



KLUANG RUBBER COMPANY (MALAYA) BERHAD

195901000092 (3441-K)
Incorporated in Malaysia

2022
ANNUAL REPORT

KLUANG RUBBER COMPANY (MALAYA) BERHADRegistration No. 195901000092 (3441-K)
(INCORPORATED IN MALAYSIA)

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NOTICE OF THE SIXTY-THIRD (63RD) ANNUAL GENERAL MEETING

Notice is hereby given that the Sixty-Third (63rd) Annual General Meeting of the Company will be conducted fully virtual through remote participation and electronic voting for the purpose of considering and if thought fit, passing with or without modifications the resolutions setting out in this notice.

Meeting Platform	:	https://meeting.boardroomlimited.my (Domain Registration No. with MYNIC-D6A357657)
Day and Date	:	Thursday, 8 December 2022
Time	:	12:30 p.m.
Mode of Communication	:	1) Typed text in the Meeting Platform 2) Shareholders may submit questions in relation to the agenda items prior to the 63rd AGM by logging in to the Boardroom Smart Investor Portal (“BSIP”) at https://investor.boardroomlimited.com by selecting “Corporate Meeting” from main menu and select “KLUANG RUBBER COMPANY (MALAYA) BERHAD (63rd) Annual General Meeting” and click “Submit Questions” latest by Monday, 5 December 2022 at 12:30 p.m.

AGENDA

AS ORDINARY BUSINESS

- | | |
|---|--|
| 1. To receive the Audited Financial Statements for the financial year ended 30 June 2022 together with the Reports of the Directors and Auditors thereon. | <i>Please refer to Note 1 of the Explanatory Notes</i> |
| 2. To declare and approve the payment of Single Tier First and Final Dividend of 1 sen per ordinary share for the financial year ended 30 June 2022. | Ordinary Resolution 1 |
| 3. To declare and approve the payment of Single Tier Bonus Dividend of 1.7 sen per ordinary share for the financial year ended 30 June 2022. | Ordinary Resolution 2 |
| 4. To approve the payment of Directors’ fees and other benefits not exceeding of RM500,000 from the conclusion of the 63rd Annual General Meeting until the conclusion of the next Annual General Meeting to be held in 2023. | Ordinary Resolution 3 |
| 5. To re-elect the following Directors who are retiring pursuant to Clause 113 of the Constitution of the Company: -
(i) Mr Tay Beng Chai
(ii) Mr Lee Chung-Shih Justin | Ordinary Resolution 4
Ordinary Resolution 5 |
| 6. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company for the financial year ending 30 June 2023 and to authorise the Directors to fix their remuneration. | Ordinary Resolution 6 |

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions: -

- | | |
|---|------------------------------|
| 7. AUTHORITY TO ALLOT AND ISSUE SHARES BY DIRECTORS PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 | Ordinary Resolution 7 |
|---|------------------------------|

“THAT pursuant to Section 75 and 76 of the Companies Act 2016, the Directors be and are hereby empowered to allot and issue ordinary shares in the Company at any time, at such price, upon such terms and conditions, for such purpose and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the total number of issued shares (excluding treasury shares) at the time of issue and THAT the Directors be and are hereby also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on the Bursa Malaysia Securities Berhad (“Bursa Securities”) and THAT such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company.

NOTICE OF THE SIXTY-THIRD (63RD) ANNUAL GENERAL MEETING (cont'd)

THAT pursuant to Section 85 of the Act, read together with Clause 59 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued Company shares arising from issuance of new shares pursuant to this Mandate.”

8. PROPOSED RENEWAL OF SHAREHOLDERS’ MANDATE FOR SHARE BUY-BACK AUTHORITY **Ordinary Resolution 8**

“THAT, subject to the Companies Act 2016, Company’s Constitution, the Main Market Listing Requirements of Bursa Securities and all other applicable laws, regulations and guidelines issued by other regulatory authorities, approval be and is hereby given to the Company to purchase and/or hold such number of ordinary shares comprised in the Company’s total number of issued shares through Bursa Securities at any time upon such terms and conditions as the Directors in their absolute discretion deem fit and expedient in the best interest of the Company (“Share Buy-Back Authority”) subject further to the following: -

- (i) the aggregate number of ordinary shares in the Company which may be purchased and/or held by the Company at any point in time pursuant to the Share Buy-Back Authority shall not exceed 10% of the total number of issued shares of the Company at the time of purchase(s);
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (whichever applicable) available at the time of purchase(s); and
- (iii) the Directors of the Company are authorised to deal with the purchased shares either to retain the shares so purchased as treasury shares or cancel the shares so purchased or retain part of the shares so purchased and cancel the remainder or resell the treasury shares on Bursa Securities or distribute the treasury shares as dividends or transfer the treasury shares under an employees’ share option scheme or as purchase consideration or otherwise use the treasury shares for such other purpose in the manner as prescribed by the applicable laws, guidelines, rules and regulations.

THAT the authority conferred by this resolution will commence immediately upon passing of this resolution and will continue to be in force until: -

- (a) the conclusion of the next annual general meeting of the Company, at which time it shall lapse, unless an ordinary resolution is passed at that annual general meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first, but not so as to prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements and any prevailing laws, rules, regulations, orders, guidelines and requirements issued by any relevant authority.

NOTICE OF THE SIXTY-THIRD (63RD) ANNUAL GENERAL MEETING (cont'd)

AND THAT authority be and is hereby given to the Directors of the Company to take all such steps as are necessary or expedient to implement, finalise and give full effect to the Proposed Share Buy-Back with full power to assent to any conditions, modifications, variations and/or amendments as may be required by the relevant authorities or as the Directors deem fit and expedient at their discretion in the best interest of the Company in accordance with the Companies Act 2016, regulations and guidelines.”

9. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016 and the Company’s Constitution.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT DATE

NOTICE IS HEREBY GIVEN THAT, subject to the approval of shareholders at the Sixty-Third (63rd) Annual General Meeting, a Single Tier First and Final Dividend of 1 sen per ordinary share and Single Tier Bonus Dividend of 1.7 sen per ordinary share in respect of the financial year ended 30 June 2022 will be paid on 6 January 2023 to shareholders whose name appears on the Record of Depositors at the close of business on entitlement date. The entitlement date for the said dividend shall be 23 December 2022.

A depositor shall qualify for entitlement only in respect of: -

- (a) Shares transferred into the Depositors securities account before 4.30 p.m. on 23 December 2022 in respect of transfers; and
- (b) Shares bought on the Bursa Malaysia Securities Berhad (“Bursa Securities”) on a cum entitled basis according to the Rules of the Bursa Securities.

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143) (SSM PC No.: 202008001023)
SANTHI A/P SAMINATHAN (MAICSA 7069709) (SSM PC No.: 201908002933)

Company Secretaries

Date: 31 October 2022

NOTICE OF THE SIXTY-THIRD (63RD) ANNUAL GENERAL MEETING (cont'd)

NOTES :

- To leverage on technology to facilitate communication and engagement with shareholders, the 63rd AGM of the Company will be conducted fully virtual through remote participation and electronic voting via <https://meeting.boardroomlimited.my> (“RPEV Facilities”). Please follow the procedures as set out in the Administrative Guide for the 63rd AGM in order to register, participate and vote remotely via RPEV Facilities.*
- The conduct of the fully virtual 63rd AGM is in line with the Revised Guidance Note and Frequently Asked Questions issued by the Securities Commission of Malaysia on 7 April 2022.*
- A member of the Company who is entitled to participate and vote at a general meeting of the Company is entitled to appoint not more than two (2) proxies to participate and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the proxy shall have the same rights as the member.*
- Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.*
- Where a member is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 (“SICDA”) which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
- A member who has appointed a proxy or attorney or authorised representative to participate and vote at this 63rd AGM must follow the procedures as set out in the Administrative Guide for the 63rd AGM to request for Remote Participation.*
- The instrument appointing a proxy shall be writing under the hand of the appointer or his attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.*
- The instrument appointing a proxy must be made in a hard copy form or by electronic means, not less than 24 hours before the time appointed for holding the AGM, as follows: -*
 - In Hardcopy Form*

The original instrument appointing a proxy (“Proxy Form”) must be deposited at the office of the Company’s Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
 - By Electronic means*

The Proxy Form can also be lodged electronically with the Share Registrar of the Company through BSIP at <https://investor.boardroomlimited.com> or email to bsr.helpdesk@boardroomlimited.com. Please follow the procedures provided in the Administrative Guide for the 63rd AGM in order to deposit the Proxy Form electronically.
- Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.*
- If you have submitted your Proxy Form and subsequently decided to appoint another person or you wish to participate in the 63rd AGM, please write to bsr.helpdesk@boardroomlimited.com to revoke the appointment of proxy no later than Wednesday, 7 December 2022 at 12:30 p.m., being 24 hours before the 63rd AGM.*
- Last date and time for lodging the proxy form is **Wednesday, 7 December 2022 at 12:30 p.m.***
- In respect of deposited securities, only members whose names appear on the Record of Depositors on **30 November 2022** (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf via Virtual Meeting Facilities.*

NOTICE OF THE SIXTY-THIRD (63RD) ANNUAL GENERAL MEETING (cont'd)

EXPLANATORY NOTE ON ORDINARY BUSINESS:

1. To receive Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. Ordinary Resolution 1 and 2 on Single Tier First and Final Dividend and Single Tier Bonus Dividend

On 12 October 2022, the Board of Directors ('the Board') of the Company announced the declaration and payment of a Single Tier First and Final Dividend of 1 sen per ordinary share and Single Tier Bonus Dividend of 1.70 sen per ordinary share for the financial year ended 30 June 2022 subject to shareholders approval being obtained at the 63rd AGM. If Resolution 1 and 2 are passed, the dividend will be paid on 6 January 2023 to shareholders whose name appears in the Record of Depositors at the close of business on 23 December 2022.

3. Ordinary Resolution 3 on Payment of Directors' fees and other benefits payable

Section 230(1) of the Companies Act 2016 provides amongst others, that the fees of the directors and other benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

In this respect, the Board wishes to seek shareholders' approval for the following payment of Directors' fees and other benefits payable not exceeding RM500,000 from the conclusion of the 63rd Annual General Meeting until the conclusion of the next Annual General Meeting to be held in 2023.

In determining the estimated total amount of Directors' Fees and Benefits payable for the Directors of the Company, the Board has considered various factors including the number of scheduled meetings for the Board and Board Committees as well as the number of Directors involved in these meetings based on the current number of Directors and has included additional provisional sum for any increase in number of Board and Committee meetings if required.

4. Ordinary Resolution 4 to 5 on Re-election of Directors, Mr Tay Beng Chai and Mr Lee Chung-Shih Justin

Clause 113 of the Company's Constitution expressly states that at the Annual General Meeting ("AGM") in every subsequent year, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to one-third shall retire from office and be eligible for re-election.

Pursuant to Clause 113, Mr Tay Beng Chai and Mr Lee Chung-Shih Justin are standing for re-election at this AGM.

The profiles of the Directors standing for re-election are provided on pages 64 to 69 of the Board of Directors' Profile in the Annual Report 2022.

The Nominating Committee ("NC") of the Company has assessed the evaluation, criteria contribution of the directors and assess the fit and proper criteria of the respective directors standing for re-election in recommending their re-election. The Board also have endorsed the NC's recommendation that the retiring Directors be re-elected as Directors of the Company.

