,587
Cash and cash equivalents at beginning of year	211,721	140,920
Cash and cash equivalents at end of year (Note A)	85,904	211,721

## Statement of Cash Flows of the Company (Continued)

For The Year Ended 30 September 2023

	2023 RM'000	2022 RM'000		
<b>Notes to the statement of cash flows</b>				
<b>A. Cash and cash equivalents (Note 30)</b>				
Cash and cash equivalents consist of:				
Deposits with licensed banks	18,974	100,768		
Money market funds	51,530	91,932		
Cash and bank balances	15,400	19,021		
	<b>85,904</b>	<b>211,721</b>		
<b>B. Reconciliation of liabilities from financing activities to the statement of financial position and statement of cash flows</b>				
	<b>Lease Liability RM'000</b>	<b>Short-Term Borrowings RM'000</b>	<b>Islamic Medium Term Notes RM'000</b>	<b>Total RM'000</b>
At 1 October 2021	-	209,000	500,000	709,000
Cash flows				
Issuance of Islamic medium term notes	-	-	500,000	500,000
Repayment of short term borrowings	-	(209,000)	-	(209,000)
Payments of lease liabilities	(31)	-	-	(31)
Payments of lease interest	(8)	-	-	(8)
Non-cash flows				
Addition of new leases	1,245	-	-	1,245
Lease interest expense	8	-	-	8
At 30 September 2022	<b>1,214</b>	<b>-</b>	<b>1,000,000</b>	<b>1,001,214</b>
Cash flows				
Payments of lease liabilities	(188)	-	-	(188)
Payments of lease interest	(46)	-	-	(46)
Redemption of Islamic medium term notes	-	-	(500,000)	(500,000)
Non-cash flows				
Lease interest expense	46	-	-	46
At 30 September 2023	<b>1,026</b>	<b>-</b>	<b>500,000</b>	<b>501,026</b>

*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 Wisma Taiko, No. 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan.

The consolidated financial statements as at and for the year ended 30 September 2023 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 ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 by the Group are consistent with those of the previous financial year except for the adoption of the following Improvements to MFRS Standards and Amendments to the MFRSs, that were issued by the Malaysian Accounting Standards Board ("MASB").

Title	Effective date
<i>Annual Improvements to MFRS Standards 2018 - 2020</i>	1 January 2022
<i>Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)</i>	1 January 2022
<i>Property, Plant and Equipment - Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)</i>	1 January 2022
<i>Onerous Contracts - Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)</i>	1 January 2022

The application of these Standards and Amendments to MFRSs has no significant effect to the financial statements of the Group.

New MFRSs and Amendments to MFRSs that have been issued by the MASB but have not been applied by the Group are:

Title	Effective date
<i>MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Amendments to MFRS 17 Insurance Contracts</i>	1 January 2023
<i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information (Amendments to MFRS 17 Insurance Contracts)</i>	1 January 2023
<i>Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2023
<i>Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)</i>	1 January 2023
<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112 Income Taxes)</i>	1 January 2023
<i>International Tax Reform - Pillar Two Model Rules (Amendments to MFRS 112 Income Taxes)</i>	Refer paragraph 98M of MFRS 112
<i>Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2024
<i>Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 Leases)</i>	1 January 2024
<i>Non-current Liabilities with Covenants (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2024



## Notes to the Financial Statements (Continued)

Title	Effective date
<i>Supplier Finance Arrangements (Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures)</i>	1 January 2024
<i>Lack of Exchangeability (Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates)</i>	1 January 2025
<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures)</i>	Deferred

The Group is in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

### 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, 19, 22, 23 and 41 for measurement of the recoverable amounts of property, plant and equipment, right-of-use assets, goodwill on consolidation, cost of investment, other receivables, deferred tax assets and the determination of fair value of identifiable assets acquired and liabilities assumed on business combination.

## 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.

## Notes to the Financial Statements (Continued)

### (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.

### (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.

## Notes to the Financial Statements (Continued)

### (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.

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.

## Notes to the Financial Statements (Continued)

### (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.

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.

## Notes to the Financial Statements (Continued)

### 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.

Capital work-in-progress mainly comprised of building and plant that are in the process of construction or completion.

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.

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	6.67% to 33% per annum
Equipment, fittings, etc.	5% 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.

## Notes to the Financial Statements (Continued)

### 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).

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.



## Notes to the Financial Statements (Continued)

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;
- (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	4 to 931 years
Land use rights	4 to 99 years
Buildings	1 to 30 years
Plant and machinery	1 to 10 years
Others	1.4 to 5 years

## Notes to the Financial Statements (Continued)

### (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.

#### 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.

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 rate is at 2%. Freehold land has unlimited useful life and is not depreciated. Freehold land and buildings under construction are not depreciated. Leasehold land is depreciated over the remaining lease period.

### 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.

## Notes to the Financial Statements (Continued)

### (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, 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.

#### (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.

## Notes to the Financial Statements (Continued)

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, customer list and technology related assets 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.

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

Trade marks	-	6 to 15 years
Patents	-	6 to 20 years
Technology know-how/trade formulas	-	5 years
Customer list	-	5 to 20 years
Technology related assets	-	3 to 5 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.

## Notes to the Financial Statements (Continued)

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.

### 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 money market 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

## Notes to the Financial Statements (Continued)

- \* 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.

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.

A current fair value of an investment that is less than its carrying amount may indicate a loss in value of the investment. However, a decline in the quoted market price below the carrying amount or the existence of operating losses is not necessarily indicative of a loss in value that is other than temporary. Management will evaluate all factors to determine if it is a loss in value that is other than temporary.

### (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.



## Notes to the Financial Statements (Continued)

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.

### 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.

## Notes to the Financial Statements (Continued)

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. Income tax also includes other taxes, such as withholding taxes which are payable by foreign subsidiaries, associates or joint venture on distributions to the Group and the Company. 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.

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.

## Notes to the Financial Statements (Continued)

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) Sub-subsidiaries in Germany and Italy provide 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.

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.

## Notes to the Financial Statements (Continued)

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.

#### (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, rubber, etc. In the manufacturing operations, revenue is derived mainly from sales of oleochemicals, non-oleochemicals, refined palm oil related products 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 expedient 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.

## Notes to the Financial Statements (Continued)

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 performance 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.

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) Rendering of 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.

## Notes to the Financial Statements (Continued)

### (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.

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.



## Notes to the Financial Statements (Continued)

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.

### 4. REVENUE

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers				
Sale of goods				
Palm products	3,486,740	4,127,057	-	-
Rubber	48,352	81,608	-	-
Manufacturing	20,503,612	23,491,370	-	-
Others	186,671	163,164	-	-
	<u>24,225,375</u>	<u>27,863,199</u>	<u>-</u>	<u>-</u>
Property development	218,106	195,199	-	-
Rendering of services	6,191	7,119	-	-
	<u>24,449,672</u>	<u>28,065,517</u>	<u>-</u>	<u>-</u>
Other revenue				
Rental income from storage of bulk liquid	60,235	46,898	-	-
Rental income from investment properties	330	312	-	-
Interest income from financial assets not at fair value through profit or loss	97,284	72,532	29,482	15,532
Dividend income (Note 8)	45,876	38,670	644,964	745,719
	<u>24,653,397</u>	<u>28,223,929</u>	<u>674,446</u>	<u>761,251</u>
Timing of recognition of revenue from contracts with customers				
At point in time	24,226,137	27,872,419	-	-
Over time	223,535	193,098	-	-
	<u>24,449,672</u>	<u>28,065,517</u>	<u>-</u>	<u>-</u>

Disaggregation of revenue from contracts with customers which has been presented based on geographical locations of customers is set out in Note 42.

## Notes to the Financial Statements (Continued)

### 5. OPERATING PROFIT

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Operating profit is arrived at after charging and (crediting) the following:				
Auditors' remuneration				
- BDO PLT				
statutory audit				
current year	1,470	1,619	131	131
under provision in prior year	-	11	-	-
assurance related services	37	62	15	14
- overseas affiliates of BDO International				
statutory audit	1,589	1,314	-	-
- other auditors				
statutory audit				
current year	1,883	1,432	-	-
under/(over) provision in prior year	14	(8)	-	-
assurance related services	68	124	-	-
non-audit services	89	2	-	-
Lease rentals				
- short-term leases	10,256	7,893	-	70
- low-value assets	588	361	-	-
- variable lease payments	27,193	34,257	-	-
Depreciation of property, plant and equipment (Note 12)	969,484	943,283	44	47
Depreciation of right-of-use assets (Note 13)	60,982	63,176	207	35
Depreciation of investment properties (Note 14)	12	289	-	-
Amortisation of intangible assets (Note 17)	31,260	29,676	-	-
Net change in fair value of biological assets (Note 24)	(11,732)	15,646	-	-
Impairment of				
- property, plant and equipment (Note 12)	27,821	43,313	-	-
- intangible assets (Note 17)	44	-	-	-
- plasma project receivables (Note 22)	62,915	8,586	-	-
- trade receivables (Note 25)	922	661	-	-
- other receivables (Note 26)	20	7	-	-
Reversal of impairment of				
- trade receivables (Note 25)	(3,772)	(22,146)	-	-
- other receivables (Note 26)	-	(72)	-	-
- plasma project receivables (Note 22)	(874)	(523)	-	-
Write off of				
- property, plant and equipment (Note 12)	7,635	6,997	-	-
- trade receivables	1,220	4,730	-	-
- other receivables	-	6,348	-	-
Personnel expenses (excluding key management personnel)				
- salaries	1,940,294	1,780,448	1,751	1,776
- employer's statutory contributions	186,330	169,454	164	181
- defined contribution plans	29,838	35,486	-	-
Research and development expenditure	20,696	19,409	-	-
Provision for retirement benefits (Note 34)	67,198	71,215	25	17
Write down of inventories to net realisable value (Note 15)	165,809	288,040	-	-
Write back of slow moving inventories (Note 15)	(331)	(429)	-	-
Write back of inventories previously written down to net realisable value (Note 15)	(108,962)	(7,410)	-	-
Amortisation of deferred income (Note 33)	(8,646)	(8,653)	-	-

## Notes to the Financial Statements (Continued)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Gain on disposal of property, plant and equipment	(2,917)	(2,919)	-	-
Gain on capital reduction of a subsidiary	-	-	-	(3,646)
(Gain)/Loss on termination of leases	(69)	129	-	-
Surplus on disposal of shares in a subsidiary	-	(2,119)	-	-
Surplus on government acquisition of land	(42,218)	(4,049)	-	-
Surplus on disposal of land	(10,212)	(3,698)	-	-
Surplus on disposal of a business line	(76,443)	-	-	-
Net loss/(gain) in foreign exchange	165,429	21,513	(4,520)	1,779
Rental income from land and buildings	(5,239)	(5,052)	-	-
Rental income from investment properties (Note 14)	(330)	(312)	-	-

### 6. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 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	70,024	64,548	-	-
Lease liabilities (Note 13)	7,094	5,735	46	8
Other interests	93,440	59,279	-	2,571
	170,558	129,562	46	2,579
Profit payment on Islamic medium term notes	270,704	267,645	34,774	33,687
	441,262	397,207	34,820	36,266

### 7. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensation is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Short-term benefits</b>				
Directors' remuneration				
Fees provided	2,100	2,030	1,473	1,392
Other emoluments	24,964	27,743	9,598	10,145
Benefits-in-kind	66	72	35	35
	27,130	29,845	11,106	11,572

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.

## Notes to the Financial Statements (Continued)

### 8. DIVIDEND INCOME

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Gross dividends from:</b>				
Equity instruments				
Investment in unquoted shares	2,577	4,391	1,614	2,602
Investment in shares quoted in Malaysia	178	248	-	-
Investment in shares quoted outside Malaysia	30,347	28,692	257	522
Money market funds	12,774	5,339	1,411	465
Quoted subsidiaries	-	-	514,617	514,617
Unquoted subsidiaries	-	-	127,065	227,513
	<b>45,876</b>	<b>38,670</b>	<b>644,964</b>	<b>745,719</b>

### 9. TAXATION

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Components of taxation</b>				
Current tax expense				
Malaysian taxation	188,594	408,397	2,062	6,484
Overseas taxation	223,035	452,345	1,547	985
	<b>411,629</b>	<b>860,742</b>	<b>3,609</b>	<b>7,469</b>
(Over)/Under provision of taxation in respect of previous year				
Malaysian taxation	(47,268)	(28,638)	(145)	-
Overseas taxation	12,461	25,877	-	-
	<b>(34,807)</b>	<b>(2,761)</b>	<b>(145)</b>	<b>-</b>
	<b>376,822</b>	<b>857,981</b>	<b>3,464</b>	<b>7,469</b>
Deferred tax				
Origination and reversal of temporary differences	(167,004)	2,303	-	-
Relating to changes in tax rates	(33)	-	-	-
(Over)/Under provision in respect of previous year	(16,878)	568	-	-
	<b>(183,915)</b>	<b>2,871</b>	<b>-</b>	<b>-</b>
	<b>192,907</b>	<b>860,852</b>	<b>3,464</b>	<b>7,469</b>

The Finance Act 2021 gazetted on 31 December 2021 enacts the special one-off tax known as “Cukai Makmur” (“Prosperity tax”) be imposed on non-SME companies that generate high income during the COVID-19 pandemic period for year of assessment 2022. A company with chargeable income for the first RM100 million is taxed at 24% and remaining chargeable income is taxed at a one-off rate of 33%.

## Notes to the Financial Statements (Continued)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Reconciliation of effective taxation</b>				
Profit before taxation	<b>1,278,700</b>	3,445,078	<b>630,630</b>	715,818
Taxation at Malaysian income tax rate of 24% (2022: 24%)	<b>306,888</b>	826,819	<b>151,351</b>	171,796
Effect of different tax rates	<b>(11,689)</b>	(12,001)	-	-
Withholding tax on foreign dividend and interest income	<b>29,409</b>	94,721	<b>1,547</b>	984
Expenses not deductible for tax purposes	<b>101,763</b>	146,280	<b>15,764</b>	20,114
Tax exempt and non-taxable income	<b>(112,347)</b>	(73,864)	<b>(165,053)</b>	(191,889)
Tax incentives	<b>(43,858)</b>	(16,100)	-	-
Deferred tax assets not recognised during the year	<b>24,453</b>	3,239	-	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	<b>(5,887)</b>	(45,961)	-	-
Expiry of tax losses	<b>3,569</b>	3,671	-	-
Tax effect on associates' and joint ventures' results	<b>44,409</b>	(47,752)	-	-
Recognition of deferred tax assets not taken up previously	<b>(94,524)</b>	(68,586)	-	-
Effect of changes in tax rates on deferred tax	<b>(33)</b>	-	-	-
Over provision of taxation in respect of previous year	<b>(34,807)</b>	(2,761)	<b>(145)</b>	-
(Over)/Under provision of deferred tax in respect of previous year	<b>(16,878)</b>	568	-	-
Prosperity tax	-	42,498	-	-
Others	<b>2,439</b>	10,081	-	6,464
	<b>192,907</b>	860,852	<b>3,464</b>	7,469

The Company is able to distribute dividends out of its entire distributable reserves under the single tier income tax system.

### 10. EARNINGS PER SHARE

The basic 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 RM490,917,000 (2022: RM1,174,346,000) for the Group and RM627,166,000 (2022: RM708,349,000) for the Company by the weighted average number of 393,412,430 (2022: 393,931,451) shares of the Company in issue during the year.

Diluted earnings per share equals basic earnings per ordinary share.

### 11. DIVIDENDS

	Group and Company	
	2023 RM'000	2022 RM'000
Dividends recognised in the current year are:		
Final single tier dividend of 90 sen per share for the financial year ended 30 September 2022 was paid on 2 March 2023 (2022: single tier dividend of 90 sen per share was paid on 3 March 2022)	<b>354,043</b>	354,688
Interim single tier dividend of 20 sen per share for the financial year ended 30 September 2023 was paid on 3 August 2023 (2022: single tier dividend of 20 sen per share was paid on 4 August 2022)	<b>78,676</b>	78,712
	<b>432,719</b>	433,400

The final dividend for the financial year ended 30 September 2022 and interim dividend for the financial year ended 30 September 2023 were paid on the number of outstanding shares in issue and fully paid of 393,380,963 (2022: 394,097,363) and 393,380,963 (2022: 393,561,863) respectively.

## Notes to the Financial Statements (Continued)

A final single tier dividend of 40 sen (2022: 90 sen) per share amounting to RM157,352,000 (2022: RM354,042,867) has been declared by the Directors in respect of the financial year ended 30 September 2023. This dividend will be recognised in subsequent financial period.

### 12. PROPERTY, PLANT AND EQUIPMENT

Group Cost	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
At 1 October 2021	967,811	6,898,087	1,949,524	6,558,217	489,514	941,922	474,781	18,279,856
Reclassification	-	(5,128)	67,308	203,612	1,736	26,167	(293,695)	-
Additions	-	358,597	37,912	102,060	45,654	34,349	740,257	1,318,829
Acquisition through business combination	-	633,416	22,714	5,741	2,091	3,083	1,234	668,279
Disposals	(11)	(76)	(163)	(19,763)	(12,535)	(1,682)	-	(34,230)
Disposal of a subsidiary	-	(116,221)	(5,829)	(457)	(1,885)	(1,744)	-	(126,136)
Written off	-	(35,704)	(3,074)	(27,293)	(3,977)	(5,015)	(180)	(75,243)
Currency translation differences	(6,786)	188,731	28,786	(70,233)	12,235	21,651	7,246	181,630
At 30 September 2022	961,014	7,921,702	2,097,178	6,751,884	532,833	1,018,731	929,643	20,212,985
Reclassification	(11,816)	3,575	115,502	430,687	6,619	6,497	(551,064)	-
Additions	-	386,636	34,229	126,982	72,702	38,979	1,012,172	1,671,700
Acquisition through business combination	27,506	-	8,831	39,129	74	753	3,966	80,259
Disposals	(107)	(357)	(962)	(2,653)	(17,767)	(23,042)	-	(44,888)
Written off	-	(39,947)	(1,364)	(42,078)	(7,638)	(4,660)	(1,250)	(96,937)
Currency translation differences	18,922	(3,373)	15,874	117,949	1,088	5,210	6,822	162,492
At 30 September 2023	995,519	8,268,236	2,269,288	7,421,900	587,911	1,042,468	1,400,289	21,985,611

#### Accumulated depreciation/ amortisation and impairment losses

At 1 October 2021

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
Reclassification	-	-	4,456	(9,150)	19	4,675	-	-
Depreciation/Amortisation charge	-	339,098	93,812	388,321	38,234	94,045	-	953,510
Impairment loss	-	-	6,940	36,373	-	-	-	43,313
Disposals	-	(14)	(35)	(12,469)	(11,553)	(1,466)	-	(25,537)
Disposal of a subsidiary	-	(116,221)	(5,829)	(451)	(1,882)	(1,750)	-	(126,133)
Written off	-	(32,924)	(1,850)	(25,012)	(3,575)	(4,885)	-	(68,246)
Currency translation differences	-	74,858	11,491	(43,350)	10,559	9,135	-	62,693

At 30 September 2022

Accumulated depreciation/amortisation	-	1,924,684	953,909	3,572,733	399,627	494,734	-	7,345,687
Accumulated impairment losses	-	69,557	10,899	170,563	-	2,735	-	253,754
	-	1,994,241	964,808	3,743,296	399,627	497,469	-	7,599,441
Reclassification	-	-	156	3,078	-	(3,234)	-	-
Depreciation/Amortisation charge	-	352,396	95,568	387,851	41,590	102,396	-	979,801
Impairment loss	-	-	2,189	25,632	-	-	-	27,821
Disposals	-	(310)	(839)	(2,075)	(14,361)	(20,732)	-	(38,317)
Written off	-	(39,591)	(333)	(37,937)	(7,161)	(4,280)	-	(89,302)
Currency translation differences	-	3,004	4,662	57,593	633	5,628	-	71,520

At 30 September 2023

Accumulated depreciation/amortisation	-	2,239,308	1,053,501	3,982,019	420,328	574,464	-	8,269,620
Accumulated impairment losses	-	70,432	12,710	195,419	-	2,783	-	281,344
	-	2,309,740	1,066,211	4,177,438	420,328	577,247	-	8,550,964

#### Carrying amounts

At 30 September 2022	961,014	5,927,461	1,132,370	3,008,588	133,206	521,262	929,643	12,613,544
At 30 September 2023	995,519	5,958,496	1,203,077	3,244,462	167,583	465,221	1,400,289	13,434,647



## Notes to the Financial Statements (Continued)

	Group	
	2023 RM'000	2022 RM'000
<b>Depreciation/Amortisation charge for the year is allocated as follows:</b>		
Recognised in statement of profit or loss (Note 5)	969,484	943,283
Capitalised in bearer plants	10,317	10,227
	<b>979,801</b>	<b>953,510</b>

### 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 to seventeen years (2022: five to twenty years).

A sub-subsidiary used cash flow projections covering periods of up to seventeen years (2022: twenty years) due to long period of gestation of their businesses.

The key assumptions for the impairment testing are disclosed in Note 16.

