CHIN TECK
PLANTATIONS BERHAD

195801000113 (3250-V) (Incorporated in Malaysia)

ANNUAL REPORT 2021

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NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 63rd annual general meeting of CHIN TECK PLANTATIONS BERHAD will be held on a fully virtual basis at https://agm.digerati.com.my/sinthye-online provided by DIGERATI Technologies Sdn Bhd (Domain Registration No. with MYNIC - D1A119533) on Friday, 11 February 2022 at 10.30 am (Malaysia time) to transact the following:-

1.	To receive the audited financial statements for the financial year ended 31 August 2021 and the reports of the directors and auditors thereon. (Note 9)	
2.	To approve the payment of the directors' fees of the Company and its subsidiary of RM518,000 for the financial year ended 31 August 2021 and to authorise the directors to divide such fees in the proportions and manner to be determined by them. (Note 10)	Resolution 1
3.	To approve the payment of directors’ benefits for up to an aggregate amount of RM445,000 for the period from 12 February 2022 until the conclusion of the next Annual General Meeting in 2023 and to authorise the directors to divide such benefits in the proportions and manner to be determined by them. (Note 10)	Resolution 2
4.	To re-elect the following directors retiring under Rule 140 of the Constitution of the Company:-	
	(i) Mr Gho Lian Chin	Resolution 3
	(ii) Mr Goh Yeok Beng	Resolution 4
	(iii) Mr Gho Eng Liong	Resolution 5
	(Note 11)	
5.	To re-appoint auditors and authorise the directors to fix their remuneration. (Note 12)	Resolution 6
6.	As special business, to consider and if thought fit, pass the following resolutions:-	
	To retain the following directors as Independent Non-Executive Directors of the Company: -	
	(i) Mr Sio Sit Po	Resolution 7
	(ii) Mr Keong Choon Keat	Resolution 8
	(Note 11)	
7.	To transact any other ordinary business of the Company of which proper notice shall have been given to the Company.	

By Order of the Board

Gan Kok Tiong
MIA 8540
SSM PC No. : 201908003862
Company Secretary

Kuala Lumpur
31 December 2021

NOTICE OF ANNUAL GENERAL MEETING (CONT'D)

NOTES

1. In view of the COVID-19 pandemic and with the safety of the Company's shareholders, employees and directors being of primary concern, the Board has considered all available options and decided that, the 63rd annual general meeting ("63rd AGM") shall be held on a fully virtual basis and entirely via remote participation and voting ("RPV") facilities.

2. An online meeting platform can be considered as the meeting venue or place under Section 327(2) of the Companies Act 2016 ("Act") if the online platform is located in Malaysia.

3. Members of the Company are advised to refer to the Administrative Guide for Shareholders. The Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 4 February 2022. Only a depositor whose name appears on the Record of Depositors as at 4 February 2022 shall be entitled to participate or appoint a proxy to participate, speak and/or vote on his/her behalf.

4. A member of the Company entitled to participate and vote at the meeting is entitled to appoint a proxy to participate and vote in his stead. A proxy need not be a member of the Company. Except for an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, a member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.

5. A corporation which is a member, may by resolution of its board of directors or other governing body authorises such person as it thinks fit to act as its representative at the meeting.

6. The instrument appointing a proxy/representative shall be in print or writing under the hand of the appointer or his/her duly constituted attorney, or if such appointer is a corporation, under its common seal or the hand seal of its attorney.

7. The instrument appointing a proxy/representative must either (a) be physically deposited at the Registered Office, Suite 2B-3A-2, Block 2B, Level 3A, Plaza Sentral, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia or (b) be electronically deposited at https://agm.digerati.com.my/sinthye-online not less than 24 hours before the time for holding the 63rd AGM. For further information on electronic submission of Proxy Form, please refer to the procedures in the Administrative Guide for Shareholders.

8. Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in this Notice to be voted by poll.

9. Pursuant to Section 340(1)(a) of the Act audited financial statements and the reports of the directors and auditors shall be laid at an annual general meeting. Hence, Agenda 1 is for discussion only and will not be put forward for voting.

10. Pursuant to Section 230(1) of the Act the fees of the directors, and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. In this respect, approval of shareholders is sought on the directors' fees for the financial year ended 31 August 2021. Approval from shareholders is also sought on the payment of directors' benefits for the period from 12 February 2022 until the next annual general meeting in 2023.

11. Further information are set out in the Statement Accompanying Notice of Annual General Meeting enclosed in the Annual Report.

12. The Audit Committee and the Board have considered the re-appointment of Ernst & Young PLT ("EY") as Auditors of the Company and collectively agreed that EY has met the relevant criteria prescribed under Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Further details of directors who are standing for re-election at the 63rd Annual General Meeting.

(i)	Mr Gho Lian Chin	Retiring pursuant to Rule 140 of the Constitution. His profile is set out on page 7 and his shareholding in the Company and subsidiary is set out on page 119.
(ii)	Mr Goh Yeok Beng	Retiring pursuant to Rule 140 of the Constitution. His profile is set out on page 7 and his shareholding in the Company and subsidiary is set out on page 119.
(iii)	Mr Gho Eng Liong	Retiring pursuant to Rule 140 of the Constitution. His profile is set out on page 6 and his shareholding in the Company and subsidiary is set out on page 119.

Mr Gho Lian Chin, Mr Goh Yeok Beng and Mr Gho Eng Liong retire in accordance with the Constitution of the Company which provides that one-third of the directors, or if their number is not three or multiple of three, then the number nearest to one third should retire from office once at least every three years but shall be eligible for re-election.

At the annual general meeting ("AGM") held on 27 January 2021, the Company had obtained the respective approval of shareholders to retain Mr Sio Sit Po and Mr Keong Choon Keat (who have served as Independent Directors of the Company for a cumulative term of more than 12 years), on the Board as Independent Non-Executive Directors and to hold office until the conclusion of the forthcoming AGM. The Board would like to continue to retain Mr Sio Sit Po and Mr Keong Choon Keat on the Board as Independent Non-Executive Directors and to hold office for another one year term with effect from the passing of the resolutions proposed at the forthcoming AGM until the conclusion of the next AGM in 2023.

The Nomination Committee and the Board have determined that Mr Sio Sit Po and Mr Keong Choon Keat remain objective and independent-minded in Board deliberations. Their vast experience enable them to provide the Board and the various Board Committees on which they serve, with pertinent experience and competence to facilitate sound decision-making and that their length of service does not in any way interfere with their exercise of independent judgment nor hinder their ability to act in the best interests of the Company. Additionally, they fulfil the definition of independent directors of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. More importantly, the Board trust that they are able to discharge their duties independently with integrity and competency.

Shareholders' approval for the proposed Resolution 7 and 8, will be sought through a single tier voting process.

CORPORATE INFORMATION

BOARD OF DIRECTORS	
Executive Chairman (Non-Independent)	Goh Wei Lei
Senior Executive Director (Non-Independent)	Goh Pock Ai
Non-Executive Directors (Independent)	Sio Sit Po Keong Choon Keat Gho Eng Liong Datuk Matthew Tee Kai Woon
Non-Executive Directors (Non-Independent)	Gho Lian Chin Goh Yeok Beng Goh Chih Yuan (Wu Zhiyuan)
Alternate Director	Gho Bun Tjin (alternate to Gho Lian Chin)
AUDIT COMMITTEE	Keong Choon Keat - Chairman Sio Sit Po Datuk Matthew Tee Kai Woon Gho Lian Chin
NOMINATION COMMITTEE & REMUNERATION COMMITTEE	Gho Eng Liong - Chairman Keong Choon Keat Sio Sit Po Gho Lian Chin Goh Yeok Beng
COMPANY SECRETARY	Gan Kok Tiong B Commerce (Accounting)(Hons), CA(M), CPA
REGISTERED OFFICE	Suite 2B-3A-2 Block 2B, Level 3A, Plaza Sentral Jalan Stesen Sentral 5, Kuala Lumpur Sentral 50470 Kuala Lumpur, Malaysia Telephone : +603 2261 4633 Fax : +603 2261 4733
INDEPENDENT AUDITORS	Ernst & Young PLT Chartered Accountants Level 23A, Menara Milenium Jalan Damanlela, Pusat Bandar Damansara 50490 Kuala Lumpur, Malaysia
SHARE REGISTRAR & MANAGING AGENT	Sin Thye Management Sdn Bhd Suite 2B-3A-2 Block 2B, Level 3A, Plaza Sentral Jalan Stesen Sentral 5, Kuala Lumpur Sentral 50470 Kuala Lumpur, Malaysia Telephone : +603 2261 4633 Fax : +603 2261 4733
LEGAL FORM AND DOMICILE	Public Limited Liability Company Incorporated and Domiciled in Malaysia
WEBSITE	www.chinteck.com.my
STOCK EXCHANGE LISTING	Main Market of Bursa Malaysia Securities Berhad
STOCK NAME	CHINTEK
STOCK CODE	1929

PROFILE OF DIRECTORS

GOH WEI LEI (EXECUTIVE CHAIRMAN)
Singaporean, male, aged 53
He was first appointed as an alternate director on 29 March 1994. He resigned as alternate director on 29 July 2003 and appointed as director on the same day. He served as Executive Director on 1 May 2008 and was re-designated as Executive Vice-Chairman on 1 July 2015. He was designated as Executive Chairman on 1 January 2017. Holds a Bachelor of Science from the Oregon State University, USA. He has vast experience and extensive knowledge in oil palm plantation and property development. He is also the Executive Chairman of Negri Sembilan Oil Palms Berhad. Other public companies in which he heads the Board are Eng Thye Plantations Berhad and Timor Oil Palm Plantation Berhad. He is a director of Tiong Thye Company Sdn Bhd, a major shareholder of the Company. He is deemed interested in certain related party transactions as disclosed on page 122 of the Annual Report. He has had no convictions for any offences within the past five years. He is the brother of Goh Chih Yuan (Wu Zhiyuan).

Number of Board meetings attended during the financial year ended 31 August 2021: 5/5

GOH POCK AI (SENIOR EXECUTIVE DIRECTOR)
Singaporean, male, aged 81
Appointed to the Board on 2 June 1979. He later served as Executive Director on 23 April 1983 and as Senior Executive Director from 1 May 2008. He has vast experience and extensive knowledge in the oil palm plantation and property development. Other public companies in which he is a director are Negri Sembilan Oil Palms Berhad, Eng Thye Plantations Berhad and Timor Oil Palm Plantation Berhad. He is a director of Tiong Thye Company Sdn Bhd, a major shareholder of the Company. He is deemed interested in certain related party transactions as disclosed on page 122 of the Annual Report. He has had no convictions for any offences within the past five years.

Number of Board meetings attended during the financial year ended 31 August 2021: 5/5

SIO SIT PO (INDEPENDENT NON-EXECUTIVE DIRECTOR)
Singaporean, male, aged 73
He was first appointed as an alternate director on 16 June 1995 and ceased as alternate director on 10 January 1997. Subsequently, he was appointed as director on 3 February 1997. He is a member of the Audit Committee, the Nomination Committee, and the Remuneration Committee. Holds a Bachelor of Science (Hons) from the Nanyang University, Singapore. Worked in a licensed commercial bank listed in Singapore since graduation till 1999. Other public companies in which he is a director are Negri Sembilan Oil Palms Berhad and Eng Thye Plantations Berhad. He does not have any family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past five years.

Number of Board meetings attended during the financial year ended 31 August 2021: 5/5

KEONG CHOON KEAT (INDEPENDENT NON-EXECUTIVE DIRECTOR)
Malaysia, male, aged 77
Appointed to the Board on 26 April 2001. He is the Chairman of the Audit Committee, and a member of the Nomination Committee, and the Remuneration Committee. He is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants and a fellow member of the Institute of Chartered Accountants in England and Wales. Attached to Bristol Myers & Company Ltd, England as an Accountant in 1968 and left to join Malaysian Tobacco Company Bhd as an Accountant in 1969. From 1974 to 1999, he was attached to UMW Holdings Bhd where he held various management positions from General Manager to Director, Group Accounts before being promoted to the position of an Executive Director in 1988. Upon retirement in 1999, he joined a consultancy firm providing outplacement and career management consultancy services in Malaysia. Other public companies in which he is a director are Negri Sembilan Oil Palms Berhad and Liberty Insurance Berhad. He does not have any family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past five years.

Number of Board meetings attended during the financial year ended 31 August 2021: 5/5

PROFILE OF DIRECTORS (CONT'D)

GHO ENG LIONG (INDEPENDENT NON-EXECUTIVE DIRECTOR)
Malaysia, male, aged 62
Appointed to the Board on 29 January 2015. He is the Chairman of the Nomination Committee, and the Remuneration Committee. Holds a Bachelor of Science, Mechanical Engineering, from The Pennsylvania State University, State College, Pennsylvania, USA. Since graduation, he worked as Project Development Engineer with National Iron & Steel Mills, Singapore, as Section Head, Mechanical Maintenance with Matsushita Denshi, Singapore, as Manufacturing Engineer with General Motors, Singapore, as Packaging Development Engineer with AT&T Microelectronics, Singapore and as Sales Manager with Kestronics (S) Pte Ltd. Presently, he is managing his own business. Other public companies in which he is a director are Negri Sembilan Oil Palms Berhad and Eng Thye Plantations Berhad. He does not have any family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past five years.

Number of Board meetings attended during the financial year ended 31 August 2021: 5/5

DATUK MATTHEW TEE KAI WOON (INDEPENDENT NON-EXECUTIVE DIRECTOR)
Malaysia, male, aged 46
Appointed to the Board on 24 January 2017 and a member of the Audit Committee. He is a Chartered Accountant and holds a Bachelor of Commerce (Accounting and Marketing) from the University of Auckland, New Zealand. He has been a member of the Malaysian Institute of Accountants (MIA) since 2002 and was duly awarded the status, Fellow Certified Practising Accountant (FCPA) by CPA Australia in March 2016. He is also a Certified Financial Planner (Financial Planning Association of Malaysia).

Datuk Matthew Tee is currently the Group Executive Director of Bina Puri Holdings Bhd, a company listed on Bursa Malaysia, with core business in construction, property development, utilities and highway concession. He is an Executive Director of KL-Kuala Selangor Expressway Berhad or LATAR Expressway.

Current Portfolios:
- Honorary Advisor of Master Builders Association of Malaysia (MBAM) from 2020-2022
- Board of Advisory of Construction Labour Exchange Centre Berhad (CLAB)
- Honorary Treasurer General of Malaysian Steel Structural Association (MSSA) since 2011
- Board Member of Malaysian Industry Government Group for High Technology (MIGHT) and Chairman of Board Audit Committee.

Past Portfolios:
- President of Master Builders Association of Malaysia (MBAM) from 2012-2016
- Immediate President of Master Builders Association of Malaysia (MBAM) from 2016-2020
- Member of National Science Council (NSC) from 2016-2017
- Board Member of Construction Industry Development Board Malaysia (CIDB) from 2013-2016
- Council Member of the Road Engineering Association of Malaysia (REAM) from 2017-2019
- 44th President of the International Federation of Asian and Western Pacific Contractors' Associations (IFAWPCA) from 2017-2018
- Member of the Advisory Committee on Hotel and Tourism Management by the Chinese University of Hong Kong (CUHK) from 2017-2020

Notable Achievements/Awards:
- "Property CEO" by FIABCI Malaysia Property Award 2018

He does not have any family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past five years.

Number of Board meetings attended during the financial year ended 31 August 2021: 5/5

PROFILE OF DIRECTORS (CONT'D)

GHO LIAN CHIN (NON-INDEPENDENT NON-EXECUTIVE DIRECTOR)
Singaporean, male, aged 73
Appointed to the Board on 13 July 1995. Holds a Bachelor of Science from the University of Melbourne, Australia. He is a member of the Nomination Committee, the Remuneration Committee and the Audit Committee. He worked in a licensed commercial bank listed in Singapore as its representative in a foreign country. Subsequently, he was engaged to manage the property division of the bank. He was also formerly a director of a licensed finance company and a real estate company both of which were listed in Singapore. He has extensive experience and knowledge in the oil palm plantation and rubber plantation and property development. Other public companies in which he is a director are Negri Sembilan Oil Palms Berhad, Eng Thye Plantations Berhad and Timor Oil Palm Plantation Berhad. He is a director of Tiong Thye Company Sdn Bhd, a major shareholder of the Company. He is deemed interested in certain related party transactions as disclosed on page 122 of the Annual Report. He has had no convictions for any offences within the past five years. He is the brother of Gho Bun Tjin.

Number of Board meetings attended during the financial year ended 31 August 2021: 5/5

GOH YEOK BENG (NON-INDEPENDENT NON-EXECUTIVE DIRECTOR)
Singaporean, male, aged 73
Appointed to the Board on 23 December 1998. He is a member of the Nomination Committee, and the Remuneration Committee. He has vast experience and extensive knowledge in the oil palm plantation and rubber plantation. Other public companies in which he is a director are Negri Sembilan Oil Palms Berhad and Timor Oil Palm Plantation Berhad. He is deemed interested in certain related party transactions as disclosed on page 122 of the Annual Report. He has had no convictions for any offences within the past five years.

Number of Board meetings attended during the financial year ended 31 August 2021: 5/5

GOH CHIH YUAN (WU ZHIYUAN) (NON-INDEPENDENT NON-EXECUTIVE DIRECTOR)
Singaporean, male, aged 46
Appointed to the Board on 24 January 2017. Holds a Bachelor of Science, Business Administration from Boston University USA. Worked with Bank of Singapore for 15 years with last position held as Executive Director. Presently, an Executive Director of Sin Thye Management Sdn Bhd. Other public companies in which he is a director are Negri Sembilan Oil Palms Berhad, Eng Thye Plantations Berhad and Timor Oil Palm Plantation Berhad. He is deemed interested in certain related party transactions as disclosed on page 122 of the Annual Report. He has had no convictions for any offences within the past five years. He is the brother of Goh Wei Lei.

Number of Board meetings attended during the financial year ended 31 August 2021: 5/5

GHO BUN TJIN (ALTERNATE DIRECTOR, ALTERNATE TO GHO LIAN CHIN)
Singaporean, male, aged 71
He was first appointed as an alternate director on 18 February 1994 and ceased as alternate director on 21 June 1995. Subsequently, he was appointed as alternate director of Gho Lian Chin on 8 September 1995. Holds a Bachelor of Science from the University of Waterloo, Canada. He worked for a short period in a licensed commercial bank listed in Singapore. He is now working in a commercial company overseeing the general management. Other public companies in which he is an alternate director are Negri Sembilan Oil Palms Berhad, Eng Thye Plantations Berhad and Timor Oil Palm Plantation Berhad. He is an alternate director of Tiong Thye Company Sdn Bhd, a major shareholder of the Company. He is deemed interested in certain related party transactions as disclosed on page 122 of the Annual Report. He has had no convictions for any offences within the past five years. He is the brother of Gho Lian Chin.

PROFILE OF KEY SENIOR MANAGEMENT

GOH WEI LEI
Executive Chairman, Singaporean, male, aged 53
Please refer to Page 5 for his profile.

GOH POCK AI
Senior Executive Director, Singaporean, male, aged 81
Please refer to Page 5 for his profile.

NG YEEN CHERN
Chief Operating Officer, Singaporean, male, aged 46
Date of appointment as key senior management: 1 December 2016
Qualification:
B.A. (Hons), National University of Singapore
Certificate in Financial Management, University of Melbourne
Intensive Diploma in Oil Palm Management and Technology, Malaysian Palm Oil Board
Working experience:
7 years in a non-profit organisation with last position held as Senior Manager.
3 years in a property development company with last position held as Finance Manager cum Business Development Manager.
2 years in a trading and chemical company with last position held as Manager.
He does not hold any directorship in public companies. He does not have any family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past five years.

GAN KOK TIONG
Chief Financial Officer cum Company Secretary, Malaysian, male, aged 61
Date of re-designation as key senior management: 1 December 2016
Qualification:
Member of Malaysian Institute of Accountants
Member of Malaysian Institute of Certified Public Accountants
B.Commerce (Accounting)(Hons.)
Working experience:
Attached to an auditing firm for several years and left to join a merchant bank and a public listed company for a short period of time.
Joined the Company in 1994 holding various positions from Accountant cum Company Secretary to Financial Controller cum Company Secretary before being re-designated as Chief Financial Officer cum Company Secretary.
He is a director of Timor Oil Palm Plantation Berhad. He does not have any family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past five years

CHUA KOK SIANG
Chief Administrator, Malaysian, male, aged 73
Date of appointment as key senior management: 1 December 2016
Qualification:
The Royal Society of Health Diploma for Public Health Inspector Malaysia
Working experience:
Attached to Majlis Daerah Kota Tinggi, Johor from 1967 to 2003 with last position held as Senior Public Health Inspector.
Joined as Secretary in a company related to a major shareholder of the Company from 2004 to 2005 and left to join as a Manager in another company related to a major shareholder of the Company from 2006 to 2010.
He is a director of Eng Thye Plantations Berhad. He does not have any family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past five years.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Chin Teck Plantations Berhad, I take great pleasure in presenting the Annual Report for the financial year ended 31 August 2021 ("FY2021").

Performance

During the FY2021, revenue of the Group increased by 40.76% to RM182,718,142 from RM129,812,807 a year ago.

The average selling prices of fresh fruit bunches ("ffb"), crude palm oil ("CPO") and palm kernel ("PK") in FY2021 were substantially higher when compared with those a year ago even though the sales volume were lower.

During FY2021, production of ffb decreased by 11.19% to 187,483 tonnes from 211,095 tonnes. However, purchases of ffb increased by 34.84% to 41,113 tonnes from 30,490 tonnes. Overall, production of CPO, decreased by 2.05% to 37,824 tonnes from 38,616 tonnes and production of PK also decreased, by 6.84% to 9,187 tonnes from 9,861 tonnes.

Overall, profit after tax increased by 89.16% to RM68,074,523 from RM35,987,197.

Dividends

Shareholders have been continuously rewarded with steady dividends distribution over the years.

In FY2021, the Company paid total single tier dividends of 30 sen per stock unit, comprising a first interim single tier dividend of 8 sen per stock unit, a second interim single tier dividend of 8 sen per stock unit and special dividends of 14 sen per stock unit, for a total amount of RM27,408,975.

In view of the payment of the interim and special dividends, the Board do not recommend a final dividend in respect of the FY2021.

On 27 December 2021, the Board declared a first interim single tier dividend of 8 sen per stock unit and a special single tier dividend of 5 sen per stock unit in respect of the financial year ending 31 August 2022 which will be paid on 28 January 2022.

Response to COVID-19

The unprecedented COVID-19 pandemic severely impacted livelihoods and economic activities. We are grateful for the opportunity to operate as an essential service throughout the various phases of the Movement Control Order ("MCO") imposed by the Malaysian Government. To protect employees and stakeholders, we executed safe operating Standard Operating Procedures ("SOP") required by the government and also carried out other internal risk mitigation measures.

Outlook

The restrictions imposed on international travellers have caused a very tight labour situation which we foresee will persist into the next financial year. The shortage of migrant labour was only partially alleviated by the employment of locals and mechanisation of some operations.

On the bright side, the elevated high selling prices for ffb, CPO and PK are expected to persist for some time and this would have a favourable impact on the plantation profit for financial year ending 31 August 2022.

Appreciation

On behalf of the Board of Directors, I would like to thank the management and staff for their continued commitment in spite of trying personal conditions. Our suppliers and customers also deserve our thanks for their understanding and support. Lastly, I would like to thank our shareholders for their support, patience and confidence in us.

Goh Wei Lei
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Description of business

Chin Teck Plantations Berhad ("Company") was incorporated on 14 August 1958.

The principal activities of the Company are the cultivation of oil palms and production and sale of fresh fruit bunches ("ffb"), crude palm oil ("CPO") and palm kernel ("PK") and investment holding.

The Company currently has three estates in Malaysia, namely, Jemima and Sungei Sendayan Estate, Gua Musang Estate and Keratong Estate with a total land bank of approximately 11,327 hectares. The Company also owns three mills with a total milling capacity of 70 tonnes per hour.

Through joint ventures, the Group has interests in property development in Malaysia and oil palm plantations in Indonesia.

FINANCIAL CALENDER

Financial year	1 September 2020 to 31 August 2021
Announcement of financial results	
First financial quarter ended 30 November 2020	26 January 2021
Second financial quarter ended 28 February 2021	28 April 2021
Third financial quarter ended 31 May 2021	30 July 2021
Fourth financial quarter ended 31 August 2021	28 October 2021
Dividends payment	
First interim and special	5 February 2021
Second interim and special	30 August 2021
Despatch of 2021 Annual Report	31 December 2021
63rd Annual General Meeting	11 February 2022

Financial profile

	***2017 RM'000**	****2018 RM'000**	****2019 RM'000**	****2020 RM'000**	****2021 RM'000**
Revenue	148,646	149,924	122,120	129,813	182,718
Cost of sales	(72,169)	(75,133)	(61,968)	(68,932)	(83,178)
Gross profit	76,477	74,791	60,152	60,881	99,540
Interest income	7,556	8,694	9,904	8,606	6,066
Dividend income	3,356	3,108	2,926	2,778	3,477
Other income	3,827	36,254	1,386	4,962	4,178
Selling expenses	(3,199)	(3,731)	(4,514)	(3,928)	(3,671)
Administrative expenses	(21,802)	(21,828)	(23,006)	(23,349)	(23,326)
Other expenses	(3,781)	(3,260)	(784)	(2,453)	(121)
Replanting expenses	(10,833)	-	-	-	-
Share of results of associate and joint ventures	989	(9,905)	(3,843)	(256)	1,583
Profit before tax	52,590	84,123	42,221	47,241	87,726
Income tax expense	(12,052)	(12,664)	(10,118)	(11,254)	(19,651)
Profit after tax	40,538	71,459	32,103	35,987	68,075
Included in other income is:-					
Net fair value gain on investment securities transferred to profit or loss upon disposal	99	35,827	-	-	-
	sen	**sen**	**sen**	**sen**	**sen**
Earnings per stock unit (sen)					
Basic and diluted	44.37	78.21	35.14	39.39	74.51

* The financial information for FY2017 have been prepared in accordance with the Financial Reporting Standards (“FRS”) in Malaysia.

** With the adoption of Malaysian Financial Reporting Standards (“MFRS”) framework by the Group, the financial information for FY2018 to FY2021 have been prepared in accordance with MFRS.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Financial profile (cont'd.)

	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Dividends	17,359	27,409	18,273	14,618	27,409
	sen	**sen**	**sen**	**sen**	**sen**
Dividend per stock unit, single tier					
First interim	9.00	10.00	8.00	8.00	8.00
Second interim	10.00	10.00	8.00	8.00	8.00
Special	-	10.00	4.00	-	14.00
	19.00	30.00	20.00	16.00	30.00
Dividend payout ratio	42.82%	38.36%	56.92%	40.62%	40.26%
Average selling price					
	RM per tonne	**RM per tonne**	**RM per tonne**	**RM per tonne**	**RM per tonne**
ffb	655	545	405	499	796
CPO	2,844	2,471	2,055	2,378	3,591
PK	2,671	2,206	1,372	1,453	2,281

	^^2017 RM'000	^^2018 RM'000	^^2019 RM'000	^^2020 RM'000	^^2021 RM'000
Assets					
Non-current assets					
Property, plant and equipment	112,535	117,835	121,109	121,129	122,903
Investments in associate and joint ventures	182,307	159,106	170,564	169,377	164,868
Investment securities	116,005	70,310	91,891	74,185	91,457
	410,847	347,251	383,564	364,691	379,228
Current assets					
Inventories	4,834	3,080	6,438	4,171	6,106
Consumable biological assets	5,823	4,367	3,585	6,993	8,741
Receivables	10,994	17,925	20,081	18,107	20,282
Income tax receivable	-	334	803	-	2
Cash and bank balances	255,489	310,302	291,433	325,148	356,937
	277,140	336,008	322,340	354,419	392,068
Total assets	687,987	683,259	705,904	719,110	771,296
Current liabilities					
Payables	12,657	10,473	11,028	14,465	14,302
Income tax payable	2,118	-	-	1,157	2,165
	14,775	10,473	11,028	15,622	16,467
Non-current liabilities					
Deferred tax liabilities	20,377	21,440	22,254	23,337	24,084
Total liabilities	35,152	31,913	33,282	38,959	40,551
Equity attributable to owners of the Company					
Share capital	111,017	111,017	111,017	111,017	111,017
Other reserves	46,020	481	7,420	(11,608)	(3,258)
Retained profits	495,798	539,848	554,185	580,742	622,986
Total equity	652,835	651,346	672,622	680,151	730,745
Total equity and liabilities	687,987	683,259	705,904	719,110	771,296
Net assets per stock unit	RM 7.15	RM 7.13	RM 7.36	RM 7.44	RM 8.00

^^ With the adoption of MFRS framework by the Group, the financial information for FY2017 to FY2021 have been prepared in accordance with MFRS.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Financial profile (cont'd.)