5. Ordinary Resolution 6 on Re-appointment of Auditors

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

NOTICE OF THE SIXTY-THIRD (63RD) ANNUAL GENERAL MEETING (cont'd)

EXPLANATORY NOTES ON THE SPECIAL BUSINESS:

6. Ordinary Resolution 7 on the Authority to Allot and Issue Shares by Directors pursuant to Sections 75 and 76 of the Companies Act 2016

The proposed Ordinary Resolution 7, if passed, will empower and give flexibility to the Directors of the Company to issue and allot shares up to a maximum of ten per centum (10%) of the total number of issued shares (excluding treasury shares) at the time of such allotment and issuance of ordinary shares and for such purposes as they consider would be in the best interest of the Company without having to convene separate general meetings. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The rationale for this resolution is to eliminate the need to convene general meeting(s) from time to time to seek shareholders' approval as and when the Company issues new ordinary shares for future business opportunities for the purpose of funding investment project(s), working capital and/or acquisitions and thereby reducing administrative time and cost associated with the convening of such meeting(s).

The Company has not issued and allotted any shares during the year under the mandate granted to the Company at the last AGM of the Company held on 2 December 2021 and this mandate will lapse at the conclusion of this AGM of the Company.

7. Ordinary Resolution 8 on the Proposed Renewal of Shareholders' Mandate for Share Buy-Back Authority

The proposed Ordinary Resolution 8, if passed, will empower the Company to purchase and/or hold up to ten per centum (10%) of the total number of issued ordinary shares. This authority unless revoked or varied by the Company at a general meeting will expire at the conclusion of the next Annual General Meeting of the Company. Please refer to pages 9 to 17 of the Annual Report 2022 for further information.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

**STATEMENT ACCOMPANYING
THE NOTICE OF THE 63RD ANNUAL GENERAL MEETING**

- 1. There is no person seeking for election as Director of the Company at this Annual General Meeting except for the following Directors standing for re-election at the 63rd Annual General Meeting of the Company as follows: -**

- i. Mr. Tay Beng Chai (Independent Non-Executive Director)
- ii. Mr. Lee Chung-Shih Justin (Executive Deputy Chairman)

The details of the Directors who are standing for re-election are set out in the Profile of Directors in this Annual Report.

Information on securities holdings in the Company and its subsidiaries by the Directors standing for re-election are set out in the Statement of Directors' Interests in the Company and related corporation on page 72.

- 2. GENERAL MANDATE FOR ISSUE OF SECURITIES PURSUANT TO PARAGRAPH 6.03(3) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD**

The general mandate for issuance of shares by the Company under Sections 75 and 76 of the Companies Act 2016 is for the purpose of granting renewal of the mandate obtained from its shareholders at the 62nd Annual General Meeting held on 2 December 2021.

The Company did not issue any shares pursuant to the mandate obtained at the 62nd Annual General Meeting held on 2 December 2021.

The purpose of this general mandate is for possible fund-raising exercise, including but not limited to further placement of shares for the purpose of funding current and/or future investments projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration.

SHARE BUY-BACK STATEMENT

1.0 DISCLAIMER STATEMENT

Bursa Malaysia Securities Berhad (“Bursa Securities”) has not perused this Share Buy-Back Statement prior to its issuance as it is an exempt document. Bursa Securities takes no responsibility for the contents of this Share Buy-Back Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Share Buy-Back Statement.

2.0 INTRODUCTION

Kluang Rubber Company (Malaya) Berhad (“Kluang Rubber” or “the Company”) had during the previous Annual General Meeting (“AGM”) held on 2 December 2021, obtained its shareholders’ approval to purchase its own shares up to ten per centum (10%) of the total number of issued shares of the Company. The said approval shall in accordance with the Listing Requirements, lapse at the conclusion of the forthcoming 63rd AGM of the Company unless the authority is further renewed.

On 12 October 2022, the Company announced the Board’s intention to seek approval from its shareholders for the Proposed Renewal of Shareholders’ Mandate for the Share Buy-Back Authority (“Proposed Share Buy-Back”) at the forthcoming 63rd AGM.

The purpose of this Statement is to provide you with the relevant information on the Proposed Share Buy-Back, to set out the recommendation of the Board and to seek your approval for the ordinary resolution to be tabled at the forthcoming 63rd AGM to be convened fully virtual through live streaming and online remote voting via <https://meeting.boardroomlimited.my> on Thursday, 8 December 2022 at 12:30 p.m. The Notice of the 63rd AGM and the Proxy Form are set out in the Annual Report 2022.

3.0 DETAILS OF THE PROPOSED SHARE BUY-BACK

3.1 Proposed Share Buy-Back

The Board proposes to seek the approval from the shareholders of the Company to renew the authority to enable the Company to purchase its own shares from time to time up to ten per centum (10%) of the total number of issued shares of the Company for the time being as quoted on the Main Market Bursa Securities.

In accordance with the provisions of Section 127 of the Act and other prevailing laws, rules, regulations, orders, guidelines and requirements governing purchase of a Company’s own shares, the Company may, subject to the approval of its shareholders and the Constitution, purchase its own shares listed on the Main Market of Bursa Securities through its appointed stockbroker(s).

The authority from shareholders, if renewed, shall be effective upon passing of the ordinary resolution for the Proposed Share Buy-Back at the 63rd AGM of the Company to be convened and will continue to be in force until: -

- (a) the conclusion of the next AGM of the Company at which time the authority will lapse, unless by ordinary resolution passed at the next AGM, the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first.

SHARE BUY-BACK STATEMENT (cont'd)

3.0 DETAILS OF THE PROPOSED SHARE BUY-BACK (cont'd)

3.2 Quantum

The maximum aggregate number of shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time.

As at 30 September 2022 (“LPD”), the total number of issued shares of the Company was 63,171,977 ordinary shares. The Proposed Share Buy-Back will enable the Company to purchase up to 6,317,197 ordinary shares, representing up to ten per centum (10%) of the total number of issued shares of the Company.

The actual number of ordinary shares to be purchased by the Company pursuant to the Proposed Share Buy-Back, will depend on, inter alia, market conditions as well as the retained profits and financial resources available to the Company at the time of the purchase(s).

3.3 Funding

The Proposed Share Buy-Back will be funded through internally generated funds and/or bank borrowings or a combination of both. In the event the Company intends to purchase its own shares using bank borrowings, the Board shall ensure that the Company shall have sufficient funds to repay the bank borrowings and interest expense and that the repayment would not have any material effect on the cash flow of the Company.

The maximum amount of funds to be allocated for the Proposed Share Buy-Back shall not exceed the aggregate of retained profits of the Company based on the latest audited financial statements and/or the latest available management accounts of the Company (whichever applicable). As at 30 June 2022, being the latest available audited financial statements, the audited retained profits of the Company amounted to RM 46,019,551.

3.4 Pricing and Regulatory Requirements

The Proposed Share Buy-Back is subject to the following requirements: -

- (a) The public shareholding spread of 25% of the total listed Shares (excluding treasury shares) of the Company is to be maintained at all times;
- (b) The purchase price of the Purchased Shares cannot be more than fifteen percent (15%) above the weighted average market price for the Company Shares for the five (5) Market Days immediately prior to each purchase; and
- (c) If the Purchased Shares are subsequently resold on Bursa Securities, the selling price of the said Purchased Shares has to be: -
 - (i) not less than the weighted average market price of the Company Shares for the five (5) Market Days immediately prior to the resale; or
 - (ii) not lower than five percent (5%) to the weighted average market price for the Company Shares for the five (5) Market Days immediately prior to the resale provided that: -
 - (aa) the resale takes place not earlier than thirty (30) days from the date of purchase; and
 - (bb) the resale price is not less than the cost of purchase of the Purchased Shares being resold.

SHARE BUY-BACK STATEMENT (cont'd)

3.0 DETAILS OF THE PROPOSED SHARE BUY-BACK (cont'd)

3.5 Treatment of Purchased Shares

In accordance with Section 127 of the Act, the Company would be able to deal with the Purchased Shares in the following manner: -

- (a) the Purchased Shares could be cancelled; or
- (b) the Purchased Shares could be retained as treasury shares where the Directors of the Company may: -
 - (i) distribute the shares as dividend to shareholders, such dividends to be known as “share dividends”;
 - (ii) resell the shares or any of the shares in accordance with the prevailing Main Market Listing Requirements of Bursa Securities;
 - (iii) transfer the shares, or any of the shares for the purposes of or under and employees’ share scheme;
 - (iv) transfer the shares, or any of the shares as purchase consideration;
 - (v) cancel the shares or any of the shares; or
 - (vi) sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe,
- (c) the Purchased Shares could be in part be retained as treasury shares and in part be cancelled.

While the Purchased Shares are held as treasury shares, the rights attached to them in relation to voting, dividends and participation in any other distributions and otherwise will be suspended. The treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purpose, including without limiting the generality of this provision, the provisions of any law or requirement of the Constitution of the Company or the Listing Requirements on substantial shareholdings, take overs, notices, requisition of meetings, quorum for a meeting and the result of a vote on a resolution at a meeting.

In the event the Board decides to cancel the Purchased Shares or any treasury shares, the issued capital of the Company shall be diminished by the shares so cancelled and the amount by which the Company’s issued capital is diminished shall be transferred to the retained earnings of the Company. The cancellation of the shares shall not be deemed to be a reduction of share capital within the meaning of the Act.

In the event the Company retains the Purchased Shares as treasury shares, it may distribute the treasury shares as dividends to the shareholders and/or resell the Purchased Shares and utilise the proceeds for any feasible investment opportunity arising in the future, or as working capital. The treatment of the Company Shares so purchased and held as treasury shares, whether distributed as dividends, resold on the stock market of Bursa Securities or cancelled by the Company, will in turn depend on the availability of retained profits and cash flow of the Company.

As at the date of these Statement or Circular, the Board has yet to make a decision with regard to the treatment of the Purchased Shares, whether to retain as treasury shares or cancel them. Nevertheless, the Board will take into consideration the effect of such treatment on the Company Shares in arriving at its decision. In addition, an immediate announcement will be made to Bursa Securities upon each purchase, cancellation and/or resale of shares pursuant to the Proposed Share Buy-Back.

SHARE BUY-BACK STATEMENT (cont'd)

3.0 DETAILS OF THE PROPOSED SHARE BUY-BACK (cont'd)

3.6 Public Shareholding Spread

As at LPD, the public shareholding spread of the Company was 54.40%. The public shareholding spread is expected to be reduced to 50.03% assuming the Proposed Share Buy-Back is 10% of the total number of issued shares of the Company, i.e., 6,317,197 Shares. The Company will not undertake any share buy-back if that will result in breach of Paragraph 8.02(1) of the Listing Requirements which requires the Company to maintain a shareholding spread of at least 25% of its total listed shares. The Board is mindful of the shareholding spread requirement and will continue to be mindful of the requirement when making any purchase of Shares by the Company.

4.0 RATIONALE FOR THE PROPOSED SHARE BUY-BACK

The Proposed Share Buy-Back, if implemented, is expected to have the following potential benefits: -

- (a) enhance the return on equity of the Company and its subsidiaries and/or its associate companies ("Group");
- (b) is a cost-efficient way for the Company to return surplus cash which is in excess of the financial and possible investment needs of the Group to the shareholders.
- (c) allow the Company to have a greater flexibility over, inter-alia, the Company's share capital structure and its dividend policy; and
- (d) help to buffer short-term share price volatility and offset the effects of the short-term speculators and in turn, increase shareholders' confidence and employees' morale.