### Impairment loss

Impairment loss on property, plant and equipment was included in:

	Group	
	2023 RM'000	2022 RM'000
Administrative expense	27,821	2,108
Other operating expenses	-	41,205
	<b>27,821</b>	<b>43,313</b>

The impairment loss was due to cessation of operations and under performance.

### Impairment testing on assets in KL-Kepong Rubber Products Sdn Bhd ("KLKRP")

The Group has carried out an impairment assessment on property, plant and equipment and right-of-use assets of KLKRP with a carrying amount of RM304.9 million (2022: RM260.8 million) in view of its continued losses.

The impairment assessment is determined based on cash flow forecasts approved by management covering a period up to 15 years applying the following key assumptions:

- Growth rates and forecasted margins based on management's estimate of the industry trends and historical performance; and
- A pre-tax discount rate of 6.2%, which reflects the specific risks relating to the assets.

Based on the impairment assessment, no impairment is required for the assets related to KLKRP. There are no reasonably possible changes in any of the key assumptions used that would cause the carrying amount of the assets to materially exceed the recoverable amount.

Company Cost	Vehicles RM'000	Equipment, Fittings, Etc RM'000	Total RM'000
At 1 October 2021	715	204	919
Additions	-	9	9
Disposals	-	(5)	(5)
At 30 September 2022	<b>715</b>	<b>208</b>	<b>923</b>
Additions	-	9	9
At 30 September 2023	<b>715</b>	<b>217</b>	<b>932</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 2021	65	178	243
Depreciation charge	29	18	47
Disposals	-	(5)	(5)
At 30 September 2022	<b>94</b>	<b>191</b>	<b>285</b>
Depreciation charge	<b>28</b>	<b>16</b>	<b>44</b>
At 30 September 2023	<b>122</b>	<b>207</b>	<b>329</b>
<b>Carrying amounts</b>			
At 30 September 2022	621	17	638
At 30 September 2023	<b>593</b>	<b>10</b>	<b>603</b>

Certain property, plant and equipment of the Group with a total carrying amount of RM147,670,000 (2022: RM115,478,000) as at 30 September 2023 were charged to banks as security for borrowings (Note 35).

Certain freehold land, buildings and plant and machinery 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 RM275,000 (2022: RM332,000) are held in trust by third parties.

### 13. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

#### a) Right-of-use assets

Group	Leasehold Land RM'000	Land Use Right RM'000	Buildings RM'000	Plant and Machinery RM'000	Others RM'000	Total RM'000
<b>Cost</b>						
At 1 October 2021	1,399,280	199,963	31,499	36,562	3,333	1,670,637
Remeasurement and modification	-	-	-	(128)	-	(128)
Additions	15,568	32,593	722	5,745	296	54,924
Acquisition through business combination	17,377	-	-	-	-	17,377
Disposal of a subsidiary	(36,125)	-	-	-	-	(36,125)
Termination of leases	-	(1,055)	(827)	(504)	(406)	(2,792)
Currency translation differences	12,982	3,180	493	(1,266)	(24)	15,365
At 30 September 2022	<b>1,409,082</b>	<b>234,681</b>	<b>31,887</b>	<b>40,409</b>	<b>3,199</b>	<b>1,719,258</b>
Remeasurement and modification	-	-	2,580	-	-	2,580
Additions	<b>14,696</b>	<b>608</b>	<b>24,038</b>	<b>1,073</b>	<b>705</b>	<b>41,120</b>
Acquisition through business combination	-	-	869	460	475	1,804
Termination of leases	-	(90)	(5,104)	(4,604)	(2,200)	(11,998)
Currency translation differences	<b>1,335</b>	<b>841</b>	<b>236</b>	<b>1,923</b>	<b>54</b>	<b>4,389</b>
At 30 September 2023	<b>1,425,113</b>	<b>236,040</b>	<b>54,506</b>	<b>39,261</b>	<b>2,233</b>	<b>1,757,153</b>

## Notes to the Financial Statements (Continued)

Group	Leasehold Land	Land Use Right	Buildings	Plant and Machinery	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Accumulated depreciation and impairment losses</b>						
At 1 October 2021						
Accumulated depreciation	188,800	15,488	9,123	13,923	1,749	229,083
Accumulated impairment losses	59,932	-	-	-	-	59,932
	248,732	15,488	9,123	13,923	1,749	289,015
Remeasurement and modification	-	-	-	(121)	-	(121)
Depreciation charge	35,151	9,894	10,303	6,780	1,048	63,176
Disposal of a subsidiary	(36,125)	-	-	-	-	(36,125)
Termination of leases	-	(1,036)	(335)	(401)	(391)	(2,163)
Currency translation differences	4,189	340	244	(665)	(16)	4,092
At 30 September 2022						
Accumulated depreciation	224,098	24,686	19,335	19,516	2,390	290,025
Accumulated impairment losses	27,849	-	-	-	-	27,849
	251,947	24,686	19,335	19,516	2,390	317,874
Depreciation charge	32,346	10,847	11,394	5,479	916	60,982
Termination of leases	-	(90)	(3,515)	(4,416)	(2,108)	(10,129)
Currency translation differences	196	250	154	1,290	30	1,920
At 30 September 2023						
Accumulated depreciation	256,702	35,693	27,368	21,869	1,228	342,860
Accumulated impairment losses	27,787	-	-	-	-	27,787
	284,489	35,693	27,368	21,869	1,228	370,647
<b>Carrying amounts</b>						
At 30 September 2022	1,157,135	209,995	12,552	20,893	809	1,401,384
At 30 September 2023	1,140,624	200,347	27,138	17,392	1,005	1,386,506

	Building RM'000	Total RM'000
<b>Company</b>		
<b>Cost</b>		
At 1 October 2021	-	-
Addition	1,245	1,245
At 30 September 2022/ 30 September 2023	1,245	1,245
<b>Accumulated depreciation</b>		
At 1 October 2021	-	-
Depreciation charge	35	35
At 30 September 2022	35	35
Depreciation charge	207	207
At 30 September 2023	242	242
<b>Carrying amount</b>		
At 30 September 2022	1,210	1,210
At 30 September 2023	1,003	1,003

### 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.

## Notes to the Financial Statements (Continued)

### 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		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Present value of lease liabilities</b>				
At beginning of the year	184,157	163,524	1,214	-
Remeasurement and modification of leases	2,580	29	-	-
Termination of leases	(1,940)	(501)	-	-
Addition of new leases	26,424	39,357	-	1,245
Acquisition through business combination	1,836	-	-	-
Interest expenses (Note 6)	7,094	5,735	46	8
Payments of lease interest	(7,146)	(5,667)	(46)	(8)
Payments of lease liabilities	(25,454)	(21,136)	(188)	(31)
Currency translation differences	(4,026)	2,816	-	-
At end of the year	183,525	184,157	1,026	1,214
Represented by				
Payable not later than 1 year	28,306	25,630	196	188
Payable later than 1 year	155,219	158,527	830	1,026
	183,525	184,157	1,026	1,214

Total cash outflows for leases of the Group and the Company are as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Included in net cash used in operating activities:				
Payments relating to short-term leases	10,256	7,893	-	70
Payments relating to leases of low-value assets	588	361	-	-
Payments relating to variable leases	1,573	11,720	-	-
Included in net cash used in financing activities:				
Payments of lease liabilities	25,454	21,136	188	31
Payments of lease interests	7,146	5,667	46	8
Total cash outflows for leases	45,017	46,777	234	109

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.

Several lease contracts of the Group 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.

Sensitivity analysis for variable lease payments is not disclosed as the effect is immaterial to the Group.

## Notes to the Financial Statements (Continued)

The followings are the undiscounted potential future rental payments that are not included in the lease term:

	Within Five Years RM'000	More than Five Years RM'000	Total RM'000
<b>Group</b>			
<b>2023</b>			
Extension options expected not to be exercised	-	-	-
<b>2022</b>			
Extension options expected not to be exercised	2,424	24	2,448

### Lease as a lessor

The Group leases out some of its land, buildings, plant and machinery 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.

	<b>Group</b>	
	<b>2023</b> RM'000	<b>2022</b> RM'000
Within 1 year	39,585	49,555
Between 1 to 2 years	16,653	31,780
Between 2 to 3 years	6,923	11,430
Between 3 to 4 years	5,018	5,891
Between 4 to 5 years	153	4,987
More than 5 years	124	427
	<b>68,456</b>	<b>104,070</b>

## 14. INVESTMENT PROPERTIES

	Freehold Land RM'000	Leasehold Land RM'000	Buildings RM'000	Building Under Construction RM'000	Total RM'000
<b>Group</b>					
<b>Cost</b>					
At 1 October 2021/30 September 2022	6,370	460	340	-	7,170
Additions	-	-	-	4,297	4,297
Transfer from property development cost	19,206	-	-	-	19,206
At 30 September 2023	<b>25,576</b>	<b>460</b>	<b>340</b>	<b>4,297</b>	<b>30,673</b>
<b>Accumulated depreciation</b>					
At 1 October 2021	-	-	-	-	-
Depreciation charge	-	92	197	-	289
At 30 September 2022	-	<b>92</b>	<b>197</b>	-	<b>289</b>
Depreciation charge	-	6	6	-	12
At 30 September 2023	-	<b>98</b>	<b>203</b>	-	<b>301</b>
<b>Carrying amounts</b>					
At 30 September 2022	6,370	368	143	-	6,881
At 30 September 2023	<b>25,576</b>	<b>362</b>	<b>137</b>	<b>4,297</b>	<b>30,372</b>

## Notes to the Financial Statements (Continued)

Investment properties comprise land and building that are leased to an associate and a shopping centre under construction as at year end which is not subject to depreciation.

Investment properties leased to an associate contains an initial non-cancellable period of 3 years. Subsequent renewals are negotiated with the lessee and on average renewal periods of 2 years. No contingent rents are charged. The fair value of such investment properties amounted to RM7,450,000 (2022: RM7,210,000) 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 properties are 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 year.

Fair value for investment property under construction is not available as the fair value of the work in progress building is unable to be reliably measured given the range of estimates involved during the construction phase, including the term yield, reversion yield and price per square foot.

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2023 RM'000	2022 RM'000
Rental income	330	312
Direct operating expenses	(56)	(46)

### 15. INVENTORIES

	Group	
	2023 RM'000	2022 RM'000
<b>Non-current</b>		
Land held for property development	2,012,424	1,991,597
<b>Current</b>		
Property development costs	231,987	228,295
Other inventories	2,806,808	3,912,719
	3,038,795	4,141,014
	5,051,219	6,132,611

#### (a) Land held for property development

	Group	
	2023 RM'000	2022 RM'000
<b>Freehold land at cost</b>		
At beginning of the year	1,970,698	1,980,583
Transfer to property development cost	-	(9,885)
At end of the year	1,970,698	1,970,698
<b>Development expenditure at cost</b>		
At beginning of the year	20,899	54,674
Additions	20,827	8,695
Transfer to property development cost	-	(42,470)
At end of the year	41,726	20,899
<b>Total</b>	<b>2,012,424</b>	<b>1,991,597</b>



## Notes to the Financial Statements (Continued)

### (b) Property development costs

	Group	
	2023 RM'000	2022 RM'000
Property development costs comprise:		
Land costs	80,583	45,126
Development costs	962,593	852,228
	<b>1,043,176</b>	<b>897,354</b>
Transfer from land held for property development:		
Land costs	-	9,885
Development costs	-	42,470
	-	52,355
Costs incurred during the year:		
Land costs	-	25,572
Development costs	156,743	67,895
	<b>156,743</b>	<b>93,467</b>
	<b>1,199,919</b>	<b>1,043,176</b>
Costs recognised as an expense in profit or loss:		
Previous years	(741,714)	(632,696)
Current year	(124,703)	(109,018)
	<b>(866,417)</b>	<b>(741,714)</b>
Transfer of developed properties held for sale to inventories:		
Previous years	(73,167)	(73,167)
Current year	(9,142)	-
	<b>(82,309)</b>	<b>(73,167)</b>
Transfer to investment property under construction:		
Current year	(19,206)	-
	<b>231,987</b>	<b>228,295</b>

### (c) Other inventories

	Group	
	2023 RM'000	2022 RM'000
<b>At cost</b>		
Inventories of produce	289,371	340,175
Finished goods	517,689	894,154
Work-in-progress	542,305	493,819
Developed properties held for sale	22,949	15,303
Stores and materials	814,246	1,040,742
Nursery	31,993	27,576
Inventories-in-transit	-	531
	<b>2,218,553</b>	<b>2,812,300</b>
<b>At net realisable value</b>		
Inventories of produce	56,049	49,619
Finished goods	372,382	618,072
Work-in-progress	158,212	430,943
Developed properties held for sale	545	751
Stores and materials	1,067	1,034
	<b>588,255</b>	<b>1,100,419</b>
	<b>2,806,808</b>	<b>3,912,719</b>
<b>Recognised in profit or loss:</b>		
Inventories recognised as cost of sales	20,057,481	21,237,125
Write down of inventories to net realisable value	165,809	288,040
Write back of slow moving inventories	(331)	(429)
Write back of inventories previously written down to net realisable value	(108,962)	(7,410)

## Notes to the Financial Statements (Continued)

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 RM64,018,000 (2022: RM5,069,000).

### 16. GOODWILL ON CONSOLIDATION

	Group	
	2023 RM'000	2022 RM'000
<b>Cost</b>		
At beginning of the year	446,181	437,357
Currency translation differences	15,484	8,824
At end of the year	<b>461,665</b>	<b>446,181</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	
	2023 RM'000	2022 RM'000
Plantation	157,591	157,677
Manufacturing	304,071	288,501
Property development	3	3
	<b>461,665</b>	<b>446,181</b>

#### 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 discount rates used ranged from 4.9% to 8.3% (2022: 3.7% to 10.6%);
- (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.

## Notes to the Financial Statements (Continued)

### 17. INTANGIBLE ASSETS

	Trademarks RM'000	Patents RM'000	Trade Formula RM'000	Technology Related Assets RM'000	Customer Lists RM'000	Total RM'000
<b>Group Cost</b>						
At 1 October 2021	5,544	71,852	78,596	5,137	40,649	201,778
Additions	-	1,151	-	-	-	1,151
Disposals	-	-	-	(1,375)	-	(1,375)
Currency translation differences	(347)	(322)	-	-	(508)	(1,177)
At 30 September 2022	<b>5,197</b>	<b>72,681</b>	<b>78,596</b>	<b>3,762</b>	<b>40,141</b>	<b>200,377</b>
Additions	-	1,755	-	-	-	1,755
Write off	(6)	(40,921)	-	-	-	(40,927)
Acquisitions through business combination	23	841	-	12,326	24,927	38,117
Currency translation differences	480	4,897	-	-	701	6,078
At 30 September 2023	<b>5,694</b>	<b>39,253</b>	<b>78,596</b>	<b>16,088</b>	<b>65,769</b>	<b>205,400</b>
<b>Accumulated amortisation and impairment losses</b>						
At 1 October 2021						
Accumulated amortisation	2,217	49,450	4,562	846	7,540	64,615
Accumulated impairment losses	-	7,257	-	-	-	7,257
	2,217	56,707	4,562	846	7,540	71,872
Amortisation charge	354	2,711	17,419	1,312	7,880	29,676
Disposals	-	-	-	(1,375)	-	(1,375)
Currency translation differences	(146)	529	-	-	(372)	11
At 30 September 2022	<b>2,425</b>	<b>52,345</b>	<b>21,981</b>	<b>783</b>	<b>15,048</b>	<b>92,582</b>
Accumulated amortisation	-	7,602	-	-	-	7,602
Accumulated impairment losses	2,425	59,947	21,981	783	15,048	100,184
Amortisation charge	376	2,531	17,419	2,385	8,549	31,260
Impairment loss	-	44	-	-	-	44
Write off	(6)	(40,921)	-	-	-	(40,927)
Currency translation differences	232	3,895	-	-	568	4,695
At 30 September 2023	<b>3,027</b>	<b>17,362</b>	<b>39,400</b>	<b>3,168</b>	<b>24,165</b>	<b>87,122</b>
Accumulated amortisation	-	8,134	-	-	-	8,134
Accumulated impairment losses	3,027	25,496	39,400	3,168	24,165	95,256
<b>Carrying amounts</b>						
At 30 September 2022	2,772	12,734	56,615	2,979	25,093	100,193
At 30 September 2023	<b>2,667</b>	<b>13,757</b>	<b>39,196</b>	<b>12,920</b>	<b>41,604</b>	<b>110,144</b>

The amortisation of intangible assets amounting to RM1,973,000 (2022: RM2,186,000) and RM29,287,000 (2022: RM27,490,000) are included in cost of sales and administrative expenses respectively.

#### Impairment loss

During the financial year, the Group has recognised an impairment loss amounting to RM44,000 based on value-in-use method to bring the carrying amount to its recoverable amount due to cessation of operations. The impairment loss was included in administrative expenses.

In previous financial year, the Group revised the estimated useful lives of technology know-how/trade formulas and customer relationship from ten years to five years. The revisions were accounted prospectively as a change in accounting estimate and as a result, the amortisation charge of intangible assets of the Group in previous financial year increased by RM13,317,000.

## Notes to the Financial Statements (Continued)

### 18. INVESTMENTS IN SUBSIDIARIES AND AMOUNTS OWING BY/TO SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
<b>Investments in subsidiaries</b>		
Unquoted shares at cost	821,229	799,252
Quoted shares at cost	860,757	860,757
	<b>1,681,986</b>	<b>1,660,009</b>
 Market value of shares In quoted corporations	 <b>11,012,798</b>	 <b>10,652,566</b>

Details of the subsidiaries are shown in Note 41.

	Company	
	2023 RM'000	2022 RM'000
<b>Amounts owing by subsidiaries</b>		
Non-current assets	359,247	369,735
Current assets		
Gross	8,510	7,348
Allowance for impairment losses	(4,341)	(4,341)
Net	4,169	3,007
	<b>363,416</b>	<b>372,742</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 RM359,247,000 and RM3,045,000 (2022: RM369,735,000 and RM2,375,000) classified as non-current and current assets respectively which are subject to interest charge of 4.33% to 7.40% (2022: 4.33% to 5.36%) per annum.

	Company	
	2023 RM'000	2022 RM'000
Impairment in amounts owing by subsidiaries		
At beginning/end of the year	<b>4,341</b>	<b>4,341</b>

Certain amounts owing by subsidiaries were impaired in full as the management was of the opinion that the amounts cannot be recovered.

#### Amounts owing to subsidiaries

Amounts owing to subsidiaries are non-trade, unsecured, payable within twelve months and non-interest bearing.

## Notes to the Financial Statements (Continued)

### 19. INVESTMENTS IN ASSOCIATES

	Group	
	2023 RM'000	2022 RM'000
Shares at cost		
Overseas quoted corporation	2,012,313	1,873,310
Unquoted corporations		
Malaysia	30,778	26,703
Overseas	30,202	29,750
	60,980	56,453
	2,073,293	1,929,763
Share of post-acquisition reserves, net of dividend received	243,240	451,059
	2,316,533	2,380,822
Amount owing by an associate	894	995
	2,317,427	2,381,817
At market value		
Overseas quoted corporation	83,445	676,284

#### (a) Material associate and summary of financial information

The Group regards Synthomer plc ("Synthomer") as a material associate which is involved in speciality chemicals business. The results of Synthomer contribute to the Group's investment holding 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 2023 and 30 June 2022:

	Group	
	2023 RM'000	2022 RM'000
Non-current assets	10,160,544	10,783,988
Current assets	5,200,270	6,894,816
Non-current liabilities	(6,820,091)	(7,495,220)
Current liabilities	(3,023,133)	(4,312,560)
Non-controlling interests	(73,889)	(73,498)
Net assets attributable to shareholders of Synthomer	5,443,701	5,797,526

Summarised statement of comprehensive income for the 12-month period ended 30 June 2023 and 30 June 2022:

	Group	
	2023 RM'000	2022 RM'000
Revenue	11,817,075	13,387,667
Operating profit after tax	15,016	1,124,302
Less: Special items	(738,011)	(608,355)
(Loss)/Profit for the year	(722,995)	515,947
Other comprehensive (loss)/income	(220,792)	828,925
Total comprehensive (loss)/income	(943,787)	1,344,872
Dividends received from Synthomer	-	164,648

## Notes to the Financial Statements (Continued)

Special items comprised mainly non-operating charges incurred on impairment loss of a business division, amortisation of acquired intangibles, restructuring and site closure costs.

Summarised capital commitment and contingent liabilities based on the latest published financial statements as at 31 December 2022 and 31 December 2021:

	<b>Group</b>	
	<b>2023 RM'000</b>	<b>2022 RM'000</b>
Capital commitment – property, plant and equipment	<b>186,726</b>	97,307
Contingent liabilities – environmental liability	<b>15,465</b>	12,940

The reconciliation of the above summarised financial information to the carrying amount of the Group's interests in Synthomer is as follows:

	<b>Group</b>	
	<b>2023 RM'000</b>	<b>2022 RM'000</b>
Net assets attributable to shareholders of Synthomer	<b>5,443,701</b>	5,797,526
Proportion of ownership interest held by the Group	<b>27%</b>	26%
Group's share of net assets	<b>1,462,722</b>	1,521,850
Goodwill	<b>716,682</b>	729,534
Carrying amount of Group's interest in Synthomer	<b>2,179,404</b>	2,251,384

### Impairment testing on investment in Synthomer

As at 30 September 2023, the market value of the Group's investment in Synthomer amounted to RM83.4 million which was lower than its carrying amount of RM2.18 billion (2022: RM2.25 billion). Management has performed an impairment assessment to determine the recoverable amount of the investment based on the higher of fair value less costs of disposal and value-in-use calculations. The value assigned to the key assumptions used in the value-in-use calculations represent management's assessment of future trends and are based on internal and external sources of data, where available.