	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000
Net cash flows generated from operating activities	38,712	33,568	28,282	36,732	61,502
Net cash flows generated from/ (used in) investing activities	1,443	21,024	(55,861)	4,403	(47,542)
Net cash flows used in financing activity	(17,359)	(27,409)	(18,273)	(14,618)	(27,409)
Net increase/(decrease) in cash and cash equivalents	22,796	27,183	(45,852)	26,517	(13,449)
Effects of exchange rate changes in cash and cash equivalents	2,775	(1,678)	905	730	794
Cash and cash equivalents at beginning of financial year	83,313	108,884	134,389	89,441	116,688
Cash and cash equivalents at end of financial year	108,884	134,389	89,442	116,688	104,033
Deposits with maturity of more than 3 months at end of financial year	146,605	175,913	201,991	208,460	252,904
Cash and bank balances at end of financial year	255,489	310,302	291,433	325,148	356,937

Financial review

During the financial year ended 31 August 2021 ("FY2021"), revenue of the Group increased by 40.76% to RM182,718,142 from RM129,812,807 in financial year ended 31 August 2020 ("FY2020").

The average selling prices of ffb, CPO and PK in FY2021 strengthened significantly from comparatively poorer and flat selling prices in FY2020, attributed mainly to lower production from major producing countries.

The average selling prices of ffb, CPO and PK improved by 59.52%, 51.01% and 56.99% respectively when compared with those during FY2020. However, the sales volume of ffb, CPO and PK decreased by 14.99%, 6.21% and 9.85% respectively.

Revenue were entirely generated from sales of ffb, crude palm oil and palm kernel in Malaysia.

Price volatility arises from fluctuation in the prices of ffb, crude palm oil and palm kernel in the commodity market.

The Group manages and mitigates price volatility by monitoring the fluctuation in the prices and enters into physical forward selling commodity contracts. Focus is also placed on improving labour productivity and strengthening estate management practices with the objective of enhancing cost efficiency.

Approximately 77% (FY2020: 65%) of the total revenue were sales to nine (FY2020: eight) major customers. The major customers are creditworthy customers with good payment records.

Cost of sales increased by 20.67% mainly due to increases in the purchase of ffb and windfall tax.

Overall, gross profit increased substantially due to the significant improvement in revenue.

Interest income decreased by 29.51% to RM6,066,247.

Dividend income increased by 25.14% to RM3,476,742.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Financial review (cont'd.)

Included in other income are the following items:-

	2021 RM	2020 RM
Fair value gain on consumable biological assets	1,747,920	3,408,476
Gain on disposal of property, plant and equipment	298,216	-
Net fair value gain transferred to profit or loss on disposal of investment securities	-	72,593
Unrealised gain on foreign exchange	794,246	730,185
Others	1,337,282	751,066
	4,177,664	4,962,320

In FY2021, net fair value gain transferred within equity from fair value adjustment reserve to retained profits on disposal of investment securities amounted to RM1,578,625 (FY2020: RM5,188,348).

Included in other expenses are the following items:-

	2021 RM	2020 RM
Impairment loss on investments in joint ventures	-	2,453,000
Property, plant and equipment written off	9,461	-
Net fair value loss transferred to profit or loss on disposal of investment securities	1,338	-
Other	109,839	-
	120,638	2,453,000

Share of results of associate and joint ventures is analysed as follows:-

	2021 RM	2020 RM
Oil palm plantations in Indonesia	(5,091,682)	(8,373,309)
Property development	6,601,702	7,930,998
Management and advisory services and insurance agency services	73,124	185,829
	1,583,144	(256,482)

Overall, profit after tax increased by 89.16% to RM68,074,523 from RM35,987,197.

Earnings per stock unit increased to 74.51 sen.

Included in property, plant and equipment are bearer plants with net carrying amount of RM75,288,733. Addition of bearer plants during FY2021 amounted to RM4,691,418 (FY2020: RM4,337,198).

Investment securities increased by 23.28% to RM91,457,041:-

	RM
Investment securities at beginning of financial year	74,185,205
Addition	27,968,930
Disposal	(19,127,390)
Increase in fair value	8,430,296
Investment securities at end of financial year	91,457,041

Approximately 77.82% of the inventories as at end of FY2021 consist of inventories of oil palm produce and the remaining 22.18% consist of estate stores.

Consumable biological assets growing on bearer plants are measured at fair value less costs to sell. Changes in their fair value less costs to sell are recognised in profit or loss. The fair value gain on consumable biological assets during the FY2021 was RM1,747,920.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Financial review (cont'd.)

Approximately 85% (FY2020: 75%) of the trade receivables of the Group as at end of the financial year were receivables due from seven (FY2020: seven) customers.

Trade and other payables are normally settled on 30 to 90-day terms.

The Group has a healthy financial position with no borrowings. As at end of FY2021, its cash and bank balances were RM356,937,257. The Group's strategy in the current financial year, which is unchanged from previous financial year, is to maintain a debt free capital structure and to pay a steady amount of dividends to shareholders. The Company has been paying dividends continuously over the years even though it does not have a formal dividend policy.

The Board has always been mindful of its responsibility to enhance shareholders value and will use its best endeavours to ensure a steady dividend payment although the actual amount and timing of dividend payment would depend on the Group's financial performance.

In FY2021, the Company paid a total single tier dividend of 30 sen per stock unit, for a total amount of RM27,408,975:-

	Amount		Dividend per stock unit	
	2021	2020	2021	2020
	RM	RM	sen	sen
First interim, single tier	7,309,060	7,309,060	8.00	8.00
Second interim, single tier	7,309,060	7,309,060	8.00	8.00
Special, single tier	12,790,855	-	14.00	-
	27,408,975	14,618,120	30.00	16.00

Equity attributable to owners of the Company increased by 7.44% to RM730,745,798:-

		RM
Equity attributable to owners of the Company at beginning of the financial year		680,150,886
Profit for the year	68,074,523	
Other comprehensive income	9,929,364	
Dividends paid to owners of the Company	(27,408,975)	
		50,594,912
Equity attributable to owners of the Company at end of the financial year		730,745,798

Correspondingly, net assets per stock unit attributable to owners of the Company increased to RM8.

The market capitalisation of the Company as at end of FY2021 was RM646,851,810 (FY2020: RM539,043,175).

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Operational review

Plantations statistics

	2017	**2018**	**2019**	**2020**	**2021**
Planted area	Hectares	Hectares	Hectares	Hectares	Hectares
Oil palm					
Mature	8,870	8,833	9,380	9,915	10,017
Immature	2,093	2,116	1,574	1,050	943
	10,963	10,949	10,954	10,965	10,960
Rubber	68	68	68	68	68
Oil palm					
Age in year					
Above 25	23.98%	22.94%	22.78%	20.17%	16.36%
21 - 25	3.99%	5.62%	8.73%	8.65%	7.18%
16 - 20	6.32%	3.47%	0.29%	4.19%	10.78%
11 - 15	13.41%	16.30%	16.64%	23.27%	27.86%
6 - 10	27.65%	27.50%	28.83%	20.43%	19.65%
Below 6	5.56%	4.84%	8.36%	13.71%	9.56%
Mature	80.91%	80.67%	85.63%	90.42%	91.39%
Immature	19.09%	19.33%	14.37%	9.58%	8.61%
	100.00%	100.00%	100.00%	100.00%	100.00%
Production	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes
ffb					
- own estates	171,069	205,627	232,519	211,095	187,483
- purchase	51,960	42,890	45,784	30,490	41,113
	223,029	248,517	278,303	241,585	228,596
CPO	37,554	39,428	44,982	38,616	37,824
PK	9,922	10,675	12,118	9,861	9,187
	tonnes per hectare	tonnes per hectare	tonnes per hectare	tonnes per hectare	tonnes per hectare
ffb yield	19.29	23.28	24.79	21.29	18.72
Extraction rate					
CPO	19.12%	18.62%	19.10%	19.17%	19.47%
PK	5.05%	5.04%	5.15%	4.90%	4.73%

The production of ffb depends on planting material, weather conditions, terrain, and production cycle of the palms including the age of the stands, as well as various operational factors, and significantly, the availability of labour. Extraction rates of crude palm oil and palm kernel are also partly dependent on climatic and weather conditions.

Rainfall was marginally lower in FY2021 than in FY2020. Efforts to mitigate rainwater deficit for example, to conserve soil moisture by maintaining softcover and the mulching of empty fruit bunches in the field, are part of good agriculture practices.

Efforts to support the attainment of good oil yield per hectare are a result of planting high yielding materials, sound agronomic practices including robust fertiliser regimes and the management of harvesting quality in the field and the control of oil losses in the palm oil mills.

Tight supply of human resources in Malaysia is an ongoing challenge faced by the Group, made worse this year by the pandemic. This financial year, further efforts were made to encourage the retention of workers. Overall, the Group has made efforts to diversify its sources of labour and continues to implement competitive incentives and improve welfare to attract and retain human resources. Focus is also placed on improving labour productivity and strengthening estate management practices with the objective of enhancing cost efficiency.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Operational review (cont'd.)

The Group has a replanting schedule covering a period of ten years and this schedule is reviewed quarterly which will ensure progressive replanting on a yearly basis. At each review, prevailing conditions and circumstances are taken into consideration to determine the replanting programme.

During the FY2021, an additional 596 hectares of old and low yield palms were replanted. Replanting of approximately 565 hectares of old and low yield palms are expected to take place during the FY2022.

The Group has also taken measures to plant better yielding seedlings during its replanting programme.

During FY2021, production of ffb decreased by 11.19% to 187,483 tonnes from 211,095 tonnes. The felling of old but relatively productive palms contributed to the decline while production in young mature fields had not yet made up for the loss. More significantly, worker departures and the closed international borders impacted our workforce. However, purchases of ffb increased by 34.84% to 41,113 tonnes from 30,490 tonnes. Overall, production of CPO, decreased by 2.05% to 37,824 tonnes from 38,616 tonnes and production of PK also decreased, by 6.84% to 9,187 tonnes from 9,861 tonnes.

Annual ffb yield per hectare during FY2021 was 18.72 tonnes. (FY2020: 21.29 tonnes).

The mills processed 194,300 tonnes of ffb during the FY2021. The overall average oil and kernel extraction rates of the mills were 19.47% and 4.73% respectively.

The Group is guided by good agriculture and milling practices, with the aim to improve productivity and efficiency recommended by the Malaysian Palm Oil Board (MPOB), our agronomists as well as industry practices and norms.

Investments on oil palm plantations in Indonesia

The Group's investments in oil palm plantations in Indonesia are held through its 50% owned joint venture, Global Formation (M) Sdn Bhd ("Global Formation"), and 40% owned joint venture, Chin Thye Investment Pte Ltd ("Chin Thye").

	2017	**2018**	**2019**	**2020**	**2021**
Planted area	Hectares	Hectares	Hectares	Hectares	Hectares
Oil palm	20,423	20,423	20,423	20,423	20,423
Age in year					
Above 25	0.00%	0.00%	0.00%	0.00%	0.00%
21 - 25	4.37%	12.83%	15.41%	16.78%	32.30%
16 - 20	30.73%	31.12%	34.80%	36.14%	30.59%
11 - 15	31.06%	37.48%	35.20%	34.52%	32.16%
6 - 10	25.49%	17.71%	13.73%	11.70%	3.35%
Below 6	8.35%	0.86%	0.86%	0.86%	0.00%
Mature	100.00%	100.00%	100.00%	100.00%	98.40%
Immature	0.00%	0.00%	0.00%	0.00%	1.60%
	100.00%	100.00%	100.00%	100.00%	100.00%
Production	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes
ffb					
- own estates	90,880	89,294	103,175	88,696	94,274
- purchase	42,350	28,302	32,777	28,321	33,121
	133,230	117,596	135,952	117,017	127,395

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

Investments on oil palm plantations in Indonesia (cont'd.)

	2017	**2018**	**2019**	**2020**	**2021**
Production	Tonnes	Tonnes	Tonnes	Tonnes	Tonnes
CPO	25,917	23,747	27,499	23,803	25,226
PK	6,771	5,971	6,735	6,016	5,902
Extraction rate					
CPO	19.45%	20.19%	20.23%	20.34%	19.80%
PK	5.08%	5.08%	4.95%	5.14%	4.63%

Since previous financial years, the unrest in the surrounding villages located in the vicinity of the plantations in Lampung Province, Indonesia has caused the disruption in routine harvesting of ffb. The oil palm plantations have since commenced harvesting activities and mill operations. Total area accessed is approximately 53% of the total planted area.

However, harvesting of the mature fields in the oil palm plantation located in South Sumatera Province, Indonesia has been delayed due to the unrest in the villages neighbouring the estate. Existing staff force has been maintained to enable commencement of harvesting pending clearance from the relevant authorities.

The Group suffered an overall loss of RM5,091,682 from its share of results of the investments in oil palm plantations in Indonesia for FY2021.

During FY2021, the Group further subscribed for additional ordinary shares in Chin Thye for a total cash consideration of RM617,980 as working capital are required to retain staff for existing operations and for the preparations required to extend harvesting and other works pending assistance in resolution from the relevant authorities.

Investment in property development

The Group's investment in property development is held through its 40% owned associate, West Synergy Sdn Bhd ("West Synergy"), a joint venture company with MUI Properties Berhad holding 60%.

West Synergy undertakes the development of a 1990-acre Bandar Springhill township in Lukut, located centrally between Seremban and Port Dickson, both locations a 20-minute drive away.

During its financial year under review, West Synergy launched two new projects in Bandar Springhill i.e. Aurora 2 (111 units) and Nebula (110 units). Both projects received encouraging response with all units launched fully-booked.

West Synergy continued to aggressively market its earlier residential launches. As at 30 June 2021, all 73 gated units of Amarilis have been fully sold and all 141 units of Nova and 131 units of Aurora have been snapped up. Amarilis was launched in September 2019 and Nova and Aurora in March 2020.

There are about 755 acres of undeveloped oil palm plantation land in Bandar Springhill and these palm trees continue to provide reasonable yields despite their advanced age.

The UCSI Hospital in Bandar Springhill opened in March 2021, and almost immediately served as a public vaccination centre for the COVID-19 immunisation programme. As healthcare is a major driver for economic growth, the vibrancy and pull of Bandar Springhill is expected to further improve.

During the FY2021, West Synergy contributed RM6,601,702 towards the Group's profit before tax.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

COVID-19

The unprecedented COVID-19 pandemic throughout the country and the world has severe impact on livelihoods and economic activities. We are grateful for the opportunity to be allowed to operate as an essential service throughout the various phases of the Movement Control Order ("MCO") imposed by the Malaysian Government. To protect employees and stakeholders, we executed safe operating Standard Operating Procedures ("SOP") required by the government and have also carried out other internal risk mitigation measures.

The Group has assessed that it has not been significantly affected by the COVID-19 pandemic for the financial year ended 31 August 2021. However, in view that the scale and duration of the economic uncertainties arising from the evolving situation of the COVID-19 pandemic could not be reasonably estimated, the Group is closely monitoring the situation of the COVID-19 pandemic and its related financial effects, if any, on the financial statements of the Group. If any, these effects will be reflected in the annual financial statements for the financial year ending 31 August 2022.

Prospects

Since the end of FY2021, the average selling prices of ffb, CPO and PK have strengthened significantly. The prevailing strong selling prices of ffb, CPO and PK are expected to have a favourable impact on the plantation profit for financial year ending 31 August 2022.

The long-term prospects of palm oil is promising as there is global demand for palm products. Palm oil is widely available and affordable and it is one of the vital oils in meeting the world's dietary needs. Besides its nutritional values, palm oil also has vast potential as a renewable energy source.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

The Malaysian Code on Corporate Governance 2017 ("MCCG") covers three broad principles namely Board Leadership and Effectiveness, Effective Audit & Risk Management and Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

Set out below is a summary of the extent to which the Company has applied the practices stipulated in the Principles of the MCCG save for certain departure/non-adoption of the Principles of the MCCG.

Principle A - Board Leadership and Effectiveness

I. Board Responsibilities

Intended outcome

1.0 Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objective and goals of the company.

	Applied/ Departure/ Adopted/ Not Adopted	Summary of governance practices
Practice 1.1		
The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligation to its shareholders and other stakeholders are understood and met.	Applied	The Board focuses mainly on strategies, performance and critical business issues and is primarily responsible for the following:- • Strategic plans • Conduct of the business • Principal risks identification and their management • Succession planning for senior management • Shareholders communication policy Five meetings of directors were held during FY2021. The directors attended all meetings held during FY2021.
Practice 1.2		
A Chairman of the board who is responsible for instilling good corporate governance practices, leaderships and effectiveness of the board is appointed.	Applied	The Chairman of the Board is Mr Goh Wei Lei who is responsible for instilling good corporate governance practices, leaderships and effectiveness of the Board.
Practice 1.3		
The positions of the Chairman and CEO are held by different individual.	Departure	Mr Goh Wei Lei, the Executive Chairman functions both as Chairman of the Board and Executive Director. He is assisted by the Senior Executive Director. They collectively implement the business strategy, operating plan as well as Board policies and decisions and ensure effective operation within the Group. The Senior Executive Director briefs the Executive Chairman and the Board on key matters pertaining to the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle A - Board Leadership and Effectiveness (cont'd.)

I. Board Responsibilities (cont'd.)

Intended outcome (cont'd.)

1.0 Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objective and goals of the company. (cont'd.)

	Applied/ Departure/ Adopted/ Not Adopted	Summary of governance practices
Practice 1.3 (cont'd.)		
		The Board is mindful of the combined roles held by the Chairman historically. However, the Board is comfortable that there is no undue risk involved as Board culture dictates that all major matters and issues are referred to the Board for considerations and approvals. The roles and contributions of Independent Directors also provide an element of objectivity, independent judgment and check and balance on the Board. Furthermore, all related party transactions are dealt with in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Besides, the Board believes that the interests of shareholders are best served by the Executive Chairman, who will act in the best interests of the shareholders as a whole since he is representing a major shareholder who has substantial interest in the Company, he is well placed to act on behalf of the shareholders and in their best interests.
Practice 1.4		
The board is supported by a suitably qualified and competent Company Secretary to provide sound governing advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.	Applied	The Company Secretary is a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants and satisfies the qualification as prescribed under Section 235(2) of the Companies Act 2016. The Company Secretary holds a practising certificate issued under Section 241 of the Companies Act 2016.
Practice 1.5		
Directors receive meeting materials, which are complete and accurate within reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.	Applied	Notice of meeting setting out the agenda and relevant meeting materials are given to the directors with sufficient time for them to review. Minutes of meetings are prepared by the Company Secretary and circulated to all directors for their review and confirmed by the Board and signed as a correct record by the Chairman of the succeeding meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle A - Board Leadership and Effectiveness (cont'd.)

I. Board Responsibilities (cont'd.)

Intended outcome (cont'd.)

2.0 There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

	Applied/ Departure/ Adopted/ Not Adopted	Summary of governance practices
Practice 2.1		
The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies:- • the respective roles and responsibilities of the board, board committees, individual directors and management; and • issues and decisions reserved for the board	Applied	The Board has formulated and adopted a charter ("Board Charter") which sets out its functions, inter-alia, the duties and responsibilities of the Board and the Management. The Board Charter also provides guidance for Directors and the Management. The Board Charter is reviewed annually to ensure its relevance and compliance and is accessible through the Company's website.

3.0 The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

	Applied/ Departure/ Adopted/ Not Adopted	Summary of governance practices
Practice 3.1		
The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering. The Code of Conduct and Ethics is published on the company's website.	Applied	The Board has established a code of business conduct ("Code of Conduct") to be complied with by the directors and members of the management. The Code of Conduct is in addition to any other obligations that are imposed on the directors by any applicable rules, laws and regulations. The Code of Conduct covers the following:- • Honesty and integrity • Compliance with laws • Conflict of interests • Confidentiality The Code of Conduct is accessible through the Company's website.
Practice 3.2		
The board establishes, reviews and together with management implements policies and procedures on whistleblowing.	Applied	The Board has established a whistleblowing and reporting procedure to disclose misconduct, whilst protecting the identity of the person reporting, in order to deter, prevent and uncover such acts.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle A - Board Leadership and Effectiveness (cont'd.)

II. Board Composition

Intended outcome

4.0 Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

	Applied/ Departure/ Adopted/ Not Adopted	Summary of governance practices
Practice 4.1		
At least half the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.	Departure	The Board has nine members, comprising an Executive Chairman, a Senior Executive Director, four Independent Non-Executive Directors and three Non-Independent Non-Executive Directors. The Board complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad that requires at least two directors or one third of the Board, whichever is higher, to be independent directors. The Board believes that the present composition of the Board provides an effective Board with a mix of business experience, general management and accounting and finance. The Non-Executive Directors have broad business and commercial experience. The Independent Directors are actively involved in various Board Committees and they provide independent assessment and opinion.
Practice 4.2		
The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director. If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continue to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.	Departure	The Board noted the tenure of an independent director should not exceed a cumulative term limit of nine years. The Board is of the view that the tenure of service should not be solely used to measure the ability of the long serving independent directors to remain independent and to discharge their duties with integrity and competency. Mr Sio Sit Po and Mr Keong Choon Keat have served as Independent Directors for more than twelve years.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle A - Board Leadership and Effectiveness (cont'd.)

II. Board Composition (cont'd.)

Intended outcome (cont'd.)

4.0 Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights. (cont'd.)

	Applied/ Departure/ Adopted/ Not Adopted	Summary of governance practices
Practice 4.2 (cont'd.)		
		The Board have determined that Mr Sio Sit Po and Mr Keong Choon Keat remain objective and independent-minded in Board deliberations. Their vast experience enable them to provide the Board and the various Board Committees on which they serve, with pertinent experience and competence to facilitate sound decision-making and that their length of service does not in any way interfere with their exercise of independent judgment nor hinder their ability to act in the best interests of the Company. Additionally, they fulfil the definition of independent directors of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. More importantly, the Board trust that they are able to discharge their duties independently with integrity and competency. At the annual general meeting ("AGM") held on 27 January 2021, the Company had obtained the respective approval of shareholders to retain Mr Sio Sit Po and Mr Keong Choon Keat on the Board as Independent Non-Executive Directors and to hold office until the conclusion of the forthcoming AGM. The Board would like to continue to retain Mr Sio Sit Po and Mr Keong Choon Keat on the Board as Independent Non-Executive Directors and to hold office as Independent Non-Executive Director for another one year term with effect from the passing of the resolutions proposed at the forthcoming AGM until the conclusion of the next AGM in 2023. However, the Board will not be seeking shareholders' approval through a two-tier voting process.
Practice 4.3 - Step-up		
The board has a policy which limits the tenure of its independent directors to nine years.	Not Adopted	-
Practice 4.4		
Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.	Applied	The Group practices non-discrimination in form, i.e. age, gender, ethnicity or religion, throughout the organisation, including the selection of Board members and senior management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle A - Board Leadership and Effectiveness (cont'd.)

II. Board Composition (cont'd.)

Intended outcome (cont'd.)

4.0 Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights. (cont'd.)

	Applied/ Departure/ Adopted/ Not Adopted	Summary of governance practices
Practice 4.5		
The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.	Departure	The Board acknowledges the importance of board diversity, including gender diversity. The Board believes that for it to function effectively, the requisite skills, experience, knowledge and independence needed is vital, regardless of gender. Therefore, female representation will be considered when vacancies arise and suitable candidates are identified.
Practice 4.6		
In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.	Departure	The Board has not utilised independent source to identify suitably qualified candidates. The Board and its management have considerable experience and knowledge in the plantation industry and look for candidates with the right qualification, background and attributes that would be a good fit for the Group. Hence, the Board and management do not feel the necessity of an additional channel of sourcing for candidates at this time.
Practice 4.7		
The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.	Applied	The Nomination Committee comprises five members i.e. three Independent Non-Executive Directors and two Non-Independent Non-Executive Director. It is chaired by Mr Gho Eng Liong, an Independent Non-Executive Director. The duties and functions of the Nomination Committee are:- • to propose new nominees for the Board and Board Committees • recommend to the Board, candidates for directorships to be filed by the shareholders or the Board; • consider, in making its recommendations, candidates for directorships proposed by the executive directors and, within the bounds of practicality, by any other senior executive or any director or shareholder; • recommend to the Board, directors to fill the seats on Board Committees; • to assess directors, including executive directors, on an on-going basis • to annually review the required mix of skills and experience and core competencies of non-executive directors, effectiveness of the Board as a whole and the Board Committees

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle A - Board Leadership and Effectiveness (cont'd.)

II. Board Composition (cont'd.)

Intended outcome (cont'd.)

4.0 Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights. (cont'd.)

	Applied/ Departure/ Adopted/ Not Adopted	Summary of governance practices
Practice 4.7 (cont'd.)		
		A meeting of the Nomination Committee was held during FY2021, all members attended the meeting, to review the required mix of skills, independence and expertise and core competencies of directors, effectiveness of the Board as a whole and the Board Committees.

5.0 Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

	Applied/ Departure/ Adopted/ Not Adopted	Summary of governance practices
Practice 5.1		
The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome. For large companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.	Applied	The Nomination Committee has the primary duty and function to assess directors, including executive directors, on an on-going basis and to annually review the required mix of skills and experience and core competencies of non-executive directors, effectiveness of the Board as a whole and the Board Committees which are internally facilitated. In respect of FY2021, the assessment on the performance of Directors were deliberated at the meetings of the Nomination Committee and the Board, as well as using a peer rating assessment on individual director. Based on the outcome of the deliberation and evaluation, the Nomination Committee and the Board are satisfied with the overall performance of the Directors and that the present structure and composition of the Board and the Board Committees are appropriate and meet the guidelines of Bursa Malaysia Securities Berhad and was of the view that no changes were required. The Nomination Committee agreed that the Directors meet the criteria of character, experience, integrity, independence, competence and time to effectively discharge their respective roles as directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle A - Board Leadership and Effectiveness (cont'd.)

III. Remuneration

Intended outcome

6.0 The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long term objectives.

	Applied/ Departure/ Adopted/ Not Adopted	Summary of governance practices
Practice 6.1 The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.	Departure	It is the policy of the Company that the level of directors' remuneration is sufficient to attract and retain the directors of the calibre needed to run the Group successfully. In the case of Executive Directors, the component parts of the remuneration are structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors concerned. The policies and procedures to determine the remuneration of directors and senior management have not been made on the Company's website as yet.
Practice 6.2		
The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management. The committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's websites.	Applied	The Remuneration Committee has the primary duty and responsibility to recommend to the Board the remuneration of the Executive Directors and Non-Executive Directors. However, the determination of remuneration packages of directors is a matter for the Board as a whole and individual directors are required to abstain from discussion of their own remuneration. A meeting of the Remuneration Committee was held during FY2021. All members attended the meeting. The Terms of Reference of the Remuneration can be obtained from the Company's website.

7.0 Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

	Applied/ Departure/ Adopted/ Not Adopted	Summary of governance practices
Practice 7.1		
There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors include fees, salary, bonus, benefits in-kind and other emoluments.	Applied	The details of the remuneration of the individual director on a named basis are set out in Appendix A of this Corporate Governance Overview Statement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle A - Board Leadership and Effectiveness (cont'd.)

III. Remuneration (cont'd.)

Intended outcome (cont'd.)

7.0 Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance. (cont'd.)

	Applied/ Departure/ Adopted/ Not Adopted	Summary of governance practices
Practice 7.2		
The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.	Departure	Disclosed below is the information which is intended to achieve a similar outcome. The top five senior management are Mr Goh Wei Lei, the Executive Chairman, Mr Goh Pock Ai, the Senior Executive Director, Mr Ng Yeen Chern, the Chief Operating Officer, Mr Gan Kok Tiong, the Chief Financial Officer cum Company Secretary and Mr Chua Kok Siang, the Chief Administrator. The remuneration of Mr Goh Wei Lei an Mr Goh Pock Ai are set out in Appendix A of the Corporate Governance Overview Statement. The aggregate remuneration of Mr Ng Yeen Chern, Mr Gan Kok Tiong and Mr Chua Kok Siang in respect of FY2021 was RM550,061 which comprised annual salary, bonus, benefits-in-kind and other emoluments.
Practice 7.3 - Step-up		
Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.	Not Adopted	-

Principle B - Effective Audit and Risk Management

I. Audit Committee

Intended outcome

8.0 There is an effective and independent Audit Committee. The board is able to objectively review the Audit Committee's finding and recommendations. The company's financial statement is a reliable source of information.