5.0 POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK

The potential advantages of the Proposed Share Buy-Back to the Company and its shareholders are as follows: -

- (a) allows the Company to utilise its financial resources to enhance the value of shareholders' investments in the Company;
- (b) mitigate any unwarranted volatility of its shares in the open market;
- (c) will provide opportunities for the Company to increase its financial resources, if the Purchased Shares which are retained as treasury shares, are resold at prices higher than the purchase prices;
- (d) the resultant reduction of share capital base (in respect of shares so purchased are then cancelled) is expected to improve the Earnings per share ("EPS"), the Net Assets ("NA") per share (depending on the purchase price(s) of the shares) as well as the probability of declaring a higher quantum of dividend in future; and
- (e) in the event the treasury shares are distributed as share dividends, it will serve to reward the shareholders of the Company.

SHARE BUY-BACK STATEMENT (cont'd)

5.0 POTENTIAL ADVANTAGES AND DISADVANTAGES OF THE PROPOSED SHARE BUY-BACK (cont'd)

The potential disadvantages of the Proposed of Share Buy-Back to the Company and its shareholders are as follows: -

- (a) the purchase of shares pursuant to the Proposed Share Buy-Back, will reduce the financial resources of the Company and may result in the Company foregoing better investment opportunities that may emerge in the future;
- (b) the purchase may result in a reduction of the amount reserves available for distribution as dividends and/or bonus issue(s) to the shareholders if the Shares so purchased are cancelled; and
- (c) in the event the Proposed Share Buy-Back is funded by bank borrowings, the Company's net cash flow may also decline due to the interest costs associated with such borrowings.

Nevertheless, the Proposed Share Buy-Back is not expected to have any potential material disadvantages to the Company and its shareholders, as any share buy-back will be undertaken only after in-depth consideration of the financial resources of the Company and the resultant impact on its shareholders. The Board, in exercising any decision in implementing the Proposed Share Buy-Back will be mindful of the interests of the Company and its shareholders.

6.0 PURCHASE OF SHARES AND RESALE AND/OR CANCELLATION OF TREASURY SHARES IN THE PREVIOUS TWELVE (12) MONTHS

The Company had made the following purchase of its own shares and retained as treasury shares of the Company in the previous twelve (12) months preceding this Statement: -

Date of Purchase	Number of Shares purchased and retained as treasury shares	Lowest Purchase Price per Share (RM)	Highest Purchase Price per Share (RM)	Consideration paid (RM)
09 Dec 2021	40,000	4.18	4.35	173,564.31
15 Dec 2021	20,000	4.15	4.20	84,140.11
14 Jan 2022	20,000	4.04	4.10	82,500.73
10 Feb 2022	15,600	4.00	4.05	63,370.66
4 Mar 2022	50,000	4.18	4.20	210,887.61
9 Mar 2022	12,700	4.04	4.05	51,816.98
15 Jun 2022	20,000	4.10	4.10	82,639.60
16 Jun 2022	30,000	4.10	4.10	123,590.40
19 Jul 2022	20,000	4.08	4.08	82,237.08
26 Jul 2022	20,000	3.97	4.00	80,488.15
09 Sep 2022	20,000	4.05	4.05	81,631.80
14 Sep 2022	20,000	4.05	4.05	81,631.80
20 Sep 2022	30,000	4.05	4.05	122,083.95
Total	318,300			1,320,583.18

SHARE BUY-BACK STATEMENT (cont'd)

7.0 FINANCIAL EFFECTS TO THE PROPOSED SHARE BUY-BACK

The effects of the Proposed Share Buy-Back on the share capital, NA, earnings, working capital and dividends are set out below: -

7.1 Share Capital

The effect of the Proposed Share Buy-Back on the issued share capital of the Company will depend on whether the Purchased Shares are cancelled or retained as treasury shares.

Based on the issued share capital of the Company as at LPD, and assuming the maximum number of Shares [of up to ten percent (10%) of the total number of issued shares of the Company] authorised under the Proposed Share Buy-Back are purchased and cancelled, it will result in the total number of ordinary shares of the Company being reduced as follows: -

	<u>No. of Ordinary Shares</u>
Existing issued share capital as at 30 September 2022	63,171,977
Less maximum number of Shares which may be purchased and cancelled pursuant to the Proposed Share Buy-Back (10%)	(6,317,197)
Resultant number of issued shares upon completion of the cancellation of the maximum number of Purchased Shares	56,854,780

If the Purchased Shares are retained as treasury shares, the Proposed Share Buy-Back will not have any effect on the issued share capital of the Company. Nevertheless, certain rights attached to the Company Shares such as voting, dividends and participation in other distribution will be suspended while they are held as treasury shares.

7.2 Net Assets

The Proposed Share Buy-Back, if carried out, may increase, or decrease the NA per share depending on the purchase price(s) of the shares to be purchased. The NA per share will increase if the purchase price is less than the audited NA per share but will decrease if the purchase price exceeds the audited NA per share at the time the Shares are purchased.

For the shares so purchased and kept as treasury shares, upon resale, the NA per share will increase if the gain of the shares resold has been realised. However, the quantum of the increase in NA per share will depend on the selling prices of the treasury shares and the number of treasury shares resold.

7.3 Earnings

The effects of the Proposed Share Buy-Back on the earnings and EPS of the Company will depend on the purchase price(s) of the shares, the quantum of shares to be bought back and the effective funding cost to the Group to finance the Purchased Shares or any loss in interest income to the Company. Where the shares so purchased are to be cancelled, the EPS of the Company will generally, all else being equal, increase because of the reduction in the issued share capital of the Company.

SHARE BUY-BACK STATEMENT (cont'd)

7.0 FINANCIAL EFFECTS TO THE PROPOSED SHARE BUY-BACK (cont'd)

7.4 Working Capital

The Proposed Share Buy-Back, if carried out, will reduce the working capital of the Company. The quantum of the reduction of the working capital of the Company would depend on the purchase price(s), number of shares purchased and the effective funding cost thereof.

However, for the Shares so purchased and kept as treasury shares, upon resale at a higher selling price than the initial purchase price, the working capital of the Company will increase. Again, the quantum of the increase in the working capital will depend on the number of treasury shares resold and the selling price.

7.5 Dividends

The Proposed Share Buy-Back is not expected to have any impact on the Company's dividend policy. The Board recommended the following dividend for the financial year ended 30 June 2022 for shareholders' approval at the forthcoming 63rd AGM: -

- (i) a Single Tier First and Final Dividend of 1 sen per ordinary share; and
- (ii) a Single Tier Bonus Dividend of 1.70 sen per ordinary share.

The abovementioned dividend if approved at the forthcoming 63rd AGM, will be credited as fully paid on 6 January 2023 to depositors registered in the Record of Depositors at the close of business on 23 December 2022.

8.0 SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

Based on the Register of Directors' Shareholdings and Substantial Shareholders as at LPD and assuming that the Proposed Share Buy-Back is implemented up to 10% of the issued share capital of the Company and that the Purchased Shares are from the shareholders other than the Directors and Substantial Shareholders of the Company, the effect of the Proposed Share Buy-Back on the shareholdings of the existing Directors and Substantial Shareholders of the Company by virtue of Section 127(9) of the Act are as set out below:-

8.1 Directors' shareholdings

Directors	As at 30 September 2022				After Proposed Share Buyback			
	No. of ordinary shares				No. of ordinary shares			
	Direct	%	Indirect	%	Direct	%	Indirect	%
Lee Chung-Shih Justin	39,108	0.06	27,798,890 ⁽¹⁾	44.62	39,108	0.07	27,798,890 ⁽¹⁾	48.89
Cheong Mun Hong	-	-	-	-	-	-	-	-
Mugana Kerisnan A/L Karpiah	-	-	-	-	-	-	-	-
Wun Mow Sang	-	-	-	-	-	-	-	-
Chew Khat Khiam Albert	-	-	-	-	-	-	-	-
Tay Beng Chai	-	-	-	-	-	-	-	-

Notes:

- ⁽¹⁾ Deemed interested by virtue of his substantial interest in The Nyalas Rubber Estates Limited, and Estate And Trust Agencies (1927) Ltd.

SHARE BUY-BACK STATEMENT (cont'd)

8.0 SHAREHOLDINGS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS (cont'd)

8.2 Substantial shareholders' shareholdings

Substantial Shareholders	As at 30 September 2022				After Proposed Share Buyback			
	No. of ordinary shares				No. of ordinary shares			
	Direct	%	Indirect	%	Direct	%	Indirect	%
The Nyalas Rubber Estates Limited	27,596,561	44.29	202,329 ⁽¹⁾	0.32	27,596,561	48.54	202,329 ⁽¹⁾	0.36
Lee Thor Seng	535,785	0.86	27,798,890 ⁽²⁾	44.62	535,785	0.94	27,798,890 ⁽²⁾	48.89
Lee Chung-Shih	39,108	0.06	27,798,890 ⁽²⁾	44.62	39,108	0.07	27,798,890 ⁽²⁾	48.89
Justin Lee Yung-Shih Colin	35,187	0.06	27,798,890 ⁽²⁾	44.62	35,187	0.06	27,798,890 ⁽²⁾	48.89

Notes:

⁽¹⁾ Deemed interested by virtue of its substantial interest in Estate And Trust Agencies (1927) Ltd.

⁽²⁾ Deemed interested by virtue of their substantial interest in The Nyalas Rubber Estates Limited, and Estate And Trust Agencies (1927) Ltd.

9.0 IMPLICATION OF THE MALAYSIAN CODE ON TAKE-OVERS AND MERGERS 2010 ("Code")

Pursuant to the Code, in the event the Proposed Share Buy-Back results in any major shareholder and/or persons acting in concert with him: -

- (a) holding more than thirty-three per centum (33%) of the voting shares or voting rights in the Company, the affected major shareholder and/or persons acting in concert with him will be obliged to make a mandatory offer for the remaining Company Shares not held by him; or
- (b) who already holds more than thirty-three per centum (33%) but not more than fifty per centum (50%) of the voting shares or voting rights in the Company, increases his holding of the voting shares or voting rights of the Company by more than two per centum (2%) in any six (6) months period, the affected major shareholder and/or persons acting in concert with him will be obliged to make a mandatory offer for the remaining shares of the Company not held by him.

Based on the shareholdings of the Substantial Shareholders as at LPD and assuming the purchase of the Company's own shares is carried out in full, the share buy-back exercise does not have any implication on the Code, the effects on the Substantial Shareholders are set out in 8.2 of this Statement.

As the Board has no intention for the Proposed Share Buy-Back to trigger the obligation to undertake a mandatory general offer under the Code by any of its substantial shareholders and/or parties acting in concert with them, the Board will ensure that only such number of shares are purchased, retained as treasury shares, cancelled, or distributed such that the Code will not be triggered.

The Board is aware of the requirements of the Code and will be mindful of the requirements when making any purchase of Shares pursuant to the Proposed Share Buy-Back.