The value-in-use calculations are prepared using cash flow forecast from approved financial budgets and forecasts with the following key assumptions:

- (i) cash flow projections covering a period of 5 years;
- (ii) pre-tax discount rate of 8.8%;
- (iii) Earnings before interest, tax, depreciation and amortisation ("EBITDA") growth rates ranging from (35.0%) to 47.0%; and
- (iv) terminal growth rate of 2.1%.

The sensitivity analysis of each of these key assumptions assuming all other variables are held constant are as follows:

<b>Key assumptions applied</b>	<b>Changes in key assumptions</b>	<b>Potential impairment (RM' million)</b>
EBITDA	Decrease by 10%	322.6
Discount rate	Increase by 1%	80.0
Terminal growth rate	Decrease by 1%	Breakeven



## Notes to the Financial Statements (Continued)

### (b) Other associates and summary of financial information

	Group	
	2023 RM'000	2022 RM'000
Summary of financial information of other associates:		
Non-current assets	144,466	155,029
Current assets	512,606	623,526
Non-current liabilities	(75,465)	(79,104)
Current liabilities	(219,337)	(343,248)
Non-controlling interests	(3,045)	(2,893)
Revenue	1,136,193	1,152,069
Profit for the year	71,477	97,997
Other comprehensive income	9,388	124
Dividends received from other associates	12,482	28,652

No expected credit loss is recognised arising from amount owing by an associate as the amount is negligible.

As at 30 September 2023 and 30 September 2022, the Group did not have any associate which was individually material to the Group, except for Synthomer.

Details of the associates are shown in Note 41.

### 20. INVESTMENTS IN JOINT VENTURES

	Group	
	2023 RM'000	2022 RM'000
Shares at cost in unquoted corporations	152,088	141,009
Share of post-acquisition reserves, net of dividends received	(5,010)	11,175
	147,078	152,184
Amounts owing by joint ventures	95,204	272,132
	242,282	424,316

The Group did not have any joint venture which was individually material to the Group as at 30 September 2023 and 30 September 2022.

	Group	
	2023 RM'000	2022 RM'000
Summary of financial information of joint ventures:		
Non-current assets	98,901	108,438
Current assets	690,058	927,277
Non-current liabilities	(68,016)	(230,579)
Current liabilities	(371,006)	(456,436)
Revenue	2,657,977	2,539,008
(Loss)/Profit for the year	(20,189)	123,849
Other comprehensive loss	(36)	-
Dividends received from joint ventures	-	20,300

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% (2022: 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.

## Notes to the Financial Statements (Continued)

### 21. OTHER INVESTMENTS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Equity instruments at fair value through other comprehensive income</b>				
Unquoted corporations				
In Malaysia	64,599	62,919	57,301	56,233
In overseas	4,613	12	-	-
	69,212	62,931	57,301	56,233
Quoted corporations				
In Malaysia	104,900	4,694	-	-
In overseas	596,818	559,422	9,665	11,896
	701,718	564,116	9,665	11,896
	770,930	627,047	66,966	68,129
<b>Debt instruments at fair value through profit or loss</b>				
In an overseas quoted corporation	45,024	45,365	-	-
	815,954	672,412	66,966	68,129
Amounts owing by investee companies	106,324	109,953	-	-
	922,278	782,365	66,966	68,129

No expected credit loss is recognised arising from amounts owing by investee companies as the amount is negligible.

### 22. OTHER RECEIVABLES

	Group	
	2023	2022
	RM'000	RM'000
Advances to plasma plantation projects	480,260	444,852
Others	1,073	1,002
	481,333	445,854
Allowance for impairment losses	(80,264)	(16,991)
	401,069	428,863

The movements in allowance for impairment losses of advances to plasma plantation projects during the year were:

	Group	
	2023	2022
	RM'000	RM'000
<b>12-month ECL Allowance</b>		
At beginning of the year	16,991	8,292
Impairment losses	62,915	8,586
Reversal of impairment losses	(874)	(523)
Currency translation differences	1,232	636
At end of the year	80,264	16,991

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 plantation 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 ranging from 6.09% to 8.00% (2022: 5.36% to 8.0%) per annum.

## Notes to the Financial Statements (Continued)

### 23. DEFERRED TAXATION

Recognised deferred tax assets and liabilities are attributable to the following:

Group	Liabilities		Assets		Net	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Property, plant and equipment	1,075,928	1,042,536	(199,031)	(202,071)	876,897	840,465
Right-of-use assets	86,624	116,965	-	-	86,624	116,965
Intangible assets	13,304	19,217	-	-	13,304	19,217
Biological assets	35,410	33,316	-	-	35,410	33,316
Unutilised tax losses	-	-	(137,002)	(40,096)	(137,002)	(40,096)
Provision for retirement benefits	-	-	(86,771)	(75,026)	(86,771)	(75,026)
Other items	37,995	28,530	(173,130)	(91,234)	(135,135)	(62,704)
Tax liabilities/(assets)	1,249,261	1,240,564	(595,934)	(408,427)	653,327	832,137
Set off of tax	(103,218)	(73,540)	103,218	73,540	-	-
Net tax liabilities/(assets)	1,146,043	1,167,024	(492,716)	(334,887)	653,327	832,137

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.

The components and movements in deferred tax liabilities and deferred tax assets (before offsetting) are as follows:

Group	Property, Plant and Equipment RM'000	Right-of- use Assets RM'000	Intangible 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
At 1 October 2021	923,852	96,168	25,130	36,155	38,289	(51,321)	(214,298)	(97,340)	(90,723)	665,912
Acquisition through business combination	122,964	16,117	-	-	-	-	-	-	-	139,081
Acquisition of assets	-	832	-	-	-	-	-	-	-	832
Reclassification	(1,992)	987	-	-	-	-	-	-	1,005	-
Recognised in profit or loss	(17,521)	5,808	(5,913)	(3,570)	8,328	11,593	23,960	(7,098)	(13,131)	2,456
Recognised in equity	-	-	-	-	-	-	-	29,045	-	29,045
Under/(Over) provision in respect of previous years	15,025	(3,009)	-	-	(7,226)	163	(4,393)	166	(312)	414
Currency translation differences	208	62	-	731	2,775	(531)	(7,340)	201	(1,709)	(5,603)
At 30 September 2022	1,042,536	116,965	19,217	33,316	42,166	(40,096)	(202,071)	(75,026)	(104,870)	832,137
Acquisition through business combination	2,607	(9)	-	-	10,636	-	-	9	(1,004)	12,239
Recognised in profit or loss	29,449	(29,924)	(5,913)	2,140	(12,701)	(111,787)	2,678	(4,201)	(36,745)	(167,004)
Recognised in equity	-	-	-	-	-	-	-	(2,185)	-	(2,185)
Changes in tax rates	(33)	-	-	-	-	-	-	-	-	(33)
(Over)/Under provision in respect of previous years	(929)	(131)	-	-	-	18,493	(150)	(3,644)	(30,517)	(16,878)
Currency translation differences	2,298	(277)	-	(46)	1,411	(3,612)	512	(1,724)	(3,511)	(4,949)
At 30 September 2023	1,075,928	86,624	13,304	35,410	41,512	(137,002)	(199,031)	(86,771)	(176,647)	653,327

Deferred tax assets include an amount of RM116,016,000 (2022: RM40,283,000) 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.

## Notes to the Financial Statements (Continued)

	Group	
	2023 RM'000	2022 RM'000
No deferred tax assets/(liabilities) have been recognised for the following items:		
Unabsorbed capital allowances	971	25,920
Deductible temporary differences	1,252	2,514
Tax incentives	44,594	46,898
Unutilised tax losses	261,401	466,298
Property, plant and equipment	(412,331)	(466,441)
	<b>(104,113)</b>	<b>75,189</b>

Unutilised tax losses of RM167,386,000 (2022: RM125,394,000) will expire as follows under the respective tax legislation of countries in which certain subsidiaries domicile:

	Group	
	2023 RM'000	2022 RM'000
Year of expiry		
2023	-	240
2024	203	204
2025	20,492	3,183
2026	1,005	1,065
2027	3,148	1,639
2028	75,463	104,953
2029	4,051	935
2030	5,906	1,492
2031	541	3,360
2032	8,192	8,323
2033	48,385	-
	<b>167,386</b>	<b>125,394</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 taxable temporary differences are expected to be reversed during the pioneer status period of 10 years commencing from year of assessment 2022 when the sub-subsidiary would not be subject to income tax.

The Group has tax losses carried forward of RM858,149,000 (2022: RM623,122,000) 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.

## Notes to the Financial Statements (Continued)

### 24. BIOLOGICAL ASSETS

Group	Unharvested Fresh Fruit Bunches RM'000	Livestock RM'000	Growing Crops RM'000	Total RM'000
<b>Fair value</b>				
At 1 October 2021	159,352	6,359	47,278	212,989
Net change in fair value	(17,753)	2,107	-	(15,646)
Increase in crop sowing	-	-	61,282	61,282
Increase due to purchases and births	-	1,096	-	1,096
Decrease due to sales	-	(2,122)	-	(2,122)
Transfer to profit or loss	-	-	(47,880)	(47,880)
Currency translation differences	3,635	(152)	(1,290)	2,193
At 30 September 2022	<b>145,234</b>	<b>7,288</b>	<b>59,390</b>	<b>211,912</b>
Net change in fair value	<b>10,118</b>	<b>1,614</b>	-	<b>11,732</b>
Increase in crop sowing	-	-	<b>58,912</b>	<b>58,912</b>
Increase due to purchases and births	-	<b>1,547</b>	-	<b>1,547</b>
Decrease due to sales	-	<b>(2,489)</b>	-	<b>(2,489)</b>
Transfer to profit or loss	-	-	<b>(60,305)</b>	<b>(60,305)</b>
Currency translation differences	<b>(149)</b>	<b>129</b>	<b>1,035</b>	<b>1,015</b>
At 30 September 2023	<b>155,203</b>	<b>8,089</b>	<b>59,032</b>	<b>222,324</b>

The biological assets of the Group comprise:

**(a) Unharvested fresh fruit bunches ("FFB")**

During the financial year, the Group harvested 5.4 million mt (2022: 5.1 million mt) of FFB. The quantity of unharvested FFB of the Group as at 30 September 2023 included in the fair valuation of unharvested FFB was 249,242 mt (2022: 241,298 mt).

If the FFB selling price changes by 5%, profit or loss for the Group would have equally increased or decreased by approximately RM9.4 million (2022: RM8.8 million).

If the quantity of unharvested FFB changes by 5%, profit or loss for the Group would have equally increased or decreased by approximately RM9.4 million (2022: RM8.8 million).

**(b) Livestock**

Livestock mainly comprises sheep and cattle.

During the financial year, the Group produced 10,190 (2022: 10,669) sheep and 464 (2022: 365) cattle. The quantity of sheep and cattle of the Group as at 30 September 2023 included in the fair valuation of livestock was 26,497 head (2022: 26,244 head) and 1,268 head (2022: 1,099 head) respectively.

**(c) Growing crops**

Growing crops mainly comprise wheat, canola, barley and lupins.

During the financial year, the Group harvested 60,863 mt (2022: 63,128 mt) of wheat, 29,753 mt (2022: 18,899 mt) of canola, 6,307 mt (2022: 10,484 mt) of barley and 2,789 mt (2022: 3,379 mt) of lupins. Area of crops sown for the financial year were 24,212 hectares (2022: 17,425 hectares) for wheat, 9,351 hectares (2022: 14,109 hectares) for canola, 1,814 hectares (2022: 1,519 hectares) for barley and 1,770 hectares (2022: 1,344 hectares) for lupins.

Sensitivity analysis for changes in volume of growing crops is not disclosed as the effect is immaterial to the Group.

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 (inputs are observable indirectly). Fair value assessments have been completed consistently using the same valuation techniques.

## Notes to the Financial Statements (Continued)

There were no transfers between all 3 levels of the fair value hierarchy during the financial year (2022: no transfer in either directions).

None of the biological assets of the Group as at 30 September 2023 and 30 September 2022 were pledged as securities.

### 25. TRADE RECEIVABLES

	Group	
	2023 RM'000	2022 RM'000
Trade receivables	2,460,832	2,113,352
Allowance for impairment losses	(39,752)	(39,976)
	<b>2,421,080</b>	<b>2,073,376</b>

Included in trade receivables are amounts owing by related parties of RM109,578,000 (2022: RM134,720,000).

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>2023</b>				
Not past due	2,081,086	0.0%*	90	2,080,996
Past due 1 - 90 days	326,951	0.3%	880	326,071
Past due more than 90 days	52,795	73.5%	38,782	14,013
	<b>2,460,832</b>	<b>1.6%</b>	<b>39,752</b>	<b>2,421,080</b>
<b>2022</b>				
Not past due	1,771,678	0.0%*	88	1,771,590
Past due 1 - 90 days	295,229	0.5%	1,356	293,873
Past due more than 90 days	46,445	83.0%	38,532	7,913
	<b>2,113,352</b>	<b>1.9%</b>	<b>39,976</b>	<b>2,073,376</b>

\* less than 0.1%

The movements in the allowance for impairment losses of trade receivables during the year were:

	Group	
	2023 RM'000	2022 RM'000
<b>Lifetime ECL Allowance</b>		
At beginning of the year	39,976	67,049
Acquisition through business combination	1,980	-
Impairment losses	922	661
Reversal of impairment	(3,772)	(22,146)
Impairment losses written off	(546)	(5,873)
Currency translation differences	1,192	285
At end of the year	<b>39,752</b>	<b>39,976</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 150 (2022: 5 to 180) days. Other credit terms are assessed and approved on a case-by-case basis.



## Notes to the Financial Statements (Continued)

### 26. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other receivables	529,387	399,536	91	2,171
Allowance for impairment losses	(2,343)	(2,218)	-	-
	527,044	397,318	91	2,171
Indirect tax receivables	276,285	281,852	-	-
Prepayments	139,020	138,848	84	20
Refundable deposits	275,087	45,633	5	5
	<b>1,217,436</b>	<b>863,651</b>	<b>180</b>	<b>2,196</b>

Included in the refundable deposits of the Group was deposit payment of RM229,200,000 (2022: Nil) for the proposed acquisition of shares in a quoted investment which was subsequently terminated and this deposit was fully refunded after the financial year end.

The movements in allowance for impairment losses of other receivables during the year were:

	Group	
	2023 RM'000	2022 RM'000
<b>12-month ECL Allowance</b>		
At beginning of the year	2,218	2,482
Impairment losses	20	7
Reversal of impairment	-	(72)
Written off	(4)	-
Currency translation differences	109	(199)
At end of the year	<b>2,343</b>	<b>2,218</b>

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	
	2023 RM'000	2022 RM'000
<b>Contract assets</b>		
Accrued billings	74,489	83,186
<b>Contract liabilities</b>		
Progress billings	(379)	(1,376)
Advances from customers	(134,845)	(141,249)
	<b>(135,224)</b>	<b>(142,625)</b>
<b>Total</b>	<b>(60,735)</b>	<b>(59,439)</b>

#### (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.

## Notes to the Financial Statements (Continued)

### (b) The movements in the contract assets and (contract liabilities) are as follows:

	Group	
	2023 RM'000	2022 RM'000
At beginning of the year	(59,439)	(113,650)
Net revenue recognised during the financial year	577,766	430,097
Net progress billings issued during the financial year	(470,307)	(127,172)
Cash received in advance	(113,316)	(252,281)
Currency translation differences	4,561	3,567
At end of the year	<u>(60,735)</u>	<u>(59,439)</u>

### (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	
	2023 RM'000	2022 RM'000
Revenue is expected to be recognised from contracts with customers:		
Within one year	610,494	100,766
Between 1 to 2 years	101,043	22,769
Between 2 to 5 years	15,871	2,557
	<u>727,408</u>	<u>126,092</u>

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</b>			
<b>2023</b>			
Forward foreign exchange contracts	(1,486,128)	5,321	19,670
Commodities future contracts	(121,199)	42,313	42,225
Interest rate swap contracts	25,303	1,706	-
Commodities swap contracts	(6,916)	61	291
Total derivative financial instruments		<u>49,401</u>	<u>62,186</u>
Less: Current portion		(48,152)	(62,165)
Non-current portion		<u>1,249</u>	<u>21</u>
<b>2022</b>			
Forward foreign exchange contracts	(2,198,504)	18,625	94,265
Commodities future contracts	(235,480)	527,104	450,051
Total derivative financial instruments		<u>545,729</u>	<u>544,316</u>
Less: Current portion		(545,729)	(544,316)
Non-current portion		<u>-</u>	<u>-</u>

## Notes to the Financial Statements (Continued)

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 interest rate swap contracts are entered into to convert floating rate liabilities to fixed rate liabilities to reduce the Group's exposure from adverse fluctuations in interest rates on underlying debt instruments.

The commodities swap contracts are entered into with the objective of managing and hedging the Group's exposure to the adverse price movement in the methane gas futures.

The Group does not have any other financial liabilities which are measured at fair value through profit or loss except for derivative financial instruments.

### 29. SHORT-TERM FUNDS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	<b>119,415</b>	267,937	<b>99</b>	200,039

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	
	2023	2022	2023	2022
Deposits with licensed banks	<b>1.33% to 6.00%</b>	0.20% to 5.50%	<b>2.75%</b>	2.10% to 2.30%

The maturities and repricing of deposits with licensed banks at the end of the reporting dates were as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Maturities above 3 months to 1 year				
Deposits with licensed banks	<b>119,415</b>	267,937	<b>99</b>	200,039

Deposits with licensed banks of the Group amounting to RM10,472,000 (2022: RM13,578,000) as at 30 September 2023 have been pledged for the banking facilities granted to third parties for the purpose of the "Kredit Koperasi Primer untuk Anggotanya" scheme in Indonesia and were also held as security for a covenant under a term loan of the Group to maintain an amount equivalent to 12 months of interest payable under the term loan.

No expected credit loss is recognised arising from short-term funds as the amount is negligible.

## Notes to the Financial Statements (Continued)

### 30. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	674,654	1,350,479	18,974	100,768
Money market funds	656,498	926,914	51,530	91,932
Cash and bank balances	1,385,905	924,190	15,400	19,021
	<b>2,717,057</b>	<b>3,201,583</b>	<b>85,904</b>	<b>211,721</b>

Deposits with licensed banks and investments in money market 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 2023 was RM182,065,000 (2022: RM186,660,000) held under Housing Development Accounts. The utilisation of this fund is subject to the Housing Developers (Housing Development Account) (Amendment) Regulations 2002.

The effective interest rates per annum of deposits with licensed banks and cash and bank balances at the end of the reporting dates were as follows:

	Group		Company	
	2023	2022	2023	2022
Deposits with licensed banks	1.50% to 5.60%	1.18% to 4.70%	5.15% to 5.35%	2.60%
Cash and bank balances	Nil to 4.53%	Nil to 3.25%	Nil to 2.30%	Nil to 1.30%

The maturities and repricing of deposits with licensed banks and money market funds at the end of the reporting dates were as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Maturities of 3 months or below				
Deposits with licensed banks	674,654	1,350,479	18,974	100,768
Money market funds	656,498	926,914	51,530	91,932
	<b>1,331,152</b>	<b>2,277,393</b>	<b>70,504</b>	<b>192,700</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 and 30 September	<b>399,535,463</b>	<b>507,587</b>
	Group and Company	
	2023	2022
	Number of Shares	Number of Shares
	RM'000	RM'000
Treasury shares	<b>6,154,500</b>	<b>113,109</b>
	<b>5,973,600</b>	<b>109,400</b>

## Notes to the Financial Statements (Continued)

### Share capital

- (i) Of the total available 399,535,463 (2022: 399,535,463) issued and fully paid shares, 6,154,500 (2022: 5,973,600) are held as treasury shares by the Company as at 30 September 2023. As at this date, the number of outstanding shares issued and fully paid, after deducting treasury shares held, is 393,380,963 (2022: 393,561,863) shares.
- (ii) 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.
- (iii) The shareholders of the Company via Annual General Meeting held on 23 February 2023 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 23 February 2023. 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 2023, there were share buybacks of 180,900 from the open market and held as treasury shares. The average price paid for the shares repurchased was RM20.46 per share for a total cost of RM3,708,788. The shares bought back were financed by internally generated funds.