	Applied/ Departure/ Adopted/ Not Adopted	Summary of governance practices
Practice 8.1		
The Chairman of the Audit Committee is not the Chairman of the board.	Applied	The Chairman of the Audit Committee is Mr Keong Choon Keat, an Independent Non-Executive Director.
Practice 8.2		
The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.	Applied	The Terms of Reference of the Audit Committee include a cooling-off period of at least two years before a former key audit partner being appointed as a member of the Audit Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle B - Effective Audit and Risk Management (cont'd.)

I. Audit Committee (cont'd.)

Intended outcome (cont'd.)

8.0 There is an effective and independent Audit Committee. The board is able to objectively review the Audit Committee's finding and recommendations. The company's financial statement is a reliable source of information. (cont'd.)

`	Applied/ Departure/ Adopted/ Not Adopted	Summary of governance practices
Practice 8.3		
The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.	Applied	The Audit Committee ensures the suitability and objectivity of the external auditors. The external auditors confirmed their independence to the Audit Committee.
Practice 8.4 - Step-up		
The Audit Committee should comprise solely of Independent Directors.	Not Adopted	-
Practice 8.5		
Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process. All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.	Applied	Two members of the Audit Committee have the requisite accounting qualification in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Members of the Audit Committee receive briefing and highlights from the management and external auditors on the latest development in the new accounting and auditing standards and the impact it may have on the Group. The Board recognises the importance of continuous training for its members. The directors are encouraged to attend various training programmes and seminars. All the directors and alternate director had successfully attended the Mandatory Accreditation Programme ("MAP"). The details of the programme attended by the directors during FY2021 are disclosed in Appendix B of this Corporate Governance Overview Statement. The Directors are required by the Companies Act 2016 ("Act") to prepare financial statements for each financial year that give a true and fair view of the financial position of the Company and of the Group as at the end of the financial year and their financial performance and cash flows for the financial year. The Directors are responsible for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and of the Group and which enable them to ensure that the financial statements of the Company and of the Group comply with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle B - Effective Audit and Risk Management (cont'd.)

II. Risk Management and Internal Control Framework

Intended outcome

9.0 Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the Company's objectives is mitigated and managed.

	Applied/ Departure/ Adopted/ Not Adopted	Summary of governance practices
Practice 9.1		
The board should establish an effective risk management and internal control framework.	Applied	The Board has overall responsibility for maintaining an effective and sound system of risk management and internal control and for reviewing its adequacy. The Board affirms that the risk management process and system of internal control is established and operating adequately and satisfactorily in all material aspects to meet the business objectives of the Group for the financial year under review.
Practice 9.2		
The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.	Applied	The system of risk management and internal control has been designed to meet the particular needs of the Group and to manage risks which the Group is exposed to rather than eliminating the risk of failure in achieving business objectives. Features of the Group's risk management and internal control framework are set out in the Statement on Risk Management and Internal Control.
Practice 9.3 - Step-up		
The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.	Not Adopted	-

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle B - Effective Audit and Risk Management (cont'd.)

II. Risk Management and Internal Control Framework (cont'd.)

Intended outcome (cont'd.)

10.0 Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

	Applied/ Departure/ Adopted/ Not Adopted	Summary of governance practices
Practice 10.1		
The Audit Committee should ensure that the internal audit function is effective and able to function independently.	Applied	The internal audit functions have been outsourced to Lawrence Wong & Co., chartered accountants (Malaysia), with the primary objective to carry out reviews of the business processes as well as the internal control systems to determine if the accounting and internal control system procedures have been complied with as well as to identify recommendations to strengthen the accounting and internal control system so as to foster a strong management control environment. The internal auditors report directly to the Audit Committee.
Practice 10.2		
The board should disclose - • whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence; • the number of resources in the internal audit department • name and qualification of the person responsible for internal audit; and • whether the internal audit function is carried out in accordance with a recognised framework	Applied	The internal auditors report directly to the Audit Committee and annually confirm to the Audit Committee that they are free from any relationships or conflicts of interest that could impair their objectivity and independence. The internal audit team comprises an average of four members and is headed by Mr Wong Boon Kin, AIIA (IIA, Malaysia), CA(M), CPA(M), CA(ANZ), AISP. The internal audit is performed in accordance with the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle C - Integrity in Corporate Reporting and meaningful relationship with stakeholders

I. Communication with Stakeholders

Intended outcome

11.0 There is a continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respects to the business of the company, its policies on governance, the environment and social responsibility.

	Applied/ Departure/ Adopted/ Not Adopted	Summary of governance practices
Practice 11.1		
The board ensures there is effective, transparent and regular communication with its stakeholders.	Applied	The Board is committed in ensuring accurate and timely dissemination of information, including corporate announcement and release of quarterly financial results to Bursa Malaysia as well as the despatch of annual reports to shareholders. The annual general meeting is the principal forum for dialogue with shareholders. At the annual general meeting, shareholders have direct access to the Directors and are given the opportunity to ask questions during the question and answer session. Suggestions and comments by shareholders are noted by Directors for consideration. The annual and quarterly reports and the various mandatory announcements are the primary modes of communication to report on the financial performance and operations and corporate developments of the Group. The Company maintains a corporate website which provides the relevant information to its stakeholders.
Practice 11.2		
Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.	Not Adopted	-

II. Conduct of General Meetings

Intended outcome

12.0 Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

	Applied/ Departure/ Adopted/ Not Adopted	Summary of governance practices
Practice 12.1		
Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.	Applied	The Sixty Third Annual General Meeting (63rd AGM) will be held on 11 February 2022. Notice of the 63rd AGM, which is enclosed in the Annual Report 2021 is despatched to shareholders on 31 December 2021.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Principle C - Integrity in Corporate Reporting and meaningful relationship with stakeholders (cont'd.)

II. Conduct of General Meetings (cont'd.)

Intended outcome (cont'd.)

12.0 Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings. (cont'd.)

	Applied/ Departure/ Adopted/ Not Adopted	Summary of governance practices
Practice 12.2		
All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.	Applied	At the beginning of a calendar year, an annual meeting calendar comprising scheduled dates for the Annual General Meeting and other meetings is circulated to the Directors to facilitate their time management. All directors in office as at the end of the FY2021 attended the Annual General Meeting held on 27 January 2021. The Executive Chairman and the Chief Financial Officer cum Company Secretary as well as the Chairs of the Board's committees stand ready to provide meaningful response to questions addressed to them.
Practice 12.3		
Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate - • including voting in absentia; and • remote shareholders' participation at General Meetings.	Applied	The forthcoming AGM will be conducted by way of a full virtual meeting through live streaming and online remote voting via remote participation and voting ("RPV") facilities.

The corporate governance practices as summarised gave a general overview of the application of the MCCG.

Disclosures pursuant to Paragraph 15.25(2) of Bursa Malaysia Listing Requirements can be downloaded from the Company's website at www.chinteck.com.my

Notwithstanding with the departures and non-adoption on the Practices/Practices Set-Up under the MCCG, the Board will continue to evaluate and assess the Practices and at the appropriate time, take appropriate steps to narrow the gap.

Having regards to the diverse perspectives and insights, the stewardship under the present leadership of the Board ensures that the decisions are made objectively in the best interest of the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

Appendix A

Details of the total remuneration, on a Group basis, of the Executive Directors and Non-Executive Directors of the Company for the financial year ended 31 August 2021.

	Fees RM	Salaries RM	Bonus RM	Meeting attendance fees RM	Total RM
Executive Directors					
Goh Wei Lei	65,000	424,000	482,554	15,000	986,554
Goh Pock Ai	45,000	312,000	350,948	15,000	722,948
	110,000	736,000	833,502	30,000	1,709,502
Non-Executive Directors					
Keong Choon Keat	76,000	-	-	36,000	112,000
Gho Lian Chin	62,000	-	-	36,000	98,000
Sio Sit Po	62,000	-	-	36,000	98,000
Datuk Matthew Tee Kai Woon	54,000	-	-	30,000	84,000
Gho Eng Liong	56,000	-	-	21,000	77,000
Goh Yeok Beng	48,000	-	-	21,000	69,000
Goh Chih Yuan (Wu Zhiyuan)	40,000	-	-	15,000	55,000
	398,000	-	-	195,000	593,000
	508,000	736,000	833,502	225,000	2,302,502

Appendix B

All the directors and alternate director had successfully attended the Mandatory Accreditation Programme ("MAP").

During the financial year ended 31 August 2021, the directors and alternate director attended the following programmes:-

	Programme	Duration
Goh Wei Lei	Navigating ESG Requirements For Growth	1/2 day
Goh Pock Ai	Navigating ESG Requirements For Growth	1/2 day
Keong Choon Keat	Navigating ESG Requirements For Growth	1/2 day
Gho Lian Chin	Navigating ESG Requirements For Growth	1/2 day
Sio Sit Po	Navigating ESG Requirements For Growth	1/2 day
Datuk Matthew Tee Kai Woon	Navigating ESG Requirements For Growth	1/2 day
Gho Eng Liong	Navigating ESG Requirements For Growth	1/2 day
Goh Yeok Beng	Navigating ESG Requirements For Growth	1/2 day
Goh Chih Yuan (Wu Zhiyuan)	Navigating ESG Requirements For Growth	1/2 day
Gho Bun Tjin	Navigating ESG Requirements For Growth	1/2 day

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors has pleasure in presenting the Statement on Risk Management and Internal Control of the Group comprising the Company and its subsidiary (“Group”).

Responsibility

The Board has overall responsibility for maintaining an effective and sound system of risk management and internal control and for reviewing its adequacy and recognises that there are inherent limitations to any system of risk management and internal control. The system of risk management and internal control has been designed to meet the particular needs of the Group and to manage risks which the Group is exposed to rather than eliminating the risk of failure in achieving business objectives.

In pursuing these objectives, risk management and internal control can only provide reasonable and not absolute assurance against material misstatement or loss. Furthermore, it should be recognised that the cost of managing risk and control procedures should not outweigh or exceed the expected benefits.

Risk management

Management regularly review, identify, evaluate, monitor and manage the significant risks faced by the Group. In addition, the internal auditors, using a risk-based approach, annually review the operational procedures and processes to ensure the integrity of the management system.

The Audit Committee chaired by an Independent Non-Executive Director and its members comprising majority of Independent Non-Executive Directors, provide an independent review of the process of the Group for producing financial data, the adequacy, effectiveness and integrity of risk management and the system of internal control.

Significant risks identified for the financial year ended 31 August 2021 ("FY2021")

- **COVID-19**

  The unprecedented COVID-19 pandemic has severely impacted the global economy. In Malaysia, to contain the spread of COVID-19, the Government imposed movement control measures but enabled industries providing essential services including the oil palm industry to operate provided they employ risk mitigation measures.

  The Group’s estates and mills are able to operate. With the safety and health of our employees, contractors and stakeholders in mind, the Group implemented measures which included screening employees and visitors for symptoms of COVID-19 and risk, practicing safe distancing, distributing masks, face shields and hand sanitisers to employees, increasing the frequency of disinfection of work spaces, vehicles and living quarters, restricting the non-essential movement of personnel and visitors to and from our properties, putting in place procedures for testing of COVID-19, establishment of isolation facilities and encouraging and facilitating vaccinations, amongst others.

- **Commodity price**

  The Group is exposed to price volatility arising from fluctuation in the prices of fresh fruit bunches (“ffb”), crude palm oil (“CPO”) and palm kernel (“PK”) in the commodity market.

  The Group manages and mitigates price volatility by monitoring the fluctuation of CPO and PK prices daily and enter into physical forward selling commodity contracts.

  The Group does not enter into commodity future contracts.

- **Supply and cost of human resources**

  The Group faces challenges in the tight supply of human resources in Malaysia. The Group monitors labour recruitment practices in the industry and has implemented competitive incentives and improved welfare to attract and retain human resources. The Group has diversified its sources of labour. At the same time, efforts are also being made to improve productivity, which also partially mitigates the increasing cost of human resources.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Significant risks identified for the financial year ended 31 August 2021 ("FY2021") (cont'd.)

- **Adverse weather conditions**

  Prolonged dry weather may contribute to poorer ffb yields and may affect other plantation operations. Implementation of good agriculture practices, including soil and water conservation, partially mitigate the effects of low moisture availability.

  Heavier rainfall may affect plantation operations to some extent. Ongoing road maintenance and vigilance over harvesting standards should mitigate adverse impact on ffb quality and oil extraction rates.

- **Financial risks**

  The Group is exposed to financial risks which include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

- **Anti-Corruption**

  The Malaysian Anti-Corruption Commission (Amendment) Bill 2018 was gazetted on 4 May 2018 as the MACC Amendment Act 2018. The enforcement of provisions on corporate liability became effective on 1st June 2020. The provisions criminalises a commercial organisation if a person associated with it corruptly gives, agrees to give, promises or offers to any person any gratification with intent to obtain or retain business, or an advantage in the conduct of business, for the organisation. The Group has formulated policies and procedures, which will be reviewed regularly, to mitigate the potential risks.

Key elements of internal control

- **Organisational structure**

  There is an operating structure in place with clearly defined lines of accountability and delegated authority for the estates.

- **Policies manual**

  There is a Policy Manual including Authority Limit to serve as guidance for the operations and personnel of the Group to function within the accepted practices of the Group.

- **Audit Committee and internal audit**

  The Audit Committee is established with a view to assist the Board in discharging its duties. The internal audit function has the primary objective to carry out a review of the internal control system to determine if the accounting and internal control procedures have been complied with as well as to identify recommendations to strengthen the accounting and internal control system so as to foster a strong management control environment.

  The internal auditors report directly to the Audit Committee. Two internal audit reports for FY2021 were prepared by Lawrence Wong & Co, chartered accountants (Malaysia), and presented to the Audit Committee. The internal audit reports summarised the audit approach, scope, significant audit findings, the overall opinion for the internal control review, management comments on the audit findings and recommendations. The internal audit reports also cover the follow-up by the management on implementation of recommendations in their earlier reports.

- **Financial report**

  The Group has in place a reporting mechanism whereby Directors receive financial statements, which contain information on financial performance and plantation statistics.

  Periodical meetings of the Board and Audit Committee were held. Quarterly financial results, performance of the estates, financial position of the Company, the market value of its quoted investments, the sales of ffb, CPO and PK, summary of budgets and capital expenditure, plantations statistics and the financial performances and developments of the investments in oil palm plantation in Indonesia and investment in property development were presented to the Board at the Board meetings.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

Key elements of internal control (cont'd.)

- **Estates visits**

  Members of management team regularly visit the estates and mills to monitor the state of affairs of the estates and mills. During the visits, the estate managers and mill engineers report on the progress and performance of the respective estates and mills, and discuss and resolve the estates and mills operational and key management issues.

- **Review of recurrent related party transactions**

  All recurrent related party transactions are dealt with in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Audit Committee and the Board review the recurrent related party transactions at the respective meetings of the Audit Committee and the Board.

Conclusion

Based on the foregoing as well as the inquiries and information provided, the Board has received assurance from the Executive Chairman, the Chief Operating Officer and the Chief Financial Officer that the risk management process and system of internal control are operating adequately and satisfactory in all material aspects to meet the business objectives of the Group for the FY2021 and up to the date of approval of this statement.

Review of the statement by external auditors

The External Auditors, Messrs. Ernst & Young PLT, have performed limited assurance procedures on the Statement in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), 'Assurance Engagements Other Than Audits or Reviews of Historical Financial Information' and Audit and Assurance Practice Guide 3, 'Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report.

Messrs. Ernst & Young PLT have reported to the Board that nothing has come to their attention that causes them to believe that the Statement included in the annual report is not prepared, in all material respects, in accordance with the disclosures required by Paragraph 41 and 42 of Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

REPORT ON AUDIT COMMITTEE

The Board of Directors of Chin Teck Plantations Berhad is pleased to present the report on the Audit Committee for the financial year ended 31 August 2021 ("FY2021").

Members of the Audit Committee

The members of the Audit Committee are as follows:-

Chairman	Keong Choon Keat	Independent Non-Executive Director
Members	Sio Sit Po	Independent Non-Executive Director
	Datuk Matthew Tee Kai Woon	Independent Non-Executive Director
	Gho Lian Chin	Non-Independent Non-Executive Director

The Audit Committee complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad that all audit committee members must be non-executive directors, with a majority of them being independent directors.

Terms of reference

The Terms of Reference of the Audit Committee can be found at the Company's website.

Meetings

During the FY2021, a total of five meetings were held.

The attendance of each member was as follows:-

	Number of meetings attended
Keong Choon Keat	5
Sio Sit Po	5
Datuk Matthew Tee Kai Woon	5
Gho Lian Chin	5

Summary of activities of the Audit Committee

The Audit Committee had carried out the following activities during the FY2021 in discharging their duties and responsibilities:-

(a) Reviewed the quarterly financial statements before recommending the same to the Board for approval for submission to Bursa Malaysia Securities Berhad and the Securities Commission.

(b) Reviewed the annual financial statements before recommending the same to the Board for approval for submission to Bursa Malaysia Securities Berhad and the Securities Commission.

(c) Reviewed and deliberated the audit report and observations made by the external auditors on the audit of annual financial statements.

(d) Reviewed and deliberated the annual audit plan prepared by the external auditors on the audit of annual financial statements.

(e) Considered and recommend to the Board the audit fees proposed by external auditors.

(f) Considered and recommended to the Board the re-appointment of external auditors.

(g) Held two private sessions with the external auditors without the presence of the executive directors to discuss any significant matters they wish to raise.

(h) Reviewed the transactions with related parties as disclosed in the annual financial statements.

(i) Reviewed and deliberated the internal audit plan prepared by the internal auditors.

(j) Considered and recommended to the Board the audit fees proposed by the internal auditors.

REPORT ON AUDIT COMMITTEE (CONT'D)

Summary of activities of the Audit Committee (cont'd.)

(k) Reviewed, deliberated and recommended to the Board to accept the internal audit reports prepared by the internal auditors on the internal audit findings and control weakness and their recommendations and management comments and the follow-up by the management on the implementation of their recommendations in their earlier reports.

Internal audit functions

The internal audit functions have been outsourced to Lawrence Wong & Co., chartered accountants (Malaysia) with the primary objective to carry out reviews of the business as well as the internal control systems to determine if the accounting and internal control system procedures have been complied with as well as to identify recommendations to strengthen the accounting and internal control system so as to foster a strong management control environment.

The internal auditors report directly to the Audit Committee and annually confirm to the Audit Committee that they are free from any relationships or conflicts of interest that could impair their objectivity and independence.

The internal audit team comprises an average of four members and is headed by Mr Wong Boon Kin, AIIA (IIA, Malaysia), CA(M), CPA(M), CA(ANZ), AISP.

The internal audit is performed in accordance with the International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

Summary of activities of the Internal Auditors

The Internal Auditors had carried out the following activities during FY2021:-

(a) Prepared an internal audit plan for FY2021 and attended a meeting of the Audit Committee to present the internal audit plan to the Audit Committee for review and deliberation.

(b) Prepared two internal audit reports and attended two separate meetings of the Audit Committee to present their internal audit reports for review and deliberation together with the Audit Committee. The internal audit reports summarised the audit approach, scope, significant audit findings, the overall opinion for the internal control review, management comments on the audit findings and recommendations. The internal audit reports also covered the follow-up by the management on implementation of recommendations in their earlier reports.

(c) The internal auditors visited all the estates and the head office to perform internal audit in accordance with the internal audit plan for FY2021.

The total cost of internal audit for the financial year under review amounted to RM106,530.

STATEMENT ON DIRECTORS' RESPONSIBILITY

FOR THE PREPARATION OF ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("Act") to prepare financial statements for each financial year that give a true and fair view of the financial position of the Company and of the Group as at the end of the financial year and their financial performance and cash flows for the financial year.

The Directors are responsible for ensuring that the Company and the Group keep accounting records which disclose with reasonable accuracy the financial position of the Company and of the Group and which enable them to ensure that the financial statements of the Company and of the Group comply with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act in Malaysia.

The Directors consider that the financial statements set out on pages 66 to 118 have been prepared using appropriate accounting policies, which are consistently applied and are in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act in Malaysia.

The Directors have engaged independent auditors who are required to undertake inspection and make enquiries they consider to be appropriate for the purpose of enabling them to give their audit report set out on pages 62 to 65.

This statement is made in accordance with a resolution of the Board of Directors dated 27 December 2021.

SUSTAINABILITY STATEMENT

Introduction

The palm oil sector is facing increased scrutiny by stakeholders (including investors), especially on its environmental and social practices and impacts. As more investors and financial institutions are incorporating environmental, social and governance (ESG) considerations in their investment and lending practices, it is imperative that we adhere to recognised practices and established standards for sustainability. These standards and norms provide common guideposts for all actors for current action and future discourse in the sustainability journey.

Our commitments for shared responsibility and sustainable palm oil are demonstrated through the adoption of the Malaysian Sustainable Palm Oil (MSPO) Standards, under which all our estates and palm oil mills in Malaysia were certified in June 2019.

Malaysia's MSPO Certification Scheme establishes mandatory sustainability standards for oil palm plantations, independent and organised smallholdings and palm oil processing facilities. The certification covers management requirements, specific performance requirements and traceability of the production throughout the supply chain from raw materials to processing and manufacturing of palm oil and palm oil-based products.

The MSPO Standards contains seven principles which form the general requirements of a management system framework, based on our three pillars of sustainability: economically viable, socially acceptable, and environmentally sound. The seven principles are:

Principle 1 – Management commitment and responsibility

Principle 2 – Transparency

Principle 3 – Compliance to legal requirements

Principle 4 – Social responsibility, health, safety and employment conditions

Principle 5 – Environment, natural resources, biodiversity and ecosystem services

Principle 6 – Best practices

Principle 7 – Development of new plantings

FY2021 Performance Highlights

3 of 3 Estates MSPO certified

2 of 2 Palm Oil Mills MSPO certified

11,327 hectares MSPO certified estates

70 MT/hour MSPO milling capacity

In this reporting period, the Group's certification was renewed after an annual surveillance audit as mandated by MSPO Oil Palm Management Certification scheme. The Group's certification under the MSPO Supply Chain Certification Scheme (SCCS) was also renewed, which ensured continued relevance and effectiveness in meeting the stated sustainability objectives of the MSPO standards. The audit was conducted by the British Standards Institute (BSI). Integral to the system of certification is self-assessment via an MSPO internal audit process. This was carried out by our management company together with key MSPO Committee members in each operating unit.

Despite the dramatic changes in the macro environment and the impact of the COVID-19 pandemic, we have maintained our commitment and tenacity by continuing to serve our customers while making as many arrangements as possible to protect our employees and maintaining the sustainability practices already put in place which impact the larger community.

SUSTAINABILITY STATEMENT (CONT'D)

About this Statement

This Sustainability Statement ("Statement") is developed in accordance with Bursa Malaysia's Sustainability Reporting Guide (2nd Edition) which sets out the sustainability-related disclosure obligations prescribed under the Main Market Listing Requirements. This Statement provides information on our sustainability performance covering our financial period from 1 September 2020 to 31 August 2021.

The scope of this Statement focuses on Chin Teck Plantations Berhad and its subsidiary for which it has direct managerial control, unless otherwise stated. Quantitative data for the latest four fiscal years are provided to allow for trend analysis over time and to illustrate our progress thus far. References in this Statement to "Chin Teck", "the Group", "we" and "us" refer to the Chin Teck Plantations Berhad and its subsidiary as outline in Note 15 to the financial statements.

This Statement contains certain forward-looking statements with respect to the Group's financial position, results, operations and businesses including statements regarding our sustainability targets, aspirations and planned initiatives. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as 'believe', 'will', 'could', 'should', 'intends', 'aims', 'continues' or the negative thereof, other variations thereon or comparable terminology.

We welcome your comments and feedback on how we can continue to progress on our sustainability journey. For further information or to provide feedback, please contact us at enquiry@chinteck.com.my.

Sustainability Governance

Our sustainability governance structure, which was formalised in FY2018, ensures the implementation of our sustainability plans and promotes accountability. In line with the latest update of the Malaysian Code on Corporate Governance (MCCG), our Board of Directors (Board) provides the oversight and leadership required to ensure the integration of sustainability considerations in our business strategy and implementation of sustainability strategies.

Our Chief Operating Officer (COO) is responsible for driving the implementation of sustainability strategies for the Group with the support of the Sustainability Steering Team. The COO reports the progress of our sustainability plans and performance to the Board. The roles and responsibilities of our sustainability governing body are detailed in Diagram 1 below.

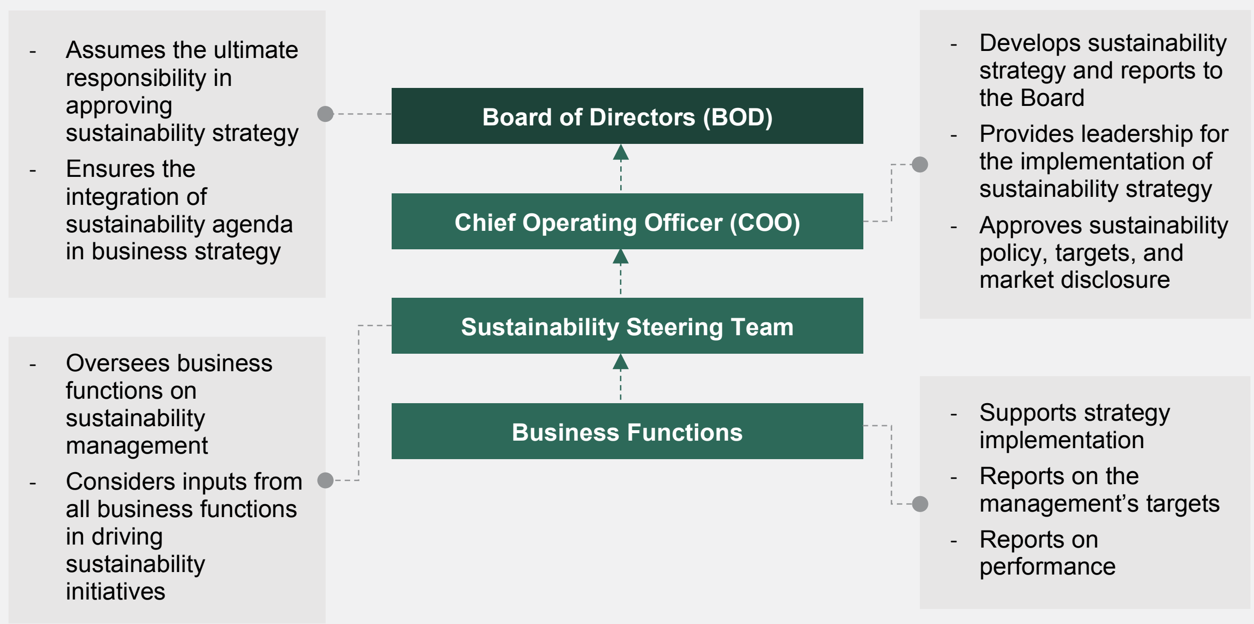

Diagram 1: Sustainability Governance Structure

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholder Engagement

Stakeholder engagements are essential in our business. Our engagement with key stakeholders focuses on inclusiveness, responsiveness and building a continuous relationship which allows us to identify our material sustainability matters. We identify stakeholders as those who are impacted by our business practices or those who can influence our business decisions.

Throughout this reporting period, we have engaged six main stakeholder groups to include their interests and concerns in our formalisation of the Group's sustainability initiatives. Through stakeholder engagements, we have gained a better understanding of our business's impacts on the environment and the wider community. This has allowed us to better manage our sustainability risks and opportunities.