SHARE BUY-BACK STATEMENT (cont'd)

10.0 HISTORICAL SHARE PRICES OF KLUANG RUBBER SHARES

The monthly highest and lowest prices of Kluang Rubber Shares as traded on Bursa Securities for the last twelve (12) months from October 2021 to September 2022 are as follows: -

Year	Month	Lowest (RM)	Highest (RM)
2021 - 2022	October	3.81	4.70
	November	4.15	4.40
	December	3.91	4.35
	January	3.90	4.10
	February	3.90	4.40
	March	3.95	4.25
	April	4.00	4.25
	May	4.00	4.19
	June	3.96	4.19
	July	3.90	4.08
	August	3.92	4.05
	September	3.86	4.07

11.0 INTERESTED DIRECTORS, SUBSTANTIAL SHAREHOLDERS AND PERSONS CONNECTED TO THEM

Save for the proportionate increase in the percentage shareholdings of the Directors and substantial shareholders of the Company as a result of the decrease in the issued share capital after the Proposed Share Buy-Back, none of the Directors and/or substantial shareholders and/or persons connected to them, has any interest directly or indirectly, in the Proposed Share Buy-Back and the subsequent resale of treasury shares, if any.

12.0 APPROVALS REQUIRED

The Proposed Share Buy-Back is subject to the approval of the shareholders of the Company at the forthcoming 63rd AGM of the Company to be convened or at any adjournment thereof. Save for the approval of the shareholders of the Company, there are no other approvals required for the Proposal.

13.0 DIRECTORS' RECOMMENDATION

Having considered all aspects of the Proposed Share Buy-Back, the Board is of the opinion that the Proposed Share Buy-Back is fair, reasonable and in the best interest of the Company and accordingly, recommends that shareholders vote in favour of the ordinary resolution for the Proposed Share Buy-Back to be tabled at the forthcoming 63rd AGM of the Company.

14.0 DIRECTORS RESPONSIBILITY STATEMENT

This Statement has been reviewed and approved by the Directors of the Company and they collectively and individually accept full responsibility for the accuracy of the information given in in this Statement and confirm that, after making all reasonable enquiries and to the best of their knowledge and belief, there are no other facts, omissions of which would make any information, date, or statement herein misleading.

CORPORATE INFORMATION

DIRECTORS

CHEW KHAT KHIAM ALBERT
Independent Non-Executive Chairman

LEE CHUNG-SHIH JUSTIN
Executive Deputy Chairman

TAY BENG CHAI
Independent Non-Executive Director

WUN MOW SANG
Independent Non-Executive Director

CHEONG MUN HONG
Executive Director

MUGANA KERISNAN A/L KARPIAH
Executive Director

SECRETARIES

SANTHI A/P SAMINATHAN

TAI YIT CHAN

AUDIT COMMITTEE

CHEW KHAT KHIAM ALBERT
Member

WUN MOW SANG
Chairman

TAY BENG CHAI
Member

NOMINATING COMMITTEE

CHEW KHAT KHIAM ALBERT
Member

TAY BENG CHAI
Chairman

WUN MOW SANG
Member

REMUNERATION COMMITTEE

CHEW KHAT KHIAM ALBERT
Member

TAY BENG CHAI
Chairman

WUN MOW SANG
Member

RISK MANAGEMENT COMMITTEE

TAY BENG CHAI
Member

CHEW KHAT KHIAM ALBERT
Chairman

WUN MOW SANG
Member

REGISTERED OFFICE

SUITE 9D, LEVEL 9,
MENARA ANSAR,
65 JALAN TRUS,
80000 JOHOR BAHRU,
JOHOR
TEL: 607-224 1035

SHARE REGISTRAR

BOARDROOM SHARE REGISTRARS
SDN BHD (Company No. 378993-D)
11TH FLOOR, MENARA SYMPHONY,
NO. 5, JALAN PROFESSOR KHOO
KAY KIM, SEKSYEN 13,
46200 PETALING JAYA,
SELANGOR DARUL EHSAN
TEL: 603-7890 4700

STOCK EXCHANGE

MAIN MARKET OF
BURSA MALAYSIA
SECURITIES BERHAD
(*"Bursa Malaysia"*)

AUDITORS

ERNST & YOUNG PLT
Chartered Accountants

BANKER

OCBC BANK (MALAYSIA) BERHAD

WEBSITE

www.kluangrubber.com

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of Kluang Rubber Company (Malaya) Berhad (the "Company") and collectively with its subsidiaries ("the Group") for the financial year ended 30 June 2022 ("FY2022").

The Group reported revenue of RM 54.13 million for FY2022. The increase in revenue was primarily due to the increased contribution from the plantation segment from RM 20.12 million in the previous financial year to RM 40.58 million for FY2022. This was due to increased crop production and higher average fresh fruit bunches ("FFB") sales price for FY2022.

Group revenue was made up of sales of FFB, dividend income, rental income and interest income. Increased contribution from the plantation segment outweighed the decrease in rental income and interest income.

As we navigate through the protracted pandemic, strict health and safety protocols in line with regulatory guidelines continue to be in place to reduce the risk of the COVID-19 pandemic in our operations. The health and safety of our employees and stakeholders are of the highest priority. Despite the challenges of the pandemic, the Group remains optimistic on the long-term fundamentals of the oil palm industry.

For FY2022, the Group reported loss from operations of RM 1.22 million. The key contributors included the foreign exchange loss and fair value loss on investments of RM 13.48 million and RM 16.19 million, respectively.

The Group reported loss after tax of RM 16.15 million for FY2022. This was primarily attributed towards the negative contribution from our share of results of associates of RM 13.48 million, as compared to a gain of RM 18.25 million in the previous financial year. Our investment in associates was accounted for using the equity method and reflect our share of the results of operations of the associate. The Group's associates were held through Sungei Bagan Rubber Company (Malaya) Berhad ("Sungei Bagan"). For FY2022, the loss attributable to equity holders of the parent was RM 9.45 million.

Total comprehensive loss for FY2022 attributable to the equity holders of the parent was RM 3.57 million.

Dividends

The Board is proposing a first and final single tier cash dividend of 1 sen per share and a single tier bonus cash dividend of 1.7 sen per share for FY2022. The proposed total cash dividend of 2.7 sen per share for FY2022 is subject to the approval of shareholders at the forthcoming annual general meeting.

Corporate Exercises

On 7 May 2021, Sungei Bagan announced that it entered into an agreement with The Nyalas Rubber Estates Limited ("Nyalas") for the proposed exchange involving the proposed transfer by Sungei Bagan of its entire 49% equity interest in Balland Properties Limited ("Balland"), held through its wholly-owned subsidiary, Springvale International Limited ("Springvale"), and 9.44% equity interest in Kuchai Development Berhad ("Kuchai"), in exchange for 100% equity interest in Torbridge Holdings Limited ("Torbridge") held by Nyalas at an agreed exchange value.

Sungei Bagan announced the ordinary resolution was duly passed at the extraordinary general meeting held on 5 October 2021. The exchange was completed on 11 November 2021 and Torbridge became a subsidiary of Sungei Bagan.

CHAIRMAN'S STATEMENT (cont'd)

Corporate Exercises (cont'd)

On 22 April 2022, Kuchai announced the proposed distribution of 17,584,030 ordinary shares in Sungei Bagan, representing all of the 26.51% equity interest held by the Kuchai in Sungei Bagan, to its entitled shareholders by way of dividend-in-specie. Kuchai's dividend-in-specie was approved during the extraordinary general meeting held on 3 August 2022. Post-approval, it was announced the entitlement date and the securities crediting date was 18 August 2022 and 9 September 2022, respectively. As at 9 September 2022, the Company's direct interest in Sungei Bagan increased from 32.21% to 43.40%.

Appreciation

On behalf of the Board of Directors, I would like to take this opportunity to thank all the directors, the management and staff at all levels for their continuing efforts and contributions during the year.

We also wish to thank our customers, suppliers and valued shareholders for their continued trust and confidence.

On behalf of the Board of Directors

CHEW KHAT KHIAM ALBERT

Chairman

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”)

Plantation Operations

For the financial year ended 30 June 2022 (“FY2022”), the Group reported revenue of RM 40.58 million from its plantation operations. On a Group basis, the 102% increase in plantation revenue was primarily attributed towards higher average FFB sales price and increased production.

As of 30 June 2022, the Group’s consolidated planted area stood at 6,302 acres: -

- Kluang Estate: 1,574 acres
- Sungei Bagan Estate & Kuala Pergau Estate: 4,728 acres

Upon prime maturity, Kuala Pergau Estate is expected to further contribute towards the Group’s plantation segment.

In 2019, Kluang Estate was awarded the Malaysia Sustainable Palm Oil (“MSPO”) certification. Likewise, Sungei Bagan Estate and Kuala Pergau Estate were also awarded the MSPO certification. Post-certification, Kluang Estate successfully completed three (3) MSPO annual surveillance audits, demonstrating its commitment to uphold the principles and criteria of sustainable palm oil production.

The following is a performance review of the estates with the focus on Kluang Estate.



Kluang Estate Office

Kluang Estate

For FY2022, Kluang Estate reported sales of RM 10.29 million, 87% higher than the previous year’s plantation revenue of RM 5.51 million. This was primarily attributed towards the higher average FFB sales price. For Kluang Estate, FFB production of 8,730 MT was higher than the previous year’s production of 7,846 MT. Revenue from plantations operations also improved due to the increased average FFB sales price of RM1,179/MT, up from RM702/MT in the previous financial year ended 30 June 2021 (“FY2021”).

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (cont’d)

Plantation Operations (cont’d)

Kluang Estate (cont’d)

For FY2022, Kluang Estate reported an FFB yield of 19 MT/ha. This was in line with Malaysian Palm Oil Board’s (“MPOB”) Peninsular Malaysia’s average FFB yield of 19 MT/ha, and slightly below MPOB’s Johor average FFB yield of 20 MT/ha.

During the financial year, the steps management actively took to improve FFB production included: -

- Increased efforts to recruit more local workers as foreign workers recruitment on hold due to the closure of international borders.
- Ensured up-to-date pruning to facilitate harvesting and encourage bunch formation.
- Ensured proper frond stacking method on terraced and non-terraced areas to facilitate fertilizer application on frond stacks.
- Vigilantly monitored bagworm attack.
- Increased treatment of Ganoderma affected areas.



Kluang Estate 2004 Planting

With a total planted area of 1,574 acres, Kluang Estate’s weighted average age was 9 years. Kluang Estate’s planted area age profile as at 30 June 2022 was as follows: -

- Immature (< 3): 26%
- Mature – Young (3 - 7): 23%
- Mature – Prime (8 - 15): 39%
- Mature – Tall (> 15): 12%

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (cont’d)

Plantation Operations (cont’d)

Kluang Estate (cont’d)

With 62% of Kluang Estate consisting of palms between the ages of 3-15 years, we remain optimistic on Kluang Estate’s production capabilities. The Company has in place a framework to assess the replanting requirements based on maturity and yield, and management is satisfied with the current age profile of the plantation. With no fields over the age of 20 years, no replanting exercises are expected in the next few years.

A detailed breakdown of the Kluang Estate’s planted area is included under “*Planted Area Age Profile*”.

Sungei Bagan Estate and Kuala Pergau Estate

Revenue from plantation operations increased from RM 14.61 million to RM 30.29 million, this was due to increased crop production and the higher average FFB sales price for the financial year ended 30 June 2022.

For the financial year, Sungei Bagan Estate reported FFB production and yield of 14,986 MT and 22 MT/ha, respectively. This was a further improvement over the previous year’s FFB yield of 17 MT/ha, primarily attributed towards improved plantation management and management of the labour situation.