## 32 RESERVES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
<b>Non-distributable</b>				
Capital reserve	456,992	451,843	-	-
Exchange fluctuation reserve	352,940	181,402	-	-
Fair value reserve	553,048	579,179	48,770	49,932
Retained earnings – cost of treasury shares	105,292	101,813	105,292	101,813
	<b>1,468,272</b>	<b>1,314,237</b>	<b>154,062</b>	<b>151,745</b>
<b>Distributable</b>				
Capital reserve	483,762	483,010	32,555	32,555
Retained earnings	5,507,403	5,471,752	1,106,475	915,507
	<b>5,991,165</b>	<b>5,954,762</b>	<b>1,139,030</b>	<b>948,062</b>
	<b>7,459,437</b>	<b>7,268,999</b>	<b>1,293,092</b>	<b>1,099,807</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.

In previous financial year, an amount of RM43.2 million was transferred from retained earnings to capital reserve pursuant to "The Law of Republic of Indonesia" No. 40/2007 for which a limited liability company is required to allocate a portion of its net profit in each financial year as reserves. The allocation of net profit shall be made until the reserves have aggregated at least 20% of the issued and paid up capital.

### 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.

## Notes to the Financial Statements (Continued)

### 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.

### Retained earnings

Of the Company's retained earnings at year end, RM105,292,000 (2022: RM101,813,000) 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	
	2023	2022
	RM'000	RM'000
<b>Government grants</b>		
<b>At cost</b>		
At beginning of the year	165,003	165,131
Received during the year	-	500
Currency translation differences	864	(628)
At end of the year	<u>165,867</u>	<u>165,003</u>
<b>Accumulated amortisation</b>		
At beginning of the year	66,226	58,068
Amortisation charge	8,646	8,653
Currency translation differences	706	(495)
At end of the year	<u>75,578</u>	<u>66,226</u>
<b>Carrying amounts</b>	<u>90,289</u>	<u>98,777</u>
Deferred income is disclosed under:		
Non-current liabilities	81,633	90,149
Current liabilities	8,656	8,628
	<u>90,289</u>	<u>98,777</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 years.

A sub-subsidiary, KLK Tensachem SA received government grants from its local government to finance its capital expenditure in previous financial years.

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	
	2022	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Present value of funded obligations	202,537	178,692	-	-
Fair value of plan assets	(191,147)	(168,981)	-	-
	11,390	9,711	-	-
Unfunded obligations	541,676	487,276	92	67
Present value of net obligations	553,066	496,987	92	67
Represented by:				
Payable not later than 1 year	327	341	-	-
Payable later than 1 year	552,739	496,646	92	67
	553,066	496,987	92	67

The provision for retirement benefits of the Group payable not later than 1 year amounting to RM327,000 (2022: RM341,000) 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 RM51,679,000 (2022: RM45,461,000) for the Group and RM92,000 (2022: RM67,000) for the Company as at 30 September 2023. 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.
- (iii) Sub-subsidiaries in Germany and Italy, KLK Emmerich GmbH and Temix Oleo S.p.A, operate unfunded retirement benefit plans for their eligible employees. The obligations of the retirement benefit plans are determined by independent qualified actuaries. The last actuarial valuations were on 30 September 2023.
- (iv) Arising from the internal restructuring of the sub-subsidiaries in Switzerland, Kolb Distribution AG and Dr. W. Kolb AG ("Kolb Group") in Europe in the financial year 2019, 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 31 December 2024.

In current financial year, the reduction of RM1,058,000 in the defined benefit plan obligation which was disclosed as negative past service cost arose from changes of assumption used by pension fund.

This funded defined benefit obligation is determined by an independent qualified actuary on an annual basis. The last actuarial valuation was on 30 September 2023.

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 RM23,804,000 in contributions to be paid to the defined benefit plans in the next financial year.



## Notes to the Financial Statements (Continued)

	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 2021	184,450	546,677	(158,307)	572,820
<b>Included in profit or loss</b>				
Service cost	6,401	46,791	-	53,192
Under provision	-	70	-	70
Administration cost	96	-	-	96
Interest cost/(income)	287	17,816	(246)	17,857
	6,784	64,677	(246)	71,215
<b>Included in other comprehensive income</b>				
Remeasurement (gain)/loss				
Actuarial (gain)/loss from:				
- Financial assumptions	(25,381)	(75,856)	-	(101,237)
- Experience assumptions	5,430	(8,339)	-	(2,909)
Return on plan assets excluding interest income	-	-	3,528	3,528
	(19,951)	(84,195)	3,528	(100,618)
<b>Others</b>				
Contributions paid by employer	-	(44,605)	(7,437)	(52,042)
Acquisition through business combination	-	14,983	-	14,983
Employee contributions	5,887	-	(5,887)	-
(Deposits)/Benefits paid	(6,479)	-	6,479	-
Currency translation differences	8,001	(10,261)	(7,111)	(9,371)
At 30 September 2022	178,692	487,276	(168,981)	496,987
<b>Included in profit or loss</b>				
Service cost	5,433	37,535	-	42,968
Past service cost	(1,058)	-	-	(1,058)
Under provision	-	71	-	71
Interest cost/(income)	4,005	25,034	(3,822)	25,217
	8,380	62,640	(3,822)	67,198
<b>Included in other comprehensive income</b>				
Remeasurement (gain)/loss				
Actuarial (gain)/loss from:				
- Financial assumptions	2,507	(84)	-	2,423
- Experience assumptions	(3,940)	10,597	-	6,657
- Demographic assumptions	-	5	-	5
Return on plan assets excluding interest income	-	-	5,586	5,586
	(1,433)	10,518	5,586	14,671
<b>Others</b>				
Contributions paid by employer	-	(44,467)	(8,256)	(52,723)
Acquisition through business combination	-	3,733	-	3,733
Employee contributions	6,737	-	(6,737)	-
(Deposits)/Benefits paid	(6,562)	-	6,562	-
Currency translation differences	16,723	21,976	(15,499)	23,200
At 30 September 2023	202,537	541,676	(191,147)	553,066

The amount of remeasurement loss of RM12,486,000 (2022: gain RM71,573,000) recognised in the other comprehensive income is net of deferred tax assets of RM2,185,000 (2022: deferred tax liabilities RM29,045,000) (Note 23).

## Notes to the Financial Statements (Continued)

	Group	
	2023 RM'000	2022 RM'000
<b>Plan assets</b>		
Plan assets comprise:		
Other assets - unquoted	<b>191,147</b>	168,981

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 and disclosed as "Other Assets - Unquoted".

	Company	
	2023 RM'000	2022 RM'000
<b>Unfunded obligations</b>		
Movements in the unfunded defined benefit obligations		
At beginning of the year	<b>67</b>	50
Expense recognised in profit or loss	<b>25</b>	17
At end of the year	<b>92</b>	67
Expense recognised in profit or loss		
Current service cost	<b>9</b>	7
Interest cost	<b>4</b>	3
Under provision	<b>12</b>	7
	<b>25</b>	17

	Group	
	2023 %	2022 %
<b>Actuarial assumptions (expressed as weighted average)</b>		
Principal assumptions of the unfunded plans used by plantation subsidiaries in Indonesia:		
Discount rates	<b>7.0</b>	7.0 to 7.5
Future salary increases	<b>6.0 to 7.5</b>	6.0 to 7.5
Principal actuarial assumptions of the unfunded plan operated by the sub-subsidiary in Germany:		
Discount rate	<b>4.2</b>	3.9
Future salary increases	<b>3.0</b>	3.0
Future pension increases	<b>2.3</b>	2.3
Principal actuarial assumptions of the unfunded plan operated by the sub-subsidiary in Italy:		
Discount rate	<b>4.0</b>	-
Future salary increases	<b>2.6</b>	-
Future pension increases	<b>2.6</b>	-
Principal actuarial assumptions of the funded plan operated by the sub-subsidiary in Switzerland:		
Discount rate	<b>1.9</b>	2.1
Future salary increases	<b>2.5</b>	2.5

As at the end of the reporting period, the weighted average duration of the funded defined benefit obligation was 11.9 years (2022: 11.9 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 Obligation	
	Increase RM'000	Decrease RM'000
<b>2023</b>		
Discount rate (0.25% movement)	(20,119)	21,963
Future salary growth (0.25% movement)	10,601	(9,224)
Life expectancy (1 year movement)	<u>14,376</u>	<u>(14,770)</u>
<b>2022</b>		
Discount rate (0.25% movement)	(22,949)	26,569
Future salary growth (0.25% movement)	15,370	(12,875)
Life expectancy (1 year movement)	<u>14,089</u>	<u>(14,412)</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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Non-current</b>				
Secured				
Term loan	6,670	10,421	-	-
Unsecured				
Revolving credit	71,633	-	-	-
Term loans	1,336,265	1,613,928	-	-
Islamic medium term notes	6,100,000	6,100,000	500,000	500,000
	<u>7,507,898</u>	<u>7,713,928</u>	<u>500,000</u>	<u>500,000</u>
	<u>7,514,568</u>	<u>7,724,349</u>	<u>500,000</u>	<u>500,000</u>
<b>Current</b>				
Secured				
Term loan	8,488	5,754	-	-
Unsecured				
Bank overdrafts	84,129	170,294	-	-
Bankers' acceptance	323,589	285,562	-	-
Export credit refinancing	3,666	-	-	-
Revolving credit	846,999	416,938	-	-
Trade financing	1,285,356	928,736	-	-
Term loans	342,466	375,034	-	-
Islamic medium term notes	-	500,000	-	500,000
	<u>2,886,205</u>	<u>2,676,564</u>	<u>-</u>	<u>500,000</u>
	<u>2,894,693</u>	<u>2,682,318</u>	<u>-</u>	<u>500,000</u>
<b>Total borrowings</b>	<u>10,409,261</u>	<u>10,406,667</u>	<u>500,000</u>	<u>1,000,000</u>

## Notes to the Financial Statements (Continued)

- (a) In the financial year ended 30 September 2022, the Company had issued 2 tranches of RM300 million and RM200 million of Sukuk Wakalah Islamic Medium Term Notes ("Sukuk Wakalah") under the RM1.0 billion Sukuk Wakalah Islamic Medium Term Notes Programme ("2<sup>nd</sup> Programme"), at par with profit rate of 4.12% per annum for the 7 years tenure tranche and 4.30% per annum for the 10 years tenure tranche.

Salient features of the 2<sup>nd</sup> Programme are as follows:

- Total aggregate outstanding nominal value of the Sukuk Wakalah issued under the 2<sup>nd</sup> Programme shall not exceed RM1.0 billion.
- The tenure of the 2<sup>nd</sup> Programme is 21 years from the date of the first issuance under the programme. The tenure of the Sukuk Wakalah issued under the 2<sup>nd</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 2<sup>nd</sup> Programme.
- The Sukuk Wakalah under the 2<sup>nd</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 Group shall be maintained at not more than one time throughout the tenure of the 2<sup>nd</sup> Programme.

- (b) In the 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 ("1<sup>st</sup> Programme") at a periodic distribution rate of 4.05% per annum.

Salient features of the 1<sup>st</sup> Programme are as follows:

- Total outstanding nominal value of the IMTN (collectively known as "Notes") shall not exceed RM500 million.
- The tenure of the 1<sup>st</sup> 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 1<sup>st</sup> Programme.

The RM500 million Sukuk Musharakah Islamic Medium Term Notes under the 1<sup>st</sup> Programme was redeemed on 6 June 2023.

- (c) In the 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 ("1<sup>st</sup> Programme") at par with a profit rate of 4.58% per annum.

In the financial year ended 30 September 2016, the subsidiary had issued the balance of the 1<sup>st</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 1<sup>st</sup> Programme are as follows:

- The 1<sup>st</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 1<sup>st</sup> Programme shall not exceed RM1.6 billion (or its equivalent in foreign currencies).

## Notes to the Financial Statements (Continued)

- The tenure of the 1<sup>st</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 1<sup>st</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 1<sup>st</sup> Programme.
  - The Ringgit Sukuk/Non-Ringgit Sukuk under the 1<sup>st</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 1<sup>st</sup> Programme.
- (d) In the 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 ("2<sup>nd</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 2<sup>nd</sup> Programme are as follows:

- Total aggregate outstanding nominal value of the Sukuk Wakalah issued under the 2<sup>nd</sup> Programme shall not exceed RM2.0 billion.
  - The tenure of the 2<sup>nd</sup> Programme is 20 years from the date of the first issuance under the programme. The tenure of the Sukuk Wakalah issued under the 2<sup>nd</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 2<sup>nd</sup> Programme.
  - The Sukuk Wakalah under the 2<sup>nd</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 2<sup>nd</sup> Programme.
- (e) In the financial year ended 30 September 2022, a subsidiary had issued 2 tranches of RM1.5 billion 10 years and RM500 million 15 years 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 4.17% per annum for the 10 years tenure tranche and 4.55% 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 30 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 30 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.

## Notes to the Financial Statements (Continued)

- (f) The secured term loan of the Group is secured by way of a fixed charge on the property, plant and equipment of overseas sub-subsidiaries with carrying amount of RM147,670,000 (2022: RM115,478,000) as at 30 September 2023.
- (g) Certain unsecured term loans, bank overdrafts and revolving credit are supported by corporate guarantees of RM1,095.6 million (2022: RM901.5 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	
	2023	2022	2023	2022
Bank overdrafts	0.70% to 4.67%	0.70% to 0.80%	-	-
Term loans	0.71% to 7.00%	0.71% to 4.38%	-	-
Trade financing	2.02% to 6.22%	0.49% to 4.06%	-	-
Export credit refinancing	3.30% to 3.55%	-	-	-
Bankers' acceptance	1.84% to 3.97%	1.90% to 4.20%	-	-
Revolving credit	1.43% to 6.69%	0.75% to 4.05%	-	1.27% to 2.64%
Islamic medium term notes	3.75% to 4.65%	3.75% to 4.65%	4.12% to 4.30%	4.05% to 4.30%

- (i) An amount of RM1,199,872,000 (2022: RM1,169,193,000) of the Group's borrowings consist of floating rate borrowings, of which interest rates reprice within a year.

### 36. TRADE PAYABLES

	Group	
	2023 RM'000	2022 RM'000
Trade payables	867,846	1,057,413

Included in trade payables are amounts owing to related parties of RM188,315,000 (2022: RM63,724,000).

The normal trade credit terms granted to the Group ranged from 5 to 90 (2022: 5 to 90) days.

### 37. OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other payables	477,275	541,368	555	484
Accruals	729,966	622,202	10,602	16,654
Deposits received	77	80	-	-
Indirect tax payable	13,268	11,309	-	-
	<b>1,220,586</b>	<b>1,174,959</b>	<b>11,157</b>	<b>17,138</b>

### 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	
	2023 RM'000	2022 RM'000
Rental paid to a subsidiary	234	109
Interest received from subsidiaries	20,674	12,314
Interest paid to a subsidiary	-	29
Corporate secretarial services paid to a subsidiary	128	128
Car park fee paid to a subsidiary	10	7

## 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>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
(i) Transactions with associates and joint ventures		
Processing fee earned	703	706
Sale of finished goods	599,597	721,594
Sale of electricity	1,225	1,267
Purchase of goods	1,738,845	2,152,219
Service charges paid	1,944	1,510
Research and development services paid	16,857	15,803
(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	31,467	18,115
Siam Taiko Marketing Co Ltd	1,406	4,855
Taiko Acid Works Sdn Bhd	10,453	10,628
Taiko Marketing Sdn Bhd	232,064	312,861
Taiko Marketing (Singapore) Pte Ltd	1,035	2,075
<b>Freight income earned</b>		
Chlor-Al Chemical Pte Ltd	79	489
Taiko Marketing Sdn Bhd	212	626
<b>Storage tanks rental received</b>		
Taiko Marketing Sdn Bhd	4,563	4,450
<b>Purchase of goods</b>		
Borneo Taiko Clay Sdn Bhd	6,117	3,931
Bukit Katho Estate Sdn Bhd	8,261	11,314
Chlor-Al Chemical Pte Ltd	7,419	-
Kampar Rubber & Tin Co Sdn Bhd	12,239	15,309
Kekal & Deras Sdn Bhd	2,607	4,057
Ladang Tai Tak (Kota Tinggi) Sdn Bhd	10,624	4,210
Malay Rubber Plantations (M) Sdn Bhd	14,114	18,746
PT Agro Makmur Abadi	85,275	118,036
PT Bumi Karyatama Raharja	1,007	-
PT Java Taiko Mineralindo	2,586	3,604
PT Safari Riau	44,312	55,444
Taiko Acid Works Sdn Bhd	2,472	1,008
Taiko Clay Marketing Sdn Bhd	6,881	4,057
Taiko Drum Industries Sdn Bhd	2,031	3,458
Taiko Marketing Sdn Bhd	54,391	64,775
Taiko Marketing (Singapore) Pte Ltd	40,804	42,510
<b>Management fees paid</b>		
Farming Management Services Pty Ltd	3,609	3,951
<b>Handling charges paid</b>		
Taiko Marketing Sdn Bhd	1,940	618
<b>Aircraft operating expenses and management services paid</b>		
Smooth Route Sdn Bhd	2,068	1,666
<b>Fixed charge and fixed charged recoverable earned from</b>		
Taiko Acid Works Sdn Bhd	29	28
<b>Sales commissions charged by</b>		
Taiko Marketing Sdn Bhd	97	4
<b>IT Services paid</b>		
E-Komoditi Sdn Bhd	-	39



## Notes to the Financial Statements (Continued)

	Group	
	2023 RM'000	2022 RM'000
(iii) Transactions between subsidiaries and non-controlling interests		
<b>Sale of goods</b>		
Mitsui & Co Ltd	440,834	458,878
<b>Purchase of goods</b>		
Mitsubishi Gas Chemical Singapore Pte Ltd	-	10,738
PT Tanjung Bina Lestari	10,468	-
PT Tanjung Sarana Lestari	1,480,509	1,531,111
PT Kimia Tirta Utama	23,423	-
PT Sawit Asahan Indah	2,664	-
<b>Rental of land</b>		
PT Perkebunan Nusantara II	32,259	37,768

39. CAPITAL COMMITMENTS

	Group	
	2023 RM'000	2022 RM'000
<b>Capital expenditure</b>		
Approved and contracted	1,018,306	835,989
Approved but not contracted	1,579,127	2,119,389
	<b>2,597,433</b>	<b>2,955,378</b>
<b>Joint venture</b>		
Share of capital commitment of a joint venture	31,194	14,784

40. FINANCIAL GUARANTEE CONTRACTS

(a) The Group provides financial guarantee contracts of RM9.3 million (2022: RM18.5 million) to certain financial institutions for loan facilities granted to plasma plantation projects as at 30 September 2023.

(b) A subsidiary provides financial guarantee contracts of RM1,095.6 million (2022: RM901.5 million) to certain financial institutions for credit facilities utilised by certain sub-subsidiaries as at 30 September 2023.

(c) A subsidiary has undertaken to provide financial support to certain sub-subsidiaries to enable them to continue to operate as going concerns.