Our stakeholder engagements in FY2021 include, but are not limited to the following:

Stakeholder Group	Engagement Frequency	Method of Engagement	Discussion Topics
Board of Directors	Five times during the financial year	• Board of Directors meetings	• Group performance • Risk and business governance
Investors	Annually / Quarterly	• Annual General Meetings • Quarterly announcements • Company website	• Group performance • Business prospects
Employees	Regularly	• Scheduled and ad hoc meetings • Interactions within and between operating units • Interactions with the management	• Group policies and procedures • Employee benefits • Group performance • Code of Conduct
The Government	Ad hoc basis	• On-site inspections • Discussions and consultations	• Interpretation of new regulations • Review of compliance protocols
Customers	Ad hoc basis	• Direct engagements • Field visits • Company website	• Product quality • Product pricing
Communities, Contractors and Suppliers	Ad hoc basis and at least once a year during stakeholder meetings	• Direct engagements • Grievance and feedback mechanism	• Introduction to Company's MSPO policies • Compliments and grievances

Table 1: Stakeholder Engagement Table

SUSTAINABILITY STATEMENT (CONT'D)

Material Sustainability Matters

Materiality assessment is vital in guiding our business strategies and prioritising our sustainability endeavours. We define material sustainability matters as those that can have a significant economic, environmental, and social impact on our business and stakeholders. In conducting the materiality assessment, a three-step process (Diagram 2) was performed to identify and prioritise the material sustainability matters relevant to the Group.

We review our material sustainability matters on an annual basis, taking into account internal and external factors as well as feedbacks from our stakeholder engagements, to ensure the material sustainability matters we identified remain relevant and emerging issues are captured as material sustainability matters.

Our stakeholder engagement sessions throughout FY2021 have provided us with valuable insights for the annual review of our material sustainability matters and we have concluded that the material sustainability matters reported in FY2020 remain as our priorities.

The materiality assessment process is identified in Diagram 2 below:

Diagram 2: Materiality Assessment Process

Identification

An inventory of sustainability matters were identified based on internal and external sources of information including inputs from our stakeholder engagements, Bursa Malaysia Sustainability Reporting Guideline, peer benchmarking and desktop research to determine the sustainability context.

Prioritisation

Identified material sustainability matters were prioritised according to the importance of each matter to stakeholders and Chin Teck.

Prior to validation by the Board, the Sustainability Steering Team led by the COO reviewed the materiality matrix.

Validation

The material sustainability matters were presented to the Board for validation and endorsement.

Sustainability Pillars

Our sustainability agenda and initiatives are guided by three overarching pillars: Our Business, Our People and Our Stewardship, which facilitate driving sustainable growth to deliver long-term value creation for our stakeholders.

The next section of this Statement highlights our management approach, initiatives and performance for the material sustainability matters.

Our Business

Contributing to the local economy

- Economic Performance
- Ethical Business

Our People

Taking care of and developing our employees

- Occupational Safety and Health
- Human Resource Practices
- Social Compliance

Our Stewardship

Protecting and minimising impacts to the environment

- Waste and Effluent Management
- Water Management
- Environmental Compliance

Diagram 3: Chin Teck's Sustainability Pillars and Material Matters

SUSTAINABILITY STATEMENT (CONT'D)

Our Business

- **Economic Performance**

Economic performance is imperative to the sustainability of the Group as it ensures we have the financial ability to generate value for investors, support the national agenda for economic development, reduce negative impacts and promote positive externalities.

The average selling price of Crude Palm Oil (CPO) and Palm Kernel (PK) prices for FY2021 achieved by the Group rose by more than 50% compared to a year ago. The significant increase in prices is driven by a combination of factors including tighter supply of CPO and PK due to the COVID-19 movement restrictions and higher demand from China and India. Our operations were not significantly affected by the COVID-19 pandemic as we were allowed to operate during the pandemic. However, the plantation industry experienced labour shortages due to the COVID-19 movement restrictions.

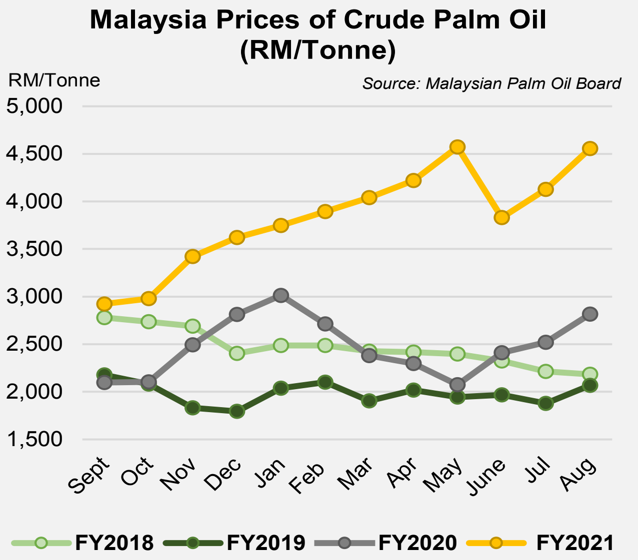

Diagram 4: Malaysia prices of crude palm oil

As part of our effort to safeguard our economic sustainability, we plan to conduct a mechanisation trial for in-field fresh fruit bunches (FFB) evacuation in our Jemima estate in FY2022, with the goal to reduce dependency on labour. In addition, our Keratong Estate Palm Oil Mill will undergo capacity upgrading and significant renewal of key machinery commencing FY2022 to better secure continuity of operations into the future.

We expect CPO prices to remain robust through 2022. We will continue to be vigilant on managing risks and capitalising on market opportunities ahead of the expected recovery in view of the high vaccination rate in the country.

> *For further details of Chin Teck's financial results, please refer to our Management Discussion and Analysis section of our Annual Report 2021.*

Our economic contributions to various stakeholders are summarised in Table 2 below:

In RM'million	FY2021	FY2020	FY2019	FY2018
Value Generated				
Revenue, interest income, dividend income, other income, share of results of associates and a joint venture	**198.02**	145.90	132.49	188.07
Less: Payment to suppliers	**(70.73)**	(56.21)	(50.39)	(64.22)
Less: Other operating expenses	**(6.77)**	(15.40)	(15.09)	(17.06)
Value available for distribution	**120.52**	74.29	67.01	106.79
To employee *Salaries, wages and other benefits*	**24.21**	24.64	22.57	20.45
To government *Taxes and levies*	**27.49**	12.58	11.87	13.82
To shareholders *Dividends*	**27.41**	14.62	18.27	27.41
Reinvested in the business *Retained profits*	**41.41**	22.45	14.30	45.11
Total distributed	**120.52**	74.29	67.01	106.79

Table 2: Direct Economic Value Generated and Distributed

SUSTAINABILITY STATEMENT (CONT'D)

Our Business

- **Ethical Business**

At Chin Teck, we believe that conducting business responsibly, being transparent and accountable in the communities we operate is essential to our long-term success. In doing so, our ethical conduct and good governance continue to guide our ethical culture across the Group.

Setting the tone from the top, our Executive Chairman and the management team ensure the Group maintains the highest standards in corporate governance. The Code of Ethics (Code) sets out clear standards in accordance with relevant regulations and guidelines, including the Guidelines on Adequate Procedures for Corporate Liability, which are based on the five guiding principles of T.R.U.S.T. (Top Level Commitment, Risk Assessment, Undertake Control Measure, Systematic Review, Monitoring and Enforcement, and Training and Communication) that ensure we conduct business to a high ethical standard and integrity, and comply with all applicable laws and regulation across the Group.

The Code applies to all of our Directors and employees and we provide mandatory training for all employees to reinforce their understanding of the relevant policies, standards, and practices such as anti-bribery and anti-corruption, fraud, conflict of interest, occupational health, safety and environmental compliance. We have provided a briefing on our Group's Anti-Bribery and Anti- Corruption (ABAC) interim policies to the Group's estate managers and palm oil mill engineers. Additionally, ABAC training was conducted for the Group's Directors to ensure they keep abreast to the Group's latest policies and standards.

In FY2021, there were no material incidences of non-compliance and we did not receive any complaints nor fines pertaining to improper conduct or corruption.

Our People

- **Occupational Safety and Health**

<u>Occupational Safety and Health Governance</u>

Creating a safe and healthy environment remains our top priority and we are continuously striving to improve the systems and processes already in place to support our aspiration of a "Zero Accident" working environment. In this context, our practices are advised by regulatory requirements which are in themselves benchmarked against international standards. The Group implements a comprehensive Occupational Safety and Health (OSH) management system based on the requirements of the Occupational Safety and Health Act 1994.

Our practices are governed by our Occupational Safety and Health Policy (OSH Policy) which covers necessary procedures to minimise and manage occupational safety and health risks. The Group appoints a Group Safety and Health Officer (GSHO), who together with his deputy oversee safety supervisors with their Occupational Safety and Health Committees (OSH Committees) at each operating unit. The OSH Committee comprises management and workforce representatives who monitor the implementation of OSH best practices to minimise risks and provide an opportunity to raise OSH-related concerns and recommend solutions. In FY 2022, we plan for our Safety Supervisors to be formally certified as a competent person under Mykkp by the Department of Occupational Safety and Health (DOSH) after attending the OSH Coordinator course (OSH-C).

This year, we have conducted a total of 24 safety committee meetings across all four of our operating units, consistent with the previous financial year.

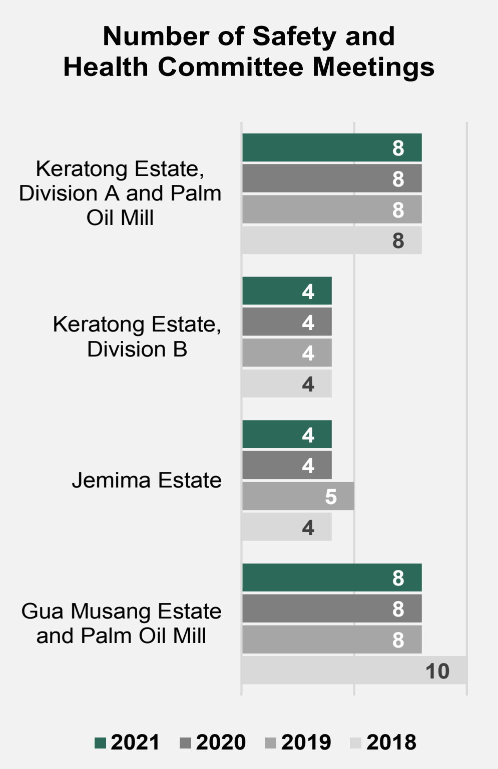

Diagram 5: Number of safety and health meetings

SUSTAINABILITY STATEMENT (CONT'D)

Our People (cont'd.)

- **Occupational Safety and Health (cont'd.)**

Protecting our people during the COVID-19 pandemic

Following the outbreak of the COVID-19 pandemic we immediately established and implemented procedures laid out by the National Security Council (NSC) alongside other Group-wide systems and strategies to mitigate the spread of the disease. These procedures were adjusted when appropriate to accommodate changes in the national situation.

The precautionary measures and initiatives instituted in our group comprise the following:

✓ Movement control of employees and restriction of visitors to our premises

✓ Temperature & MySejahtera screening for all the estate residents and approved visitors

✓ RTK-Ag Test for estate residents including Executive/staff/incoming visitors/suppliers

✓ Compliance with mask wearing and safe distancing

✓ Provision of sanitisers for hand disinfection

✓ Regular disinfection of buildings and vehicles

✓ Staff rotation to reduce interaction at the workplace

✓ Provision of training with regards to Covid-19 SOP

✓ Encouragement of employees to be vaccinated

✓ Provision of air purifiers of recognised quality

✓ Establishment of isolation quarters where possible

<u>OSH Training and Development</u>

As a responsible employer, the safety of personnel at our operating units is of utmost importance to us. We strive to develop a positive health and safety culture, where safe and healthy working becomes second nature to our employees.

Alongside robust governance mechanisms, we leverage on the leadership of top management to inculcate strong occupational safety and health discipline and mindset. We invest in a series of internally and externally outsourced training sessions to enhance the competency levels of our employees and keep them updated on the latest industry standards.

During the year, a total of 2,134 attendees participated the Group's internal training sessions, which were conducted over a total of 206 training sessions. The total number of internal safety training sessions for this reporting period increased slightly by 4% as compared to FY2020. As for our externally outsourced training sessions, 12 attendees participated in 6 external safety and health sessions. Overall, total training sessions (internal and external) increased marginally in FY2021.

Diagram 6: Number of internal safety training sessions

SUSTAINABILITY STATEMENT (CONT'D)

Our People (cont'd.)

- **Occupational Safety and Health (cont'd.)**

OSH Training and Development (cont'd.)

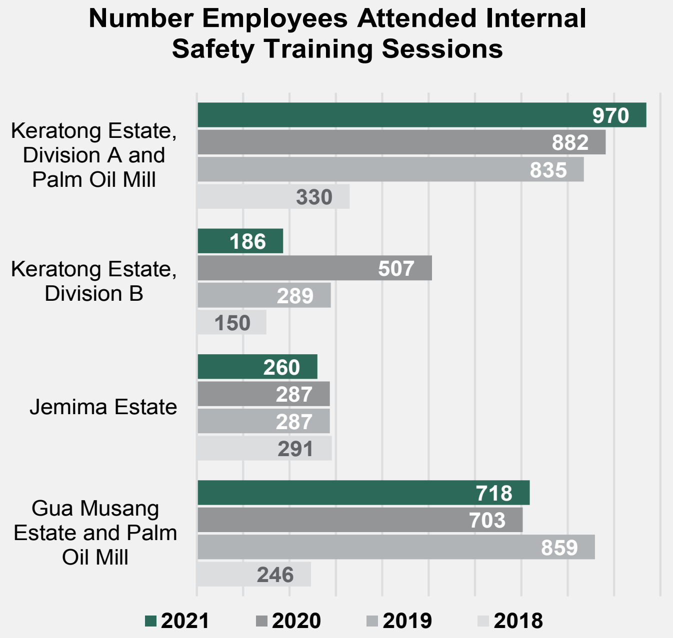

Diagram 7: Number of employees attended safety training sessions

Fire Extinguisher Training at Keratong

First Aid Training (CPR) at Keratong Estate

The training conducted in FY2021 includes, but are not limited to the following:

Types of Training Conducted	
Internal training	Chemical Handling, Awareness and Spill Control Training
	Harvesting Training
	Scheduled Waste Handling for Mill Training
	Working at Height Awareness Training
	First Aid Training on First Aid Content & CPR
	MSPO Policy Briefings
	COVID-19 Standard Operating Procedures (SOP) Briefings
	Sanitisation of Common Area at Mill Briefing
	New Workers Safety Induction
External training	Basic Scheduled Waste Management
	Developing an Effective Fire Safety & Prevention in The Workplace
	OSH Connect Conference & Exhibition 2020
	Authorised Gas Tester & Entry Supervisor for Confined Space (AGTES)
	Interviewing Techniques for Accident Investigators

Table 3: Types of Training Carried Out in FY2021

SUSTAINABILITY STATEMENT (CONT'D)

Our People (cont'd.)

- **Occupational Safety and Health (cont'd.)**

OSH Training and Development (cont'd.)

For FY2022, we intend to include the following initiatives and activities in our OSH plan which will be in compliance with the Department of Occupational Safety and Health (DOSH) OSH-Master Plan 2021-2025:

✓ OSH empowerment
✓ Strengthening self-regulation practice in workplace
✓ Empowerment of occupational health
✓ Improving OSH compliance
✓ Strengthening OSH through technology
✓ Enhancing OSH for work related to road safety

Weeders Training at Jemima Estate

Occupational Safety and Health Performance

Our OSH commitment is to achieve zero fatality and reduce workplace accidents. In this reporting year, our number of work-related injuries was unchanged. The work-related injuries were mainly due to unsafe handling of tools and equipment during harvesting and maintenance operations.

Very regretfully, we recorded one fatality during the year, breaking our record of zero fatality in our operations in the past years - a falling oil palm frond fractured the skull of a worker.

Each accident was investigated, based on Notification of Dangerous Occurrence, Occupational Poisoning and Disease Regulation 2004 by interviewing, inspection, monitoring and implementation of control measures with training to prevent further occurrence. In the case of the fatality, we cooperated fully with investigation carried out by JKKP.

As we progress into FY2022, the Group endeavours to improve our health and safety practices and strive for zero workplace accidents. We will continue to strengthen our occupational safety and health preparedness through the implementation of various in-house safety campaigns and also mentor-mentee programs to create safety culture among the workforces. We will continue to implement regular trainings/educational talks conducted in house and by validated third parties with monitoring and action plan to emphasise the importance of safety at workplace.

Safety Performance	FY2021	FY2020	FY2019	FY2018
Number of Fatalities	**1**	0	0	0
Number of Work-related Injuries	**9**	9	1	3
Accident Rate	**12.9%**	10.8%	1.3%	4.3%
Accident Frequency Rate	**5.4%**	4.5%	0.6%	2.1%

Table 4: Group's Safety Performance

SUSTAINABILITY STATEMENT (CONT'D)

Our People (cont'd.)

- **Occupational Safety and Health (cont'd.)**

Interview with Jemima Estate Safety Supervisor - Nursyakilla Hanum

1. **What is your role as a safety supervisor and the steps taken to uplift safety and health performance at the workplace?**

   I was employed in 2016 and the changes we have made till present is quite immense. We have made improvements including establishment of Safety SOP Manual in compliance to JKKP/MSPO and put in place a systemic planner for training and infrastructure improvements with respect to chemical safety and scheduled waste management. I am proud of the changes and our effort was validated by our attainment of Grade B in the JKKP/HQ Safety Department annual audit. Without process and policies, there is no accountability and no sense of responsibility from the relevant party to ensure that the legal requirements and other self-regulation procedures are met. So, it's mandatory to ensure the management has accountability and the workers comply to all the safety and health elements in the policy.

   Another critical contributor to organisational change and development is training, for example safety & health courses/workshops organised by NIOSH (National Institute of Occupational Safety and Health). However, we have to ensure that the learnings from the training can be conveyed and disseminated throughout the organisation and surveyed through quarterly assessment. This is part of my contribution to the Company.

   Putting systems in place for monitoring and improvements are of course only one part of the challenge. The other major challenge is to unlock mindset change, in particular amongst our migrant workers, particularly with respect to the proper usage of Personal Protective Equipment (PPE).

2. **Do you think our workforce understand that management takes their welfare to heart?**

   Yes, I believe the workers understand that the management care about their welfare as the Company has provided for housing, basic amenities including sport facilities and other items like free PPE as it was clearly witnessed during JKKP/MSPO and various other company audits.

3. **What's your assessment and opinion on the current ongoing COVID-19 estate management plan and how can we further improve?**

   I think the management plan for current COVID-19 SOP was planned nicely but we can make improvements by continuing to train our workers in the use of PPE as well reinforcing the message of safety during morning muster.

SUSTAINABILITY STATEMENT (CONT'D)

Our People (cont'd.)

- **Occupational Safety and Health (cont'd.)**

Interview with Jemima Estate Safety Supervisor - Nursyakilla Hanum (cont'd.)

4. **What is the secret of your ability to interact with your peers and workers to convey the importance of safety and health in the workplace?**

   It's pretty simple - communication among staff and workers.

5. **What will you like others to understand of your journey as a safety supervisor?**

   I'll like them to appreciate the importance of the awareness of safety in our lives and not to take safety for granted.

   I believe in the value of my work (helping others with safety knowledge) and the importance of ongoing learning.

6. **What training are you planning to get to improve your knowledge and skills as a safety supervisor? How far have your progressed? Why do you do it?**

   I am grateful for the training I have received so far. From when I joined to date, I have participated in a whole range of training:

   - Hazard at Workplace by NIOSH
   - Safety & Health Officer Course by NIOSH
   - Accident Investigation Course by NIOSH
   - Safety in Agriculture by NIOSH
   - HIRARC in workplace by NIOSH
   - Basic of First Aider by JKKP
   - The Danger of Noise by NIOSH
   - OSH Workshop in Agriculture by NIOSH
   - Generation Safety & Health by NIOSH
   - Optimise the Collection and Use of OSH Data by NIOSH
   - First Aid & CPR Training by an external service provider

   In the immediate future, I plan to obtain training as an Occupational Safety and Health Coordinator and in the labelling of hazardous chemicals.

- **Human Resource Practices**

As a group involved in cultivation of oil palms, our operations are highly labour-intensive. We prioritise our people's welfare to ensure adequate availability of human resources to sustain our operation. We derive our competitive advantage from various human resource practices, including cultivating leadership, providing training and enhancing employees' benefits. As a matter of principle, we provide our employees with fair and equal opportunities regardless of gender, age or ethnicity.

Our hiring and remuneration policies strive to reward performance, without discrimination and are reviewed on an ongoing basis for competitiveness. While we are compliant with the national minimum wage requirement, the wages of many of our employees are significantly higher than that of the minimum wage.

SUSTAINABILITY STATEMENT (CONT'D)

Our People (cont'd.)

- **Human Resource Practices (cont'd.)**

This year has been challenging for the plantation sector in relation to labour shortages due to the COVID-19 movement restrictions. As a result, our overall turnover rate has increased to 28% from 15% in FY2020 as many of our migrant workers were unable to return to Malaysia due to the movement restrictions. The following employee metrics cover our workforce composition based on age, gender and nationality.

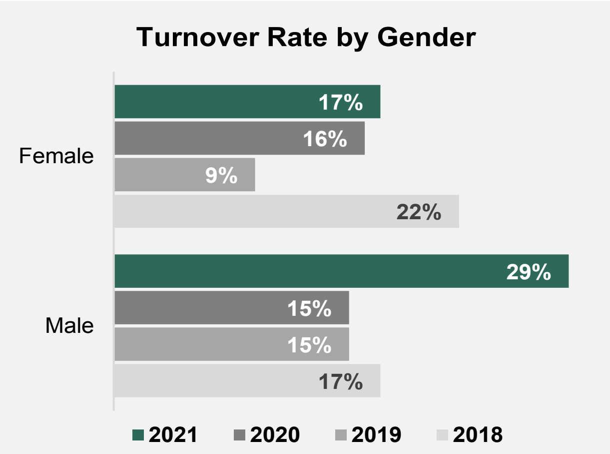

Diagram 8: Turnover rate by gender

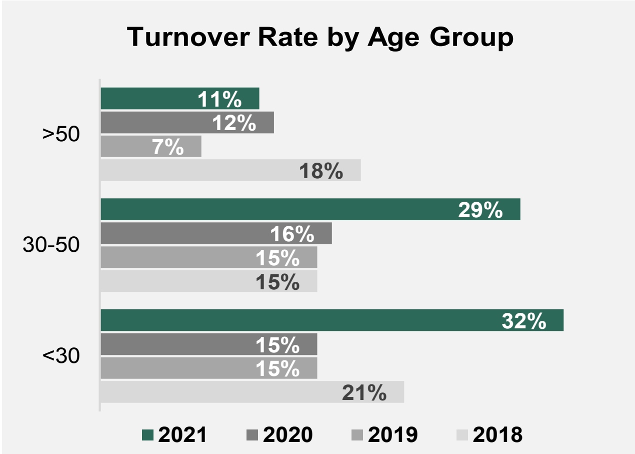

Diagram 9: Turnover rate by age group

The Group aims to continue regular engagement with employees to identify areas for improvement in regard to employment practices, employee welfare and benefits. Due to the physically demanding nature of our work, the majority of the composition of our workers are male and middle-aged workers. Although our workforce comprises of 75% of foreign workers from Indonesia, Thailand, Pakistan, India and Nepal, we strive to hire locally where possible.

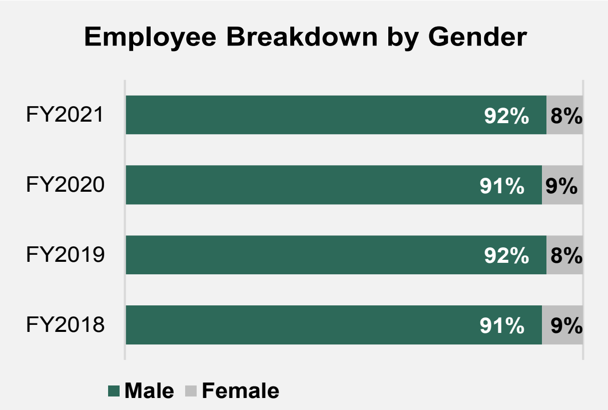

Diagram 10: Employee breakdown by gender

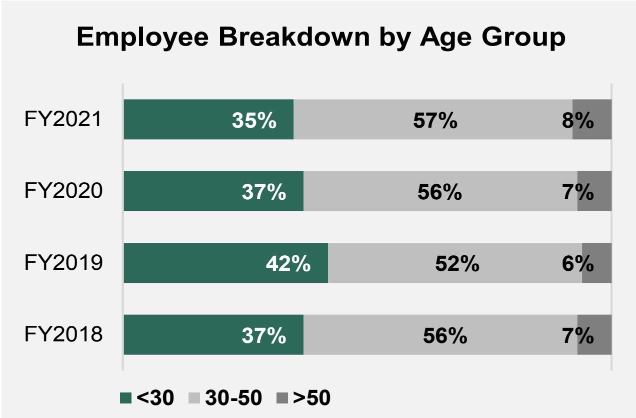

Diagram 11: Employee breakdown by age group

SUSTAINABILITY STATEMENT (CONT'D)

Our People (cont'd.)

- **Human Resource Practices (cont'd.)**

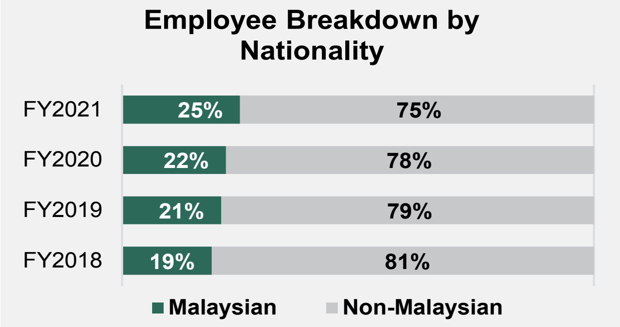

Diagram 12: Employee breakdown by nationality

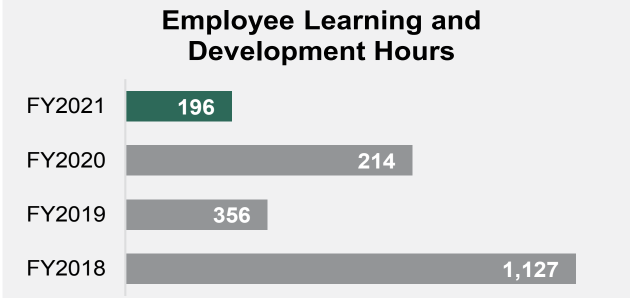

Diagram 13: Total external training hours

Over the years, we have invested in training and development of employees across the Group. In FY2021, total training hours decreased substantially to 266 hours due to the COVID-19 pandemic but pending unforeseen circumstances, we aim to bring these hours up to what was achieved pre-pandemic in FY2022.

Our approach towards employee welfare is to cultivate a culture of mutual care, responsibility and accountability to our employees' personal and familial welfare. As a socially responsible employer, the Group complies with labour laws and regulations and ensures adequate measures are in place to protect the safety and well-being of our people. We provide living quarters to our employees, compliant with standards set by the Ministry of Human Resources. We have continuously placed effort to improve the living conditions of our workers at our operating units.

Despite the pandemic, we have continued our ongoing programme of infrastructural renewal. We completed the construction of new executive and labour quarters in our Keratong Estate, and we replaced old staff quarters in our Gua Musang Estate. In addition, we have also started upgrading works on the health care and livability infrastructure of Keratong Estate which is planned for completion in FY2022.

New Living Quarters at Keratong Estate

Ongoing construction of sundry shop and canteen at Keratong Estate

SUSTAINABILITY STATEMENT (CONT'D)

Our People (cont'd.)

- **Human Resource Practices (cont'd.)**

Interview with Mr. Andi, Loader at Keratong Estate

At the beginning of the pandemic, I was scared to work because of the increase of COVID-19 cases in Malaysia. I was also worried that I would not be able to return to Indonesia to see my family and I was concerned about the safety of my family and friends back home. I advised them to wash their hands regularly and wear masks and to stay home; to avoid going to supermarkets and shopping areas. Eventually, I felt more secure due to the safety measures that were put in place by the Company and was even more assured after I got both doses of the vaccine.

Obviously, my family advised me to return but I told them I was still keen to work, and I would return to Indonesia after the pandemic.

I was asked whether I would recommend my friends and family members to work in the Company and my answer is "Yes"!

- **Social Compliance**

Social compliance refers to our responsibility to protect the health, safety, and rights of our people, the community and environment in which we operate, and the lives and communities of workers in our supply and distribution chains. Our increasingly marked practice of social compliance – including those of labor and human rights – is evident in our obtaining of the MSPO certification, which entails having in place grievance mechanisms and stakeholder engagements. Our operating units (OUs) continued to be certified under the MSPO and MSPO Supply Chain Certification Scheme (MSPO-SCCS) regime after the OUs were audited.