For the financial year ended 30 June 2022, FFB production and FFB yield at Kuala Pergau Estate was 14,363 MT and 15 MT/ha respectively, both higher than last year. As the palms approach prime maturity, Kuala Pergau Estate is expected to further contribute towards the Group’s plantation segment.

Corporate Exercises

On 7 May 2021, Sungei Bagan Rubber Company (Malaya) Berhad (“Sungei Bagan”) announced it entered into an agreement with The Nyalas Rubber Estates Limited (“Nyalas”) for the proposed exchange involving the proposed transfer by Sungei Bagan of its entire 49% equity interest in Balland Properties Limited (“Balland”), held through its wholly-owned subsidiary, Springvale International Limited (“Springvale”), and 9.44% equity interest in Kuchai Development Berhad (“Kuchai”), in exchange for 100% equity interest in Torbridge Holdings Limited (“Torbridge”) held by Nyalas at an agreed exchange value.

Sungei Bagan announced the ordinary resolution was duly passed at the extraordinary general meeting held on 5 October 2021. The exchange was completed on 11 November 2021, and Torbridge became a subsidiary of Sungei Bagan.

On 22 April 2022, Kuchai announced the proposed distribution of 17,584,030 ordinary shares in Sungei Bagan, representing all the 26.51% equity interest held by Kuchai in Sungei Bagan, to its entitled shareholders by way of dividend-in-specie.

The Company, a major shareholder of Kuchai, held 32.21% equity interest in Sungei Bagan. Based on its shareholdings, the Company’s shareholding in Sungei Bagan was expected to increase to 43.40% upon the completion of the dividend-in-specie. As the Company did not intend to undertake the mandatory offer, the Company had on 13 May 2022 submitted an application to the Securities Commission Malaysia (“SC”) to exempt the Company and its PACs under Subparagraph 4.13(1)(c) of the Rules from the obligation to undertake a mandatory offer for the remaining ordinary shares in Sungei Bagan not already held by the Company and persons acting in concert upon completion of the proposed dividend-in-specie.

On 8 June 2022, the Company announced that the SC had vide its letter dated 7 June 2022 approved the Company’s application to exempt the Company and persons acting in concert under Subparagraph 4.13(1)(c) of the Rules from the obligation to undertake a mandatory offer for the remaining ordinary shares in Sungei Bagan not already held by the Company and persons acting in concert upon completion of the proposed dividend-in-specie. The approval of the SC was subject to approval being obtained from the shareholders of Kuchai from the dividend-in-specie.

MANAGEMENT DISCUSSION & ANALYSIS (“MD&A”) (cont’d)

Corporate Exercises (cont’d)

Kuchai’s dividend-in-specie was approved during the extraordinary general meeting held on 3 August 2022. Post-approval, it was announced the entitlement date and the securities crediting date was 18 August 2022 and 9 September 2022, respectively.

As at 9 September 2022, the Company’s direct interest in Sungei Bagan increased from 32.21% to 43.40%.

Investments

The Group has holdings in fixed income investments, investment funds and precious metals.

Financial Position

The Group maintains a healthy financial position with no bank borrowings and sufficient cash and cash equivalents to cover total liabilities. The Group’s non-controlling interests was RM 530 million or 44.01% of the Group’s total equity.

The Board and management are committed towards maintaining a strong balance sheet and a healthy cash position to ensure the Company’s ability to fund our operations and capital requirements.

The Group is cognizant of the need to achieve a balance between providing reasonable returns to shareholders while conserving funds required for investment opportunities.

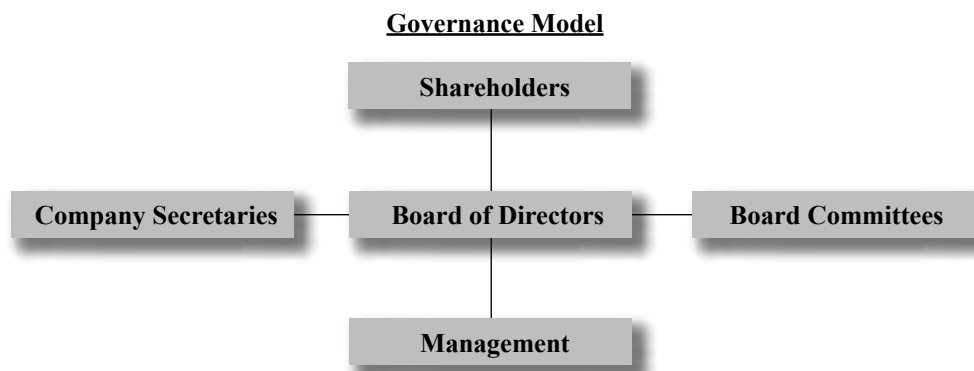
CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Kluang Rubber Company (Malaya) Berhad is committed to uphold high standards of corporate governance through maintaining a high standard of corporate governance framework within the Company and its subsidiaries (“Group”) that promotes ethical conduct, transparency, and sustainable value creation. The Board believes good corporate governance is crucial for long-term organisational success and growth by creating value for and safeguarding the interest of stakeholders.

This Corporate Governance Overview Statement (“Statement”) for the financial year ended 30 June 2022 (“FY2022”) is prepared pursuant to Paragraph 15.25(1) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), with guidance drawn from Practice Note 9 of the Listing Requirements and Corporate Governance Guide (“4th Edition”) issued by Bursa Malaysia. This Statement should be read in conjunction with the Corporate Governance Report (“CG Report”) in which the Company explains its application of each of the Malaysian Code of Corporate Governance 2021 (“MCCG”) during FY2022. The CG Report is available on the Company’s website.

This Statement provides shareholders and other stakeholders with an overview of how the Company has applied the corporate governance principles and practices as set out in the MCCG during FY2022.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS



I. BOARD RESPONSIBILITIES

Principle Responsibilities of the Board

The Board’s primary role is to provide leadership to the Company towards promoting overall business prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value while considering the interest of other stakeholders. The Board is also responsible for the overall standards of conduct, risk management, succession planning, strategic planning, financial matters, corporate governance, sustainability and effective communication with shareholders, investors, and the system of internal controls.

The Board plays an active role in developing the Group’s strategy. The Board will then review and deliberate upon both the management and its own perspectives to deliver the best outcomes. The Board comprises of a mix of directors whose combined skills and knowledge enable the Board to function effectively in discharging its fiduciary and leadership function. The Board understands that in governing, the directors must always act honestly, fairly, diligently and in accordance with the law, in the best interest of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Principle Responsibilities of the Board (cont'd)

In discharging the Board's duties and responsibilities, the Board is guided by a Board Charter, which sets out the principal role of the Board, the responsibilities and powers of the Board as well as the matters the Board may delegate to its Board Committees - Audit Committee ("AC"), Nominating Committee ("NC"), Remuneration Committee ("RC"), and Risk Management Committee ("RMC"), to assist the Board in overseeing the Group's affairs and in deliberation of issues within their respective functions and terms of reference which clearly outline their objectives, duties and powers. The Board Charter and the Terms of Reference of the Board Committees are available on the Company's website and are subject to periodic review, in line with statutory provisions, regulatory requirements, guidelines, principles, and best practices.

The Board keeps itself abreast of the responsibilities delegated to each Board Committee, and resolutions or key matters deliberated at each Board Committee meeting through the minutes and reports from the respective Board Committee's Chairman, which are presented to the Board during the Board meeting at appropriate regular intervals.

The Board has also established clear functions reserved for the Board and those delegated to the management. The respective roles and responsibilities of the Board and management are clearly set out to ensure accountability of both parties. The Board delegates responsibility for the day-to-day operations of the business to the Executive Directors who are assisted by management, recognising their responsibility to ensure the Company operates within a framework of prudent and effective controls. Management provides the Board and the Board Committees with sufficient information and materials in a timely manner to enable the directors to discharge their duties and responsibilities effectively.

To enable the Board to discharge its responsibilities in meeting the goals and objectives during the financial year ended 30 June 2022, the Board apart from fulfilling its statutory responsibilities, collectively: -

- reviewed and decided on management's proposals and monitored management's implementation;
- promoted good governance culture which reinforces ethical, prudent and professional conduct;
- reviewed and determined the Company's overall direction, development, control and ensured the Company's businesses practices are designed to deliver sustainable value to its shareholders and other stakeholders. The Company's economic, environment and social activities are set out in the Sustainability Statement;
- ensured the integrity of the Company's financial and non-financial reporting;
- ensured the Company has in place procedures to enable effective communication with stakeholders;
- monitored the financial position and evaluated the overall performance of the Company through quarterly reviews;
- supervised and assessed management performance regularly; and
- ensured a sound and adequate framework of reporting on risk management and internal control and legal compliance are in place.

Aside from the core responsibilities listed above, significant matters required deliberation and approval from the Board are defined by the Board in the Board Charter as matters reserved for the Board for consideration and approval during Board meetings.

The Independent Non-Executive Directors play a crucial role in ensuring the strategies proposed by the management are properly deliberated and reviewed, and to ensure the interest of shareholders, including minority shareholders, are given due consideration in the decision-making process. They are also actively involved in the various Board Committees.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Chairman of the Board

The Board is led by an Independent Non-Executive Chairman - Mr Chew Khat Khiam Albert, who provides effective and strategic direction and necessary governance to the Company. The Chairman is responsible for overseeing the proper functioning of the Board with good corporate governance practices and procedures. The Chairman with the assistance of the Company Secretaries, schedules Board meetings to ensure the Board receives accurate, timely and clear information, enabling the Board to perform its duties reasonably. During meetings, the Chairman encourages constructive relations between Board members and ensures open, healthy, and effective debates are held by allowing sufficient time to be given on the deliberation of issues.

The NC is satisfied the Chairman has discharged his duties effectively and continues to play a vital role in leading the Board.

Separation of Chairman and Executive Deputy Chairman

The role of the Board Chairman is distinct and separate from that of the Executive Deputy Chairman to enhance their respective independence, accountability, and responsibility. While the Board Chairman is primarily responsible to provide leadership to the Board, instil good corporate governance practices and to ensure the effective functioning of the Board, the Executive Deputy Chairman with the assistance of Executive Directors and management, has the responsibility to oversee the overall operations of the Company, including implementation of strategies and policies.

Company Secretaries

The Board is supported by two (2) qualified, experienced and competent external Company Secretaries who are members of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) who provide active support on secretarial functions to the Board and Board Committees. The Company Secretaries attend Board and Board Committee meetings and ensure meeting procedures are followed and minutes of meetings accurately reflect the deliberations and decisions of the Board, including any concerns raised by individual Directors or dissenting views expressed.

The Company Secretaries also have the responsibility to guide and advise the Board on its roles and responsibilities, corporate disclosures, the Company's Constitution and other compliance matters relevant to company and securities laws, including the CA 2016, Listing Requirements and the Capital Markets and Services Act 2007.

The Company's statutory records are maintained accordingly at the Company's registered office.

Board Meeting and Access to Information and Advice

To ensure effective deliberation at the Board and Board Committee meetings, the notice of agenda and the meeting materials are circulated at least five (5) business days prior to the meeting to ensure the directors have sufficient information and time to prepare, review and solicit further clarification and/or information, where necessary, to enable them to duly discharge their duties and ensure deliberations at the meeting are constructive and focused. Occasionally, the Board or Board Committee meetings may be called at shorter notice when critical decisions are required to be made. Management and/or external advisors may be invited to attend Board meetings to advise the Board and to furnish the Board with information and clarification needed on relevant items on the agenda to enable the Board to arrive at an informed decision.