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
			2023	2022	
<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>					
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

## Notes to the Financial Statements (Continued)

Subsidiaries Held by the Company:	Country of Incorporation	Principal Country of Operation	Percentage of Equity Held		Principal Activities
			2023	2022	
<b>INVESTMENT HOLDING</b>					
Chemical Company of Malaysia Berhad	Malaysia	Malaysia	100	100	Investment holding
<b>PLANTATION</b>					
Kuala Lumpur Kepong Berhad	Malaysia	Malaysia	47 <sup>^</sup>	47 <sup>^</sup>	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 and workshop services
North-South Transport Sdn Bhd †	Malaysia	Malaysia	100	100	General transportation and workshop 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>					
PT Satu Sembilan Delapan †	Indonesia	Indonesia	92	92	Plantation
PT 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
<b>Chemical Company of Malaysia Berhad</b>					
<b>MANUFACTURING</b>					
<b>CHEMICALS</b>					
CCM Chemicals Sdn Bhd	Malaysia	Malaysia	100	100	Manufacturing and marketing of chlor-alkali and coagulant products and marketing of industrial and specialty chemicals
CCM Polymers Sdn Bhd	Malaysia	Malaysia	100	100	Design, manufacture, sales and and trading of specialty chemicals
PT CCM Indonesia †	Indonesia	Indonesia	100	100	Marketing of chlor-alkali and coagulant products and industrial chemicals
CCM Usaha Kimia (M) Sdn Bhd	Malaysia	Malaysia	100	100	Dormant

## Notes to the Financial Statements (Continued)

Subsidiaries	Country of Incorporation	Principal Country of Operation	Percentage of Equity Held		Principal Activities
			2023	2022	
Chemical Company of Malaysia Berhad					
MANUFACTURING					
CHEMICALS					
CCM Water Systems Sdn Bhd	Malaysia	Malaysia	100	100	Dormant
CCM Singapore Pte Ltd †	Singapore	Singapore	100	100	Dormant
INVESTMENT HOLDING					
CCM International Sdn Bhd	Malaysia	Malaysia	100	100	Investment holding, distributing and as an agent in industrial and specialty chemicals and chemicals of any other kind
CCM Agri-Max Sdn Bhd	Malaysia	Malaysia	100	100	Investment holding
Innovative Resins Sdn Bhd	Malaysia	Malaysia	100	100	Investment holding
CCM Siam Ltd †	Thailand	Thailand	100	100	Dormant
CCM Fertilizers Sdn Bhd ^^^	Malaysia	Malaysia	100	50	Dormant
CCM Investments Limited †† (In Liquidation)	British Virgin Islands	British Virgin Islands	100	100	Dormant
PT CCM Agripharma (In Liquidation)	Indonesia	Indonesia	100	100	Dormant
Kuala Lumpur Kepong Berhad:					
PLANTATION					
PENINSULAR MALAYSIA					
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
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
SABAH					
Berakan Maju Sdn Bhd	Malaysia	Malaysia	95	95	Plantation
Bornion Estate Sdn Bhd	Malaysia	Malaysia	63	63	Plantation
Dynasive Enterprise Sdn Bhd	Malaysia	Malaysia	95	95	Investment holding
Excellent Challenger (M) Sdn Bhd	Malaysia	Malaysia	95	95	Plantation
Gunaria Sdn Bhd	Malaysia	Malaysia	95	95	Investment holding
KLK Agri Oils Sdn Bhd	Malaysia	Malaysia	95	95	Plantation and kernel crushing
KLK Sawit Nusantara Berhad	Malaysia	Malaysia	95	95	Plantation and investment holding
KL-Kepong (Sabah) Sdn Bhd	Malaysia	Malaysia	100	100	Plantation
Minat Teguh Sdn Bhd	Malaysia	Malaysia	95	95	Investment holding
Rakanan Jaya Sdn Bhd	Malaysia	Malaysia	95	95	Plantation
Ratus Sempurna Sdn Bhd	Malaysia	Malaysia	95	95	Investment holding
Sabah Cocoa Sdn Bhd ^^	Malaysia	Malaysia	99	100	Plantation
Sabah Holdings Corporation Sdn Bhd	Malaysia	Malaysia	70	70	Investment holding
Akrab Perkasa Sdn Bhd † (In Member's Voluntary Liquidation)	Malaysia	Malaysia	-	95	Dissolved
Desa Talisai Sdn Bhd † (In Member's Voluntary Liquidation)	Malaysia	Malaysia	95	95	Dormant
Desa Talisai Palm Oil Mill Sdn Bhd † (In Member's Voluntary Liquidation)	Malaysia	Malaysia	95	95	Dormant
KLK Biofuel Sdn Bhd †	Malaysia	Malaysia	95	95	Dormant
Sabang Mills Sdn Bhd † (In Member's Voluntary Liquidation)	Malaysia	Malaysia	95	95	Dormant

## Notes to the Financial Statements (Continued)

Subsidiaries	Country of Incorporation	Principal Country of Operation	Percentage of Equity Held		Principal Activities
			2023	2022	
<b>PLANTATION</b>					
<b>SABAH</b>					
Sijas Plantations Sdn Bhd † (In Member's Voluntary Liquidation)	Malaysia	Malaysia	95	95	Dormant
<b>INDONESIA</b>					
PT ADEI Plantation & Industry †	Indonesia	Indonesia	95	95	Plantation, kernel crushing, refining and sales of palm products
PT Alam Karya Sejahtera AKS †	Indonesia	Indonesia	62	62	Plantation
PT Bumi Makmur Sejahtera Jaya †	Indonesia	Indonesia	95	95	Plantation
PT Hutan Hijau Mas †	Indonesia	Indonesia	92	92	Plantation
PT Indonesia Plantation Synergy †	Indonesia	Indonesia	96	96	Plantation
PT Jabontara Eka Karsa †	Indonesia	Indonesia	95	95	Plantation
PT Karya Bakti Sejahtera Agrotama †	Indonesia	Indonesia	95	95	Plantation
PT Karya Makmur Abadi †	Indonesia	Indonesia	100	100	Plantation
PT Langkat Nusantara Kepong †	Indonesia	Indonesia	60	60	Plantation
PT Malindomas Perkebunan †	Indonesia	Indonesia	92	92	Plantation
PT Menteng Jaya Sawit Perdana †	Indonesia	Indonesia	100	100	Plantation
PT Mulia Agro Permai †	Indonesia	Indonesia	100	100	Plantation
PT Parit Sembada †	Indonesia	Indonesia	95	90	Plantation
PT Pinang Witmas Sejati †	Indonesia	Indonesia	60	60	Plantation
PT Prima Alumga †	Indonesia	Indonesia	96	96	Plantation
PT Primabahagia Permai †	Indonesia	Indonesia	96	96	Plantation
PT Putra Bongan Jaya †	Indonesia	Indonesia	100	95	Plantation
PT Sinergi Agro Industri †	Indonesia	Indonesia	96	96	Plantation
PT Steelindo Wahana Perkasa †	Indonesia	Indonesia	95	95	Plantation, kernel crushing, refining, manufacturing and sales of palm products
PT Sekarbumi Alamlestari †	Indonesia	Indonesia	65	65	Plantation
PT Applied Agricultural Resources Indonesia †	Indonesia	Indonesia	100	100	Agronomic service and research
PT KLK Agriservindo †	Indonesia	Indonesia	100	100	Management of plantation
PT Anugrah Surya Mandiri †	Indonesia	Indonesia	-	95	Dissolved
<b>SINGAPORE</b>					
Collingwood Plantations Pte Ltd †**	Singapore	Singapore	100	100	Investment holding
KLK Agro Plantations Pte Ltd †	Singapore	Singapore	100	100	Investment holding
<b>PAPUA NEW GUINEA</b>					
Ang Agro Forest Management Ltd †***	Papua New Guinea	Papua New Guinea	100	100	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>					
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

## Notes to the Financial Statements (Continued)

Subsidiaries	Country of Incorporation	Principal Country of Operation	Percentage of Equity Held		Principal Activities
			2023	2022	
<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 and sales of oleochemicals
KSP Manufacturing Sdn Bhd	Malaysia	Malaysia	80	80	Renting of properties
Palmamide Sdn Bhd	Malaysia	Malaysia	80	80	Renting of properties
KL-Kepong Oleomas Sdn Bhd	Malaysia	Malaysia	96	96	Manufacturing and sales of oleochemicals
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 biodiesel
KLK Emmerich GmbH #	Germany	Germany	100	100	Manufacturing and sale of oleochemicals
Taiko Palm-Oleo (Zhangjiagang) Co Ltd †	People's Republic of China	People's Republic of China	80	80	Manufacturing and sales of oleochemicals
Shanghai Jinshan Jingwei Chemical Co Ltd †	People's Republic of China	People's Republic of China	100	100	Renting of property
PT 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
KLK Indahmas Sdn Bhd	Malaysia	Malaysia	100	100	Manufacturing of oleochemicals and property investment
Capital Glogalaxy Sdn Bhd	Malaysia	Malaysia	80	80	Trading of oleochemicals and hedging of future contracts related to these products
Temix Oleo S.p.A †	Italy	Italy	90	-	Production and distribution of fatty alcohols and derivatives, fatty acids, fatty esters and other chemicals

## Notes to the Financial Statements (Continued)

Subsidiaries	Country of Incorporation	Principal Country of Operation	Percentage of Equity Held		Principal Activities
			2023	2022	
<b>MANUFACTURING OLEOCHEMICALS</b>					
PT Prima Dumai Indobulking †	Indonesia	Indonesia	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
<b>REFINERIES AND KERNEL CRUSHING</b>					
KL-Kepong Edible Oils Sdn Bhd	Malaysia	Malaysia	100	100	Refining, manufacturing and sale of palm and shortening products
Fajar Palmkel Sdn Berhad	Malaysia	Malaysia	100	100	Kernel crushing, refining and manufacturing and sales of palm and cocoa butter substitutes products
KLK Premier Oils Sdn Bhd	Malaysia	Malaysia	100	100	Kernel crushing, refining, manufacturing and sale of palm products
PT Perindustrian Sawit Synergi †	Indonesia	Indonesia	100	99	Kernel crushing, refining, manufacturing and sale of palm products and oleochemicals
Astra-KLK Pte Ltd #	Singapore	Singapore	51	51	Marketing of refined palm oil products and provision of logistics services related to palm products
KLK Plantations and Trading Pte Ltd (formerly known as Taiko Plantations Pte Ltd) #	Singapore	Singapore	100	100	Management of plantation, marketing and trading of palm oil refined products

## Notes to the Financial Statements (Continued)

Subsidiaries	Country of Incorporation	Principal Country of Operation	Percentage of Equity Held		Principal Activities
			2023	2022	
<b>MANUFACTURING</b>					
<b>REFINERIES AND CRUSHING KERNEL</b>					
KLK Golden Oils Sdn Bhd (formerly known as KLK Global Resourcing Sdn Bhd)	Malaysia	Malaysia	100	100	Refining, manufacturing and sale of palm oil and specialty fat products
Golden Yield Sdn Bhd	Malaysia	Malaysia	100	100	Dormant
<b>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	Struck off
<b>PARQUET FLOORING</b>					
KLK Hardwood Flooring Sdn Bhd	Malaysia	Malaysia	100	100	Manufacturing and marketing of parquet flooring products
B.K.B Flooring Sdn Bhd † (In strike off process)	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 and 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	60	Property development
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



## Notes to the Financial Statements (Continued)

Subsidiaries	Country of Incorporation	Principal Country of Operation	Percentage of Equity Held		Principal Activities
			2023	2022	
<b>PROPERTY</b>					
KLK Park Homes Sdn Bhd	Malaysia	Malaysia	100	100	Property development
Menara KLK Sdn Bhd	Malaysia	Malaysia	100	100	Investment property
KLK Retail Centre Sdn Bhd	Malaysia	Malaysia	100	100	Investment property
KLK Landscape Services Sdn Bhd	Malaysia	Malaysia	100	100	Dormant
KLK Coalfields Sdn Bhd	Malaysia	Malaysia	100	100	Dormant
KLK Management Services Sdn Bhd	Malaysia	Malaysia	100	100	Dormant
<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
KLK Overseas Investments Limited ††	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
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

† 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.

\*\* The Group held 100% (2022: 100%) of Collingwood Plantations Pte Ltd with 82% (2022: 82%) held by KLK Group and 18% (2022: 18%) held by another subsidiary.

\*\*\* The Group held 100% (2022: 100%) of Ang Agro Forest Management Ltd ("AAFM") with 99.9% (2022: 82%) held by KLK Group and 0.1% (2022: 18%) held by another subsidiary upon the completion of conversion of 19,365,705 units of redeemable convertible preference shares in AAFM to 19,365,705 units of ordinary shares on 27 July 2023.

^ The Group consolidated KLK Group's results even though it owns only 47.7% of the voting rights due to the Group being the single largest shareholder of this entity.

^^ The KLK Group's effective shareholdings in Sabah Cocoa Sdn Bhd ("SC") decreased from 100% to 99% upon completion of conversion of 20,000,000 units of redeemable convertible preference shares ("RCPS") in SC to 20,000,000 units of ordinary shares on 27 July 2023. The RCPS were held by a 70% owned sub-subsidiary, Sabah Holdings Corporation Sdn Bhd.

^^^ The Group's effective shareholdings in CCM Fertilizers Sdn Bhd ("CCMF") increased from 50% to 100% upon completion of a selective share capital reduction exercise by reducing its total issued capital from RM51,889,880 comprising 39,000,000 ordinary shares to RM50,763,305 comprising 19,539,000 ordinary shares on 19 January 2023. This reduction was effected by the cancellation of 19,461,000 ordinary shares held by Lembaga Tabung Haji and the return of capital via cash distribution of RM1,126,575.

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 Held through Subsidiaries: See Sen Chemical Berhad:	Country of Incorporation/ Principal Country of Operation	Percentage of Equity Held		Principal Activities
		2023	2022	
BASF See Sen Sdn Bhd	Malaysia	30	30	Manufacture of sulphuric acid products
<b>Chemical Company of Malaysia Berhad</b> Orica-CCM Energy Systems Sdn Bhd	Malaysia	45	45	Blending of bulk emulsions, trading of blasting products and provision of blasting related services and technology to the mining, quarrying and construction industries
<b>Caruso Ventures Pte Ltd:</b> Satterley Forrestfield Pty Ltd	Australia	40	40	Land development or subdivision
<b>Kuala Lumpur Kepong Berhad:</b> Applied Agricultural Resources Sdn Bhd	Malaysia	50	50	Agronomic service and research
FKW Global Commodities (Pvt) Limited	Pakistan	30	30	Trading in commodities
Kumpulan Sierramas (M) Sdn Bhd	Malaysia	50	50	Property development
Malaysia Pakistan Venture Sdn Bhd	Malaysia	38	38	Investment holding
MAPAK Edible Oils (Private) Limited	Pakistan	30	30	Manufacturing and marketing of palm and other soft oils
Phytopharma Co Ltd	Japan	25	23	Import, export and distribution of herbal medicine and raw materials thereof, raw materials of pharmaceutical products and cosmetic products
Synthomer plc	United Kingdom	27	26	Speciality chemicals manufacturer
<b>Joint Ventures</b> <b>Held through Subsidiaries:</b> <b>Caruso Ventures Pte Ltd:</b> Riverlee Caruso Epping Pty Ltd	Australia	50	50	Property development
Satterley Greenvale Joint Venture	Australia	25	25	Land development or subdivision
<b>Kuala Lumpur Kepong Berhad:</b> PT Kreasijaya Adhikarya	Indonesia	50	50	Refining of crude palm oil and bulking installation
Rainbow State Limited	British Virgin Islands	50	50	Owning and operating of aircraft

## Notes to the Financial Statements (Continued)

### (b) Acquisitions and disposals of subsidiaries 2023

#### Acquisition of a sub-subsidiary

On 31 March 2023, KLK Emmerich GmbH ("KLK Emmerich"), a wholly-owned subsidiary of KLK group had completed the acquisition of 90% equity interest in Temix Oleo S.p.A ("Temix") for a cash consideration of RM143.3 million.

The acquisition represents an opportunity for the Group to diversify its products, access to key customers and alignment to product specialisation strategy across European operation.

The recognised amounts of assets acquired and liabilities assumed at the date of acquisition were:

	RM'000
Property, plant and equipment	80,259
Right-of-use assets	1,804
Intangible assets	38,117
Derivative financial assets	1,878
Inventories	64,018
Trade and other receivables	126,907
Cash and bank balances	34,453
Trade and other payables	(111,178)
Tax payable	(9,829)
Borrowings	(49,349)
Deferred tax liabilities	(12,239)
Provision for retirement benefits	(3,733)
Lease liabilities	(1,836)
Total identifiable net assets at fair value	<u>159,272</u>
Purchase consideration settled in cash and cash equivalents	143,345
Non-controlling interests	15,927
Fair value of identifiable net assets	<u>159,272</u>
Purchase consideration settled in cash and cash equivalents	143,345
Cash and cash equivalents acquired	(34,453)
Net cash outflow arising from acquisition of a sub-subsidiary	<u>108,892</u>

In the 6 months to 30 September 2023, Temix contributed revenue of RM214.1 million and loss of RM462,000.

If the acquisition had occurred on 1 October 2022, Management estimated that KLK Group's consolidated revenue would have been RM23.9 billion and consolidated profit for the financial year ended 30 September 2023 would have been RM997.3 million.

#### Changes in shareholdings in sub-subsidiaries

- (i) On 14 February 2023, KL-Kepong Plantation Holdings Sdn Bhd, a wholly-owned subsidiary of KLK Group had completed the acquisition of 5% equity interest in PT Putra Bongan Jaya ("PBJ") for a cash consideration of RM8.0 million.

PBJ became a wholly-owned sub-subsidiary of the Group upon completion of the acquisition.

- (ii) On 10 April 2023, KLK Group's wholly-owned subsidiary, KLK Plantations and Trading Pte Ltd (formerly known as Taiko Plantations Pte Ltd) had completed the acquisition of 1% equity interest in PT Perindustrian Sawit Synergi (PSS) for a cash consideration of RM23.9 million.

Following the completion of acquisition, PSS is a wholly-owned sub-subsidiary of the Group.

## Notes to the Financial Statements (Continued)

- (iii) On 28 August 2023, KLK Group's wholly-owned subsidiary, KLK Plantations and Trading Pte Ltd (formerly known as Taiko Plantation Pte Ltd) had completed the acquisition of 5% equity interest in PT Parit Sembada ("PS") for a cash consideration of RM7.6 million.

After completion of acquisition, KLK Group's effective shareholdings in PS had increased from 90% to 95%.

### 2022

#### Acquisition of a sub-subsidiary

On 1 October 2021, KLK Plantations and Trading Pte Ltd (formerly known as Taiko Plantations Pte Ltd), a wholly-owned subsidiary of KLK Group had completed the acquisition of 60% equity interest in PT Pinang Witmas Sejati ("PWS") for a cash consideration of RM319.8 million.

The recognised amounts of assets acquired and liabilities assumed at the date of acquisition were:

	RM'000
Property, plant and equipment	668,279
Right-of-use assets	17,377
Inventories	5,069
Trade and other receivables	6,768
Cash and bank balances	15,948
Trade and other payables	(12,428)
Contract liabilities	(1,745)
Tax payable	(5,228)
Borrowings	(7,005)
Provision for retirement benefits	(14,983)
Deferred tax liabilities	(139,081)
Total identifiable net assets at fair value	<u>532,971</u>
Purchase consideration settled in cash and cash equivalents	319,782
Non-controlling interests	213,189
Fair value of identifiable net assets	<u>532,971</u>
Purchase consideration settled in cash and cash equivalents	319,782
Cash and cash equivalents acquired	(15,948)
Net cash outflow arising from acquisition of a sub-subsidiary	<u>303,834</u>

In the 12 months to 30 September 2022, PWS contributed revenue of RM224.6 million and profit of RM75.7 million.

#### Disposal of a sub-subsidiary

On 30 August 2022, Liberian Palm Developments Limited ("LPDL"), a wholly-owned subsidiary of KLK Group had disposed the entire equity interest in Liberia Forest Products Inc ("LFPI") for total cash considerations of RM1.97 million.

The amounts of assets and liabilities derecognised assumed at the date of disposal were:

	RM'000
Property, plant and equipment	3
Other receivables	15
Cash and bank balances	7
Other liabilities	(337)
Exchange fluctuation reserve	164
Total net liabilities of a sub-subsidiary disposed	<u>(148)</u>

## Notes to the Financial Statements (Continued)

	RM'000
Sales consideration received in cash and cash equivalents	1,971
Total net liabilities of a sub-subsidiary disposed	148
Surplus on disposal of share in a sub-subsidiary	<u>2,119</u>
Sales consideration received in cash and cash equivalents	1,971
Cash and cash equivalents of a sub-subsidiary disposed	(7)
Net cash inflow arising from disposal of a sub-subsidiary	<u>1,964</u>

### Changes in shareholdings in sub-subsidiaries

- (i) On 8 November 2021, KL-Kepong Industrial Holdings Sdn Bhd, a wholly-owned subsidiary of KLK Group entered into a Share Purchase Agreement with Mitsui & Co Ltd ("Mitsui"), a company incorporated in Japan, to dispose a 20% equity interest in Capital Glogalaxy Sdn Bhd ("CGSB") to Mitsui for cash consideration of RM10.

Upon the completion of disposal of shares on 17 January 2022, KLK Group's effective shareholdings in CGSB reduced to 80%.

- (ii) On 18 March 2022, KLK Group's wholly-owned subsidiary, Golden Complex Sdn Bhd completed the acquisition of 5% equity interest in PT Applied Agricultural Resources Indonesia ("AARI") for a cash consideration of RM480,000.

After the completion of acquisition, AARI is a wholly-owned sub-subsidiary of the Group.

- (iii) On 27 April 2022, KLKB had completed the acquisition of 15% equity interest in KLK Premier Oils Sdn Bhd ("KLKPO") for a cash consideration of RM26.4 million. KLKPO owns 100% equity interest in Golden Yield Sdn Bhd ("GYSB").

Following the completion of acquisition, both KLKPO and GYSB are wholly-owned sub-subsidiaries of the Group.

- (iv) In the previous financial year, KLK Group's wholly-owned subsidiary, KLK Plantations and Trading Pte Ltd (formerly known as Taiko Plantations Pte Ltd) had completed the acquisition of shares in the following subsidiaries:

- (a) 5% equity interest in PT Mulia Agro Permai ("MAP") on 11 July 2022;
- (b) 5% equity interest in PT Karya Makmur Abadi ("KMA") on 11 July 2022; and
- (c) 5% equity interest in PT Menteng Jaya Sawit Perdana ("MJSP") on 13 July 2022.

MAP, KMA and MJSP became wholly-owned sub-subsidiaries of the Group upon completion of the above acquisitions.

- (v) In the previous financial year, KLKB had further acquired 29.65% equity interest in KLK Sawit Nusantara Berhad ("KSN") (formerly known as IJM Plantations Berhad) resulting the KLK Group's total effective equity interest in KSN and its subsidiaries increased from 56.22% to 96.06% as at 30 September 2022.

Arising from the increased shareholdings in KSN, KLK Group's effective ownership interest in PT Perindustrian Sawit Synergi had increased from 91.24% to 99.21%.

## Notes to the Financial Statements (Continued)

### Purchase of shares from non-controlling interests

In the previous financial year, the Company acquired an additional of 0.32% equity interest that it did not already own in Kuala Lumpur Kepong Berhad ("KLK") from non-controlling interest.