New water clarifier and treatment plant at Keratong Estate

We strive to create a conducive environment for our stakeholders where they are safe and free to raise their grievances through our complaints and grievance mechanisms. Our stakeholder engagements are not restricted to stakeholder meetings alone, but also involves other formal and informal engagement processes where our operating units engage with stakeholders and act on the feedback they have received. Stakeholders are encouraged to report any illegal, unethical, or misconducts affecting them through allowing stakeholders to report misconduct without fear of retribution.

For FY2021, we have neither recorded any significant complaint nor received any fine pertaining to a breach in laws and regulations.

SUSTAINABILITY STATEMENT (CONT'D)

Our Planet

- **Waste and Effluent Management**

Palm oil cultivators generate wastes in the form of lignocellulosic biomass, consisting of oil palm trunks (OPT), oil palm fronds (OPF), empty fruit bunches (EFB), decanter cake, palm kernel shells and palm oil mill effluent (POME).

Our management's approach to wastes disposal is to minimise, recycle and recover energy from wastes generated. Presently, our non-hazardous production waste such as shells and fibres are used as a source of fuel for our biomass boilers for in-house energy generation in our mills or utilised as organic fertilisers to improve soil composition. We dispose our hazardous waste through licensed contractors in accordance with requirements by the Department of Environment (DoE).

All our operating units are registered on the DoE's Electronic Scheduled Waste Information System (eSWIS), which is an online portal where we report the collection, transportation and disposal of our scheduled waste.

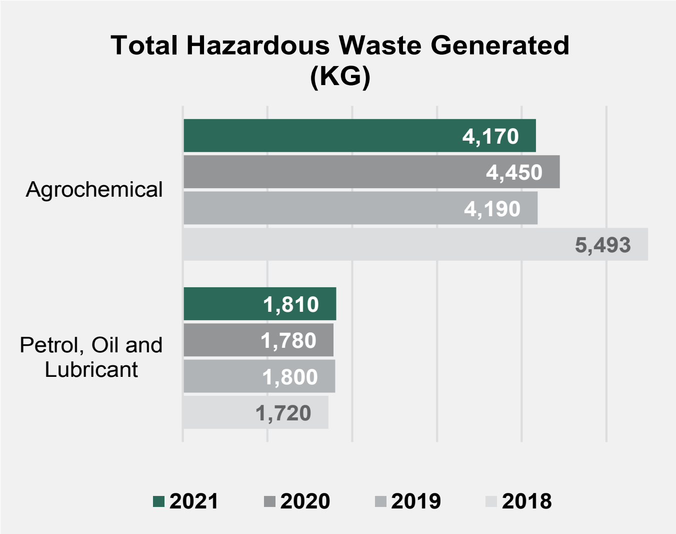

Diagram 14: Total hazardous waste generated

Types of Organic Wastes	Mesocarp Fibre	Palm Kernel Shell	Empty Fruit Bunches
Ratio of Wastes Repurpose to FFB	0.15:1	0.05:1	0.23:1
Usage	Reuse for combustion in boiler		Reuse as organic mulch in plantation

Table 4: Repurpose of Waste

In FY2021, the Group generated 107.0 Metric Tonnes (MT) of non-hazardous waste, an increase of 35% due to the increased quantity of domestic waste across the group. Hazardous waste generated from agrochemicals recorded a 6% decrease to 4.2 MT, whereas petrol, oil and lubricant (POL) were slightly higher at 1.8 MT.

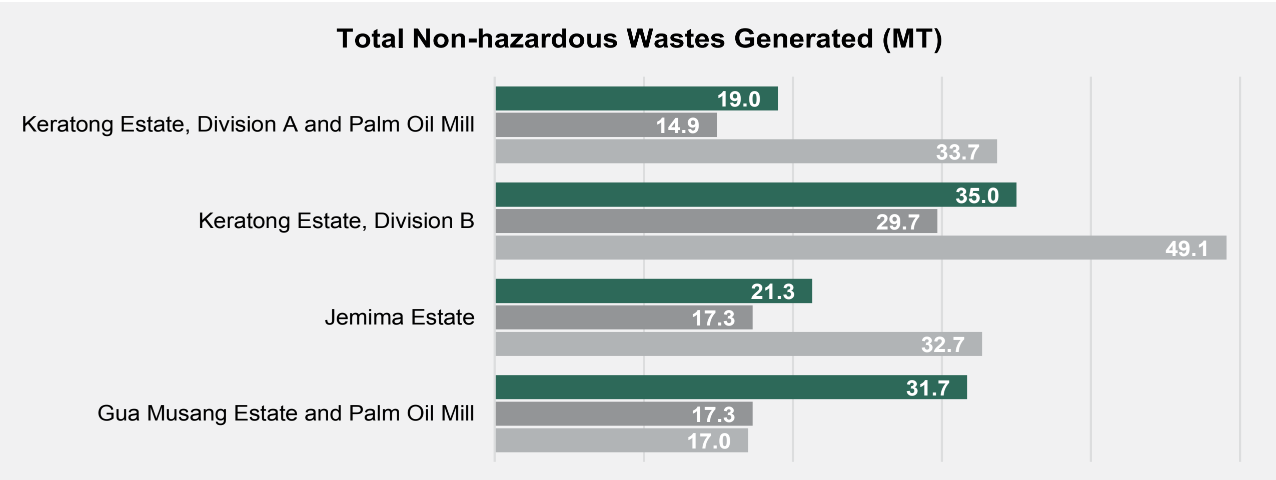

Diagram 15: Total non-hazardous waste generated

SUSTAINABILITY STATEMENT (CONT'D)

Our Planet (cont'd.)

- **Waste and Effluent Management (cont'd.)**

This year, we completed an upgrading project of our EFB handling yard in Keratong Estate Palm Oil Mill to provide further security against inadvertent contamination of the ground and ground water with EFB liquer.

POME has a very high Biochemical Oxygen Demand (BOD) and Chemical Oxygen Demand (COD), although it is a non-toxic waste, as no chemical is added during the oil extraction process. The Group treats the POME to reduce BOD and COD to a permissible level in accordance with local legal discharge requirements.

For FY2021, our total POME discharged by mills is 228,274m^3, a 11% decrease from FY2020. We will continue to closely monitor the levels of our effluents to ensure we avoid any contamination of water sources.

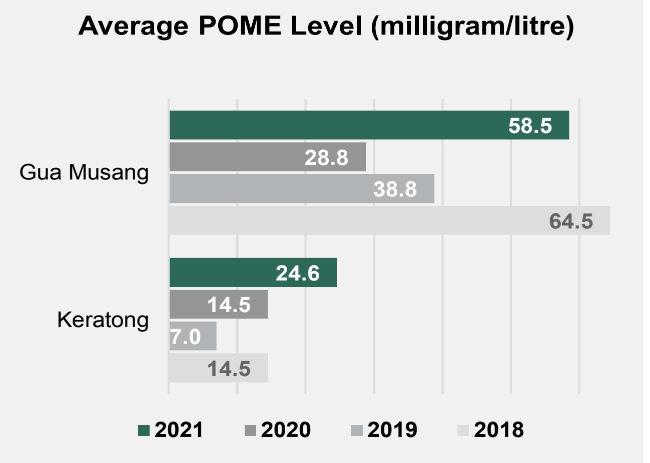

Diagram 16: Average POME level

POME discharged (m^3/year) by mills	FY2021	FY2020	FY2019	FY2018
Keratong	**171,517**	227,719	142,648	212,534
Gua Musang	**56,757**	29,681	12,276	13,647
Total	**228,274**	257,400	154,294	226,181

Table 5: POME Discharged

- **Water Management**

Water is a critical input for oil palm production and the threat of climate change increases the intensity and frequency of natural disasters and water-related extreme events (unpredictable rainfall, flash floods and droughts). Resolving the challenges of the future requires a thorough re-evaluation of how water is managed on our estates, and how this can be repositioned in the broader context of overall water resources management and water security.

In line with our efforts to conserve water in our estates, we plant leguminous cover crops, wherever suitable during replanting to limit evaporative losses and conserve soil moisture. We also implement water conservation pits on terraces in line with recommended agronomic practice to maintain moisture for our palms.

In FY2021, we consumed a total of 283,674m^3 of water for milling of FFB, a decrease of 6% as compared to our water consumption in FY2020.

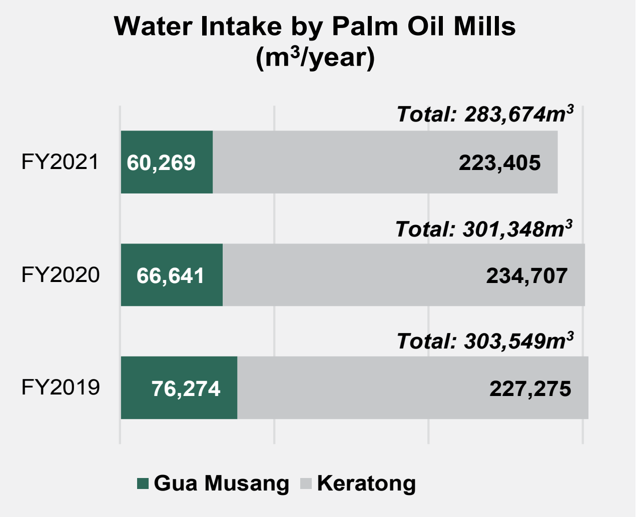

Diagram 17: Water Intake

SUSTAINABILITY STATEMENT (CONT'D)

Our Planet (cont'd.)

- **Environmental Compliance**

At Chin Teck, we ensure that we comply with all applicable environmental requirements where we operate, per the Environmental Quality Act 1974. Periodic self-assessments have been conducted in accordance with the DoE's recommended approach of Guided Self Regulations. Our assessment involve analysis against criteria set out in the Environmental Mainstreaming Tools.

Environmental Mainstreaming Tools:

- Environmental Policy
- Environmental Budgeting
- Environmental Monitoring Committee
- Environmental Facility
- Environmental Competency
- Environmental Reporting and Communication
- Environmental Transparency

APCS at Gua Musang Estate Palm Oil Mill

A few of our properties are sited close to forested areas but all our operating units have implemented monitoring and recording the status of rare, threatened or endangered species, as well as high biodiversity value areas. We collaborate with our employees and contractors and liaise with the Department of Wildlife and National Parks in this regard.

In compliance with the Clean Air Regulations 2014, we installed the Air Pollution Control System (APCS) and Continuous Emission Monitoring System (CEMS) in our Gua Musang Estate Palm Oil Mill. The systems providers for our Keratong Estate Palm Oil Mill have been selected and the installation of the APCS and CEMS will be integrated with our palm oil mill upgrading plan in FY2022. Approvals have been sought and granted by the regulator for deferred operation of the APCS and CEMS.

In FY2021, there was no environmental-related breach observed.

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2021.

Principal activities

The principal activities of the Company are the cultivation of oil palms, production and sale of fresh fruit bunches, crude palm oil and palm kernel, and investment holding.

The principal activity of the subsidiary is investment holding.

Other information relating to the subsidiary are disclosed in Note 15 to the financial statements.

Results

	Group RM	Company RM
Profit net of tax	68,074,523	54,719,307

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

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in the financial statements.

Dividends

The amount of dividends paid by the Company since 31 August 2020 were as follows:

	RM
In respect of the financial year ended 31 August 2021:	
First interim single tier dividend of 8 sen per stock unit and a special single tier dividend of 3 sen per stock unit declared on 6 January 2021 and paid on 5 February 2021	10,049,958
Second interim single tier dividend of 8 sen per stock unit and a special single tier dividend of 11 sen per stock unit declared on 30 July 2021 and paid on 30 August 2021	17,359,017
	27,408,975

In view of the payment of the interim and special dividends, the directors do not recommend any final dividend in respect of the current financial year.

On 27 December 2021, the directors declare a first interim single tier dividend of 8 sen per stock unit and a special single tier dividend of 5 sen per stock unit in respect of the financial year ending 31 August 2022 payable on 28 January 2022.

DIRECTORS' REPORT (CONT'D)

Directors

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

Goh Wei Lei
Goh Pock Ai
Keong Choon Keat
Sio Sit Po
Gho Eng Liong
Datuk Matthew Tee Kai Woon
Gho Lian Chin
Goh Yeok Beng
Goh Chih Yuan (Wu Zhiyuan)
Gho Bun Tjin (alternate to Gho Lian Chin)

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

Goh Wei Lei
Goh Pock Ai
Gan Kok Tiong
Chua Kok Siang

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 28 to the financial statements.

The directors' remuneration paid to or receivable by the directors of the Company from the Company and its subsidiary are as follows:

	Company RM	Subsidiary RM	Total RM
Fees	498,000	10,000	508,000
Salaries	736,000	-	736,000
Bonus	833,502	-	833,502
Other emoluments	225,000	-	225,000
Total directors' remuneration	2,292,502	10,000	2,302,502

Indemnities to directors and officers

There were no amount of indemnities given or liability insurance effected during the financial year, or since the end of the financial year, for any person who is or has been the director or officer of the Company.

DIRECTORS' REPORT (CONT'D)

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in stock units in the Company during the financial year were as follows:

	<-------------- Number of ordinary stock units		-------------->
	1 September 2020	**Bought**	**Sold**	**31 August 2021**
The Company				
Direct interest:				
Goh Pock Ai	500,000	-	-	500,000
Sio Sit Po	851,376	-	-	851,376
Goh Yeok Beng	24,000	-	-	24,000
Gho Eng Liong	797,625	-	-	797,625
Indirect interest:				
Gho Lian Chin	33,713,968	-	-	33,713,968
Sio Sit Po	1,293,750	-	-	1,293,750

By virtue of his interests in the Company, Gho Lian Chin is also deemed interested in the shares of the subsidiary to the extent the Company has an interest.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in stock units in the Company and shares in its related corporation during the financial year.

Significant event

The significant event is disclosed in Note 33 to the financial statements.

Other statutory information

(a) Before the statements of profit or loss, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and

  (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

DIRECTORS' REPORT (CONT'D)

Other statutory information (cont'd.)

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Auditors and auditors' remuneration

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follow:

	Group RM	Company RM
Statutory audit	178,000	172,000
Other services	11,600	11,600
	189,600	183,600

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. There were no amount of indemnities given during the financial year, or since the end of the financial year, to the auditors of the Company.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 December 2021.

Goh Wei Lei

Gho Lian Chin

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Goh Wei Lei and Gho Lian Chin, being two of the directors of Chin Teck Plantations Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 66 to 118 are drawn up in accordance with 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 31 August 2021 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 27 December 2021.

Goh Wei Lei

Gho Lian Chin

STATUTORY DECLARATION

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

I, Gan Kok Tiong (CA 8540), being the officer primarily responsible for the financial management of Chin Teck Plantations Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 66 to 118 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Gan Kok Tiong
at Kuala Lumpur in the Federal Territory
on 27 December 2021

Gan Kok Tiong

Before me,

PESURUHJAYA SUMPAH MALAYSIA
No: W 152
OOI AH BAH
BC/0/52
01.01.2019 - 31.12.2021

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHIN TECK PLANTATIONS BERHAD

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Chin Teck Plantations Berhad, which comprise the statements of financial position as at 31 August 2021 of the Group and of the Company, and 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 66 to 118.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 August 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's 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 audit 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 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Impairment assessment of investments in joint ventures – Global Formation (M) Sdn Bhd ("GFSB") and Chin Thye Investment Pte Ltd ("Chin Thye")

(Refer to Note 3 and Note 16 to the financial statements)

<u>Risk area and rationale</u>

As at 31 August 2021, the carrying amounts of the investments in joint ventures of the Group and of the Company are RM76,946,767 and RM91,634,872 respectively. Included in investments in joint ventures are investments in GFSB and Chin Thye, in aggregate of RM72,867,682 and RM90,134,872 representing 9% and 12% of the total assets of the Group and of the Company respectively.

<u>GFSB:</u>

The principal activity of GFSB is investment holding and it holds 70% equity interest in PT Baratselatan Makmurinvestindo ("PTBM") and PT Lampung Interpertiwi ("PTLI") which are incorporated in Lampung Province, Indonesia and PT Suksesmaju Abadi ("PTSA") which is incorporated in Jambi Province, Indonesia. The principal activities of PTBM, PTLI and PTSA are the cultivation of oil palms, production and sale of fresh fruit bunches ("FFB"), crude palm oil ("CPO") and palm kernel (''PK") in Lampung Province and Jambi Province, Indonesia.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Key Audit Matters (cont'd.)

Impairment assessment of investments in joint ventures – Global Formation (M) Sdn Bhd ("GFSB") and Chin Thye Investment Pte Ltd ("Chin Thye") (cont'd.)

Risk area and rationale (cont'd.)

GFSB: (cont'd.)

Since the previous financial years, the unrest in the surrounding villages located in the vicinity of the plantations has caused the disruption in routine harvesting of FFB in PTBM and PTLI. The disruption in routine harvesting of FFB and the continued losses incurred by GFSB indicated that the carrying amounts of the investment in GFSB may be impaired.

The Group and the Company have estimated the recoverable amounts of their investment in GFSB based on the higher of fair value less costs of disposal ("FVLCD") or value-in-use ("VIU"). Estimating the fair value of cash-generating units ("CGUs") or group of CGUs involves estimating the future cash inflows and outflows that will be derived from the CGUs or group of CGUs, and discounting them at an appropriate rate.

In assessing the FVLCD of the investment in GFSB, the Group and the Company have engaged independent professional valuers. The aforementioned impairment assessment resulted in the recognition by the Company of impairment losses in respect of investment in GFSB of RM11,791,310 for the financial year ended 31 August 2021. There is no impairment loss recorded by the Group.

We have identified this as an important area of our audit given the significant judgements and estimates involved in the assessment of the recoverable amount.

Chin Thye:

The principal activity of Chin Thye is investment holding and it holds 70% equity interest in PT Lampung Karya Indah ("PTLKI"), which is incorporated in Indonesia. The principal activities of PTLKI are the cultivation of oil palms, production and sale of FFB.

The harvesting of matured palms at PTLKI has been suspended due to the unrest in the surrounding villages. The suspension of the harvesting of matured palms and the continued losses incurred by Chin Thye indicated that the carrying amounts of the investment in Chin Thye may be impaired.

The Group and the Company have estimated the recoverable amounts of their investment in Chin Thye based on higher of FVLCD or VIU. Estimating the fair value of CGUs or group of CGUs involves estimating the future cash inflows and outflows that will be derived from the CGUs or group of CGUs, and discounting them at an appropriate rate.

In assessing the FVLCD of the investment in Chin Thye, the Group and the Company have engaged an independent professional valuer. There is no impairment loss recorded by the Group and the Company for the financial year ended 31 August 2021.

We have identified this as an important area of our audit given the significant judgements and estimates involved in the assessment of the recoverable amount.

Our response

Our procedures in reviewing the assessment of VIU and FVLCD of the CGUs, include inter alia the following:

- We assessed the assumptions used relating to the forecasted and projected Crude Palm Oil ("CPO") and Fresh Fruit Bunches ("FFB") prices, FFB yield of the oil palm estates and the estimated remaining useful lives of the bearer plants. We assessed the CPO and FFB price assumptions through comparisons with long-term price forecasts;

- We also assessed the discount factor used to determine the present value of the cash flows and whether the rate used reflect the return that investors would require if they were to choose an investment that would generate cash flows of amounts, timing and risk profile equivalent to those that the entity expects to derive from the asset; and

- In relation to the valuation reports by independent professional valuers, we have considered the competence, capabilities and objectivity of professional valuers. We have also assessed the key assumptions and methodology used by independent professional valuers. This would include comparisons with other similar agricultural land in the vicinity, condition and the related valuation adjustments made by independent professional valuers.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Other information included in the Group's 2021 Annual Report

Other information consists of the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd.)

- 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.

Other Matters

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.

Ernst & Young PLT	Liew Foo Shen
202006000003 (LLP0022760-LCA) & AF 0039	No. 03349/01/2022 J
Chartered Accountants	Chartered Accountant

Kuala Lumpur, Malaysia
27 December 2021

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Revenue	4	182,718,142	129,812,807	182,718,142	129,812,807
Cost of sales	4	(83,177,699)	(68,931,941)	(83,177,699)	(68,931,941)
Gross profit		99,540,443	60,880,866	99,540,443	60,880,866
Other items of income					
Interest income		6,066,247	8,606,369	6,052,224	8,584,404
Dividend income	5	3,476,742	2,778,274	3,476,742	2,778,274
Other income	6	4,177,664	4,962,320	4,177,664	4,962,320
Other items of expense					
Selling expenses		(3,671,017)	(3,928,559)	(3,671,017)	(3,928,559)
Administrative expenses		(23,326,908)	(23,349,366)	(23,297,009)	(23,339,539)
Other expenses	7	(120,638)	(2,453,000)	(11,911,948)	(11,312,000)
Share of results of an associate and joint ventures		1,583,144	(256,482)	-	-
Profit before tax		87,725,677	47,240,422	74,367,099	38,625,766
Income tax expense	11	(19,651,154)	(11,253,225)	(19,647,792)	(11,247,907)
Profit net of tax		68,074,523	35,987,197	54,719,307	27,377,859
Earnings per stock unit attributable to owners of the Company (sen per stock unit)					
Basic	12	74.51	39.39		
Diluted	12	74.51	39.39		

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit net of tax	68,074,523	35,987,197	54,719,307	27,377,859
Other comprehensive income/(loss):				
Other comprehensive income/ (loss) that may be reclassified to profit or loss in subsequent periods:				
Foreign currency translation	1,501,583	(3,273,574)	-	-
Net gain/(loss) on fair value changes of investment securities	618,878	(207,965)	618,878	(207,965)
- Transfer to profit or loss upon disposal	1,338	(72,593)	1,338	(72,593)
- Gain/(loss) on fair value changes	617,540	(135,372)	617,540	(135,372)
Total other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	2,120,461	(3,481,539)	618,878	(207,965)

STATEMENTS OF COMPREHENSIVE INCOME (CONT'D)

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Other comprehensive income/(loss): (cont'd.)				
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:				
Net gain/(loss) on fair value changes of investment securities	7,812,756	(10,448,086)	7,812,756	(10,448,086)
Share of other comprehensive income of joint ventures in respect of fair value adjustment reserve	307	1,578	-	-
Share of other comprehensive (loss)/income of joint ventures in respect of employee benefits plan reserve	(4,160)	88,337	-	-
Total other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	7,808,903	(10,358,171)	7,812,756	(10,448,086)
Total other comprehensive income/(loss)	9,929,364	(13,839,710)	8,431,634	(10,656,051)
Total comprehensive income for the year	78,003,887	22,147,487	63,150,941	16,721,808

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AT AT 31 AUGUST 2021

		Group		Company	
		2021	**2020**	**2021**	**2020**
	Note	**RM**	**RM**	**RM**	**RM**
Assets					
Non-current assets					
Property,plant and equipment	14	122,902,679	121,129,230	122,902,679	121,129,230
Investment in a subsidiary	15	-	-	48,100,000	48,100,000
Investments in an associates and joint ventures	16	164,867,957	169,377,103	91,634,872	102,808,202
Investments securities	17	91,457,041	74,185,205	91,457,041	74,185,205
		379,227,677	364,691,538	354,094,592	346,222,637
Current assets					
Inventories	18	6,105,721	4,170,468	6,105,721	4,170,468
Consumable biological assets	19	8,741,272	6,993,352	8,741,272	6,993,352
Receivables	20	20,282,648	18,105,963	16,195,661	18,113,448
Income tax recoverable		1,877	172	-	-
Cash and bank balances	21	356,937,257	325,148,417	347,906,285	320,230,057
		392,068,775	354,418,372	378,948,939	349,507,325
Total assets		**771,296,452**	**719,109,910**	**733,043,531**	**695,729,962**
Current liabilities					
Payables	22	14,301,608	14,465,355	14,275,221	14,458,995
Income tax payable		2,164,726	1,157,063	2,164,726	1,157,063
		16,466,334	15,622,418	16,439,947	15,616,058
Non-current liabilities					
Deferred tax liabilities	23	24,084,320	23,336,606	24,084,320	23,336,606
Total liabilities		40,550,654	38,959,024	40,524,267	38,952,664
Equity attributable to owners of the Company					
Share capital	24	111,017,277	111,017,277	111,017,277	111,017,277
Other reserves	25	(3,257,663)	(11,608,402)	3,314,427	(3,538,582)
Retained profits	26	622,986,184	580,742,011	578,187,560	549,298,603
		730,745,798	680,150,886	692,519,264	656,777,298
Total equity and liabilities		**771,296,452**	**719,109,910**	**733,043,531**	**695,729,962**

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

			<----- Non-distributable	----->	Distributable
		Equity attributable to owners of the Company, total	Share capital (Note 24)	Other reserves (Note 25)	Retained profits (Note 26)
2021					
Group	**Note**	**RM**	**RM**	**RM**	**RM**
Opening balance at 1 September 2020		680,150,886	111,017,277	(11,608,402)	580,742,011
Profit for the year		68,074,523	-	-	68,074,523
Other comprehensive income		9,929,364	-	9,929,364	-
Transfer of fair value adjustment reserve to retained profits upon disposal of investment securities		-	-	(1,578,625)	1,578,625
Transaction with owners					
Dividends, representing total transaction with owners	13	(27,408,975)	-	-	(27,408,975)
Closing balance at 31 August 2021		730,745,798	111,017,277	(3,257,663)	622,986,184
2020					
Group					
Opening balance at 1 September 2019		672,621,519	111,017,277	7,419,656	554,184,586
Profit for the year		35,987,197	-	-	35,987,197
Other comprehensive loss		(13,839,710)	-	(13,839,710)	-
Transfer of fair value adjustment reserve to retained profits upon disposal of investment securities		-	-	(5,188,348)	5,188,348
Transaction with owners					
Dividends, representing total transaction with owners	13	(14,618,120)	-	-	(14,618,120)
Closing balance at 31 August 2020		680,150,886	111,017,277	(11,608,402)	580,742,011

STATEMENTS OF CHANGES IN EQUITY (CONT'D)

			<----- Non-distributable ----->		Distributable
2021		**Equity attributable to owners of the Company, total**	**Share capital (Note 24)**	**Other reserves (Note 25)**	**Retained profits (Note 26)**
Company	**Note**	**RM**	**RM**	**RM**	**RM**
Opening balance at 1 September 2020		656,777,298	111,017,277	(3,538,582)	549,298,603
Profit for the year		54,719,307	-	-	54,719,307
Other comprehensive income		8,431,634	-	8,431,634	-
Transfer of fair value adjustment reserve to retained profits upon disposal of investment securities		-	-	(1,578,625)	1,578,625
Transaction with owners					
Dividends, representing total transaction with owners	13	(27,408,975)	-	-	(27,408,975)
Closing balance at 31 August 2021		692,519,264	111,017,277	3,314,427	578,187,560
2020					
Company					
Opening balance at 1 September 2019		654,673,610	111,017,277	12,305,817	531,350,516
Profit for the year		27,377,859	-	-	27,377,859
Other comprehensive loss		(10,656,051)	-	(10,656,051)	-
Transfer of fair value adjustment reserve to retained profits upon disposal of investment securities		-	-	(5,188,348)	5,188,348
Transaction with owners					
Dividends, representing total transaction with owners	13	(14,618,120)	-	-	(14,618,120)
Closing balance at 31 August 2020		656,777,298	111,017,277	(3,538,582)	549,298,603

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 AUGUST 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Operating activities					
Profit before tax		87,725,677	47,240,422	74,367,099	38,625,766
Adjustments for:					
Depreciation of property, plant and equipment	14	6,505,152	6,942,120	6,505,152	6,942,120
Amortisation of right-of-use assets	14	317,052	317,052	317,052	317,052
Dividend income	5	(3,476,742)	(2,778,274)	(3,476,742)	(2,778,274)
Interest income		(6,066,247)	(8,606,369)	(6,052,224)	(8,584,404)
Gain on disposal of property, plant and equipment	6	(298,216)	-	(298,216)	-
Net fair value loss/(gain) transferred to profit or loss on disposal of investment securities	6, 7	1,338	(72,593)	1,338	(72,593)
Fair value gain on consumable biological assets	6	(1,747,920)	(3,408,476)	(1,747,920)	(3,408,476)
Property, plant and equipment written off	7	9,461	-	9,461	-
Impairment loss on investments in joint ventures	7	-	2,453,000	11,791,310	11,312,000
Share of results of an associate and joint ventures		(1,583,144)	256,482	-	-
Unrealised gain on foreign exchange	6	(794,246)	(730,185)	(794,246)	(730,185)
Total adjustments		(7,133,512)	(5,627,243)	6,254,965	2,997,240
Operating cash flows before changes in working capital		80,592,165	41,613,179	80,622,064	41,623,006
Changes in working capital					
(Increase)/decrease in inventories		(1,935,253)	2,267,504	(1,935,253)	2,267,504
Decrease/(increase) in receivables		905,723	(2,375,550)	895,854	(2,384,804)
(Decrease)/increase in payables		(163,747)	3,437,241	(183,774)	3,436,711
Total changes in working capital		(1,193,277)	3,329,195	(1,223,173)	3,319,411
Cash flows from operations		79,398,888	44,942,374	79,398,891	44,942,417
Income tax paid		(17,897,482)	(8,211,040)	(17,892,415)	(8,206,000)
Income tax refunded		-	282	-	-
Net cash flows generated from operating activities		61,501,406	36,731,616	61,506,476	36,736,417

STATEMENTS OF CASH FLOWS (CONT'D)

		Group		Company	
		2021	**2020**	**2021**	**2020**
	Note	**RM**	**RM**	**RM**	**RM**
Investing activities					
Dividends received from					
- an associate		4,104,000	4,104,000	-	-
- investment securities		3,023,966	2,684,963	3,023,966	2,684,963
Interest received		7,087,839	8,876,702	7,074,157	8,854,592
Purchase of:					
- investment securities		(27,516,154)	(8,714,641)	(27,516,154)	(8,714,641)
- property, plant and equipment	14	(8,763,188)	(7,279,116)	(8,763,188)	(7,279,116)
Proceeds from disposal of:					
- investment securities		19,127,390	15,930,060	19,127,390	15,930,060
- property, plant and equipment		456,290	-	456,290	-
Changes in deposits with maturity of more than three months		(44,444,180)	(6,469,073)	(44,944,180)	(5,869,073)
Additional investments in:					
- joint ventures		(617,980)	(4,729,864)	(617,980)	(4,729,864)
Net cash flows (used in)/generated from investing activities		(47,542,017)	4,403,031	(52,159,699)	876,921
Financing activity					
Dividends paid to owners of the Company, representing net cash flows used in financing activity	13	(27,408,975)	(14,618,120)	(27,408,975)	(14,618,120)
Net (decrease)/increase in cash and cash equivalents		(13,449,586)	26,516,527	(18,062,198)	22,995,218
Effects of exchange rate changes on cash and cash equivalents	6	794,246	730,185	794,246	730,185
Cash and cash equivalents at 1 September 2020/2019		116,688,136	89,441,424	112,369,776	88,644,373
Cash and cash equivalents at 31 August	21	104,032,796	116,688,136	95,101,824	112,369,776

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate information

Chin Teck Plantations Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at Suite 2B-3A-2, Block 2B, Level 3A, Plaza Sentral, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia.