The Board has unrestricted access to the advice and services of the appointed Company Secretaries and external auditors whether as the Board, or in their individual capacity, in the furtherance of their duties. Directors may interact directly with, or request further explanation, information or updates on any aspect of the business from management. They may seek independent professional advice at their discretion to assist them in Board decisions.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Board Meeting and Access to Information and Advice (cont'd)

During the financial year ended 30 June 2022, the Board met eight (8) times where it deliberated and considered various matters including financial results, operations performance, strategic decisions, risk management and other matters requiring the Board's decision. All proceedings of the Board meetings are minuted and circulated to the Board members in advance of the next Board meeting. When necessary, decisions of the Board are also made by way of circular resolutions in between scheduled Board meetings.

During the Board meetings, the Chairman of NC, RC, AC and RMC will brief the Board on the salient matters, recommendations, significant issues, risk matters and findings which require the Board's attention, approval, and direction.

To facilitate planning, an annual meeting calendar is prepared and circulated in advance. This provides directors with scheduled dates for Board meetings and the Annual General Meeting ("AGM").

The details of Directors' attendance at the Board meetings held in the financial year ended 30 June 2022 are as follows: -

Name of Director	Designation/Directorate	Attendance
Mr Chew Khat Khiam Albert	Independent Non-Executive Chairman	8/8
Mr Tay Beng Chai	Independent Non-Executive Director	8/8
Mr Wun Mow Sang	Independent Non-Executive Director	8/8
Mr Lee Chung-Shih Justin	Executive Deputy Chairman	8/8
Mr Cheong Mun Hong	Executive Director	8/8
Mr Mugana Kerisnan A/L Karpiah	Executive Director	8/8

Board Charter

The Board is guided by a Board Charter for the effective discharge of its fiduciary duties. The Board Charter serves as the framework for the Board, which sets out the authorities, roles, functions, composition and responsibilities of the Board to assist directors of the Company to be aware of their roles, duties and responsibilities and to effectively discharge their fiduciary duty in managing the affairs of the Company.

The Board Charter provides an overview of how the Board leads management through strategic guidance and effective oversight. It also sets out the delegation of authority by the Board to the various committees to ensure the Board members performing their responsibilities on behalf of the Company would act in the best interests of all stakeholders.

Whilst the Board Charter serves as reference point for the activities of the Board and the various committees, it shall not be construed as an exhaustive blueprint for the Board's operations. This Board Charter is subject to the provisions of the Companies Act 2016 ("CA"), the Capital Markets and Services Act 2007 ("CMSA"), the Listing Requirements issued by Bursa Securities, the MCGG issued by Securities Commission and any other applicable laws or regulatory requirements.

The Board will periodically review this Board Charter, which may be amended from time to time to ensure its relevance, effectiveness and consistency with the Company's objective, its practices, and current laws. The present Board Charter was last reviewed by the Board on 27 August 2021 and is published on the Company's website.

Code of Conduct and Ethics

The Board is committed in maintaining good corporate integrity and recognises the importance of a Code of Conduct which sets out the principles and standards of business ethics and conduct applicable to all directors and employees of the Company. In line with good corporate governance practices, the Board, management, and employees shall act honestly, objectively, and diligently while carrying out their duties and they shall not act in a manner which could discredit the Company in any manner. These standards are formalised through the Company's Code of Conduct and Business Ethics ("Code") which sets the tone and standards for the Company's ethical conduct.

The Code is reviewed periodically in accordance with the needs of the Company. The present Code was adopted by the Board on 8 October 2020 and is published on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Whistleblowing Policy

The Board has a Whistleblowing Policy which aims to provide a structured mechanism for its employees, directors and associates (“reporting individual”) to raise or report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Company and to provide reassurance that they shall be protected from reprisals or victimisation for whistleblowing in good faith.

The Whistleblowing Policy is: -

- To encourage active and moral obligation to report wrongdoings
- To use internal disclosure to report wrongdoings
- To protect the whistleblower
- To ensure appropriate and fair disciplinary actions
- To require an effective whistleblowing guideline be established and maintained

The Board reviews the Whistleblowing Policy periodically to ensure its relevance and effectiveness. The present Whistleblowing Policy was adopted by the Board and was effective as on 1 June 2020. The Whistleblowing Policy is published on the Company’s website.

During FY2022, no complaint or whistleblowing report was channelled through the whistleblowing channel.

Anti-Bribery and Anti-Corruption Policy

Following the introduction of the corporate liability provision for bribery and corruption under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (“MACC Act”), the Board on 1 June 2020 adopted an Anti-Bribery and Anti-Corruption Policy which reflects the Company’s stand on zero tolerance against all forms of bribery and corruption, and its commitment to lawful and ethical conduct at all times.

Fit & Proper Policy

The Board had on 26 May 2022 approved a Fit and Proper Policy, which serves as a guide for the NC and the Board in their review and assessment of candidates to be appointed as well as directors who are seeking re-election. This will ensure a person to be appointed or re-elected as a director possesses the necessary quality and character as well as integrity, competency, and commitment.

The Fit & Proper Policy is published on the Company’s website.

II. BOARD COMPOSITION

Independent Directors

The Board comprises of six (6) members, of whom three (3) are Independent Non-Executive Directors and three (3) are Executive Directors. The Board composition complies with the Listing Requirements of Bursa Malaysia that requires a minimum of two (2) or one-third (1/3) of the Board to be Independent Directors.

Name	Designation
Chew Khat Khiam Albert	Independent Non-Executive Chairman
Tay Beng Chai	Independent Non-Executive Director
Wun Mow Sang	Independent Non-Executive Director
Lee Chung-Shih Justin	Executive Deputy Chairman
Cheong Mun Hong	Executive Director
Mugana Kerisnan A/L Karpiah	Executive Director

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

II. BOARD COMPOSITION (cont'd)

Independent Directors (cont'd)

The presence of three (3) Independent Non-Executive Directors, which represent 50% of the Board, facilitates the unbiased exercise of independent evaluation in Board deliberations and decision making. Their presence fulfils a central role in corporate accountability and serves to provide a check and balance on the Board. In the event of any vacancy on the Board, resulting in a non-compliance, the vacancy will be filled within three (3) months. The NC shall on annual basis assess the independence of the Independent Directors.

A brief profile of each director is set out under the Profile of Directors section.

Tenure of Independent Directors

The Board is aware the MCCG recommends the tenure of an Independent Director does not exceed a cumulative period of nine (9) years, and upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director.

The MCCG also recommends if the Board intends to retain an Independent Director beyond nine (9) years, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process.

The current Independent Directors are strong individuals demonstrating independence. The Board believes independence is a result of a director's state of mind and integrity and not dependent on the years of service. The experience of the Independent Directors is valuable for continued stability and growth.

The Board believes it is in the best position to evaluate and determine whether any Independent Director can continue to provide independent and objective judgement during board deliberations and act in the best interests of the Company. The NC will continue, on an annual basis to assess the independence of the Independent Non-Executive Directors.

Appointment of Board and Senior Management

The NC is responsible to oversee the selection process and assess the performance of the directors with the objective of securing the best composition to meet the Company's objectives. The NC adopts a non-discriminatory policy towards identifying, assessing and recommendation of suitably qualified directors to its Board for appointment, and will regularly evaluate the composition and performance of the Board to ensure these objectives are adopted in the process of board recruitment, board performance evaluation and succession planning.

The Board has a good balance of members such that no one individual or a small group of individuals can dominate the Board's decision-making process. The Board consists of directors that include professionals from various backgrounds, with different experiences and knowledge. With their diverse backgrounds and specializations, the directors bring along a wide range of experience, expertise, and perspective in discharging their responsibilities and duties as stewards of the Company. The Board recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance.

The Company views increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives. Appointment of Board members are based on objective criteria, merit and with due regard for diversity in skill, experience, age, cultural background, and gender. The Board Diversity Policy is available on the Company's website.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Gender Diversity

The Board recognizes the importance of fostering the development of women in decision-making positions in the corporate sector. Whilst the Board has not implemented any definitive policy on the proportion of female directors, suitable female candidates are considered for Board participation. For the year ended 30 June 2022, there were no female directors on the Board.

Identifying Candidates for Appointment of Directors

The NC is responsible in identifying candidates to the Board to fill the vacancy arising from resignation, retirement or any other reasons, and if there is a need to appoint additional directors with the required skill or expertise.

In identifying candidates, the Board is not limited to recommendations from existing Board members, management or major shareholders. The Board may utilise a variety of independent sources to identify suitably qualified candidates and will conduct Board appointment processes in a manner as recommended by the MCCG.

Once identified, the NC is responsible for assessing and making recommendations on new appointments to the Board, ensuring that all candidates are of sufficient calibre. Besides evaluating the candidate's skills and experience, the NC considers the following factors: -

- The candidate's understanding of the Group and market;
- The candidate's professional expertise, experience and background; and
- Other factors including requirements for independence and the promotion of diversity of views.

For the appointment of new directors, the NC will generally identify suitable candidates skilled in core competencies such as accounting, finance, business, management, industry expertise or knowledge. If the NC decides the candidate is suitable, the NC will arrange to meet and conduct interviews with the candidate prior to making a recommendation to the Board. These interviews conducted may be official as well as unofficial. Besides reviewing the candidate's curriculum vitae and other biographical information, the assessment process may include, at the NC's discretion, conducting legal and other background searches of the candidate.

Upon completion of the assessment and evaluation, including the assessment of the fit and proper criteria of the proposed candidate, the NC will make its recommendation to the Board for assessment and endorsement. The final decision on any appointment rests with the Board.

In accordance with the Company's Constitution, the newly appointed directors will retire at the subsequent AGM and are eligible for re-election by shareholders. The clauses of Constitution also provide that at least one-third (1/3) of the Board including Executive Directors is subject to re-election annually and each director shall stand for re-election at least once every three (3) years.

For the financial year ended 30 June 2022, no new director was appointed.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Nominating Committee

The NC established by the Board comprises exclusively of three (3) Independent Non-Executive Directors. Two (2) NC meetings were held during the financial year ended 30 June 2022. Details of the NC members meeting attendance during the financial year ended 30 June 2022 are as follows: -

Name / Directorship	Number of Meetings	
	Held During Tenure in Office	Attended
Tay Beng Chai Chairman / Independent Non-Executive Director	2	2
Chew Khat Khiam Albert Member / Independent Non-Executive Chairman	2	2
Wun Mow Sang Member / Independent Non-Executive Director	2	2

The Terms of Reference of the NC is available on the Company's website.

Evaluation of the Board and Board Committees

The Board, through the NC, conducts an annual review and assessment on the effectiveness of the Board, Board Committees and each of the Directors individually. This assessment focuses mainly on the performance of individual Directors, attendance, competencies and skills, participation and contribution of the Directors to the Board Committees meetings and the Company.

The evaluation form shall be distributed to the Board and Board Committees for completion annually. All assessments and evaluations carried out by the NC in the discharge of all its functions are properly documented.

For financial year ended 30 June 2022, the NC reviewed and updated the annual performance evaluation for directors. The overall Board and its Committees' performance and effectiveness was assessed, and the Chairman of the NC presented the outcome of the annual performance evaluation for directors during a NC meeting.