The effect of the acquisition of 0.32% equity interest in KLK on the financial position of the Group was summarised below:

	RM'000
Consideration paid	75,269
Less: Net assets acquired from non-controlling interests	(46,307)
Net effect on changes in shareholdings of KLK	<u>28,962</u>

(c) Material non-controlling interests

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

	2023			2022		
	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	<u>9,302,717</u>	<u>41,180</u>	<u>9,343,897</u>	<u>9,221,585</u>	<u>42,696</u>	<u>9,264,281</u>
Profit allocated to NCI	<u>592,544</u>	<u>2,332</u>	<u>594,876</u>	<u>1,404,609</u>	<u>5,271</u>	<u>1,409,880</u>

	2023 RM'000	2022 RM'000
<b>Summary of financial information of Kuala Lumpur Kepong Berhad before inter-company elimination:</b>		
Total assets	30,126,391	30,238,525
Total liabilities	(13,982,632)	(14,186,703)
Revenue	23,647,586	27,149,474
Profit for the year	990,697	2,438,357
Total comprehensive income	1,252,448	2,875,187
Net decrease in cash and cash equivalents	<u>(335,738)</u>	<u>(527,525)</u>
Dividends paid to NCI	<u>(85,226)</u>	<u>(173,997)</u>

## Notes to the Financial Statements (Continued)

### 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
Manufacturing	Manufacturing of chemicals and transportation services, oleochemicals, non-ionic surfactants and esters, rubber gloves, parquet flooring products, pharmaceutical products, storing and distribution of bulk liquid, refining of palm products, kernel crushing and trading of palm products
Property development	Development of residential and commercial properties
Investment holding/Others	Investment in quoted and unquoted corporations, investment in money market funds and placement of deposits with licensed banks, Australia property investment, farming, management services 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>2023</b>						
<b>Revenue</b>						
Sales to external customers	3,535,092	20,563,847	218,106	336,352	-	24,653,397
Inter-segment sales	1,709,605	31,555	-	1,136,645	(2,877,805)	-
Total revenue	5,244,697	20,595,402	218,106	1,472,997	(2,877,805)	24,653,397
<b>Results</b>						
Operating results	1,190,529	531,880	64,694	167,442	(49,546)	1,904,999
Finance costs	(19,469)	(136,686)	(2,430)	(332,223)	49,546	(441,262)
Share of profit/(loss) of equity accounted associates, net of tax	4,649	19,696	(18)	(193,945)	-	(169,618)
Share of (loss)/profit of equity accounted joint ventures, net of tax	-	(20,600)	-	5,181	-	(15,419)
Segment results	1,175,709	394,290	62,246	(353,545)	-	1,278,700
Profit before taxation						1,278,700
Taxation						(192,907)
Profit for the year						1,085,793
<b>Assets</b>						
Operating assets	11,685,333	11,470,924	2,716,803	2,746,042	-	28,619,102
Associates	29,052	99,630	7,805	2,180,940	-	2,317,427
Joint ventures	-	66,063	-	176,219	-	242,282
Segment assets	11,714,385	11,636,617	2,724,608	5,103,201	-	31,178,811
Tax assets						728,722
Total assets						31,907,533
<b>Liabilities</b>						
Segment liabilities	1,309,944	4,298,902	274,633	7,638,177	-	13,521,656
Tax liabilities						1,188,065
Total liabilities						14,709,721
<b>Other information</b>						
Depreciation of property, plant and equipment	624,333	330,404	1,721	13,026	-	969,484
Depreciation of right-of-use assets	32,235	28,266	-	481	-	60,982
Depreciation of investment properties	-	12	-	-	-	12
Non-cash expenses						
Property, plant and equipment written off	3,241	4,394	-	-	-	7,635
Written off of						
- trade receivables	-	1,220	-	-	-	1,220
Provision for retirement benefits	48,882	18,272	-	44	-	67,198
Amortisation of intangible assets	-	31,260	-	-	-	31,260
Amortisation of deferred income	-	(8,646)	-	-	-	(8,646)
Impairment of						
- property, plant and equipment	-	27,821	-	-	-	27,821
- intangible assets	-	44	-	-	-	44
- trade receivables	-	922	-	-	-	922
- plasma project receivables	62,915	-	-	-	-	62,915
Reversal of impairment of						
- trade receivables	-	(3,772)	-	-	-	(3,772)
- plasma project receivables	(874)	-	-	-	-	(874)
Write down of inventories	85,066	80,742	-	1	-	165,809
Write back of inventories	-	(109,293)	-	-	-	(109,293)
Surplus on disposal of a business line	-	(76,443)	-	-	-	(76,443)
Surplus on government acquisition of land	-	-	-	(42,218)	-	(42,218)
Surplus on disposal of land	-	-	-	(10,212)	-	(10,212)

## 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
<b>2022</b>						
<b>Revenue</b>						
Sales to external customers	4,208,665	23,538,268	195,199	281,797	-	28,223,929
Inter-segment sales	1,835,403	41,582	-	1,263,705	(3,140,690)	-
Total revenue	<u>6,044,068</u>	<u>23,579,850</u>	<u>195,199</u>	<u>1,545,502</u>	<u>(3,140,690)</u>	<u>28,223,929</u>
<b>Results</b>						
Operating results	2,188,520	1,300,496	70,263	126,319	(42,282)	3,643,316
Finance costs	(17,685)	(85,216)	(815)	(335,773)	42,282	(397,207)
Share of profit of equity accounted associates, net of tax	5,471	21,941	2,134	118,757	-	148,303
Share of profit of equity accounted joint ventures ventures, net of tax	-	42,319	-	8,347	-	50,666
Segment results	<u>2,176,306</u>	<u>1,279,540</u>	<u>71,582</u>	<u>(82,350)</u>	<u>-</u>	<u>3,445,078</u>
Profit before taxation						<u>3,445,078</u>
Taxation						<u>(860,852)</u>
Profit for the year						<u>2,584,226</u>
<b>Assets</b>						
Operating assets	11,398,863	11,374,534	2,665,744	3,720,255	-	29,159,396
Associates	31,403	92,022	10,323	2,248,069	-	2,381,817
Joint ventures	-	215,962	-	208,354	-	424,316
Segment assets	<u>11,430,266</u>	<u>11,682,518</u>	<u>2,676,067</u>	<u>6,176,678</u>	<u>-</u>	<u>31,965,529</u>
Tax assets						<u>396,079</u>
Total assets						<u>32,361,608</u>
<b>Liabilities</b>						
Segment liabilities	1,401,752	4,482,483	187,452	8,033,873	-	14,105,560
Tax liabilities						<u>1,324,581</u>
Total liabilities						<u>15,430,141</u>
<b>Other information</b>						
Depreciation of property, plant and equipment	605,838	323,726	1,585	12,134	-	943,283
Depreciation of right-of-use assets	35,802	26,977	17	380	-	63,176
Depreciation of investment properties	-	289	-	-	-	289
Non-cash expenses						
Property, plant and equipment written off	3,705	3,292	-	-	-	6,997
Written off of						
- trade receivables	-	4,730	-	-	-	4,730
- other receivables	16	-	-	6,332	-	6,348
Provision for retirement benefits	57,019	14,156	-	40	-	71,215
Amortisation of intangible assets	-	29,676	-	-	-	29,676
Amortisation of deferred income	-	(8,653)	-	-	-	(8,653)
Impairment of						
- property, plant and equipment	11,205	32,108	-	-	-	43,313
- trade receivables	-	661	-	-	-	661
- plasma project receivables	8,586	-	-	-	-	8,586
Reversal of impairment of						
- trade receivables	-	(22,125)	-	(21)	-	(22,146)
- plasma project receivables	(523)	-	-	-	-	(523)
Write down of inventories	123,930	164,110	-	-	-	288,040
Write back of inventories	(78)	(7,738)	-	(23)	-	(7,839)
Surplus on government acquisition of land	-	-	-	(4,049)	-	(4,049)
Surplus on disposal of land	-	-	-	(3,698)	-	(3,698)
Surplus on disposal of a subsidiary	-	-	-	(2,119)	-	(2,119)

## 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>2023</b>					
Capital expenditure	657,735	992,359	555	21,051	1,671,700
Right-of-use assets	14,894	25,726	-	500	41,120
Investment properties	-	-	4,297	-	4,297
Land held for property development	-	-	20,827	-	20,827
Intangible assets	-	1,755	-	-	1,755
	<b>672,629</b>	<b>1,019,840</b>	<b>25,679</b>	<b>21,551</b>	<b>1,739,699</b>
<b>2022</b>					
Capital expenditure	587,786	708,000	1,111	21,932	1,318,829
Right-of-use assets	10,504	44,420	-	-	54,924
Land held for property development	-	-	8,695	-	8,695
Intangible assets	-	1,151	-	-	1,151
	<b>598,290</b>	<b>753,571</b>	<b>9,806</b>	<b>21,932</b>	<b>1,383,599</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

	2023 RM'000	2022 RM'000
Malaysia	4,220,128	4,865,885
Far East	3,107,805	3,897,000
Middle East	555,172	611,506
South East Asia	7,977,508	8,811,279
Southern Asia	1,770,951	2,085,479
Europe	5,286,654	6,247,820
North America	503,446	758,701
South America	137,599	174,799
Australia	372,500	428,300
Africa	636,495	295,125
Others	85,139	48,035
	<b>24,653,397</b>	<b>28,223,929</b>

(ii) Non-current assets other than financial instruments, investments in associates, joint ventures, other receivables, derivative financial assets and deferred tax assets and additions to capital expenditure, right-of-use assets and investment properties by geographical location of assets

	Non-current Assets		Additions to Capital Expenditure, Right-of-use Assets and Investment Properties	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysia	9,338,200	8,828,464	947,908	707,652
Indonesia	5,449,684	5,344,754	539,211	519,455
Australia	484,115	468,141	20,933	21,758
People's Republic of China	415,296	361,321	91,415	25,033
Europe	1,493,742	1,293,423	109,003	94,276
Liberia	241,271	252,456	7,354	5,360
Others	13,450	11,221	1,293	219
	<b>17,435,758</b>	<b>16,559,780</b>	<b>1,717,117</b>	<b>1,373,753</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>2023</b>					
<b>Financial assets</b>					
Other investments	922,278	106,324	45,024	770,930	-
Trade receivables	2,421,080	2,421,080	-	-	-
Other receivables, net of prepayments and indirect tax	1,203,200	1,203,200	-	-	-
Contract assets	74,489	74,489	-	-	-
Derivative financial assets	49,401	-	49,401	-	-
Money market funds	656,498	-	656,498	-	-
Cash, deposits and bank balances	2,179,974	2,179,974	-	-	-
	<b>7,506,920</b>	<b>5,985,067</b>	<b>750,923</b>	<b>770,930</b>	<b>-</b>
<b>Financial liabilities</b>					
Borrowings	10,409,261	-	-	-	10,409,261
Trade payables	867,846	-	-	-	867,846
Other payables, net of indirect tax and provision for retirement benefits	1,206,991	-	-	-	1,206,991
Contract liabilities	135,224	-	-	-	135,224
Lease liabilities	183,525	-	-	-	183,525
Derivative financial liabilities	62,186	-	62,186	-	-
	<b>12,865,033</b>	<b>-</b>	<b>62,186</b>	<b>-</b>	<b>12,802,847</b>
<b>2022</b>					
<b>Financial assets</b>					
Other investments	782,365	109,953	45,365	627,047	-
Trade receivables	2,073,376	2,073,376	-	-	-
Other receivables, net of prepayments and indirect tax	871,814	871,814	-	-	-
Contract assets	83,186	83,186	-	-	-
Derivative financial assets	545,729	-	545,729	-	-
Money market funds	926,914	-	926,914	-	-
Cash, deposits and bank balances	2,542,606	2,542,606	-	-	-
	<b>7,825,990</b>	<b>5,680,935</b>	<b>1,518,008</b>	<b>627,047</b>	<b>-</b>
<b>Financial liabilities</b>					
Borrowings	10,406,667	-	-	-	10,406,667
Trade payables	1,057,413	-	-	-	1,057,413
Other payables, net of indirect tax and provision for retirement benefits	1,163,309	-	-	-	1,163,309
Contract liabilities	142,625	-	-	-	142,625
Lease liabilities	184,157	-	-	-	184,157
Derivative financial liabilities	544,316	-	544,316	-	-
	<b>13,498,487</b>	<b>-</b>	<b>544,316</b>	<b>-</b>	<b>12,954,171</b>

## Notes to the Financial Statements (Continued)

Company	Carrying Amounts RM'000	FA RM'000	FVTPL RM'000	FVOCI RM'000	FL RM'000
<b>2023</b>					
<b>Financial assets</b>					
Other investments	66,966	-	-	66,966	-
Other receivables, net of prepayments	96	96	-	-	-
Amounts owing by subsidiaries	363,416	363,416	-	-	-
Money market funds	51,530	-	51,530	-	-
Cash, deposits and bank balances	34,473	34,473	-	-	-
	<b>516,481</b>	<b>397,985</b>	<b>51,530</b>	<b>66,966</b>	<b>-</b>
<b>Financial liabilities</b>					
Borrowings	500,000	-	-	-	500,000
Other payables	11,157	-	-	-	11,157
Lease liabilities	1,026	-	-	-	1,026
Amount owing to subsidiaries	544	-	-	-	544
	<b>512,727</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>512,727</b>
<b>2022</b>					
<b>Financial assets</b>					
Other investments	68,129	-	-	68,129	-
Other receivables, net of prepayments	2,176	2,176	-	-	-
Amounts owing by subsidiaries	372,742	372,742	-	-	-
Money market funds	91,932	-	91,932	-	-
Cash, deposits and bank balances	319,828	319,828	-	-	-
	<b>854,807</b>	<b>694,746</b>	<b>91,932</b>	<b>68,129</b>	<b>-</b>
<b>Financial liabilities</b>					
Borrowings	1,000,000	-	-	-	1,000,000
Other payables	17,138	-	-	-	17,138
Lease liabilities	1,214	-	-	-	1,214
Amount owing to subsidiaries	525	-	-	-	525
	<b>1,018,877</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,018,877</b>

(b) Net gains and losses arising from financial instruments

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Net gains/(losses) on:				
Financial instruments at fair value through profit or loss	26,036	4,194	2,777	3,279
Other investments				
- recognised in other comprehensive income	(50,868)	26,306	(1,163)	226
- recognised in profit or loss	33,103	33,332	1,871	3,124
	(17,765)	59,638	708	3,350
Financial assets at amortised cost	38,181	101,110	34,053	14,251
Financial liabilities at amortised cost	(445,248)	(413,648)	(34,823)	(36,263)
	<b>(398,796)</b>	<b>(248,706)</b>	<b>2,715</b>	<b>(15,383)</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:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Plantation	<b>252,603</b>	149,949
Manufacturing	<b>2,128,412</b>	1,899,055
Property development	<b>37,196</b>	22,016
Others	<b>2,869</b>	2,356
	<b><u>2,421,080</u></b>	<b><u>2,073,376</u></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 plasma plantation projects. A subsidiary 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 plasma plantation projects, subsidiary and/or sub-subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value 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 plasma plantation projects or 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 2023</b>							
Borrowings	10,409,261	0.71% to 7.00%	12,384,994	3,209,355	1,718,153	2,203,684	5,253,802
Trade payables	867,846	-	867,846	867,846	-	-	-
Other payables, net of indirect tax	1,206,991	-	1,206,991	1,206,991	-	-	-
Contract liabilities	135,224	-	135,224	135,224	-	-	-
Lease liabilities	183,525	0.19% to 12.00%	313,285	32,794	31,214	46,355	202,922
Derivative financial liabilities	62,186	-	62,186	62,165	21	-	-
	<b>12,865,033</b>		<b>14,970,526</b>	<b>5,514,375</b>	<b>1,749,388</b>	<b>2,250,039</b>	<b>5,456,724</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
<b>2022</b>							
Borrowings	10,406,667	0.70% to 4.65%	12,741,745	3,009,095	581,879	2,509,309	6,641,462
Trade payables	1,057,413	-	1,057,413	1,057,413	-	-	-
Other payables, net of indirect tax	1,163,309	-	1,163,309	1,163,309	-	-	-
Contract liabilities	142,625	-	142,625	142,625	-	-	-
Lease liabilities	184,157	0.09% to 12.00%	279,488	31,588	25,795	45,897	176,208
Derivative financial liabilities	544,316	-	544,316	544,316	-	-	-
	<u>13,498,487</u>		<u>15,928,896</u>	<u>5,948,346</u>	<u>607,674</u>	<u>2,555,206</u>	<u>6,817,670</u>
<b>Company 2023</b>							
Borrowings	500,000	4.12% to 4.30%	641,281	21,018	20,960	62,937	536,366
Other payables	11,157	-	11,157	11,157	-	-	-
Amounts owing to subsidiaries	544	-	544	544	-	-	-
Lease liability	1,026	4.19%	1,129	234	234	661	-
	<u>512,727</u>		<u>654,111</u>	<u>32,953</u>	<u>21,194</u>	<u>63,598</u>	<u>536,366</u>
<b>2022</b>							
Borrowings	1,000,000	4.05% to 4.30%	1,179,505	541,210	18,031	62,880	557,384
Other payables	17,138	-	17,138	17,138	-	-	-
Amounts owing to subsidiaries	525	-	525	525	-	-	-
Lease liability	1,214	4.19%	1,383	234	234	701	214
	<u>1,018,877</u>		<u>1,198,551</u>	<u>559,107</u>	<u>18,265</u>	<u>63,581</u>	<u>557,598</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"), Indonesian Rupiah ("Rp"), Japanese Yen ("JPY") and Renminbi ("RMB").

*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	RMB RM'000
<b>2023</b>								
Trade and other receivables	572,852	1,812	399,372	5,866	8,500	127,243	496	12,704
Short-term funds	100,449	-	-	10,877	-	-	-	-
Cash and cash equivalents	182,050	547	127,551	3,837	11,458	4	22	5
Borrowings	(241,894)	-	-	-	-	-	-	-
Trade and other payables	(101,304)	(14)	(161,513)	(4,122)	(6,829)	-	(1,345)	-
Contract liabilities	(28,775)	-	(14,430)	(6)	-	-	-	-
Lease liabilities	(72,932)	-	-	-	-	-	-	-
Forward exchange contracts	(16,963)	-	3,031	-	-	(221)	(107)	(88)
Exposure in the statement of financial position	<b>393,483</b>	<b>2,345</b>	<b>354,011</b>	<b>16,452</b>	<b>13,129</b>	<b>127,026</b>	<b>(934)</b>	<b>12,621</b>

<b>2022</b>								
Trade and other receivables	556,990	3,753	453,346	2,664	6,860	16,271	275	2,977
Short-term funds	8,280	-	-	-	16,223	-	-	-
Cash and cash equivalents	306,593	578	31,736	2,918	40,808	2	35	5
Borrowings	(307,150)	-	(148,972)	-	-	-	-	-
Trade and other payables	(196,080)	(220)	(212,878)	(233)	(5,769)	-	(19)	-
Contract liabilities	(54,582)	-	(11,016)	(14)	-	-	-	-
Lease liabilities	(76,778)	-	-	-	-	-	-	-
Forward exchange contracts	(77,002)	-	682	75	-	183	-	-
Exposure in the statement of financial position	<b>160,271</b>	<b>4,111</b>	<b>112,898</b>	<b>5,410</b>	<b>58,122</b>	<b>16,456</b>	<b>291</b>	<b>2,982</b>

Company	Denominated in foreign currencies			
	USD RM'000	AUD RM'000	SGD RM'000	Rp RM'000
<b>2023</b>				
Amounts owing by subsidiaries	-	195,940	-	44,001
Cash and cash equivalents	19,133	3,478	637	-
Other payables	-	(519)	-	-
Exposure in the statement of financial position	<b>19,133</b>	<b>198,899</b>	<b>637</b>	<b>44,001</b>

<b>2022</b>				
Amounts owing by subsidiaries	-	213,138	-	39,132
Cash and cash equivalents	783	721	5,144	-
Other payables	-	(233)	-	-
Exposure in the statement of financial position	<b>783</b>	<b>213,626</b>	<b>5,144</b>	<b>39,132</b>

## Notes to the Financial Statements (Continued)

### 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.

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:

Group	2023		2022	
	Profit/(Loss) RM'000	Equity RM'000	Profit/(Loss) RM'000	Equity RM'000
Functional currency/Foreign currency				
RM/GBP	(12)	(843)	(4)	(6,993)
RM/Euro	5,181	-	11,911	-
RM/USD	49,980	-	76,773	-
RM/SGD	(936)	(882)	(3,154)	(829)
RM/Rp	(10,069)	-	(5,368)	-
RM/AUD	(979)	(2,137)	(286)	(2,100)
RM/JPY	(5)	-	(14)	-
CHF/Euro	(11,838)	-	(5,918)	-
RMB/USD	(1,590)	-	(9,154)	-
Euro/USD	(7,908)	-	(10,921)	-
Rp/USD	3,970	-	6,490	-
USD/RM	(1,495)	-	(600)	-
USD/Rp	(128)	-	(750)	-
SGD/USD	(4)	-	(8)	-
	<b>(4)</b>	<b>-</b>	<b>(8)</b>	<b>-</b>
<b>Company</b>				
Functional currency/Foreign currency				
RM/USD	(957)	-	(39)	-
RM/SGD	(32)	(483)	(257)	(595)
RM/Rp	(2,200)	-	(1,956)	-
RM/AUD	(9,945)	-	(10,681)	-

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. Money market 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	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	1,966,944	3,026,839	435,208	392,739
Financial liabilities	(9,194,104)	(9,218,093)	(500,000)	(1,000,000)
	<b>(7,227,160)</b>	<b>(6,191,254)</b>	<b>(64,792)</b>	<b>(607,261)</b>
Floating rate instruments				
Financial assets	527,491	506,326	9,683	17,763
Financial liabilities	(1,215,158)	(1,188,574)	-	-
	<b>(687,667)</b>	<b>(682,248)</b>	<b>9,683</b>	<b>17,763</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.