The principal activities of the Company are the cultivation of oil palms, production and sale of fresh fruit bunches, crude palm oil and palm kernel, and investment holding. The principal activity of the subsidiary is investment holding. There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 27 December 2021.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on the historical basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM").

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 September 2020, the Group and the Company adopted the following new and amended MFRSs and IC Interpretation mandatory for annual financial periods beginning on or after 1 January 2020.

Effective for annual periods beginning on or after 1 January 2020:

- Amendments to MFRS 3 Business Combinations (Definition of a Business)
- Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement and MFRS 7 Financial Instruments: Disclosures – Interest Rate Benchmark Reform
- Amendments to MFRS 101 Presentation of Financial Statements (Definition of Material)
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
- Amendments to MFRS 16 Leases (Covid-19 Related Rent Concessions)

The Group and the Company have early adopted the Amendment to MFRS 16 Leases (Covid-19 Related Rent Concessions). The amendment is effective for annual periods beginning on or after 1 June 2020.

The adoption of the above amendments did not have any material effect on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Summary of significant accounting policies (cont'd.)

2.3 Standards issued but not yet effective

The standards that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards and amendments if applicable, when they become effective.

Effective for annual periods beginning on or after 1 January 2021:

- Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts and MFRS 16 Leases (Interest Rate Benchmark Reform – Phase 2)

Effective for annual periods beginning on or after 1 January 2022:

- Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018−2020)
- Amendments to MFRS 9 Financial Instruments (Annual Improvements to MFRS Standards 2018−2020)
- Amendments to Illustrative Examples accompanying MFRS 16 Leases (Annual Improvements to MFRS Standards 2018−2020)
- Amendments to MFRS 3 Business Combinations (Reference to the Conceptual Framework)
- Amendments to MFRS 116 Property, Plant and Equipment (Property, Plant and Equipment−Proceeds before Intended Use)
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts - Cost of Fulfilling a Contract)
- Amendments to MFRS 141 Agriculture (Annual Improvements to MFRS Standards 2018-2020)

Effective for annual periods beginning on or after 1 January 2023:

- MFRS 17: Insurance Contracts
- Amendments to MFRS 101 Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)
- Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)
- Amendments to MFRS 101: Presentation of Financial Statements (Disclosure of Accounting Policies)
- Amendments to MFRS 112 Income Taxes (Deferred Tax Related to Assets and Liabilities Arising From a Single Transaction)

Effective for a date yet to be confirmed

- Amendments to MFRS 10 Consolidated Financial Statements (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)
- Amendments to MFRS 128 Investments in Associates and Joint Ventures (Sale or Contribution of Assets between an Investor and its Associate or Joint Venture)

The directors expect that the adoption of the above standards and amendments will not have material impact on the financial statements of the Group and of the Company in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Summary of significant accounting policies (cont'd.)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at the reporting date. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has:

(i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) The contractual arrangement(s) with the other vote holders of the investee;

(ii) Rights arising from other contractual arrangements; and

(iii) The Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiary to bring its accounting policies in line with the Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Company loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

<u>Business combination</u>

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Summary of significant accounting policies (cont'd.)

2.4 Basis of consolidation (cont'd.)

Business combination (cont'd.)

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

2.5 Subsidiary

Subsidiary is an entity over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee as further described in Note 2.4.

In the separate financial statements of the Company, investment in a subsidiary is accounted for at cost less impairment losses. On disposal of such investment, the difference between net disposal proceed and its carrying amount is included in profit or loss.

2.6 Investments in an associate and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiary.

The Group's investments in its associate and joint ventures are accounted for using the equity method.

Under the equity method, the investments in an associate or joint ventures are initially recognised at cost. The carrying amounts of the investments are adjusted to recognise changes in the Group's share of net assets of the associate or joint ventures since the acquisition date. Goodwill relating to the associate or joint ventures is included in the carrying amount of the investments and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint ventures. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint ventures, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint ventures are eliminated to the extent of the interest in the associate or joint ventures.

The aggregate of the Group's share of profit or loss of associate and joint ventures is shown respectively on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate and joint ventures.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Summary of significant accounting policies (cont'd.)

2.6 Investments in an associate and joint ventures (cont'd.)

The most recent available audited financial statements of the associate and joint ventures are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with that of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investments in associate and joint ventures. At each reporting date, the Group determines whether there is objective evidence that the investments in the associate and joint ventures is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and joint ventures and its carrying value, and then recognises the loss in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint ventures, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint ventures upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the separate financial statements of the Company, investments in associate and joint ventures are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.7 Revenue recognition

(a) Revenue from contracts with customers

The Group and the Company are principally involved in the cultivation of oil palms, production and sale of fresh fruit bunches ("FFB"), crude palm oil ("CPO") and palm kernel ("PK"). Revenue from contracts with customers is recognised when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods. Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which is at a point in time.

Sale of FFB, CPO and PK

Revenue from sale of FFB, CPO and PK is recognised at the point in time when control of the goods is transferred to the customer. There is no element of financing present as the sale of FFB, CPO and PK is either on cash terms or on credit terms of up to 30 days. Contracts with customers are distinctly for sales of FFB, CPO and PK and include no other performance obligation. A performance obligation is satisfied upon delivery of the FFB, CPO and PK to the customers.

(b) Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets, interest income is recorded using the effective interest rate ("EIR"). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

(c) Dividend income

Dividend income is recognised when the rights of the Group and of the Company to receive the payment are established.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Summary of significant accounting policies (cont'd.)

2.8 Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group and the Company depreciate them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land have unlimited useful lives and therefore are not depreciated. Depreciation of leasehold land is disclosed in Note 2.18. Capital-work-in-progress are not depreciated as these assets are not yet available for use.

Bearer plants are living plants that are used in the production or supply of agriculture produce for more than one period and have remote likelihood of being sold as agriculture produce, except for incidental scrap sales. The bearer plants are initially recorded at cost. Subsequent to initial recognition, the bearer plants are measured at cost less accumulated depreciation and accumulated impairment losses, if any.

Cost of bearer plants include total cost incurred from land clearing to the point of maturity. Bearer plants have an average economic life cycle of 25 years and are considered mature when the plants attain 3 years old. Depreciation of mature bearer plants are computed on a straight-line basis over the remaining useful economic lives of 22 years. The immature bearer plants are not depreciated as these assets are not yet available for economic use.

Depreciation of other property, plant and equipment are calculated on a straight-line basis over the estimated useful economic lives of the assets, as follows:

Leasehold land	86 and 99 years
Buildings	10 to 50 years
Motor vehicles	5 years
Plant and machinery, office and estate equipment, furniture and fittings, roads and bridges	10 to 20 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful economic lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.9 Consumable biological assets

Consumable biological assets growing on bearer plants are measured at fair value less costs to sell. Fair value is determined based on the estimated future cash flows expected to be generated from the agricultural produce growing on bearer plants. The expected future cash flows are estimated using projected quantity and the estimated market price of the agricultural produce growing on bearer plants.

The changes in the fair value less costs to sell of consumable biological assets growing on bearer plants are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Summary of significant accounting policies (cont'd.)

2.10 Inventories

Inventories of oil palm produce and estate stores are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

(i) Oil palm produce: deemed cost of consumable biological assets, costs of direct materials and labour, and a proportion of manufacturing overheads; and

(ii) Estates stores: purchase cost on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.11 Foreign currencies

The consolidated financial statements of the Group are presented in RM, which is also the functional currency of the Company. For each entity, the Company determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are initially recorded by the entities of the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the net investment in a foreign operation of the Company. These are recognised in OCI until the net investment is disposed off, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(b) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the exchange rate prevailing at the reporting date and their statements of profit or loss are translated at average exchange rate for the year. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Summary of significant accounting policies (cont'd.)

2.12 Employee benefits

(a) Short term benefits

Wages, salaries, commissions, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

2.13 Income taxes

(a) Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group and the Company operate and generate taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statements of profit or loss. The Group and the Company periodically evaluate positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of taxable temporary differences associated with investments in a subsidiary, an associate and interest in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in a subsidiary, an associate and interest in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Summary of significant accounting policies (cont'd.)

2.13 Income taxes (cont'd.)

(b) Deferred tax (cont'd.)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group and the Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.14 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group and the Company expect some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statements of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.15 Impairment of non-financial assets

The Group and the Company assess, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit ("CGU")'s fair value less costs of disposal and its value in use ("VIU"). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing VIU, 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations are recognised in the statements of profit or loss in expense categories consistent with the function of the impaired asset.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Summary of significant accounting policies (cont'd.)

2.15 Impairment of non-financial assets (cont'd.)

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group and the Company estimate the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statements of profit or loss.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and demand deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value and with original maturities of not more than three months.

2.17 Financial instruments – initial recognition and subsequent measurement

i) Financial assets

Initial recognition and measurement

Financial assets are classified and measured at amortised cost, fair value through OCI ("FVOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the business model of the Group and of the Company for managing them. With the exception of receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under MFRS 15: *Revenue from contracts with customers* ("MFRS 15").

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The business model of the Group and of the Company for managing financial assets refers to how they manage their financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

(i) Financial assets at amortised cost (debt instruments)

(ii) Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)

(iii) Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

(iv) Financial assets at FVTPL

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Summary of significant accounting policies (cont'd.)

2.17 Financial instruments – initial recognition and subsequent measurement (cont'd.)

i) Financial assets (cont'd.)

Subsequent measurement

(a) Financial assets at amortised cost (debt instruments)

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

(i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

(ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The financial assets at amortised cost of the Group and of the Company includes cash and bank balances and receivables.

(b) Financial assets at FVOCI (debt instruments)

The Group and the Company measure debt instruments at FVOCI if both of the following conditions are met:

(i) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

(ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statements of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group and the Company have not designated any financial assets under this category.

(c) Financial assets designated at FVOCI (equity instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under MFRS 132 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statements of profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group and the Company elected to classify irrevocably their equity investments under this category.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Summary of significant accounting policies (cont'd.)

2.17 Financial instruments – initial recognition and subsequent measurement (cont'd.)

i) Financial assets (cont'd.)

Subsequent measurement (cont'd.)

(d) Financial assets at FVTPL

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statements of financial position at fair value with net changes in fair value recognised in the statements of profit or loss.

The Group and the Company have designated investment securities (debt instruments) under this category.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

(i) The rights to receive cash flows from the asset have expired; or

(ii) The Group and the Company transferred their rights to receive cash flows from the asset or have assumed obligations to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a passthrough arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred assets to the extent of their continuing involvement. In that case, the Group and the Company also recognise associated liabilities. The transferred assets and the associated liabilities are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Summary of significant accounting policies (cont'd.)

2.17 Financial instruments – initial recognition and subsequent measurement (cont'd.)

i) Financial assets (cont'd.)

Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognise a loss allowance based on lifetime ECLs at each reporting date.

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Summary of significant accounting policies (cont'd.)

2.17 Financial instruments – initial recognition and subsequent measurement (cont'd.)

ii) Financial liabilities (cont'd.)

Subsequent measurement (cont'd.)

(a) Financial liabilities at fair value through profit or loss (cont'd.)

Gains or losses on liabilities held for trading are recognised in the statements of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied.

The Group and the Company have not designated any financial liability as at fair value through profit or loss.

(b) Financial liabilities at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statements of profit or loss.

The financial liabilities of the Group and of the Company measured as at amortised cost include trade payables and other payables.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statements of profit or loss.

iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Summary of significant accounting policies (cont'd.)

2.18 Leases

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

The Group and the Company apply a single recognition and measurement approach for all leases.

Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leasehold land	86 and 99 years

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment as disclosed in Note 2.15.

As a lessor

Leases in which the Group and the Company do not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statements of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as other income in the period in which they are earned.

2.19 Segment reporting

The single reportable segment of the Group relates to the cultivation of oil palms, production and sale of FFB, CPO and PK and are wholly carried out in Peninsular Malaysia. The management of the Company regularly reviews the segment performance. Additional disclosures on each of the segments are shown in Note 27, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.20 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of their liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Summary of significant accounting policies (cont'd.)

2.21 Fair value measurement

The Group and the Company measure certain of their financial instruments and non-financial assets at fair value at each reporting date.

Fair value is 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) In the principal market for the asset or liability, or

(ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account the ability of a market participant 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.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group and the Company determine whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Board of Directors ("the Board") determines the policies and procedures for recurring fair value measurement, such as consumable biological assets and investment securities.

At each reporting date, the Board analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the accounting policies of the Group and of the Company. For this analysis, the Board verifies inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents which also includes comparison with other relevant external sources to determine if any change is reasonable.

For the purpose of fair value disclosures, the Group and the Company have determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above in the individual notes relating to the assets and liabilities whose fair value were determined.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

2. Summary of significant accounting policies (cont'd.)

2.22 Current versus non-current classification

The Group and the Company present assets and liabilities in the statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classify all other liabilities as non-current.

Deferred tax liabilities are classified as non-current liabilities.

3. Significant accounting judgements and estimates

The preparation of the financial statements of the Group and of the Company requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of investment in joint ventures

The Group and the Company determine at each reporting date whether there is any indication that the investment in joint ventures may be impaired. If any such indication exists, the Group and the Company shall estimate the recoverable amount of CGU or groups of CGU, which is measured at the higher of fair value less costs of disposal ("FVLCD") or value-in-use ("VIU").

Where the recoverable amounts of CGU or groups of CGU is determined on the basis of FVLCD, the fair values are derived from valuations by independent professional valuers which were based on comparisons with other similar agricultural land in the vicinity taking into consideration the condition and the related valuation adjustments and from the income capitalisation method derived using assumptions on forecasted and projected commodity prices, FFB yields of the oil palm estates and estimated remaining useful lives of the bearer plants. Changes to any of these assumptions would affect the amount of impairment losses.

Determining the VIU of CGU or groups of CGU requires the determination of future cash flows expected to be derived from continuing use of the asset and from the ultimate disposal of such assets, which thus require the Group and the Company to make estimates and assumptions.

The carrying amounts and further details of the impairment of investment in joint ventures of the Group and of the Company at the reporting date are disclosed in Note 16.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. Revenue and cost of sales

Revenue of the Group and of the Company represents the invoiced value of sales of CPO, PK and FFB in Peninsular Malaysia. The cost of sales in relation to the invoiced value of sales of the Group and of the Company consists of cost of cultivation, raw materials, labour and overheads.

5. Dividend income

	Group and Company	
	2021	**2020**
	RM	**RM**
Dividend income from:		
Investment securities designated at FVOCI		
- Securities quoted in Malaysia	349,348	341,438
- Securities quoted outside Malaysia	3,127,394	2,436,836
	3,476,742	2,778,274

6. Other income

	Group and Company	
	2021	**2020**
	RM	**RM**
Gain on disposal of property, plant and equipment	298,216	-
Fair value gain on consumable biological assets	1,747,920	3,408,476
Net fair value gain transferred to profit or loss on disposal of investment securities	-	72,593
Unrealised gain on foreign exchange	794,246	730,185
Others	1,337,282	751,066
	4,177,664	4,962,320

7. Other expenses

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Impairment loss on investments in joint ventures	-	2,453,000	11,791,310	11,312,000
Net fair value loss transferred to profit or loss on disposal of investment securities	1,338	-	1,338	-
Property, plant and equipment written off	9,461	-	9,461	-
Others	109,839	-	109,839	-
	120,638	2,453,000	11,911,948	11,312,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. Auditors remuneration

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Statutory audit	178,000	178,000	172,000	172,000
Other services	11,600	11,600	11,600	11,600
	189,600	189,600	183,600	183,600

9. Employee benefits expense

	Group and Company 2021 RM	Group and Company 2020 RM
Wages and salaries	20,727,555	20,744,765
Social security contributions	184,188	131,770
Employees Provident Fund	852,148	846,595
Other staff related expenses	3,328,379	3,381,937
	25,092,270	25,105,067
Less: Amount capitalised in property, plant and equipment (Note 14)	(885,638)	(1,096,234)
	24,206,632	24,008,833
Analysed as:		
Cost of sales	12,447,995	12,717,385
Administrative expenses	11,758,637	11,291,448
	24,206,632	24,008,833

Included in the employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM1,709,502 (2020: RM1,280,541) and RM1,699,502 (2020: RM1,280,541) respectively as further disclosed in Note 10.

10. Directors' remuneration

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Executive directors:				
Fees	110,000	100,000	100,000	100,000
Salaries	736,000	624,000	736,000	624,000
Bonus	833,502	523,541	833,502	523,541
Other emoluments	30,000	33,000	30,000	33,000
	1,709,502	1,280,541	1,699,502	1,280,541
Non-executive directors:				
Fees	408,000	398,000	398,000	398,000
Other emoluments	195,000	231,000	195,000	231,000
	603,000	629,000	593,000	629,000
Total directors' remuneration	2,312,502	1,909,541	2,292,502	1,909,541

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

11. Income tax expense

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Current income tax:				
Malaysian income tax	18,918,901	9,818,944	18,915,539	9,813,876
(Over)/under provision in respect of previous financial years	(15,461)	352,115	(15,461)	351,865
	18,903,440	10,171,059	18,900,078	10,165,741
Deferred income tax (Note 23):				
Origination and reversal of temporary differences	737,391	1,158,603	737,391	1,158,603
Under/(over) provision in respect of previous financial years	10,323	(76,437)	10,323	(76,437)
	747,714	1,082,166	747,714	1,082,166
Income tax expense recognised in profit or loss	19,651,154	11,253,225	19,647,792	11,247,907

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 24%) of the estimated assessable profit for the year.

The reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 August 2021 and 31 August 2020 are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Profit before tax, representing accounting profit before tax	87,725,677	47,240,422	74,367,099	38,625,766
Tax at Malaysian statutory rate of 24% (2020: 24%)	21,054,162	11,337,701	17,848,104	9,270,184
Adjustments:				
Income not subject to tax	(1,295,014)	(1,257,777)	(1,295,002)	(1,257,777)
Non-deductible expenses	277,099	836,067	3,099,828	2,960,072
Share of results of an associate and joint ventures	(379,955)	61,556	-	-
Under/(over) provision of deferred tax in respect of previous financial years	10,323	(76,437)	10,323	(76,437)
(Over)/under provision of income tax in respect of previous financial years	(15,461)	352,115	(15,461)	351,865
Income tax expense recognised in profit or loss	19,651,154	11,253,225	19,647,792	11,247,907

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

12. Earnings per stock unit

Basic and dilluted earnings per stock unit amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the Company by the weighted average number of ordinary stock units outstanding during the financial year.

	Group 2021 RM	Group 2020 RM
Profit attributable to owners of the Company used in the computation of basic and diluted earnings per stock unit	68,074,523	35,987,197

	Number of ordinary stock units 2021	Number of ordinary stock units 2020
Weighted average number of ordinary stock units for basic and diluted earnings per stock unit computation	91,363,250	91,363,250

	Group 2021	Group 2020
Earnings per stock unit attributable to owners of the Company (sen per stock unit)		
Basic	74.51	39.39
Diluted	74.51	39.39

The respective profit attributable to owners of the Company used in the computation of basic and diluted earnings per stock unit and the weighted average number of ordinary stock units for basic and diluted earnings per stock unit is similar as there is no potential dilutive ordinary stock units outstanding as at end of the financial years.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

13. Dividends

	Group and Company			
	Amount		Dividends per ordinary stock unit	
	2021 RM	2020 RM	2021 sen	2020 sen
In respect of financial year ended 31 August 2021:				
First interim single tier dividend declared on 6 January 2021 and paid on 5 February 2021	7,309,060	-	8	-
Special single tier dividend declared on 6 January 2021 and paid on 5 February 2021	2,740,898	-	3	-
Second interim single tier dividend declared on 30 July 2021 and paid on 30 August 2021	7,309,060	-	8	-
Special single tier dividend declared on 30 July 2021 and paid on 30 August 2021	10,049,957	-	11	-
In respect of financial year ended 31 August 2020:				
First interim single tier dividend declared on 30 December 2019 and paid on 23 January 2020	-	7,309,060	-	8
Second interim single tier dividend declared on 28 July 2020 and paid on 28 August 2020	-	7,309,060	-	8
	27,408,975	14,618,120	30	16

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. **Property, plant and equipment**

Group and Company	Freehold land RM	Right-of-use assets - leasehold land RM	Bearer plants RM	Buildings RM	Motor vehicles RM	Office and estate equipment, furniture and fittings, roads and bridges RM	Plant and machinery RM	Capital work-in-progress RM	Total RM
At cost:									
At 1 September 2019	11,219,413	27,632,331	113,612,199	22,758,118	16,014,875	4,094,929	21,749,624	1,139,545	218,221,034
Additions	-	-	4,337,198	249,960	928,549	901,013	350,850	511,546	7,279,116
Write off	-	-	(2,731,329)	-	-	-	-	-	(2,731,329)
Reclassification	-	-	-	773,040	-	-	314,850	(1,087,890)	-
At 31 August 2020	11,219,413	27,632,331	115,218,068	23,781,118	16,943,424	4,995,942	22,415,324	563,201	222,768,821
At 1 September 2020	11,219,413	27,632,331	115,218,068	23,781,118	16,943,424	4,995,942	22,415,324	563,201	222,768,821
Additions	-	-	4,691,418	756,001	1,876,522	288,143	271,585	879,519	8,763,188
Disposal	-	-	-	-	(1,352,826)	-	-	-	(1,352,826)
Write off	-	-	(3,746,352)	-	(603,760)	-	-	-	(4,350,112)
At 31 August 2021	11,219,413	27,632,331	116,163,134	24,537,119	16,863,360	5,284,085	22,686,909	1,442,720	225,829,071
Accumulated depreciation and amortisation:									
At 1 September 2019	-	8,877,456	38,794,295	15,492,726	13,730,902	2,638,512	17,577,857	-	97,111,748
Charge for the year	-	317,052	4,471,307	494,095	963,567	301,875	711,276	-	7,259,172
Write off	-	-	(2,731,329)	-	-	-	-	-	(2,731,329)
At 31 August 2020	-	9,194,508	40,534,273	15,986,821	14,694,469	2,940,387	18,289,133	-	101,639,591
At 1 September 2020	-	9,194,508	40,534,273	15,986,821	14,694,469	2,940,387	18,289,133	-	101,639,591
Charge for the year	-	317,052	4,077,019	539,432	838,245	308,873	741,583	-	6,822,204
Disposal	-	-	-	-	(1,194,752)	-	-	-	(1,194,752)
Write off	-	-	(3,736,891)	-	(603,760)	-	-	-	(4,340,651)
At 31 August 2021	-	9,511,560	40,874,401	16,526,253	13,734,202	3,249,260	19,030,716	-	102,926,392
Net carrying amount									
At 31 August 2020	11,219,413	18,437,823	74,683,795	7,794,297	2,248,955	2,055,555	4,126,191	563,201	121,129,230
At 31 August 2021	11,219,413	18,120,771	75,288,733	8,010,866	3,129,158	2,034,825	3,656,193	1,442,720	122,902,679

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

14. Property, plant and equipment (cont'd.)

During the financial year, the Group and the Company capitalised employee benefits expense amounting to RM885,638 (2020: RM1,096,234).

Leasehold land in respect of right-of-use assets of the Group and of the Company are land with lease term of 86 and 99 years in which the Group and the Company have land titles.

Depreciation and amortisation of the Group and the Company are analysed as below:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Included in statement of profit or loss as:				
Cost of sales	5,568,191	6,122,109	5,568,191	6,122,109
Administrative expenses	1,254,013	1,137,063	1,254,013	1,137,063
	6,822,204	7,259,172	6,822,204	7,259,172

15. Investment in a subsidiary

	Company	
	2021	2020
	RM	RM
Unquoted shares, at cost		
At beginning/end of financial year	48,100,000	48,100,000

Details of the subsidiary which is incorporated in Malaysia are as follows:

	Proportion of ownership interest (%)		
Name of subsidiary	**2021**	**2020**	**Principal activity**
Double Alliance Sdn. Bhd.	100	100	Investment holding

16. Investments in an associate and joint ventures

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Unquoted shares, at cost	206,539,164	201,191,320	158,539,164	153,191,320
Share of post acquisition reserves	(35,576,458)	(30,449,332)	-	-
	170,962,706	170,741,988	158,539,164	153,191,320
Add: Subscription monies for additional shares	-	4,729,864	-	4,729,864
	170,962,706	175,471,852	158,539,164	157,921,184
Less: Provision for impairment losses	(6,094,749)	(6,094,749)	(66,904,292)	(55,112,982)
	164,867,957	169,377,103	91,634,872	102,808,202
Analysed as:				
Investment in an associate (a)	87,921,190	89,527,488	-	-
Investments in joint ventures (b)	76,946,767	79,849,615	91,634,872	102,808,202
	164,867,957	169,377,103	91,634,872	102,808,202

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. Investments in an associate and joint ventures (cont'd.)

a) Investment in an associate:

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Unquoted shares, at cost				
At 1 September	48,000,000	170,000,000	-	122,000,000
Add: Subscription monies for additional shares	-	4,000,000	-	4,000,000
Less: Reclassification to investments in joint ventures	-	(126,000,000)	-	(126,000,000)
At 31 August	48,000,000	48,000,000	-	-
Less: Provision for impairment losses	-	-	-	(27,000,000)
Add: Reclassification of impairment losses to investments in joint ventures	-	-	-	27,000,000
Share of post acquisition reserves	39,921,190	(15,320,987)		
Reclassification of share of post acquisition reserves	-	56,848,475	-	-
	39,921,190	41,527,488	-	-
	87,921,190	89,527,488	-	-

Details of the associates which are incorporated in Malaysia are as follows:

Names of associates	Proportion of ownership interest and voting power (%) 2021	2020	Principal activities
West Synergy Sdn Bhd ("West Synergy") @	40	40	Property development and investment

@ Financial year end of 30 June and audited by a firm of auditors other than Ernst & Young PLT, Malaysia.