As part of the annual performance evaluation of the effectiveness of the Board, Board Committees and individual directors, the NC considers the balance of skills, experience, expertise, independence and the diversity representation on the Board.

The NC is satisfied with the Board's composition, well balanced with the required mix of skills, experience, knowledge and competencies, which is required for an effective Board.

For the financial year, the NC: -

- Reviewed the composition of the Board and Board Committees, nominating the directors who are due for retirement and re-appointment, and are eligible to stand for re-election and re-appointment respectively;
- Reviewed the composition of the Board based on the required mix of skills, experience and other qualities;
- Reviewed the composition of the Board Committees based on their compliances with the provisions of the regulations;
- Reviewed the Fit and Proper Policy and recommended to the Board for adoption;
- Assessed the independence of the Independent Non-Executive Directors;
- Reviewed and updated the annual performance evaluation for directors;
- Assessed the overall Board and its Committees' performance and effectiveness;
- Assessed the fit and proper criteria for the directors standing for re-election to ensure they met the fit and proper criteria; and
- Presented the outcome of the annual performance evaluation for directors during a Board meeting.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Evaluation of the Board and Board Committees (cont'd)

The NC is satisfied sufficient time and attention was given by each director to the affairs of the Company.

Any director accepting new directorship in other companies will be required to make known to the Board prior to his/her new appointment and give commitment to the Board that his/her time for attending board meetings will not be compromised in any manner.

Directors Training

The directors recognise the importance of continuous development to update themselves and to further enhance their skills, knowledge and better equip themselves to effectively discharge their fiduciary duties. All directors are encouraged to attend external professional programmes which are relevant and useful in contributing towards the effective discharge of their duties as directors. All directors are expected to attend at least one (1) training session a year.

All directors as at the financial year ended 30 June 2022 have completed the Mandatory Accreditation Programme as required by Bursa Malaysia's Listing Requirements.

During the financial year ended 30 June 2022, the directors attended the following relevant training programmes: -

Date	Seminar/Workshop	Conducted by	Attended by
13 Jul 2021	Rethinking the Finance & Reporting Operating Model	CA ANZ Singapore	Chew Khat Khiam Albert
4 Aug 2021	Corporate Governance Beyond the Pandemic	Singapore Institute of Directors	Chew Khat Khiam Albert
18-19 Aug 2021	Asean Tax Forum 2021	EY Malaysia	Wun Mow Sang
22 Oct 2021	Training on: 1) Updated Malaysian Code on Corporate Governance 2021, 2) Securities Commission Guidelines on the Conduct of Directors of Listed Corporations & their Subsidiaries, 3) Environmental, Social & Governance Trends, & 4) Cyber-Security Awareness	PPB Corporate Services Sdn Bhd	Tay Beng Chai
28 Oct 2021	Climate Governance Singapore Launch	Sim Kee Boon Institute for Financial Economics SMU	Chew Khat Khiam Albert
2 Nov 2021	Venture Capital Landscape in Singapore	CA ANZ Singapore	Chew Khat Khiam Albert
3 Nov 2021	Strategies for Effective Family Legacy Planning	DBS Treasures	Chew Khat Khiam Albert
17 Nov 2021	EY Malaysia Budget	EY Malaysia	Wun Mow Sang
18 Nov 2021	How To Drive Sustainability In face or Profit & Growth	CA ANZ Singapore	Chew Khat Khiam Albert

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Directors Training (cont'd)

Date	Seminar/Workshop	Conducted by	Attended by
29 Nov 2021	AOB conversation with Audit Committees	Securities Commission / Bursa Malaysia / Audit Oversight Board	Chew Khat Khiam Albert & Wun Mow Sang
6 - 8 Dec 2021	Mandatory Accreditation Program for Directors of Public Listed Companies	Asia School of Business ICLIF Executive Education Centre	Wun Mow Sang
19 Jan 2022	10th ACCA Asia Pacific Thought Leadership Forum	ACCA	Wun Mow Sang
20 Jan 2022	EY Asean Finance Executive Forum	EY	Wun Mow Sang
23 Feb 2022	Managing Corporate Challenges In Reporting & Tax In This Covid Pandemic World	CA ANZ / EY Singapore	Chew Khat Khiam Albert
23 Mar 2022	Training On The Malaysian Code of Corporate Governance 2021 (MCCG 2021')	Boardroom Corporate Services Sdn. Bhd.	All Directors
19 Apr 2022	Post Covid-19 Business Recovery	CA ANZ / EY Singapore	Chew Khat Khiam Albert
10 May 2022	International Sustainability Standards Board Consultation	CA ANZ / EY Singapore	Chew Khat Khiam Albert
31 May 2022	IFRS Sustainability Standards	ACCA	Wun Mow Sang
15 Jun 2022	Environment Social & Governance ESG Essentials	Singapore Institute of Directors	Chew Khat Khiam Albert
22 Jun 2022	Assessing Your Organisational Culture	ICLIF Executive Education Centre	Chew Khat Khiam Albert

The directors received regular briefings from external auditors on updates in financial reporting and new accounting standards.

III. REMUNERATION

Remuneration Policy

The Company's remuneration policy for directors is tailored to provide a remuneration package needed to recruit, retain and motivate individuals of the necessary calibre and quality needed.

The Board will review for approval, recommendations from the RC on the remuneration packages of Executive Directors, key Senior Management, and fees of Non-Executive Directors for shareholders' approval at the AGM. Information prepared by independent consultants and survey data on the remuneration practices of comparable companies may be taken into consideration.

For Executive Directors, the RC considers corporate and individual performance, as well as performance on a range of other factors including the accomplishment of strategic goals. The RC ascertains and recommends the remuneration packages of Executive Directors to the Board for its approval.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Remuneration Policy (cont'd)

Non-Executive Directors are paid fixed annual director fees as members of the Board and Board Committees. The RC recommends the directors' fees payable to the Board and are deliberated at the Board before being presented at the AGM for shareholders' approval. The amount of remuneration for each Non-Executive Director varies with the level of responsibilities undertaken by the individual.

In addition to fixed annual director fees, Non-Executive Directors are paid a meeting attendance allowance. In recognition of the additional time and commitment required, the Chairman of the respective Board Committees also receives an annual fixed fee for their chairmanship of the respective Board Committees. Individual directors are not permitted to participate in the discussion and decision of their own remuneration.

Remuneration Committee Composition

The RC established by the Board comprises exclusively of three (3) Independent Non-Executive Directors. One (1) RC meeting was held during the financial year ended 30 June 2022, and the details of the RC members meeting attendance during the financial year ended 30 June 2022 are as follows: -

Name / Directorship	Number of Meetings	
	Held During Tenure in Office	Attended
Tay Beng Chai Chairman / Independent Non-Executive Director	1	1
Chew Khat Khiam Albert Member / Independent Non-Executive Chairman	1	1
Wun Mow Sang Member / Independent Non-Executive Director	1	1

The Terms of Reference for the RC is available on the Company's website.

For the financial year, the RC: -

- Reviewed and recommended the performance related pay schemes for Executive Directors.
- Reviewed and recommended the Directors' fees and other benefits payable to the Non-Executive Directors to the shareholders for approval at the forthcoming AGM in accordance with Section 230(1) of the Companies Act 2016.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Directors' Remuneration

The Board is of the view that the transparency and accountability aspects of corporate governance as applicable to directors' remuneration are appropriately served by the band disclosure made.

Details of the remuneration of the directors for the financial year are as follows: -

Directors' Remuneration (RM '000)	Salaries, Bonuses and Allowances	Fees	Other Benefits	Total
Company				
Lee Chung-Shih Justin	420	-	-	420
Cheong Mun Hong	126	-	10	136
Mugana Kerisnan A/L Karpiah	167	-	-	167
Chew Khat Khiam Albert	-	135	-	135
Tay Beng Chai	-	117	-	117
Wun Mow Sang	-	125	-	125

Directors' Remuneration (RM '000)	Salaries, Bonuses and Allowances	Fees	Other Benefits	Total
Group				
Lee Chung-Shih Justin	1,140	-	-	1,140
Cheong Mun Hong	306	-	13	319
Mugana Kerisnan A/L Karpiah	569	-	-	569
Chew Khat Khiam Albert	-	374	-	374
Tay Beng Chai	-	325	-	325
Wun Mow Sang	-	347	-	347

The remuneration breakdown of individual directors of the Company includes fees, salaries, bonuses, and allowances. The fees paid to all directors were approved in advance by the shareholders at the AGM held on 2 December 2021.

Details of the directors' remuneration are set out in Note 7 to the financial statements by applicable bands of RM50,000 which complies with the disclosure requirements under the Bursa Malaysia's Listing Requirements.

COVID-19 Pandemic Risk

Strict health and safety protocols in line with regulatory guidelines were put in place to reduce the risk of COVID-19 in our operations. The health and safety of our employees and stakeholders are of the highest priority.

While uncertainties and risk associated with COVID-19 remain, we will continue to enhance our business continuity plans and safety measures. More details are available under the Sustainability Statement.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

Audit Committee Composition

The AC established by the Board comprises exclusively of three (3) Independent Non-Executive Directors. Six (6) AC meetings were held during the financial year ended 30 June 2022. Details of AC members meeting attendance during the financial year ended 30 June 2022 are as follows: -

Name / Directorship	Number of Meetings	
	Held During Tenure in Office	Attended
Wun Mow Sang Chairman / Independent Non-Executive Director	6	6
Chew Khat Khiam Albert Member / Independent Non-Executive Chairman	6	6
Tay Beng Chai Member / Independent Non-Executive Director	6	6

The Chairman of the AC is not the Chairman of the Board. The members of the AC are financially literate with at least one member being a member of the Malaysia Institute of Accountants. The AC members collectively possess a mix of skills, knowledge and experience to discharge their duties and responsibilities to oversee the financial reporting process, internal controls, risk management and governance effectively and independently.

The AC assists the Board in fulfilling its statutory and fiduciary responsibilities of overseeing, monitoring and assessing the reliability of the Company's financial management, accounting process, financial reporting practices and system controls. Additionally, the AC is responsible for assessing the independence of both external and internal audit function providing direction and oversight functions on behalf of the Board. The details of the AC activities in the financial year ended 30 June 2022 are set out in the AC Report.

Under the AC's Terms of Reference, a former key audit partner is to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.

The Terms of Reference for the AC is available on the Company's website.

Compliance with Applicable Financial Reporting Standards

The Board is assisted by the AC in overseeing the financial reporting processes and ensuring the quality of its financial reporting. The Board strives to provide shareholders with a balanced and meaningful evaluation of the Company's financial performance, financial position, and prospects through the annual audited financial statement, interim financial reports, annual report and announcements to Bursa Malaysia.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

External Auditors

The AC maintains a transparent relationship with the external auditors. Under the AC's Terms of Reference, the AC is to review the suitability, objectivity, and independence of the external auditors annually.

The Board strives to establish a transparent and professional relationship with the external auditors with the assistance of the AC. Participation of the Executive Directors and/or Senior Management in the AC meeting is strictly by invitation only, so the external auditors can highlight any issues or concerns on the Company's operations and management practices.

The AC obtains written assurance from the external auditors confirming they are, and have been, independent throughout the conduct of the audit engagement in accordance with the terms of all relevant professional and regulatory requirements.