	2023		2022	
	Profit/(Loss)	Equity	Profit/(Loss)	Equity
	RM'000	RM'000	RM'000	RM'000
<b>Group</b>				
Floating rate instruments				
Increase by 50 basis points	(4,411)	-	(4,435)	-
Decrease by 50 basis points	<b>4,411</b>	<b>-</b>	<b>4,435</b>	<b>-</b>

- (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 material buy and sell decisions are approved by the Board of Directors.

#### 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 RM37,337,000 (2022: RM30,474,000) and RM483,000 (2022: RM595,000) 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:

	2023		2022	
	Profit/(Loss) RM'000	Equity RM'000	Profit/(Loss) RM'000	Equity RM'000
<b>Group</b>				
5% increase in commodities prices	825	-	(2,433)	-
5% decrease in commodities prices	(825)	-	2,433	-

(g) **Fair value of financial instruments**

The carrying amounts of cash and bank balances, 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	
	2023 RM'000	2022 RM'000
<b>Group</b>		
Other investments	922,278	782,365
Money market funds	656,498	926,914
Derivative financial instruments		
Forward foreign exchange contracts	(14,349)	(75,640)
Commodities future contracts	88	77,053
Interest rate swap contracts	1,706	-
Commodities swap contracts	(230)	-
Other receivables	401,069	428,863
Borrowings	(10,409,261)	(10,406,667)
<b>Company</b>		
Other investments	66,966	68,129
Money market funds	51,530	91,932
Amounts owing by subsidiaries	363,416	372,742
Amounts owing to subsidiaries	(544)	(525)
Borrowings	(500,000)	(1,000,000)

## 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.

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2023</b>				
<b>Fair value of financial instruments carried at fair value</b>				
Other investments	746,742	-	69,212	815,954
Money market funds	656,498	-	-	656,498
Derivative financial instruments				
Forward foreign exchange contracts	-	(14,349)	-	(14,349)
Commodities future contracts	88	-	-	88
Interest rate swap contracts	-	1,706	-	1,706
Commodities swap contracts	-	(230)	-	(230)
	<u>1,403,328</u>	<u>(12,873)</u>	<u>69,212</u>	<u>1,459,667</u>
<b>Fair value of financial instruments not carried at fair value</b>				
Amounts owing by investee companies	-	-	106,324	106,324
Other receivables	-	-	401,069	401,069
Borrowings	-	-	(10,409,261)	(10,409,261)
	<u>-</u>	<u>-</u>	<u>(9,901,868)</u>	<u>(9,901,868)</u>
<b>2022</b>				
<b>Fair value of financial instruments carried at fair value</b>				
Other investments	609,481	-	62,931	672,412
Money market funds	926,914	-	-	926,914
Derivative financial instruments				
Forward foreign exchange contracts	-	(75,640)	-	(75,640)
Commodities future contracts	77,053	-	-	77,053
	<u>1,613,448</u>	<u>(75,640)</u>	<u>62,931</u>	<u>1,600,739</u>
<b>Fair value of financial instruments not carried at fair value</b>				
Amounts owing by investee companies	-	-	109,953	109,953
Other receivables	-	-	428,863	428,863
Borrowings	-	-	(10,406,667)	(10,406,667)
	<u>-</u>	<u>-</u>	<u>(9,867,851)</u>	<u>(9,867,851)</u>
<b>Company</b>				
<b>2023</b>				
<b>Fair value of financial instruments carried at fair value</b>				
Other investments	9,665	-	57,301	66,966
Money market funds	51,530	-	-	51,530
	<u>61,195</u>	<u>-</u>	<u>57,301</u>	<u>118,496</u>
<b>Fair value of financial instruments not carried at fair value</b>				
Amounts owing by subsidiaries	-	-	(363,416)	(363,416)
Amount owing to subsidiaries	-	-	(544)	(544)
Borrowings	-	-	(500,000)	(500,000)
	<u>-</u>	<u>-</u>	<u>(863,960)</u>	<u>(863,960)</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>				
2022				
<b>Fair value of financial instruments carried at fair value</b>				
Other investments	11,896	-	56,233	68,129
Money market funds	91,932	-	-	91,932
	<u>103,828</u>	<u>-</u>	<u>56,233</u>	<u>160,061</u>
<b>Fair value of financial instruments not carried at fair value</b>				
Amounts owing by subsidiaries	-	-	372,742	372,742
Amount owing to subsidiaries	-	-	(525)	(525)
Borrowings	-	-	(1,000,000)	(1,000,000)
	<u>-</u>	<u>-</u>	<u>(627,783)</u>	<u>(627,783)</u>

The following table shows a reconciliation of Level 3 fair value of other investments:

	<b>Group</b>		<b>Company</b>	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At beginning of the year	62,931	62,972	56,233	56,394
Additions	4,601	-	-	-
Net change in fair value	1,680	(41)	1,068	(161)
At end of the year	<u>69,212</u>	<u>62,931</u>	<u>57,301</u>	<u>56,233</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 money market funds*

The fair values of money market funds are based on quoted price of the funds at the end of the reporting period.

### Level 2 Fair Value

#### *Forward foreign exchange contracts, interest rate swap contracts and commodities swap contracts*

The fair value of forward foreign exchange contracts, interest rate swap contracts and commodities swap contracts are 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
- Borrowings
- Amounts owing by subsidiaries
- Amounts owing to subsidiaries

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 (2022: 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:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Total borrowings (Note 35)	<b>10,409,261</b>	10,406,667
Less: Short-term funds (Note 29)	<b>(119,415)</b>	(267,937)
Less: Cash and cash equivalents (Note 30)	<b>(2,717,057)</b>	(3,201,583)
Net debt	<b><u>7,572,789</u></b>	<u>6,937,147</u>
Total equity	<b><u>17,197,812</u></b>	<u>16,931,467</u>
Net debt-to-equity ratio	<b><u>0.44</u></b>	<u>0.41</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. AUTHORISATION FOR ISSUE

The financial statements were authorised for issue by the Board of Directors on 8 December 2023.

## 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 114 to 211 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 2023 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)

8 December 2023

### Statutory Declaration Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Goo Swee Eng @ Goh Swee Eng (MIA: CA15953), 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 114 to 211 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 8 December 2023. )

Before me:

**GOO SWEE ENG @ GOH SWEE ENG**  
(Chief Financial officer)

**KONG WAI NGEE**  
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 2023 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 114 to 211.

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 2023, 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. 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 RM461.7 million (2022: RM446.2 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 forecasts 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 cash flow forecasts of the CGUs by comparing prior period forecasts to actual results for the financial year;

## Independent Auditors' Report to the Members (Continued)

(ii) evaluated the reasonableness of the key assumptions applied by management in the cash flow forecasts of the CGUs 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.

### 2 Impairment assessment of investment in an associate

As at 30 September 2023, the carrying amount of the Group's investment in Synthomer plc ("Synthomer") amounted to RM2.18 billion (2022: RM2.25 billion) as disclosed in Note 19 to the financial statements.

Management has performed an impairment assessment due to the indication of impairment arising from the carrying amount of the investment exceeding the fair value of quoted Synthomer shares of RM83.4 million as at 30 September 2023. We considered this to be a key audit matter because of the significant judgements and estimates on key assumptions applied by management to determine the recoverable amount of Synthomer applying value-in-use calculations. The value-in-use calculations reflect certain key assumptions made by management including estimated earnings before interest, tax, depreciation and amortisation ("EBITDA") growth rates, terminal growth rate and discount rates applied.

#### Audit response

Our audit procedures included the following:

(i) assessed the historical reliability of management's cash flow forecasts by comparing prior period forecasts to actual results for the financial year; and

(ii) evaluated the reasonableness of the key assumptions applied by management in the cash flow forecasts to historical results and available external industry sources of data, including developing an auditor's point of estimate to compare against management's estimate; 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 related to the Group's rubber glove operation

The Group has property, plant and equipment and right-of-use assets related to rubber glove operation with a total carrying amount of RM304.90 million as at 30 September 2023 as disclosed in Note 12 to the financial statements.

We identified this to be a key audit matter due to continued losses of the rubber glove operation and significant estimates and judgements applied by management in value-in-use calculations to determine the recoverable amount of the CGU.

#### Audit response

Our audit procedures included the following:

(i) assessed the historical reliability of cash flow forecast of the CGU by comparing prior period forecasts to actual results for the financial year;

(ii) evaluated the reasonableness of the key assumptions applied by management in the cash flow forecast of the CGU 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.

## 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**  
201906000013 (LLP0018825-LCA) & AF0206  
Chartered Accountants

KUALA LUMPUR

8 December 2023

**LUM CHIEW MUN**  
Partner  
03039/04/2025 J  
Chartered Accountant

## Analysis of Shareholdings

At 1 December 2023

Issued Share Capital : 399,535,463 ordinary shares (including 6,154,500 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	No. of Shares	% of Issued Share Capital
Less than 100	113	2,791	0.00
100 – 1,000	1,624	1,069,047	0.27
1,001 – 10,000	2,236	8,087,471	2.06
10,001 – 100,000	653	19,023,250	4.84
100,001 – less than 5% of issued shares	139	154,854,436	39.36
5% and above of issued shares	3	210,343,968	53.47
<b>TOTAL</b>	<b>4,768</b>	<b>393,380,963</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	41.956
2. Wan Hin Investments Sdn Berhad	23,206,329	5.896
3. Yeoh Chin Hin Investments Sdn Berhad	22,012,000	5.595
4. CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Di-Yi Sdn Bhd (PB)	15,450,054	3.927
5. Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Lembaga Kemajuan Tanah Persekutuan (415321)	11,500,000	2.923
6. CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Heah Seok Yeong Realty Sdn Berhad (PB)	10,271,903	2.611
7. Malaysia Nominees (Tempatan) Sendirian Berhad - Pledged Securities Account for High Quest Holdings Sdn Bhd (20-00217-000)	9,200,000	2.338
8. Lee Chan Investments Sdn Bhd	9,159,275	2.328
9. Decarats MG Sdn Bhd	8,000,000	2.033
10. High Quest Holdings Sdn Bhd	7,116,780	1.809
11. Teoh Guat Eng Holdings Sdn Bhd	6,132,188	1.558
12. CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Heah Seok Yeong Realty Sdn Berhad (PB)	4,981,873	1.266
13. Di-Yi Sdn Bhd	3,992,873	1.015
14. Key Development Sdn Berhad	3,570,821	0.907
15. Cengal Emas Sdn Bhd	3,380,996	0.859
16. Malay-Sino Formic Acid Sdn Bhd	3,167,290	0.805
17. Malay Rubber Plantations (Malaysia) Sdn Berhad	2,868,172	0.729
18. Congleton Holdings Sdn Bhd	2,859,697	0.726
19. Steppe Structure Sdn Bhd	2,284,728	0.580
20. Chinchoo Investment Sdn Berhad	2,229,619	0.566
21. Lembaga Kemajuan Tanah Persekutuan (FELDA)	2,024,300	0.514
22. Gan Teng Siew Realty Sdn Berhad	1,764,918	0.448
23. Lee Oi Loon	1,649,771	0.419
24. Citigroup Nominees (Asing) Sdn Bhd - CBNY for Dimensional Emerging Markets Value Fund	1,621,150	0.412
25. Dato' Lee Hau Hian	1,583,444	0.402



## Analysis of Shareholdings (Continued)

At 1 December 2023

### THIRTY LARGEST SECURITIES ACCOUNT HOLDERS (Continued)

Name	No. of Shares	% of Issued Share Capital <sup>^</sup>
26. Arusha Enterprise Sdn Bhd	1,540,785	0.391
27. CIMSEC Nominees (Tempatan) Sdn Bhd - CIMB for Lyne Ching Sdn Berhad (PB)	1,525,377	0.387
28. Tan Sri Dato' Seri Lee Oi Hian	1,451,256	0.368
29. Key Development Sdn Berhad	1,165,090	0.296
30. Lee Nyit Kean	1,126,730	0.286
<b>TOTAL</b>	<b>331,963,058</b>	<b>84.35</b>

<sup>^</sup> Calculated based on 393,380,963 shares (excluding 6,154,500 treasury shares).

### SUBSTANTIAL SHAREHOLDERS BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

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	42.44	6,035,462 <sup>1</sup>	1.53	173,010,043	43.98
Wan Hin Investments Sdn Berhad	23,206,329	5.89	173,010,043 <sup>1</sup>	43.98	196,216,372	49.87
Yeoh Chin Hin Investments Sdn Berhad	22,012,000	5.59	-	-	22,012,000	5.59
Di-Yi Sdn Bhd	19,442,927	4.94	196,216,372 <sup>1</sup>	49.87	215,659,299	54.82
High Quest Holdings Sdn Bhd	16,316,780	4.14	196,216,372 <sup>1</sup>	49.87	212,533,152	54.02
Tan Sri Dato' Seri Lee Oi Hian	1,665,428	0.42	218,590,309 <sup>2</sup>	55.56	220,255,737	55.99
Dato' Lee Hau Hian	1,583,444	0.40	215,924,419 <sup>3</sup>	54.88	217,507,863	55.29
Dato' Yeoh Eng Khoon	323,564	0.08	22,105,474 <sup>4</sup>	5.61	22,429,038	5.70
Grateful Blessings Inc	-	-	215,659,299 <sup>1</sup>	54.82	215,659,299	54.82
Grateful Blessings Foundation	-	-	215,659,299 <sup>1</sup>	54.82	215,659,299	54.82
Cubic Crystal Corporation	-	-	212,533,152 <sup>1</sup>	54.02	212,533,152	54.02
High Quest Anstalt	-	-	212,533,152 <sup>1</sup>	54.02	212,533,152	54.02

<sup>^</sup> Calculated based on 393,380,963 shares (excluding 6,154,500 treasury shares).

#### Notes:

- <sup>1</sup> Deemed interest by virtue of Section 8(4) of the *Companies Act 2016* ("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. Nevertheless, 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 2023

### DIRECTORS' INTERESTS BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS

Name	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>^</sup>	No. of Shares	% <sup>^</sup>
<b>Company:</b>				
<b>Batu Kawan Berhad</b>				
Tan Sri Dato' Seri Lee Oi Hian	1,665,428	0.42	218,590,309 <sup>1</sup>	55.56
Dato' Lee Hau Hian	1,583,444	0.40	215,924,419 <sup>2</sup>	54.88
Dato' Yeoh Eng Khoon	323,564	0.08	22,105,474 <sup>3</sup>	5.61
Mr. Quah Chek Tin	-	-	-	-
Dr. Tunku Alina Binti Raja Muhd Alias	-	-	-	-
Mr. Lee Yuan Zhang	10,271	*	-	-
Mr. Lim Ban Aik	6,200	*	5,000 <sup>4</sup>	*
Ms. Susan Yuen Su Min	-	-	-	-

<sup>^</sup> Calculated based on 393,380,963 shares (excluding 6,154,500 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. Nevertheless, 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.

Name	Direct Interest		Deemed Interest	
	No. of Shares	% <sup>^</sup>	No. of Shares	% <sup>^</sup>
<b>Subsidiary:</b>				
<b>Kuala Lumpur Kepong Berhad</b>				
Tan Sri Dato' Seri Lee Oi Hian	151,112	0.01	515,223,496	47.77
Dato' Lee Hau Hian	84,536	*	515,094,496	47.76
Dato' Yeoh Eng Khoon	340,176	0.03	4,838,476	0.44
Dr. Tunku Alina Binti Raja Muhd Alias	1,000	*	-	-
Lim Ban Aik	11,000	*	-	-

<sup>^</sup> Calculated based on 1,078,435,986 shares (excluding 2,581,799 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 2023

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>MALAYSIA</b>							
<b>Kedah</b>							
Ladang Pelam Baling	Freehold	–	2,960	Oil palm and rubber estate	1986 1992	–	50,424
Ladang Batu Lintang Serdang	Freehold	–	1,808	Oil palm estate and palm oil mill	1986	44	41,123
Ladang Buntar Serdang	Freehold	–	549	Oil palm estate	1986	–	14,675
<b>Perak</b>							
Ladang Lekir Manjung	Freehold	–	3,306	Oil palm estate	2008	–	159,517
Ladang Changkat Chermin Manjung	Leasehold	2080	2,525	Oil palm estate, palm oil mill and biogas power plant	2008	40 –	69,354
Ladang Raja Hitam Manjung	Freehold	–	1,497	Oil palm estate	2008	–	52,344
Ladang Kuala Kangsar Padang Rengas	Freehold Leasehold	– 2896	1,007 333	Oil palm and rubber estate	1979* 2016	–	62,842
Ladang Subur Batu Kurau	Freehold	–	1,282	Oil palm estate	1986	–	31,563
Ladang Glenealy Parit	Freehold	–	1,059	Oil palm estate	1992	–	24,852
Ladang Serapoh Parit	Freehold	–	936	Oil palm and rubber estate	1979* 1992	–	12,453
Ladang Allagar Trong	Freehold Leasehold	– 2908	525 248	Oil palm estate	1986	–	10,390
<b>Selangor</b>							
Ladang Changkat Asa Hulu Selangor	Freehold	–	1,543	Oil palm and rubber estate, palm oil mill and rubber factory	1979*	43 48	28,614
Ladang Tuan Mee Sungai Buloh	Freehold	–	995	Oil palm estate and palm oil mill	1979*	51	31,713
Ladang Kerling Kerling	Freehold	–	1,222	Oil palm and rubber estate	2002 1979* 1985	–	61,337

<sup>#</sup> Titled area is in hectares except otherwise indicated

<sup>\*</sup> Year of last revaluation

## Properties Held by the Group (Continued)

At 30 September 2023

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>Negeri Sembilan</b>							
Ladang Ayer Hitam Bahau	Freehold	–	2,640	Oil palm estate	1985	–	40,810
Ladang Batang Jelai Rompin	Freehold	–	2,051	Oil palm and rubber estate	1985	–	40,425
Ladang Jeram Padang Bahau	Freehold	–	1,943	Oil palm and rubber estate, palm oil mill, rubber factory and biogas power plant	1985	33 34 5	34,015
Ladang Kombok Rantau	Freehold	–	1,910	Oil palm and rubber estate	1985	–	40,552
Ladang Ulu Pedas Pedas	Freehold	–	922	Oil palm estate	1985	–	16,574
Ladang Gunong Pertanian Simpang Durian	Leasehold	2077	686	Oil palm estate	1985	–	15,896
<b>Johor</b>							
Ladang Landak Paloh	Leasehold	2068 and 2078	4,451	Oil palm estate	1979*	–	18,921
Ladang Kekayaan Paloh	Leasehold	2068 and 2078	4,436	Oil palm estate, palm oil mill and biogas power plant	1979*	17 7	23,656
Ladang Voules Segamat	Freehold	–	4,514	Oil palm and rubber estate and rubber factory	1979*	50	61,960
Ladang Paloh Paloh	Freehold	–	2,003	Oil palm estate	1979*	–	33,365
Ladang Fraser Kulai	Freehold	–	1,915	Oil palm estate	1979*	–	43,294
Ladang Sungei Penggeli Bandar Tenggara	Leased property	2087	942	Oil palm estate	1988	–	27,974
Ladang Ban Heng Pagoh, Muar	Freehold	–	631	Oil palm estate	1979*	–	12,645
Ladang Sungai Bekok Bekok	Freehold	–	625	Oil palm estate	1979*	–	9,159