Summarised financial information in respect of the associate of the Group are stated below:

At 31 August 2021	West Synergy RM
(i) Summarised statements of financial position	
Current assets	217,383,465
Non-current assets	35,985,082
Total assets	253,368,547
Current liabilities	29,037,114
Non-current liabilities	4,528,458
Total liabilities	33,565,572
Net assets	219,802,975
Group's share of net assets	87,921,190

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. Investments in an associate and joint ventures (cont'd.)

a) Investment in an associate: (cont'd.)

		West Synergy RM
(ii)	**Summarised statements of comprehensive income**	
	Revenue	74,369,116
	Profit for the year	16,504,255
	Group's share of profit for the year	6,601,702
	Dividends received/receivable	4,104,000
At 31 August 2020		
(i)	**Summarised statements of financial position**	
	Current assets	207,417,022
	Non-current assets	37,222,208
	Total assets	244,639,230
	Current liabilities	16,808,234
	Non-current liabilities	4,012,276
	Total liabilities	20,820,510
	Net assets	223,818,719
	Group's share of net assets	89,527,488
(ii)	**Summarised statements of comprehensive income**	
	Revenue	71,751,468
	Profit for the year	19,827,494
	Group's share of profit for the year	7,930,998
	Dividends received/receivable	24,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. Investments in an associate and joint ventures (cont'd.)

b) Investments in joint ventures:

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Unquoted shares, at cost				
At 1 September	158,539,164	31,191,320	158,539,164	31,191,320
Add: Subscription monies for additional shares	-	729,864	-	729,864
Add: Reclassification from investment in an associate	-	126,000,000	-	126,000,000
At 31 August	158,539,164	157,921,184	158,539,164	157,921,184
Less: Provision for impairment losses	(6,094,749)	(6,094,749)	(66,904,292)	(28,112,982)
Less: Reclassification of impairment losses from investment in an associate	-	-	-	(27,000,000)
Share of post acquisition reserves	(75,497,648)	(15,128,345)	-	-
Reclassification of share of post acquisition reserves	-	(56,848,475)	-	-
	(75,497,648)	(71,976,820)	-	-
	76,946,767	79,849,615	91,634,872	102,808,202

During the financial year, the Group and the Company further subscribed for 200,000 ordinary shares amounting to RM617,980 in Chin Thye.

Movement in provision for impairment losses:

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
At 1 September 2020/2019	6,094,749	3,641,749	55,112,982	16,800,982
Additions (Note 7)	-	2,453,000	11,791,310	11,312,000
Reclassification from investment in an associate	-	-	-	27,000,000
At 31 August	6,094,749	6,094,749	66,904,292	55,112,982

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. Investments in an associate and joint ventures (cont'd.)

b) Investments in joint ventures: (cont'd.)

Details of the joint ventures are as follows:

Names of joint ventures	Proportion of ownership interest and voting power (%) 2021	2020	Principal activities
Chin Thye # ^	40	40	Investment holding
Sin Thye Management	50	50	Provision of management and advisory services and insurance agency service
Global Formation ^^	50	50	Investment holding

Incorporated in the Republic of Singapore with financial year end of 31 December and audited by an affiliate of Ernst & Young PLT, Malaysia

^ Chin Thye holds 70% equity interest in PT Lampung Karya Indah ("PTLKI") which is incorporated in Indonesia. The principal activities of PTLKI are the cultivation of oil palms, production and sale of FFB.

^^ Global Formation holds 70% equity interest in PT Baratselatan Makmurinvestindo ("PTBM") and PT Lampung Interpertiwi ("PTLI") which are incorporated in Lampung Province, Indonesia and PT Suksesmaju Abadi ("PTSA") which is incorporated in Jambi Province, Indonesia. The principal activities of PTBM, PTLI and PTSA are the cultivation of oil palms, production and sale of FFB, CPO and PK in Lampung Province and Jambi Province, Indonesia.

Summarised financial information in respect of the joint venture of the Group are stated below:

At 31 August 2021	Global Formation RM	Sin Thye Management RM	Chin Thye RM	Total RM
(i) Summarised statements of financial position				
Current assets	39,110,093	4,254,876	20,081,462	63,446,431
Non-current assets	108,340,813	4,541,888	24,839,515	137,722,216
Current liabilities	45,930,945	609,530	688,257	47,228,732
Non-current liabilities	12,227,605	29,065	325,014	12,581,684
Net assets	89,292,356	8,158,169	43,907,706	141,358,231
Cash and cash equivalents	6,076,294	4,165,166	1,045,336	11,286,796
Group's share of net assets	48,146,178	4,079,085	18,181,062	70,406,325

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. Investments in an associate and joint ventures (cont'd.)

b) Investments in joint ventures: (cont'd.)

At 31 August 2021 (cont'd.)	**Global Formation RM**	**Sin Thye Management RM**	**Chin Thye RM**	**Total RM**
(ii) Summarised statements of comprehensive income				
Revenue	86,044,686	5,289,279	-	91,333,965
Expenses	60,483,727	5,197,193	3,663,052	69,343,972
(Loss)/profit for the year	(8,907,831)	146,248	(1,594,415)	(10,355,998)
Other comprehensive income	1,414,788	614	1,975,073	3,390,475
Group's share of (loss)/profit for the year	(4,453,916)	73,124	(637,766)	(5,018,558)
Group's share of other comprehensive income	707,394	307	790,029	1,497,730
(iii) Reconciliation of net assets to carrying amount as at year end				
Group's share of net assets	48,146,178	4,079,085	18,181,062	70,406,325
Add: Net liabilities attributable to non-controlling interests of the joint ventures	12,635,191	-	-	12,635,191
Add: Subscription monies for additional shares	-	-	-	-
Less: Impairment losses	-	-	(6,094,749)	(6,094,749)
Group's carrying amount	60,781,369	4,079,085	12,086,313	76,946,767

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. Investments in an associate and joint ventures (cont'd.)

b) Investments in joint ventures: (cont'd.)

At 31 August 2020	**Global Formation RM**	**Sin Thye Management RM**	**Chin Thye RM**	**Total RM**
(i) Summarised statements of financial position				
Current assets	45,568,629	3,756,930	18,042,973	67,368,532
Non-current assets	116,754,730	4,746,243	23,065,857	144,566,830
Current liabilities	52,689,307	465,394	646,044	53,800,745
Non-current liabilities	10,720,634	26,475	305,347	11,052,456
Net assets	98,913,418	8,011,304	40,157,439	147,082,161
Cash and cash equivalents	7,894,371	3,667,073	1,045,336	12,606,780
Group's share of net assets	52,956,709	4,005,652	16,062,976	73,025,337
(ii) Summarised statements of comprehensive income				
Revenue	60,972,039	5,904,572	-	66,876,611
Expenses	76,743,394	5,532,914	1,219,077	83,495,385
(Loss)/profit for the year	(15,771,355)	371,658	(1,219,077)	(16,618,774)
Other comprehensive (loss)/income	(4,570,024)	3,158	(2,250,565)	(6,817,431)
Group's share of (loss)/profit for the year	(7,885,678)	185,829	(487,631)	(8,187,480)
Group's share of other comprehensive (loss)/income	(2,285,012)	1,579	(900,226)	(3,183,659)
(iii) Reconciliation of net assets to carrying amount as at year end				
Group's share of net assets	52,956,709	4,005,652	16,062,976	73,025,337
Add: Net liabilities attributable to non-controlling interests of the joint ventures	12,189,163	-	-	12,189,163
Add: Subscription monies for additional shares	-	-	729,864	729,864
Less: Impairment losses	-	-	(6,094,749)	(6,094,749)
Group's carrying amount	65,145,872	4,005,652	10,698,091	79,849,615

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

16. Investments in an associate and joint ventures (cont'd.)

b) Investments in joint ventures: (cont'd.)

i) Provision for impairment loss in Global Formation

Since the previous financial years, the unrest in the surrounding villages located in the vicinity of the plantations has caused the disruption in routine harvesting of FFB in PTBM and PTLI. The disruption in routine harvesting of FFB and the continued losses incurred by Global Formation indicated that the carrying amounts of the investment in GFSB may be impaired. In view of this prolonged situation, the Company had provided for impairment loss in respect of its investment in GFSB of RM11,791,310 (2020: RM6,889,000). There is no impairment loss required in the Group during the financial year.

The Group and the Company have estimated the recoverable amounts of their investment in GFSB using FVLCD (Level 3 of the fair value hierarchy). The recoverable amount was determined using a discounted cash flow model based on the discount rate of 12.5% (2020: 12.6%).

The following factors were being considered in deriving at FVLCD:

(a) Fair value of land and rights;
(b) Estimated commodity prices; and
(c) Estimated FFB yield

With regard to the sensitivity to changes in above factors, management believes that no reasonably possible change in any of the above factors would cause the carrying amounts of the investment in a joint venture of the Group to materially exceed their recoverable amounts.

ii) Provision for impairment loss in Chin Thye

Since the previous financial years, the harvesting of matured palms at PTLKI, a subsidiary of Chin Thye has been suspended due to the unrest in the surrounding villages. This has resulted in the continued losses incurred by Chin Thye. In view of this prolonged situation, the Group and the Company had provided for impairment losses in respect of their investment in Chin Thye and its subsidiary ("Chin Thye Group") of RM2,453,000 and RM4,423,000 respectively in previous financial year. There is no impairment loss required in the Group and the Company during the financial year.

The Group and the Company have estimated the recoverable amounts of their investment in Chin Thye Group using FVLCD which is based on the fair value of land and rights less incremental costs for disposing of the asset (Level 3 of the fair value hierarchy).

With regard to the sensitivity to changes in above factors, management believes that no reasonably possible change in any of the above factors would cause the carrying amounts of the investment in a joint venture of the Group and the Company to materially exceed their recoverable amounts.

17. Investments securities

	Group and Company	
	2021	**2020**
	RM	**RM**
At fair value:		
Investment securities designated at FVOCI		
Securities quoted in Malaysia		
- Equity instruments	14,291,400	7,685,185
Securities quoted outside Malaysia		
- Debt instruments	10,548,056	8,540,140
- Equity instruments	56,705,380	48,615,173
	67,253,436	57,155,313
Total quoted investment securities	81,544,836	64,840,498
Unquoted equity investment outside Malaysia	9,912,205	9,344,707
Total investment securities	91,457,041	74,185,205

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

17. Investments securities (cont'd.)

(a) Equity instruments were irrevocably designated at FVOCI as the Group and the Company consider these investments to be strategic in nature.

(b) The Group and the Company invested in an unquoted equity investment, which is a company incorporated outside Malaysia, with financial year end of 31 December.

As at 31 August 2021, the directors had determined the fair value of the unquoted equity investment using the net assets as at 31 August 2021. The directors determined such valuation technique is most appropriate given that it is an investment holding company which invests in quoted shares, bond and managed funds.

18. Inventories

	Group and Company	
	2021	**2020**
	RM	**RM**
Oil palm produce	4,751,665	2,546,332
Estate stores	1,354,056	1,624,136
	6,105,721	4,170,468

The amount of inventories of the Group and of the Company recognised as an expense during the financial year was RM83,177,699 (2020: RM68,931,941).

19. Consumable biological assets

	Group and Company	
	2021	**2020**
	RM	**RM**
At fair value less costs to sell:		
At 1 September 2020/2019	6,993,352	3,584,876
Changes in fair value less costs to sell	1,747,920	3,408,476
At 31 August	8,741,272	6,993,352

The consumable biological assets of the Group and of the Company comprise unripe FFB prior to harvest. Fair value is determined based on the estimated future cash flows expected to be generated from the FFB. Costs to sell include harvesting cost and transportation fee.

The Group and the Company have considered the oil content of unripe FFB and derived at the following assumptions:

a) Net cash flows to be generated from unripe FFB within 15 days to harvest are estimated to be approximately 83% of the ripe FFB;

b) Net cash flows to be generated from unripe FFB between 16 days to 30 days to harvest are estimated to be approximately 50% of the ripe FFB; and

c) Net cash flows to be generated from unripe FFB beyond 30 days to harvest are negligible.

At the reporting date, if the market prices for FFB had been 10% higher/ lower, with all other variables being held constant, the profit net of tax of the Group and the Company would have been RM1,129,535 higher/ lower (2020: RM658,312 higher/ lower).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

20. Receivables

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Trade receivables				
Third parties	13,661,342	14,351,318	13,661,342	14,351,318
Other receivables				
Deposits, prepayments and sundry receivables	957,092	1,172,839	976,215	1,182,093
Interest receivables	1,560,214	2,581,806	1,558,104	2,580,037
Dividend receivable from an associate	4,104,000	-	-	-
	6,621,306	3,754,645	2,534,319	3,762,130
Total trade and other receivables	20,282,648	18,105,963	16,195,661	18,113,448
Add: Cash and bank balances (Note 21)	356,937,257	325,148,417	347,906,285	320,230,057
Less: Prepayments	(454,799)	(792,303)	(454,799)	(792,303)
Total financial assets at amortised cost	376,765,106	342,462,077	363,647,147	337,551,202

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30-day (2020: 30-day) terms. Other credit terms are assessed and approved on a case-by-case basis. Trade receivables are recognised at their original invoice amounts which represent their fair values on initial recognition.

The trade receivables of the Group and of the Company as at reporting date are neither past due nor impaired. These have not been renegotiated during the financial year.

These receivables are creditworthy customers with good payment records with the Group and the Company. The trade receivables of the Group and of the Company arise from customers with more than ten years of experience with the Group and the Company and losses have occurred infrequently.

Further details on related party transactions are disclosed in Note 28.

(b) Other receivables

The other receivables of the Group and of the Company as at reporting date are neither past due nor impaired.

Other information on financial risks of trade and other receivables are disclosed in Note 31.

The carrying amounts of receivables are reasonable approximation of fair value due to their short-term nature.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

21. Cash and bank balances

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Cash on hand and at banks	49,257,342	48,318,136	40,896,370	44,069,776
Deposits with:				
Licensed banks	241,776,730	212,322,348	241,106,730	211,652,348
Other financial institutions	65,903,185	64,507,933	65,903,185	64,507,933
	307,679,915	276,830,281	307,009,915	276,160,281
Cash and bank balances	356,937,257	325,148,417	347,906,285	320,230,057

Deposits are made for varying periods of between 1 day and 365 days (2020: between 1 day and 365 days) depending on the immediate cash requirements of the Group and of the Company, and earn interests at the respective short-term deposit rates. The weighted average effective interest rate as at 31 August 2021 for the Group and the Company was 1.65% (2020: 2.35%) per annum.

Included in deposits with licensed banks are deposits pledged to banks for bank guarantee facilities provided to the Group and the Company amounting to RM721,666 (2020: RM704,910). The deposits with other financial institutions relate to placements with foreign banks.

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the reporting date:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Cash and bank balances	356,937,257	325,148,417	347,906,285	320,230,057
Less: Deposits with maturity of more than three months	(252,904,461)	(208,460,281)	(252,804,461)	(207,860,281)
Cash and cash equivalents	104,032,796	116,688,136	95,101,824	112,369,776

22. Payables

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Trade payables				
Third parties	7,543,177	8,015,947	7,543,177	8,015,947

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

22. Payables (cont'd.)

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Other payables				
Accruals and sundry payables				
- Third parties	5,480,247	4,904,832	5,453,860	4,898,472
Provision	1,278,184	1,544,576	1,278,184	1,544,576
	6,758,431	6,449,408	6,732,044	6,443,048
Total trade and other payables	14,301,608	14,465,355	14,275,221	14,458,995
Less: Provision	(1,278,184)	(1,544,576)	(1,278,184)	(1,544,576)
Total financial liabilities carried at amortised cost	13,023,424	12,920,779	12,997,037	12,914,419

(a) Trade payables and other payables

Trade payables and other payables are non-interest bearing and are normally settled on 30 to 90-day (2020: 30 to 90-day) terms.

The carrying amount of these payables are reasonable approximation of fair value due to their short term nature.

The movement of provision during the financial year are as follows:

	Group and Company
	RM
At 1 September 2020	1,544,576
Net payment	(266,392)
At 31 August 2021	1,278,184

23. Deferred tax liabilities

	Group and Company	
	2021	2020
	RM	RM
At beginning of financial year	23,336,606	22,254,440
Recognised in profit or loss (Note 11)	747,714	1,082,166
At end of financial year	24,084,320	23,336,606

The components and movements of deferred tax liabilities and asset during the financial year prior to offsetting are as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

23. Deferred tax liabilities (cont'd.)

	Property, plant and equipment - bearer plants and consumable biological assets RM	Property, plant and equipment - land RM	Property, plant and equipment - others RM	Total RM
Group and Company				
At 1 September 2019	18,798,976	2,042,656	1,703,757	22,545,389
Recognised in profit or loss	775,694	(76,092)	462,313	1,161,915
At 31 August 2020	19,574,670	1,966,564	2,166,070	23,707,304
At 1 September 2020	19,574,670	1,966,564	2,166,070	23,707,304
Recognised in profit or loss	578,529	(25,307)	130,558	683,780
At 31 August 2021	20,153,199	1,941,257	2,296,628	24,391,084

	Provision RM
Group and Company	
At 1 September 2019	(290,949)
Recognised in profit or loss	(79,749)
At 31 August 2020	(370,698)
At 1 September 2020	(370,698)
Recognised in profit or loss	63,934
At 31 August 2021	(306,764)

24. Share capital

	Group and Company	
	Number of ordinary stock units	Share capital RM
Issued and fully paid:		
At beginning/end of financial year 2021/2020	91,363,250	111,017,277

The holders of ordinary stock units are entitled to receive dividends as declared from time to time and are entitled to one vote per stock unit at meetings of the Company. All ordinary stock units rank equally with regard to the Company's residual assets.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. Other reserves

Group	Foreign currency translation reserve RM	Fair value adjustment reserve RM	Employee benefits plan reserve RM	Total RM
At 1 September 2020	(8,783,246)	(3,512,326)	687,170	(11,608,402)
Transfer of fair value adjustment reserve to retained profits upon disposal of investment securities	-	(1,578,625)	-	(1,578,625)
Other comprehensive income/(loss):				
Foreign currency translation	1,501,583	-	-	1,501,583
Fair value changes of investment securities:				
- Net fair value loss transferred to profit or loss upon disposal	-	1,338	-	1,338
- Net fair value gain	-	8,430,296	-	8,430,296
Share of other comprehensive income/(loss) of joint ventures	-	307	(4,160)	(3,853)
Total other comprehensive income/(loss)	1,501,583	8,431,941	(4,160)	9,929,364
At 31 August 2021	(7,281,663)	3,340,990	683,010	(3,257,663)
At 1 September 2019	(5,509,672)	12,330,495	598,833	7,419,656
Transfer of fair value adjustment reserve to retained profits upon disposal of investment securities	-	(5,188,348)	-	(5,188,348)
Other comprehensive (loss)/income:				
Foreign currency translation	(3,273,574)	-	-	(3,273,574)
Fair value changes of investment securities:				
- Net fair value gain transferred to profit or loss upon disposal	-	(72,593)	-	(72,593)
- Net fair value loss	-	(10,583,458)	-	(10,583,458)
Share of other comprehensive income of joint ventures	-	1,578	88,337	89,915
Total other comprehensive (loss)/income	(3,273,574)	(10,654,473)	88,337	(13,839,710)
At 31 August 2020	(8,783,246)	(3,512,326)	687,170	(11,608,402)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

25. Other reserves (cont'd.)

Company	**Fair value adjustment reserve RM**
At 1 September 2020	(3,538,582)
Transfer of fair value adjustment reserve to retained profits upon disposal of investment securities	(1,578,625)
Fair value changes of investment securities	
- Net fair value loss transferred to profit or loss upon disposal	1,338
- Net fair value gain	8,430,296
Total other comprehensive loss	8,431,634
Total fair value adjustment reserve, representing total other reserve as at 31 August 2021	3,314,427
At 1 September 2019	12,305,817
Transfer of fair value adjustment reserve to retained profits upon disposal of investment securities	(5,188,348)
Fair value changes of investment securities	
- Net fair value gain transferred to profit or loss upon disposal	(72,593)
- Net fair value loss	(10,583,458)
Total other comprehensive loss	(10,656,051)
Total fair value adjustment reserve, representing total other reserve as at 31 August 2020	(3,538,582)

(a) Foreign currency translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the presentation currency of the Group.

(b) Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes of investment securities designated at fair value through other comprehensive income until they are disposed off.

(c) Employee benefits plan reserve

Employee benefits plan reserve represents the Group's share of the cumulative fair value changes in the pension related assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

26. Retained profits

The Company will be able to distribute dividends out of its entire retained profits under the single tier system.

27. Segment information

The chief operating decision-maker has been identified as the Board of Directors. The Board reviews the internal reporting of the Group in order to assess performance and allocation of resources. The principal activities of the Group are the cultivation of oil palms, production and sale of FFB, CPO and PK and are wholly carried out in Peninsular Malaysia.

	Group	
	2021	**2020**
	RM	**RM**
Revenue from external customers	182,718,142	129,812,807
Depreciation of property, plant and equipment	6,505,152	6,942,120
Amortisation of right-of-use assets	317,052	317,052
Reportable segment profit	75,506,081	37,746,958
Reportable segment assets	161,224,757	154,060,005
Reportable segment liabilities	14,301,608	14,465,355
Reportable segment profit is reconciled as follows:		
Total profit for reportable segment	75,506,081	37,746,958
Share of results of an associate and joint ventures	1,583,144	(256,482)
Interest income	6,066,247	8,606,369
Dividend income	3,476,742	2,778,274
Other income	1,094,801	818,303
Other expenses	(1,338)	(2,453,000)
Profit before tax	87,725,677	47,240,422
Reportable segment assets are reconciled as follows:		
Total assets for reportable segment	161,224,757	154,060,005
Investments in an associate and joint ventures	164,867,957	169,377,103
Investment securities	91,457,041	74,185,205
Unallocated assets	353,746,697	321,487,597
Total assets	771,296,452	719,109,910
Reportable segment liabilities are reconciled as follows:		
Total liabilities for reportable segment	14,301,608	14,465,355
Income tax payable	2,164,726	1,157,063
Deferred tax liabilities	24,084,320	23,336,606
Total liabilities	40,550,654	38,959,024

Revenue from nine (2020: eight) major customers amounted to RM139,849,018 (2020: RM84,309,642) representing 77% (2020: 65%) of total revenue.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

28. Related party disclosures

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company and related parties took place at terms agreed between the parties during the financial year:

	Group and Company	
	2021	**2020**
	RM	**RM**
A joint venture in which certain directors and substantial shareholders have interest:		
- Management fee	2,556,173	2,695,476
Companies in which certain directors and substantial shareholders have interest:		
- Marketing consultancy fee	206,746	205,650
- Seedlings cultivation cost	114,330	100,627
- Sale of oil palm produce	1,272,736	4,342,871
- Purchase of oil palm produce	-	1,687,987

(b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company directly and indirectly.

Total remuneration of key management personnel are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Fees	518,000	498,000	498,000	498,000
Salaries	1,064,416	947,552	1,064,416	947,552
Bonus	997,498	677,339	997,498	677,339
Other emoluments	272,649	315,968	272,649	315,968
	2,852,563	2,438,859	2,832,563	2,438,859

Included in the total key management personnel remuneration are Board of Directors' remuneration as detailed in Note 10.

29. Capital commitments

	Group and Company	
	2021	**2020**
	RM	**RM**
Capital commitments:		
Approved and contracted for:		
Purchase of property, plant and equipment	7,032,023	1,822,550
Capital and investment outlay in a joint venture	17,861,246	18,479,226
	24,893,269	20,301,776

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

30. Fair value measurement

The following table provides the fair value measurement hierarchy of the assets of the Group and of the Company as at reporting date.

Financial instruments

The following table shows carrying amounts of financial assets measured at fair value including their levels in the fair value hierarchy.

	Carrying amount	Fair value measurement using			
	Investment securities designated at FVOCI, representing total financial assets	Quoted prices in active markets (Level 1)	Significant observable input (Level 2)	Significant unobservable input (Level 3)	Total
As at 31 August 2021	RM	RM	RM	RM	RM
Group and Company					
Financial assets measured at fair value					
Investment securities (Note 17)	91,457,041	81,544,836	-	9,912,205	91,457,041
As at 31 August 2020					
Group and Company					
Financial assets measured at fair value					
Investment securities (Note 17)	74,185,205	64,840,498	-	9,344,707	74,185,205

There have been no transfers between Level 1, Level 2 and Level 3 during the financial year.

Non-financial instrument measurement

The non-financial instruments of the Group and of the Company measured at fair value comprise consumable biological assets as disclosed in Note 19. The fair value measurement of the consumable biological assets of the Group and of the Company have been categorised as Level 3 using significant unobservable inputs. There have been no transfers between Level 1, Level 2 and Level 3 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and market price risk.

The overall financial risk management policy of the Group and of the Company is to ensure that adequate financial resources are available for the development of the businesses of the Group and of the Company whilst minimising the potential adverse impact arising from fluctuation in foreign exchange and interest rates and the unpredictability of the financial and commodity markets.

The Group and the Company operate within clearly defined guidelines that are approved by the Board of Directors and they do not engage in speculative transactions. Financial risk management is further enhanced by effective internal controls and adherence to the financial risk management policies.

The following sections provide details regarding the exposure of the Group and of the Company to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The exposure of the Group and of the Company to credit risk arises primarily from trade and other receivables and other financial assets such as cash and bank balances.

The objective of the Group and of the Company is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. Revenue from nine (2020: eight) major customers amounted to RM139,849,018 (2020: RM84,309,642) representing 77% (2020: 65%) of total revenue. The Group and the Company trade and have dealings only with recognised and creditworthy third parties. It is the policy of the Group and of the Company that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the exposure of the Group and of the Company to bad debts is not significant. For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk

At the reporting date, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

At the reporting date, the Group and the Company do not have any significant exposure to any individual customer or counterparty nor do they have any major concentration of credit risks related to any financial assets other than an amount of RM11,649,910 (2020: RM10,765,041) due from seven (2020: seven) customers representing approximately 85% (2020: 75%) of the trade receivables of the Group and of the Company.

Financial assets that are neither past due nor impaired

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with licensed banks and other financial institutions disclosed in Note 21, all of which are neither past due nor impaired, are placed with or entered into with reputable financial institutions with high credit ratings and no history of default.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The exposure of the Group and of the Company to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The objective of the Group and of the Company is to maintain sufficient levels of cash including deposits to meet their working capital requirements.

At the reporting date, the Group and the Company do not have any borrowing (including overdrafts) from financial institutions. The maturity profile of the liabilities of the Group and of the Company at the reporting date based on contractual undiscounted repayment obligations are on demand or within one year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Financial risk management objectives and policies (cont'd.)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company will fluctuate because of changes in market interest rates.

The exposure of the Group and of the Company to interest rate risk arises primarily from their deposits with financial institutions.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the profit net of tax of the Group and of the Company would have been RM624,134 and RM622,861 (2020: RM564,683 and RM563,409) respectively lower/higher, arising mainly as a result of lower/higher interest income from deposits with financial institutions. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The business of the Group is predominantly located in Malaysia. The functional currency of foreign bank balances, unquoted equity investment outside Malaysia and quoted investments outside Malaysia are predominantly denominated in Singapore Dollar ("SGD"), which give rise to conversion exposure. The foreign currency exposures are not hedged.

The unhedged financial assets of the Group and of the Company that are not denominated in Ringgit Malaysia are as follows:

	Cash and bank balances RM	Investment securities RM	Total RM
SGD			
At 31 August 2021	85,442,711	77,165,641	162,608,352
At 31 August 2020	85,224,154	66,500,020	151,724,174

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the other reserves and profit net of tax of the Group and of the Company to a reasonably possible change in the SGD exchange rate against the functional currency of the Group and of the Company, with all other variables held constant.

	Other reserves		*Profit net of tax*	
	2021 RM	2020 RM	2021 RM	2020 RM
SGD/RM				
- strengthened 1% (2020: 1%)	771,656	665,000	854,427	852,242
- weakened 1% (2020: 1%)	(771,656)	(665,000)	854,427	852,242

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

31. Financial risk management objectives and policies (cont'd.)

(e) Market price risk

Market price risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company will fluctuate because of changes in market prices (other than interest or exchange rates).

(i) Securities price risk

The Group and the Company are exposed to securities price risk from their investment securities designated at FVOCI. These securities are listed mainly on the Bursa Malaysia Securities Berhad and Singapore Exchange Limited.

The objective of the Group and of the Company is to manage investment returns and the price risk by investing in investment grade securities with steady dividend yield.

<u>Sensitivity analysis for security price risk</u>

At the reporting date, if the market prices for investment securities designated at FVOCI had been 1% higher/lower, with all other variables being held constant, the other reserves of the Group and of the Company in equity would have been RM815,448 (2020: RM648,405) higher/lower, arising as a result of an increase/decrease in the fair value of investment securities designated at FVOCI.

(ii) Commodity price risk

The Group and the Company are exposed to price volatility arising from fluctuation in the prices of FFB, CPO and PK in the commodity market.

The Group and the Company manage and mitigate price volatility by monitoring the fluctuation of FFB, CPO and PK prices daily and enter into physical forward selling commodity contracts.

<u>Sensitivity analysis for commodity price risk</u>

The following table demonstrates the sensitivity of the profit net of tax of the Group and of the Company to a reasonably possible change in prices of FFB, CPO and PK at the reporting date, with all other variables held constant.

	Group and Company	
	2021	**2020**
	RM	**RM**
Increase/(decrease) in profit net of tax		
- FFB price 5% higher	995,159	733,867
- FFB price 5% lower	(995,159)	(733,867)
- CPO price 5% higher	5,151,835	3,637,528
- CPO price 5% lower	(5,151,835)	(3,637,528)
- PK price 5% higher	795,882	562,213
- PK price 5% lower	(795,882)	(562,213)

The Group and the Company do not enter into commodity future contracts.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

32. Capital management

The objectives of the Group and of the Company in managing their capital are to ensure that they maintain a strong and healthy capital to enable the Group and the Company to continue as a going concern in order to provide returns for shareholders and to maintain a debt free capital structure.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group and the Company did not have any borrowing for the years ended 31 August 2021 and 31 August 2020. The Group and the Company monitor capital using dividend payout ratio, which is amount of dividends paid divided by profit net of tax attributable to owners of the Company.

The strategy of the Group and of the Company in 2021, which was unchanged from 2020, is to maintain a debt free capital structure and to pay steady amount of dividends to shareholders.

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Amount of dividends paid (Note 13)	27,408,975	14,618,120	27,408,975	14,618,120
Profit net of tax attributable to owners of the Company	68,074,523	35,987,197	54,719,307	27,377,859
Dividend payout ratio	40.26%	40.62%	50.09%	53.39%

33. Significant event

The unprecedented COVID-19 pandemic has severely impacted the global economy. In Malaysia, to contain the spread of COVID-19, the Government imposed movement control measures but enabled industries providing essential services including the oil palm industry to operate provided they employ risk mitigation measures.

The Group has assessed that they have not been significantly affected by the COVID-19 pandemic for the financial year ended 31 August 2021.

However, in view that the scale and duration of the economic uncertainties arising from the evolving situation of the COVID-19 pandemic could not be reasonably estimated as at the date of authorization of the financial statements. The Group and the Company are closely monitoring the situation and will reflect any of its financial effects in the financial statements for the financial year ending 31 December 2022.

SHAREHOLDINGS STATISTICS

AS AT 30 NOVEMBER 2021

Share capital

Issued and fully paid	:	RM111,017,277
No. of ordinary stock units	:	91,363,250
Class of stock units	:	Ordinary stock units
Voting rights	:	One vote per stock unit
No. of shareholders	:	2,145

Distribution schedule

Holdings	No. of Holders		Total Holdings	
Less than 100	204	9.51%	2,641	*
100 to 1,000	569	26.53%	404,584	0.45%
1,001 to 10,000	1,043	48.62%	3,638,712	3.98%
10,001 to 100,000	262	12.21%	8,442,820	9.24%
100,001 to less than 5% of the issued shares	66	3.08%	45,367,775	49.66%
5% and above of the issued shares	1	0.05%	33,506,718	36.67%
	2,145	100.00%	91,363,250	100.01%

* Less than 0.01%

Interests of directors in the stock units of the Company

	Direct interest		Indirect interest	
	No. of Stock Units	%	No. of Stock Units	%
Goh Wei Lei	-	-	-	-
Goh Pock Ai	500,000	0.55%	-	-
Sio Sit Po	851,376	0.93%	1,293,750	1.42%
Keong Choon Keat	-	-	-	-
Gho Eng Liong	797,625	0.87%	-	-
Datuk Matthew Tee Kai Woon	-	-	-	-
Gho Lian Chin	-	-	33,713,968	36.90%
Goh Yeok Beng	24,000	0.03%	-	-
Goh Chih Yuan (Wu Zhiyuan)	-	-	-	-
Gho Bun Tjin	-	-	-	-

Interests of directors in shares of subsidiary, Double Alliance Sdn Bhd

	Direct interest		Indirect interest	
	No. of Ordinary Shares	%	No. of Ordinary Shares	%
Goh Wei Lei	-	-	-	-
Goh Pock Ai	-	-	-	-
Sio Sit Po	-	-	-	-
Keong Choon Keat	-	-	-	-
Gho Eng Liong				
Datuk Matthew Tee Kai Woon	-	-	-	-
Gho Lian Chin	-	-	100,000	100%
Goh Yeok Beng	-	-	-	-
Goh Chih Yuan (Wu Zhiyuan)	-	-	-	-
Gho Bun Tjin	-	-	-	-

SHAREHOLDINGS STATISTICS (CONT'D)

Substantial shareholders (excluding bare trustees) as shown in the register of substantial shareholders

	Direct interest		Indirect interest	
	No. of Stock Units	%	No. of Stock Units	%
Tiong Thye Company Sdn Bhd	33,506,718	36.67%	-	-
Goh Eng Chew	-	-	34,020,968	37.24%
Gho Lian Chin	-	-	33,713,968	36.90%
Tai Chuan Company (Private) Limited	-	-	33,506,718	36.67%
Gan Teng Siew Realty Sdn Berhad	4,227,500	4.63%	3,637,900	3.98%
Key Development Sdn Berhad	1,431,200	1.57%	6,434,200	7.04%
Gemas Bahru Estates Sdn Bhd	952,000	1.04%	6,913,400	7.57%
Chinchoo Investment Sdn Berhad	554,000	0.61%	7,311,400	8.00%
Bidor Tahan Estates Sdn Bhd	206,000	0.23%	7,659,400	8.38%
Mikdavid Sdn Bhd	135,600	0.15%	7,729,800	8.46%
Malayan Jobbers Sdn Berhad	102,600	0.11%	7,762,800	8.50%
Rengo Malay Estate Sendirian Berhad	91,500	0.10%	7,773,900	8.51%
Gan Boon Koo	-	-	7,865,400	8.61%
Chin Kah Khen	-	-	7,865,400	8.61%
Gan Tee Kian	-	-	7,865,400	8.61%
Gan Tee Jin	-	-	7,865,400	8.61%

List of 30 largest securities account holders

	No. of Stock Units	%
1. Tiong Thye Company Sdn Bhd	33,506,718	36.67%
2. Gan Teng Siew Realty Sdn Berhad	4,392,500	4.81%
3. RHB Nominees (Asing) Sdn Bhd, Exempt An for Phillip Securities Pte Ltd (A/C CLIENTS)	4,087,217	4.47%
4. UOB Kay Hian Nominees (Asing) Sdn Bhd, Exempt An for UOB Kay Hian Pte Ltd (A/C CLIENTS)	3,438,329	3.76%
5. Gan Puay Chee Sendirian Berhad	3,195,000	3.50%
6. Shing Loong Sdn Berhad	2,951,905	3.23%
7. Citigroup Nominees (Tempatan) Sdn Bhd, UBS AG Hong Kong for Keck Seng (Malaysia) Berhad	2,784,375	3.05%
8. Gan Seng Lian Sendirian Berhad	1,994,850	2.18%
9. Citigroup Nominees (Asing) Sdn Bhd, Exempt An for OCBC Securities Private Limited (CLIENT A/C – NR)	1,973,500	2.16%
10. Chew Huaipin Sdn Bhd	1,827,400	2.00%
11. Key Development Sdn Berhad	1,417,700	1.55%
12. Maybank Securities Nominees (Asing) Sdn Bhd, Pledged securities account for Nanyang Gum Benjamin Manufacturing (Pte) Ltd	1,127,625	1.23%
13. Gan Kim Toon Sdn Bhd	1,040,625	1.14%
14. Gemas Bahru Estates Sdn Bhd	932,000	1.02%
15. RHB Nominees (Tempatan) Sdn Bhd, Exempt An for Phillip Securities Pte Ltd (A/C CLIENTS)	797,625	0.87%
16. Chin Leong Huat Sdn Bhd	722,125	0.79%
17. CIMB Group Nominees (Asing) Sdn Bhd, Exempt An for DBS Bank Ltd (SFS-PB)	564,562	0.62%
18. Chinchoo Investment Sdn Berhad	548,000	0.60%
19. Seah Mok Khoon	540,000	0.59%
20. Goh Pock Ai	500,000	0.55%
21. Lim Kian Peng	436,219	0.48%
22. Ang Tien Cheng & Sons Sdn Bhd	408,000	0.45%
23. Gan Kim Hoe Sdn Bhd	381,000	0.42%
24. Teo Kock Sei	360,000	0.40%
25. CGS-CIMB Nominees (Asing) Sdn Bhd, Exempt An for CGS-CIMB Securities (Singapore) Pte Ltd (Retail Clients)	357,400	0.39%
26. Teh Wei Siong	353,000	0.39%
27. Lok Choon Hong	350,400	0.38%
28. HSBC Nominees (Asing) Sdn Bhd, Exempt An for Bank Julius Baer & Co. Ltd. (Singapore BCH)	335,500	0.37%
29. Thye Heng (How Kee) Company Sdn Bhd	331,070	0.36%
30. Goh Eng Hian	300,000	0.33%
	71,954,645	78.76%

LIST OF PROPERTIES
AS AT 31 AUGUST 2021

Location	Tenure	Size	Description	Net carrying amount as at 31.8.2021
		Hectares		RM'000
Jemima & Sungei Sendayan Estate Lot 1899,1900,1901,1902,1903, 1904,1905,1906,1907,1908,1909, 1910,1911,1912,1913,1914,1006, and 1125, Mukim of Port Dickson, Lot 5923,5925,490,3058,3059, 5933,5934,5926,5924,6052,8297, and 8298, Mukim of Jimah, Daerah Port Dickson, Negri Sembilan Darul Khusus	Freehold	1,618	Oil palm estate	22,282
Gua Musang Estate Lot 154, Mukim of Ketil, Dearah Gua Musang, Kelatan Darul Naim	Freehold	1,618	Oil palm estate with mill Approximate age of mill: 50 years	21,874
Keratong Estate			Oil palm estate with mill	77,225
Lot 311, Mukim of Keratong, Dearah Rompin, Pahang Darul Makmur	Leasehold Expires on 18.4.2075	4,044	Approximate age of mill: 25 and 41 years	
Lot 25400, Mukim of Keratong, Daerah Rompin, Pahang Darul Makmur (Date of acquisition: 17.7.1995)	Leasehold Expires on 17.7.2094	527		
Lot 25399, Mukim of Keratong, Daerah Rompin, Pahang Darul Makmur (Date of acquisition: 1.10.1990)	Leasehold Expires on 1.10.2056 with an option to extend for 33 years	3,520		
		11,327		121,381

Further details of net carrying amounts as at 31.8.2021 are as follows:-

	Cost	Cost	Fair value	Cost	
	Land	Bearer plants	Consumable biological assets	Buildings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Jemima & Sungei Sendayan Estate	6,660	12,749	1,579	1,294	22,282
Gua Musang Estate	4,559	14,583	720	2,012	21,874
Keratong Estate	18,121	47,957	6,442	4,705	77,225
	29,340	75,289	8,741	8,011	121,381

OTHER INFORMATION

(a) Material Contracts

Material contracts entered into by the Company and its subsidiary which involved the directors' and major shareholders' interests either still subsisting at the end of the financial year ended 31 August 2021 or entered into since the end of the previous financial year.

Related party transactions of a revenue or trading nature with related parties entered into by the Company during the financial year ended 31 August 2021:-

Management fees paid to Sin Thye Management Sdn. Bhd., a joint venture in which certain substantial shareholders (Tiong Thye Company Sdn Bhd, Tai Chuan Company (Private) Limited, Goh Eng Chew and Gho Lian Chin) and several directors (Goh Wei Lei, Goh Pock Ai, Gho Lian Chin, Goh Yeok Beng, Goh Chih Yuan (Wu Zhiyuan) and Gho Bun Tjin) have interests.	2,556,173
Marketing consultancy fees paid to Tat Lee Commodities Pte. Ltd., a company incorporated in the Republic of Singapore, in which certain substantial shareholders (Goh Eng Chew and Gho Lian Chin) and several directors (Goh Wei Lei, Goh Pock Ai, Gho Lian Chin, Goh Yeok Beng, Goh Chih Yuan (Wu Zhiyuan) and Gho Bun Tjin) have interests.	206,746
Transactions with Seong Thye Plantations Sdn Bhd, a company in which certain substantial shareholders (Tiong Thye Company Sdn Bhd, Tai Chuan Company (Private) Limited, Goh Eng Chew and Gho Lian Chin) and several directors (Goh Wei Lei, Goh Pock Ai, Gho Lian Chin, Goh Yeok Beng, Goh Chih Yuan (Wu Zhiyuan) and Gho Bun Tjin) have interests:-	
(i) Seedlings cultivation cost	114,330
(ii) Sale of oil palm produce	105,079
Sale of oil palm produce to Timor Oil Palm Plantation Berhad, a company in which certain substantial shareholders (Tiong Thye Company Sdn Bhd, Tai Chuan Company (Private) Limited, Goh Eng Chew and Gho Lian Chin) and several directors (Goh Wei Lei, Goh Pock Ai, Gho Lian Chin, Goh Yeok Beng, Goh Chih Yuan (Wu Zhiyuan) and Gho Bun Tjin) have interests.	722,922
Sale of oil palm produce to Eng Thye Plantations Berhad, a company in which certain substantial shareholders (Tiong Thye Company Sdn Bhd, Tai Chuan Company (Private) Limited, Goh Eng Chew and Gho Lian Chin) and several directors (Goh Wei Lei, Goh Pock Ai, Gho Lian Chin, Goh Yeok Beng, Goh Chih Yuan (Wu Zhiyuan) and Gho Bun Tjin) have interests.	444,735

(b) Sanctions and /or penalties

No sanctions and/or penalties were imposed on the Company and its subsidiary, Directors or management by relevant authorities during the financial year.

(c) Non-audit fees

During the financial year ended 31 August 2021, non-audit fees paid or payable to Ernst & Young PLT amounted to RM11,600 in respect of the review of the Statement on Risk Management and Internal Control.

CHIN TECK PLANTATIONS BERHAD 195801000113 (3250-V)
(Incorporated in Malaysia)

PROXY FORM

I/We ____ NRIC/Company No. ________________

of ____

being a member of CHIN TECK PLANTATIONS BERHAD hereby appoint the person(s) below as my/our proxy(ies).

Name of proxy	NRIC/Passport No.	Email address	Contact No.	No. of stock units

and / # or failing him/her,

Name of proxy	NRIC/Passport No.	Email address	Contact No.	No. of stock units

to attend and vote on my/our behalf at the 63rd Annual General Meeting of the Company to be held on a fully virtual basis at https://agm.digerati.com.my/sinthye-online provided by DIGERATI Technologies Sdn Bhd on Friday, 11 February 2022 at 10.30 am (Malaysia time) and at any adjournment thereof.

Delete if not applicable.

IMPORTANT NOTE
Please complete the details of your proxy/proxies and the number of stock units to be represented, and sign or execute this form. This appointment will be **INVALID** if this form is not completed correctly in accordance with the said instructions.

My/Our proxy/(ies) is/are to vote as indicated below:-

No.	Resolutions	For	Against	Abstain
1.	To approve the payment of the directors' fees of the Company and its subsidiary of RM518,000 for the financial year ended 31 August 2021 and to authorise the directors to divide such fees in the proportions and manner to be determined by them.			
2.	To approve the payment of directors' benefits for up to an aggregate amount of RM445,000 for the period from 12 February 2022 until the conclusion of the next Annual General Meeting in 2023 and to authorise the directors to divide such benefits in the proportions and manner to be determined by them.			
3.	To re-elect Mr Gho Lian Chin as a director.			
4.	To re-elect Mr Goh Yeok Beng as a director.			
5.	To re-elect Mr Gho Eng Liong as a director.			
6.	To re-appoint auditors and authorise the directors to fix their remuneration.			
7.	To retain Mr Sio Sit Po as an independent non-executive director.			
8.	To retain Mr Keong Choon Keat as an independent non-executive director.			

(Please indicate with "X" or "√" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his/her discretion).

____
Signature
Date:

CDS No.	
No. of stock units	

Notes

1. In view of the COVID-19 pandemic and with the safety of the Company's shareholders, employees and directors being of primary concern, the Board has considered all available options and decided that, the 63rd annual general meeting ("63rd AGM") shall be held on a fully virtual basis and entirely via remote participation and voting ("RPV") facilities.

2. Members of the Company are advised to refer to the Administrative Guide for Shareholders. The Company shall request Bursa Malaysia Depository Sdn Bhd to issue a Record of Depositors as at 4 February 2022. Only a depositor whose name appears on the Record of Depositors as at 4 February 2022 shall be entitled to participate or appoint a proxy to participate, speak and/or vote on his/her behalf.

Notes (cont'd.)

3. A member of the Company entitled to participate and vote at the meeting is entitled to appoint a proxy to participate and vote in his stead. A proxy need not be a member of the Company. Except for an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, a member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.
4. A corporation which is a member, may by resolution of its board of directors or other governing body authorises such person as it thinks fit to act as its representative at the meeting.
5. The instrument appointing a proxy/representative shall be in print or writing under the hand of the appointer or his/her duly constituted attorney, or if such appointer is a corporation, under its common seal or the hand seal of its attorney.
6. The instrument appointing a proxy/representative must either (a) be physically deposited at the Registered Office, Suite 2B-3A-2, Block 2B, Level 3A, Plaza Sentral, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia or (b) be electronically deposited at https://agm.digerati.com.my/sinthye-online not less than 24 hours before the time for holding the 63rd AGM. For further information on electronic submission of Proxy Form, please refer to the procedures in the Administrative Guide for Shareholders.

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AFFIX
POSTAGE
STAMP

CHIN TECK PLANTATIONS BERHAD
Suite 2B-3A-2
Block 2B Level 3A
Plaza Sentral
Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur

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Fold This Flap For Sealing

CHIN TECK PLANTATIONS BERHAD 195801000113 (3250-V)
(Incorporated in Malaysia)

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS

MEETING	:	63rd ANNUAL GENERAL MEETING ("63rd AGM")
DATE	:	11 February 2022
TIME	:	10.30 am (Malaysia time)
Meeting platform	:	**https://agm.digerati.com.my/sinthye-online ("Virtual Meeting Portal")**

In view of the COVID-19 pandemic and with the safety of the Company's shareholders, employees and directors being of primary concern, the Board has considered all available options and decided that, the 63rd AGM shall be conducted fully virtual and entirely via Remote Participation and Voting ("RPV") facilities.

An online meeting platform can be considered as the meeting venue or place under Section 327(2) of the Companies Act 2016 if the online platform is located in Malaysia.

Only a depositor whose name appears on the Record of Depositors ("ROD") as at 4 February 2022 shall be entitled to participate or appoint a proxy to participate, speak and/or vote on his/her behalf.

PROXY
A member of the Company entitled to participate and vote at the meeting is entitled to appoint a proxy to participate and vote in his stead. A proxy need not be a member of the Company. Except for an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, a member shall not be entitled to appoint more than two (2) proxies to attend and vote at the same meeting. Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holdings to be represented by each proxy.

The instrument appointing a proxy/representative must either (a) be physically deposited at the Registered Office, Suite 2B-3A-2, Block 2B, Level 3A, Plaza Sentral, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur, Malaysia or (b) be electronically deposited at https://agm.digerati.com.my/sinthye-online not less than 24 hours before the time for holding the 63rd AGM.

POLL VOTING
All resolutions to be tabled at the 63rd AGM will be voted by poll.

Please refer to Procedures for RPV for poll voting.

Upon completion of the voting session, the scrutineers will verify the poll results after which the Chairman of the 63rd AGM will announce the results of the resolutions.

NO GIFTS/VOUCHERS
There will be no distribution of gifts/vouchers to members/proxies/corporate representatives who participate in the 63rd AGM.

NO RECORDING OR PHOTOGRAPHY
Recording or photography of the 63rd AGM proceedings is not allowed.

ADMINISTRATIVE GUIDE FOR SHAREHOLDERS (CONT'D.)

PROCEDURES FOR RPV

Members/proxies/corporate representatives who wish to participate in the 63rd AGM remotely using the RPV must follow the following procedures:-

1. To register as an user using the Virtual Meeting Portal, https://agm.digerati.com.my/sinthye-online
   You may skip the following if you are already a registered user.
   - Complete the registration form.
   - Upload your identity documents.
   - Submit your registration form.
   - You will receive an email for verification purpose. You need to complete the process to complete the registration. (Please check your spam mailbox if you do not receive the email)
   - You will receive an email upon successful or rejected registration.

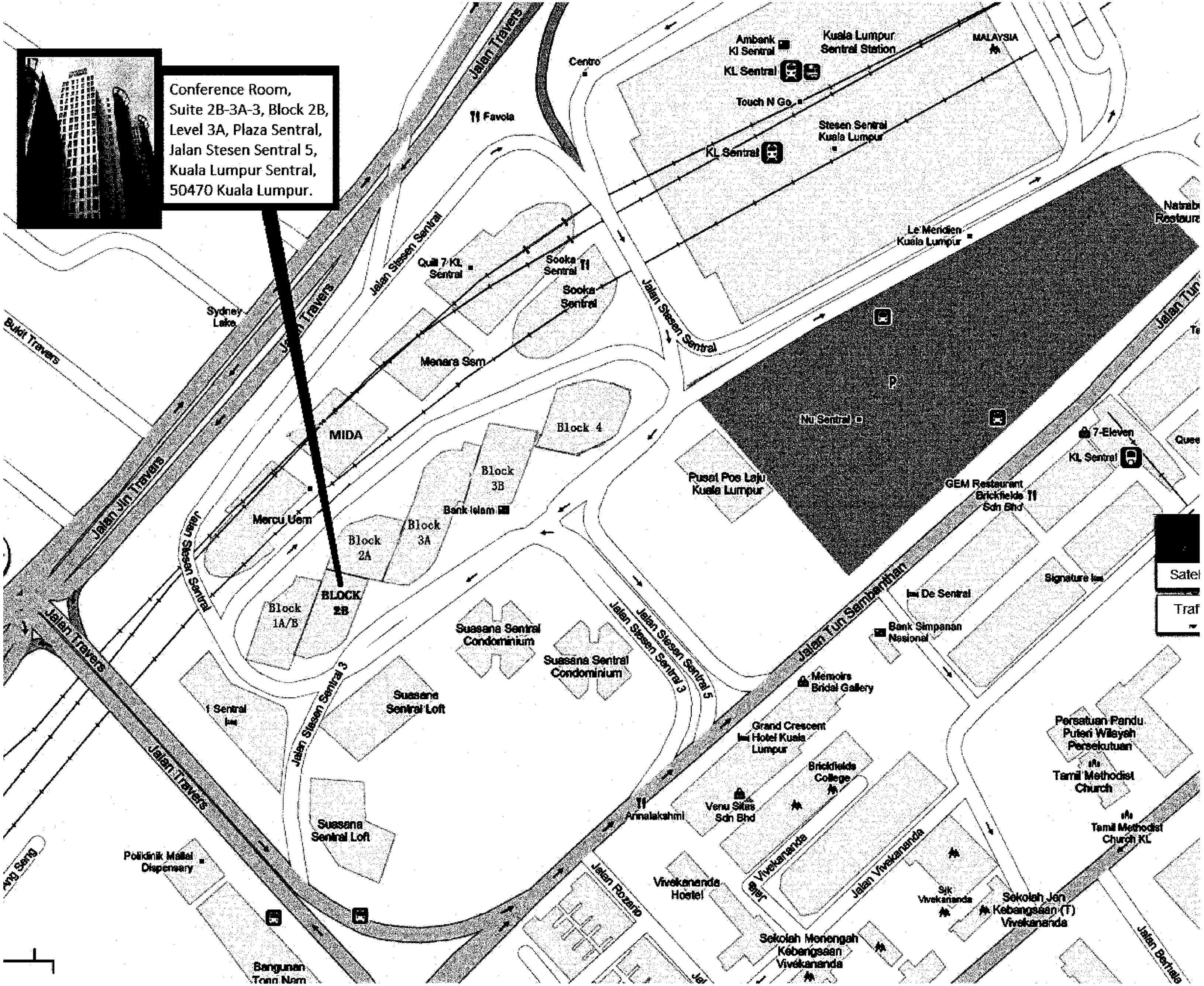
2. To request for remote participation.
   - Login your registered account through the Virtual Meeting Portal, https://agm.digerati.com.my/sinthye-online
   - Select "CHIN TECK 63rd AGM".
   - Read and agree to Terms & Conditions then confirm the Declaration.
   - Complete and submit the request form.
   - You may appoint proxy(ies) in the request form.
   - You may post your questions, if any, to the Chairman/Board in the request form.
   - You will receive an email as receipt of request form.
   - Registrar will verify your request against the ROD after closing time. Closing time for request submission will be 24 hours prior to the 63rd AGM. No request will be entertained after closing time.
   - You and your proxy(ies) will receive a notification email upon approval or rejection for remote participation.
   - In the case of approval, 2 links will be attached in the email:-
     1. Broadcast link
     2. E-Poll Form link

3. On the day of the 63rd AGM.
   - Login to the Virtual Meeting Portal.
   - Access to Broadcast and E-Poll Form using the website or through email links.
   - If you have any question for the Chairman/Board, you may use the Q&A section to text your question. If time permits, the Chairman/Board will try to respond to those relevant questions relating to the businesses which are submitted by remote participants.
   - Submit your voting within the allotted period of time once the Chairman announces that the voting commences.
   - Voting will be closed upon the expiry of the allotted period of time.
   - The live webcast will end once the Chairman of the 63rd AGM announces the closure of the 63rd AGM.
   - You may then logout from the Virtual Meeting Portal.

Enquiry

If you have any enquiry or require any assistance before or during the 63rd AGM, please contact the Share Registrar during office hours from 9.00 am to 5.00 pm (Monday to Friday):-

Sin Thye Management Sdn Bhd 197501002437 (24203-M)
Suite 2B-3A-2, Block 2B, Level 3A, Plaza Sentral
Jalan Stesen Sentral 5, Kuala Lumpur Sentral
50470 Kuala Lumpur, Malaysia
Telephone : +6016 9795956
Email : sinthye_helpdesk@digerati.com.my


Conference Room,
Suite 2B-3A-3, Block 2B,
Level 3A, Plaza Sentral,
Jalan Stesen Sentral 5,
Kuala Lumpur Sentral,
50470 Kuala Lumpur.
BLOCK 2B
Block 1A/B
Block 2A
Block 3A
Block 3B
Block 4
MIDA
Mercu Uem
Menara Sem
Quill 7 KL Sentral
Sooka Sentral
Kuala Lumpur Sentral Station
KL Sentral
Stesen Sentral Kuala Lumpur
Le Meridien Kuala Lumpur
Nu Sentral
Pusat Pos Laju Kuala Lumpur
Suasana Sentral Condominium
Suasana Sentral Loft
Jalan Stesen Sentral
Jalan Stesen Sentral 3
Jalan Stesen Sentral 5
Jalan Tun Sambanthan
Jalan Travers
Jalan Jln Travers
Bank Islam
Bank Simpanan Nasional
De Sentral
GEM Restaurant Brickfields Sdn Bhd
7-Eleven
Signature Inn
Memoirs Bridal Gallery
Grand Crescent Hotel Kuala Lumpur
Brickfields College
Venu Silks Sdn Bhd
Annalakshmi
Vivekananda Hostel
Jalan Rozario
Jalan Vivekananda
Sjk Vivekananda
Sekolah Jen Kebangsaan (T) Vivekananda
Sekolah Menengah Kebangsaan Vivekananda
Persatuan Pandu Puteri Wilayah Persekutuan
Tamil Methodist Church
Tamil Methodist Church KL
Jalan Berhala
Poliklinik Mallal Dispensary
Bangunan Tong Nam
Sydney Lake
Bukit Travers
Centro
Favola
Ambank Kl Sentral
Touch N Go
MALAYSIA

CHIN TECK
PLANTATIONS BERHAD

195801000113 (3250-V)
(Incorporated in Malaysia)

ANNUAL REPORT 2021