# Titled area is in hectares except otherwise indicated

\* Year of last revaluation

## Properties Held by the Group (Continued)

At 30 September 2023

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 See Sun Renggam	Freehold	–	589	Oil palm estate	1984	–	12,722
<b>Pahang</b>							
Ladang Sungei Kawang Lanchang	Freehold	–	1,861	Oil palm and rubber estate	1979*	–	23,693
Ladang Renjok Bentong	Freehold	–	1,578	Oil palm and rubber estate	1979*	–	36,845
Ladang Tuan Bentong	Freehold Leasehold	– 2030 and 2057	910 443	Oil palm and rubber estate	1979*	–	17,508
Ladang Selborne Padang Tengku, Kuala Lipis	Freehold	–	1,256	Rubber estate	1992	–	24,489
Ladang Kemasul Mengkarak	Freehold	–	459	Oil palm and rubber estate	1983	–	9,477
<b>Kelantan</b>							
Ladang Kuala Gris Kuala Krai	Freehold	–	2,429	Oil palm and rubber estate	1992	–	43,208
Ladang Kerilla Tanah Merah	Freehold	–	2,176	Oil palm and rubber estate	1992	–	37,408
Ladang Pasir Gajah Kuala Krai	Freehold Leasehold	– 2907	951 1,155	Oil palm estate and palm oil mill	1981*	42	34,589
Ladang Sungai Sokor Tanah Merah	Freehold	–	1,603	Oil palm and rubber estate	1992	–	32,241
Ladang Kuala Hau Machang	Freehold Leasehold	– 2326	305 242	Rubber estate	1980*	–	10,982
<b>Sabah</b>							
<b>Tawau Region</b>							
Ladang Jatika	Leasehold	Between 2068 and 2083	3,507	Oil palm estate	1991	–	64,018
Ladang Sigalong	Leasehold	Between 2063 and 2079	2,864	Oil palm estate	1983	–	34,255

# Titled area is in hectares except otherwise indicated

\* Year of last revaluation

## Properties Held by the Group (Continued)

At 30 September 2023

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 Pangeran	Leasehold	Between 2063 and 2080	2,855	Oil palm estate and palm oil mill	1983	22	33,841
Ladang Sri Kunak	Leasehold	Between 2063 and 2076	2,770	Oil palm estate	1983	–	15,466
Ladang Pang Burong	Leasehold	Between 2063 and 2080	2,535	Oil palm estate	1983	–	25,497
Ladang Pinang	Leasehold	Between 2068 and 2085	2,420	Oil palm estate	1983	–	30,413
Ladang Tundong	Leasehold	Between 2063 and 2073	2,133	Oil palm estate, palm oil mill and biogas power plant	1983	36 13	22,785
Ladang Ringlet	Leasehold	Between 2065 and 2081	1,834	Oil palm estate	1989	–	29,768
<b>Lahad Datu Region</b>							
Ladang Tungku	Leasehold	2085	3,418	Oil palm estate	1991*	–	98,551
Ladang Bornion	Leasehold	2078	3,233	Oil palm estate and palm oil mill	1992	25	51,243
Ladang Bukit Tabin	Leasehold	2079	2,916	Oil palm estate	1993	–	87,535
Ladang Segar Usaha	Leasehold	2077	2,792	Oil palm estate	1990*	–	68,657
Ladang Rimmer	Leasehold	2085	2,726	Oil palm estate	1991*	–	79,216
Ladang Sungai Silabukan	Leasehold	2079	2,654	Oil palm estate	1993	–	32,180
Ladang Lungmanis	Leasehold	2085	1,656	Oil palm estate and palm oil mill	1991*	23	24,495
<b>Sugut Region</b>							
Ladang Sungai Sabang	Leasehold	Between 2068 and 2098	838	Oil palm estate	1999 2000	–	175,517
	Leased property	Between 2031 and 2099	3,812	Oil palm estate and palm oil mill	1999 2000 2001	22	

# Titled area is in hectares except otherwise indicated

\* Year of last revaluation

## Properties Held by the Group (Continued)

At 30 September 2023

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 Rakanan Jaya North	Leasehold	Between 2095 and 2099	3,294	Oil palm estate	1999 2001	–	111,860
	Leased property	Between 2032 and 2099	657	Oil palm estate	1999 2000 2001	–	
Ladang Excellent Challenger I	Leasehold	Between 2079 and 2095	2,986	Oil palm estate	1997 2008	–	93,410
	Leased property	Between 2033 and 2098	520	Oil palm estate	1999 2000 2001	–	
Ladang Berakan Maju	Leasehold	Between 2079 and 2081	622	Oil palm estate	1999	–	107,873
	Leased property	Between 2031 and 2099	2,389	Oil palm estate	1999 2000 2001	–	
Ladang Excellent Challenger II	Leasehold	Between 2078 and 2095	920	Oil palm estate and palm oil mill	1997 2008	15	87,437
	Leased property	Between 2032 and 2099	1,939	Oil palm estate	2000	–	
Ladang Rakanan Jaya South	Leasehold	2095	277	Oil palm estate	1999 2001	–	29,245
	Leased property	Between 2031 and 2098	691	Oil palm estate	1999 2000 2001	–	
<b>Sandakan Region</b>							
Ladang Minat Teguh	Leasehold	Between 2077 and 2887	2,788	Oil palm estate	1997* 2000 2004	–	115,265
	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	–	76,110
Ladang Meliau	Leasehold	Between 2087 and 2094	2,206	Oil palm estate	1997* 1998 2000 2002	–	81,869
	Leased property	Between 2032 and 2097	51	Oil palm estate	1999 2000 2001	–	

<sup>#</sup> Titled area is in hectares except otherwise indicated

\* Year of last revaluation



**Properties Held by the Group** (Continued)  
At 30 September 2023

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 Desa Talisai South	Leasehold	2082	1,637	Oil palm estate and palm oil mill	1997* 2002	31	53,329
Ladang Sijas	Leasehold	2087	1,011	Oil palm estate and seed production, training & research centre	1997* 2002	21	34,486
<b>INDONESIA</b>							
<b>Bangka Belitung Region</b>							
Kebun Steelindo Wahana Perkasa	Hak Guna Usaha	2045	13,667	Oil palm estate, palm oil mill, refinery, kernel crushing plant and biogas power plant	1994	23 10 10 11	198,673
Kebun Parit Sembada	Hak Guna Usaha	2045	3,828	Oil palm estate and palm oil mill	2003	15	8,359
Kebun Alam Karya Sejahtera AKS	Hak Guna Usaha	2050, 2051 and 2053	2,501	Oil palm estate	2010	–	42,517
Kebun Bumi Makmur Sejahtera Jaya	Hak Guna Usaha	Application in progress	382	Oil palm estate	2009	–	20,526
<b>Riau Region</b>							
Kebun Mandau	Hak Guna Usaha	2045	11,569	Oil palm estate, palm oil mill, refinery, kernel crushing plant and biogas power plant	1996	20 10 16 10	124,820
Kebun Nilo	Hak Guna Usaha	2028	12,860	Oil palm estate and palm oil mills	1996	20 and 11	325,347
	Hak Guna Usaha	2054	1,364	Oil palm estate	2005	–	33,932
Kebun Sekarbumi Alamlestari	Hak Guna Usaha	2049	6,200	Oil palm estate and palm oil mill	2009	27	45,223
<b>North Sumatra Region</b>							
PT Langkat Nusantara Kepong **	Leased property	2039	21,160	Oil palm estate and palm oil mills	2009	9 and 4	354,496

<sup>#</sup> Titled area is in hectares except otherwise indicated

\* Year of last revaluation

\*\* PT Langkat Nusantara Kepong operates on the property owned by the joint venture partner, PT Perkebunan Nusantara II.

## Properties Held by the Group (Continued)

At 30 September 2023

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>South Sumatra Region</b>							
Kebun Pinang Witmas Sejati	Hak Guna Usaha	2034	14,738	Oil palm estate and palm oil mill	2021	19	617,320
	Hak Guna Usaha	2038	242	Oil palm estate			
<b>Lampung Region</b>							
Kebun Prima Alumga	Hak Guna Usaha	2046, 2029 and 2049	8,504	Oil palm estate	2010	–	302,427
<b>North Kalimantan Region</b>							
Kebun Primabahagia Permai	Hak Guna Usaha	2046	7,731	Oil palm estate and palm oil mill	2008	3	498,954
	Hak Guna Usaha	Application in progress	2,290	Oil palm estate	2008	–	
	Izin Lokasi	Extension in progress	1,487	–	2008	–	
	Hak Guna Usaha	2057	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	8	183,732
Kebun Putra Bongan Jaya	Hak Guna Usaha	2044	11,602	Oil palm estate and palm oil mill	2018	1	406,344
	Hak Guna Usaha	Application in progress	476	–	2018	–	
Kebun Sinergi Agro Industri	Hak Guna Usaha	2044	10,104	Oil palm estate and palm oil mill	2008	6	507,976
	Hak Guna Usaha	2045	3,255	Oil palm estate	2014	–	
Kebun Malindomas Perkebunan	Hak Guna Usaha	2043	7,971	Oil palm estate	2007	–	88,099
Kebun Hutan Hijau Mas	Hak Guna Usaha	2029 and 2043	7,288	Oil palm estate	2007		66,844
	Hak Guna Bangunan	2029	29	Palm oil mill and biogas power plant	2009	14 7	

<sup>#</sup> Titled area is in hectares except otherwise indicated

## Properties Held by the Group (Continued)

At 30 September 2023

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
Kebun Satu Sembilan Delapan	Hak Guna Usaha	2044	5,677	Oil palm estate	Between 2008 and 2009	–	82,468
	Hak Guna Bangunan	2029	28	Palm oil mill	2014	9	
Kebun Tekukur Indah	Hak Guna Usaha	2055	1,497	Oil palm estate	Between 2012 and 2016	–	11,345
Kebun Karya Bakti Sejahtera Agrotama	Hak Guna Usaha	2053	1,378	Oil palm estate	2012	–	171,475
	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	2009		175,815
	Hak Guna Bangunan	2036	21	Palm oil mill and biogas power plant	2012	7 5	
<b>Central Kalimantan Region</b>							
Kebun Karya Makmur Abadi	Hak Guna Usaha	2051	9,397	Oil palm estate and palm oil mill	2007	8	240,897
Kebun Mulia Agro Permai	Hak Guna Usaha	2040	9,056	Oil palm estate and palm oil mill	2006	10	142,634
Kebun Menteng Jaya Sawit Perdana	Hak Guna Usaha	Application in progress	1,796	Oil palm estate	2007	–	38,105
<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	5 4 4 2	177,873
<b>MANUFACTURING</b>							
<b>MALAYSIA</b>							
KL-Kepong Oleomas Klang, Selangor	Leasehold	2097	19	Oleochemical factory	2004	14 to 17	33,057
Palm-Oleo Rawang, Selangor	Freehold	–	15	Oleochemical, soap noodles and industrial amides factories	1991 1994	27 and 32	17,303
Malay-Sino Chemical Industries Lot 3557 and 4524 Kawasan Perindustrian Teluk Kalung Kemaman, Terengganu	Leasehold	2056 and 2059	14	Chemical factory	Between 1996 and 2023	1 to 25	19,069

<sup>#</sup> Titled area is in hectares except otherwise indicated

## Properties Held by the Group (Continued)

At 30 September 2023

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
See Sen Chemical Lot 2989 and 3558 Kawasan Perindustrian Teluk Kalung Kemaman, Terengganu	Leasehold	2055	12	Chemical factory	1995	27	5,006
Palm-Oleo (Klang) Klang, Selangor	Leased property	2088	7	Oleochemical factory	2007	32 and 42	24,976
KLK Premier Oils Lahad Datu, Sabah	Leasehold	2066	4	Kernel crushing plant and refinery	1998	20 16	6,314
	Leasehold	2110	2	PKC warehouse	2007	14	4,510
Malay-Sino Chemical Industries Lot 70810 and 70811 4½ Miles, Jalan Lahat Ipoh, Perak	Leasehold	2074	5	Chemical factory and Methyl Chloride factory	1996* and 2023 2011	1 and 47 13	13,099 135
KL-Kepong Edible Oils Pasir Gudang, Johor	Leasehold	2045	5	Refinery	1985	40	6,010
KLK Hardwood Flooring Ipoh, Perak	Leasehold	2089	5	Parquet factory	1994	29	2,644
KL-Kepong Rubber Products Ipoh, Perak	Leasehold Freehold	2045 –	4 3	Industrial land Rubber gloves factory	2020 2012	– 39	23,174
See Sen Chemical PT 6326, Bandar Sri Sendayan Seremban, Negeri Sembilan	Freehold	–	2	Chemical factory	2013	9	8,737
See Sen Chemical PTD 21873, Pasir Gudang Industrial Estate Pasir Gudang, Johor	Leasehold	2039	2	Chemical factory	1979	38	2,242
Fajar Palmkel Rawang, Selangor	Freehold	–	16,000 sq m	Kernel crushing plant and refinery	2019	4 –	29,106
KLK Bioenergy Shah Alam, Selangor	Leasehold	2074	1	Biodiesel plant	2009	38	2,731
KLK Indahmas Klang, Selangor	Leasehold	2097	52	Industrial land	2019	–	177,995

# Titled area is in hectares except otherwise indicated

\* Year of last revaluation

## Properties Held by the Group (Continued)

At 30 September 2023

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 541, Kg Aceh Industrial Estate Sitiawan, Perak	Leasehold	2087	1	Industrial land with warehouse	1996*	34	540
See Sen Chemical Lot 5441, Kawasan Perindustrian Teluk Kalung Kemaman, Terengganu	Leasehold	2056	9,013 sq m	Acid pipeline	2003	–	85
Malay-Sino Properties Lot 9878, Kg Aceh Industrial Estate Sitiawan, Perak	Leasehold	2093	4,282 sq m	Industrial land with warehouse	1996*	28	199
CCM Chemicals Pasir Gudang Works Plot 411, Pasir Gudang Industrial Estate Pasir Gudang, Johor	Leasehold	2051	10	Industrial land, chemical factory and offices	2010*	23 to 30	41,740
CCM Water Systems No 4 & 6 Jalan Kemajuan Satu 16/17A Shah Alam, Selangor	Leasehold	2094	1	Industrial land, chemical factory and offices	2010*	28	16,717
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	11	24,832
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	2002 and 2006	22	5,212
<b>INDONESIA</b>							
PT KLK Dumai Dumai Timur, Riau	Leased property	2031	12,876 sq m	Oleochemical factory	2011	9	17,648
PT Prima Dumai Dumai Timur, Riau	Leased property	2025	1	Industrial land	2021	–	2,855

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\* Year of last revaluation

## Properties Held by the Group (Continued)

At 30 September 2023

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><u>BELGIUM</u></b>							
KLK Tensachem SA Ougree	Freehold	–	10	Surfactant factory	2014	16 to 93	23,555
<b><u>CHINA</u></b>							
Taiko Palm-Oleo (Zhangjiagang) Zhangjiagang City, Jiangsu	Leasehold	2054	20	Oleochemical factory	2004	18	39,073
Shanghai Jinshan Jingwei Chemical Jinshan, Shanghai	Leasehold	2052	2	Oleochemical factory	2008	18	2,498
<b><u>GERMANY</u></b>							
KLK Emmerich Emmerich Am Rhein	Freehold	–	21	Oleochemical factory	2010	30 to 70	13,099
KLK Emmerich Dusseldorf	Leasehold	2104	6	Oleochemical factory	2015	18 to 113	38,353
<b><u>NETHERLANDS</u></b>							
Dr. W. Kolb Netherlands BV Moerdijk	Freehold	–	8	Ethoxylation factory	2007	30	89,726
KLK Kolb Specialties BV Delden	Freehold	–	17	Chemical specialty factory	2018	20 to 76	46,720
<b><u>ITALY</u></b>							
Temix Oleo S.p.A Calderara di Reno	Freehold	–	8	Oleochemical factory	2023	30 to 60	36,976
<b><u>SWITZERLAND</u></b>							
Dr. W. Kolb AG Hedingen	Freehold	–	2	Ethoxylation factory	2007	1 to 59	106,630
<b>PROPERTY DEVELOPMENT</b>							
<b><u>MALAYSIA</u></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	–	28,991
	Freehold	–	658	Property development	1979	–	
	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

<sup>#</sup> Titled area is in hectares except otherwise indicated

**Properties Held by the Group** (Continued)  
At 30 September 2023

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
KL-Kepong Property Development Gombak, Selangor	Freehold	–	403	Property development operating as oil palm estate	2004	–	168,685
	Leasehold	2094	1	Property development	2020	–	1,405
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	–	883,921
KLK Park Homes Ijok, Selangor	Freehold	–	102	Property development	2020	–	33,074
			34	Property development operating as oil palm estate			
Kompleks Tanjong Malim Hulu Selangor, Selangor	Freehold	–	172	Property development operating as oil palm estate	1979	–	9,613
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	–	3,168
Menara KLK No 1, Jalan PJU 7/6 Mutiar Damansara Petaling Jaya, Selangor	Freehold	–	5,730 sq m	Office building	2003	14	43,805
<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*	22	448
Chemical Company of Malaysia Lot 3880, Mukim of Bukit Raja Klang, Selangor	Freehold	–	2	Industrial land, plant and warehouse	2021*	37	6,152

<sup>#</sup> Titled area is in hectares except otherwise indicated

<sup>\*</sup> Year of last revaluation



**Properties Held by the Group** (Continued)  
At 30 September 2023

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>OTHERS</b>							
<b>MALAYSIA</b>							
Stolthaven (Westport) Klang, Selangor	Leased property	2024	12	Bulking installation	2006 2014	9 and 25	19,853
Circular Agency Lot 202186, 202187 and 202188, Zarib Industrial Park Ipoh, Perak	Leasehold	2092	1	Land with office building and workshop	1996*	29	1,641
Wisma Taiko 1, Jalan S.P. Seenivasagam Ipoh, Perak	Freehold	–	2,984 sq m	Head Office building	1983	38	33,567
	Leasehold	2892	2,408 sq m		2000		1,612
Kelkay Bulking Installation Port Klang, Selangor	Leased property	2029	3,968 sq m	Bulking installation	1975 2014	48	310
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	14 and 18 17	10,763
SWP Warehouse East Belitung	Hak Guna Bangunan	2026	49,875 sq m	Warehouse	2018	18	948
PT Hutan Hijau Mas Berau, East Kalimantan	Hak Pakai	2035	8	Jetty	2010	9	113
Citra Towers Tower Utara Lantai 22 Jalan Benyamin Suaeb Kemayoran, Jakarta	Sijil Hak Milik	Issuance in process	1,148 sq m	Office space	2021	4	15,244

<sup>#</sup> Titled area is in hectares except otherwise indicated  
<sup>\*</sup> Year of last revaluation

## Properties Held by the Group (Continued)

At 30 September 2023

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	–	92,402
Wyunga Farm Dandaragan Western Australia	Freehold	–	5,678	Cereal farm	2013 2014	–	31,395
Erregulla Farm Mingenew Western Australia	Freehold	–	10,215	Cereal and sheep farm	2004* 2018	–	38,528
Mungedar Farm Dandaragan Western Australia	Freehold	–	9,888	Cereal and cattle farm	2014 2016 2020	–	88,827
Warrening Gully Farm Williams Western Australia	Freehold	–	5,119	Cereal and sheep farm	2004* 2014	–	30,342
Jonlorrie Farm York Western Australia	Freehold	–	4,927	Cereal and sheep farm	2013 2014	–	71,655
Tatchbrook Farm Arthur River Western Australia	Freehold	–	6,516	Cereal and sheep farm	2015 2016 2017	–	53,705

<sup>#</sup> Titled area is in hectares except otherwise indicated

\* Year of last revaluation

# PROXY FORM

# BATU KAWAN BERHAD

196501000504 (6292-U)



No. of Shares Held	CDS Account No.	Tel. No.

I/We \_\_\_\_\_  
(full name in capital letters as per NRIC/Passport/Certificate of Incorporation)

NRIC/Passport/CompanyNo. \_\_\_\_\_

of \_\_\_\_\_  
(full address)

being a member of BATU KAWAN BERHAD hereby appoint

\_\_\_\_\_  
(full name in capital letters as per NRIC/Passport) NRIC/PassportNo. \_\_\_\_\_

\*and/or \_\_\_\_\_ NRIC/PassportNo. \_\_\_\_\_  
(full name in capital letters as per NRIC/Passport)

or failing him/her, 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 at Conference Room, Ground Floor, Wisma Taiko, No. 1, Jalan S.P. Seenivasagam, 30000 Ipoh, Perak Darul Ridzuan on Wednesday, 21 February 2024 at 3.00 p.m. and at any adjournment thereof, and to vote as indicated below:

Resolution	Relating to:	For	Against
	Re-election of the following Directors who retire by rotation in accordance with the Company's <i>Constitution</i> :		
1	Mr. Quah Chek Tin		
2	Dr. Tunku Alina Binti Raja Muhd Alias		
3	Mr. Lim Ban Aik		
4	Payment of Directors' fees		
5	Payment of Directors' benefits		
6	Re-appointment of Auditors and their remuneration		
7	Proposed Renewal of Authority to Buy Back Shares		
8	Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		
9	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:

- A member of the Company entitled to attend 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 attend and vote 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.
- When 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.
- 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 at the Company Share Registrar's office, Boardroom Share Registrars Sdn Bhd ("**Boardroom**"), 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
  - Electronically  
The proxy form can be electronically lodged with Boardroom via Boardroom's website, Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Please follow the procedures set out in the Administrative Guide for such lodgement. Alternatively, the proxy form can be emailed to Boardroom at [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com).

- (f) The power of attorney or other authority, if any, under which it is signed or a notarially certified or office copy of that power or authority, shall be deposited with Boardroom 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 14 February 2024 shall be entitled to attend and vote at this Annual General Meeting or appoint proxies in his/her stead or in the case of a corporation, a duly authorised representative to attend 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 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**

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