Upon completion of the assessment and if found suitable by the AC, the external auditors would then be recommended to the Board for their re-appointment, and thereafter for tabling to the shareholders of the Company for approval at the AGM.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Effective Risk Management and Internal Control Framework

The Board acknowledges its overall responsibility in maintaining a sound system of internal controls and risk management as well as reviewing its adequacy and effectiveness to safeguard shareholders' investment and the Company's assets. However, the Board recognizes this is a concerted and on-going process, whereby such system is designed to manage rather than eliminate the risk of failure. In pursuing these objectives, the system of internal controls can only provide reasonable and not absolute assurance against any material misstatement or loss.

The Board regards risk management as an integral part of the business operations, and the directors acknowledge their responsibility to maintain a sound system of internal controls. The Board recognises its overall responsibility for continuous review and maintenance of the system of internal controls with the assistance of the AC together with the internal auditors, and the RMC.

For the financial year ended 30 June 2022, Mazars LLP, an independent consultant completed an enterprise risk management assessment based on principles and best practices as guided by COSO's Enterprise Risk Management Framework and ISO31000, which led to the development of a two (2) year risk-based internal audit plan, formulated based on key auditable areas aligned with key risks.

The AC regularly evaluates the adequacy and effectiveness of the internal control system by reviewing the internal audit reports prepared by the internal auditors and discuss major findings based on Management's responses. The Board is of the view that the system of internal control and risk management in place during the financial year under review, is sound and sufficient to safeguard the Company's assets as well as shareholders' investments and the interests of stakeholders.

The external auditors are appointed by the Board to review the Statement on Risk Management and Internal Control and to report thereon.

The Statement on Risk Management and Internal Control in this Annual Report herein details the state of internal controls within the Company.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Risk Management Committee

The RMC assisted the Board in discharging the oversight responsibility for risk management by reviewing the adequacy and effectiveness of risk management strategies, risk tolerance, risk management framework, processes, and practices. The RMC is also responsible for reviewing the Company's Risk Management Framework and any emerging risk, evaluate the effectiveness of compliance functions and other governance related matters.

The RMC established by the Board comprises exclusively of three (3) Independent Non-Executive Directors who support the Board by overseeing the Company's risk management framework and regularly assessing the framework to ascertain its adequacy and effectiveness. One (1) RMC meeting was held during the financial year ended 30 June 2022. The details of RMC members meeting attendance are as follows: -

Name / Directorship	Number of Meetings	
	Held During Tenure in Office	Attended
Chew Khat Khiam Albert Chairman / Independent Non-Executive Chairman	1	1
Tay Beng Chai Member / Independent Non-Executive Director	1	1
Wun Mow Sang Member / Independent Non-Executive Director	1	1

The Terms of Reference for the RMC is available on the Company's website.

During the financial year, an independent consultant assisted the Company in completing an enterprise risk management assessment. The independent consultant facilitated the exercise and assisted the Company in the update of our risk register, refined our risk response and strategy, and highlighted any control designs not aligned with generally accepted industry best practices.

For the financial year, the RMC: -

- Reviewed and updated the risk register
- Refined risk response and strategy

Effective Internal Audit Function

The Board is aware that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

The main role of the internal audit function is to review the effectiveness of the system of internal control, and this is performed with impartiality, proficiency, and due professional care.

An independent professional firm – Mazars LLP, was engaged to handle this function and reports directly to the AC. The enterprise risk management assessment assisted the development of a two (2) year risk-based internal audit plan, formulated based on key auditable areas aligned with key risks. Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services, operating in over 90 countries and territories, drawing on the expertise of 40,400 professionals.

The internal auditors provide an independent assessment of the adequacy, efficiency, and effectiveness of the Company's internal control system. The internal auditors' audit plan, nature and scope of the internal audit were approved by the AC prior to the commencement of their audit based on the Company's requirements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Effective Internal Audit Function (cont'd)

None of the internal audit members have any family relationship with any director and/or major shareholder of the listed issuer and any conflict of interest with the listed issuer, which could impair their objectivity and independence. Further details can be found under the Statement on Risk Management and Internal Control, and the AC Report in this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

Directors' Responsibility Statement in respect of the Audited Financial Statements

The Companies Act 2016 requires the directors to prepare the financial statements which give a true and fair view of the state of affairs of the Company as at the end of the accounting period and of the results of the operations and cash flows for the period. The Board is responsible for taking reasonable steps to ensure the financial statements reflect a true and fair view of the Group and the Company's state of affairs, and of their results and cash flows for the financial year under review.

In preparing the financial statements for the year ended 30 June 2022, the Board adopted and applied appropriate accounting policies on a consistent basis, made judgements and estimates where applicable which were reasonable and prudent and ensured that applicable accounting standards were followed.

The directors ensured the Company keeps proper accounting and other records which will disclose with reasonable accuracy at any time the financial position of the Company, and which enable them to ensure that the financial statements comply with the Act and the applicable approved accounting standards.

Ensure Timely and High Quality Disclosures

The Board recognizes the importance of accurate and timely dissemination of information to shareholders. The Company makes quarterly announcements of the financial results within the time frame prescribed in the Listing Requirements of Bursa Malaysia, accompanied by a balanced and comprehensive assessment of its performance.

The Company's Annual Report, containing the financial statements for the financial year, also contains other pertinent information and disclosures to enable shareholders and investors to have a better understanding of the Group's business and performance.

In presenting the annual financial statements and quarterly financial results announcements to shareholders, the Board aims to present a balanced and fair assessment of the Group's financial position and prospects and ensures the financial results are released to Bursa Malaysia well within the stipulated time frame and the financial statements comply with regulatory reporting requirements. These quarterly financial results and the annual reports are accessible via Bursa Malaysia and the Company's website. In this regard, the Board is assisted by the AC.

The AC assists the Board in its responsibility to oversee and scrutinise the financial reporting and the effectiveness of the internal control. The AC comprises three (3) directors, all of whom are Independent Non-Executive Directors. The term of references and activities of the AC are detailed in the AC Report.

The Company maintains a website which provides shareholders and the public in general access to information about the Company which includes, corporate information, financial information, announcements, and investor relations.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Ensure Timely and High Quality Disclosures (cont'd)

To address any concern which the shareholder may have, shareholders may contact the Company through electronic mail at enquiry@kluangrubber.com.

Any queries or concern may be conveyed through the Company Secretaries who would then refer the matter to the attention of the Board. Shareholders may also approach the Independent Non-Executive Directors on these issues.

II. COMMUNICATION WITH STAKEHOLDERS

Conduct of General Meetings

The AGM is the principal forum of dialogue with shareholders. Shareholders are notified of the meeting at least twenty-eight (28) days before the date of the AGM. Shareholders are encouraged to attend and participate in the AGM. Besides the normal agenda for the AGM, shareholders are given the opportunity to seek clarification on any matters pertaining to the Group's affairs and performance as the directors and the representatives of the external auditors are present to answer any questions they may have.

Directors Attendance at General Meetings

At the 62nd AGM, directors were present in person to engage directly with shareholders and be accountable for their stewardship of the Group. The 62nd AGM included the presentation of the Group's operating and financial performance for the year ended 30 June 2021, the external auditors' unqualified report to the shareholders and a Question & Answer session during which the Chairman invited shareholders to raise questions pertaining to the accounts and other items for adoption at the meeting, before putting a resolution to vote. The directors, management and external auditors were in attendance to respond to shareholders' queries.

Poll Voting

The Board is mindful of the poll voting requirements under Paragraph 8.29A of the Listing Requirements of Bursa Securities. All resolutions tabled at the AGM will be voted by way of poll. An independent scrutineer is appointed to validate the votes cast at the AGM. The outcome of all resolutions tabled at the AGM shall be announced to Bursa Malaysia on the same day after the meeting.

Leveraging on Technology

The Company's 62nd AGM was held virtually. Shareholders who were unable to attend, could appoint their proxies to attend and vote on their behalf.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

ADDITIONAL COMPLIANCE INFORMATION

Disclosure of Recurrent Related Party Transactions (“RRPT”)

The nature of transactions with the Related Parties which are necessary for the day-to-day operations of the Company and its wholly owned subsidiaries and are based on normal commercial terms that are not more favourable to its related parties than those generally available to the public. Please refer to Notes to the Financial Statement Note 30 for further details.

Company	Interested Directors / Major Shareholder	Nature of RRPT	Value (RM ‘000)
The Nyalas Rubber Estates Limited	<p><u>Interested Director</u></p> <ul style="list-style-type: none"> - Lee Chung-Shih Justin ⁽²⁾ - Mugana Kerisnan A/L Karpiah ⁽²⁾ <p><u>Interested Major Shareholders</u></p> <ul style="list-style-type: none"> - Lee Thor Seng ⁽¹⁾ - Lee Chung-Shih Justin ⁽¹⁾ - Lee Yung-Shih Colin ⁽¹⁾ 	Administration and accounting services	982
Estate And Trust Agencies (1927) Ltd	<p><u>Interested Director</u></p> <ul style="list-style-type: none"> - Lee Chung-Shih Justin ⁽²⁾ <p><u>Interested Major Shareholders</u></p> <ul style="list-style-type: none"> - Lee Thor Seng ⁽¹⁾ - Lee Chung-Shih Justin ⁽¹⁾ - Lee Yung-Shih Colin ⁽¹⁾ - The Nyalas Rubber Estates Limited ⁽¹⁾ <p><u>Persons Connected</u></p> <ul style="list-style-type: none"> - Low Siew Kheng ⁽³⁾ 	Business analysis and support services	246
Kluang Estates (1977) Sdn. Berhad	<p><u>Interested Director</u></p> <ul style="list-style-type: none"> - Lee Chung-Shih Justin ⁽²⁾ - Mugana Kerisnan A/L Karpiah ⁽²⁾ <p><u>Interested Major Shareholders</u></p> <ul style="list-style-type: none"> - Lee Thor Seng ⁽¹⁾ <p><u>Persons Connected</u></p> <ul style="list-style-type: none"> - Lee Yung-Shih Colin ⁽¹⁾ 	Rental expense	12

Details of Directors / Major Shareholders Interested in the Recurrent Related Parties Transaction

- (1) Lee Thor Seng is the father of Lee Chung-Shih Justin and Lee Yung-Shih Colin. Lee Thor Seng, Lee Chung-Shih Justin and Lee Yung-Shih Colin have substantial interest in The Nyalas Rubber Estates Limited (“Nyalas”), which has substantial interest in Kluang Rubber Company (Malaya) Berhad (“Kluang Rubber”). Lee Thor Seng has substantial interest in Kluang Estates (1977) Sdn Bhd (“Kluang Estates (1977)”). Lee Thor Seng, Lee Chung-Shih Justin, Lee Yung-Shih Colin and Nyalas have substantial interest in Estate And Trust Agencies (1927) Ltd (“Estate And Trust Agencies”).
- (2) Lee Chung-Shih Justin is a director of Nyalas, Kluang Rubber, Kluang Estates (1977), and Estate And Trust Agencies. Mugana Kerisnan A/L Karpiah is a director of Nyalas, Kluang Rubber and Kluang Estates (1977).
- (3) Low Siew Kheng is the daughter-in-law of Lee Thor Seng and spouse of Lee Yung-Shih Colin and is also a director of Estate & Trust Agencies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (cont'd)

Utilisation of Proceeds

There was no issuance of new shares and rights issue carried out during the financial year ended 30 June 2022.

Share Buy-Backs

During the financial year ended 30 June 2022, the Company purchased 252,900 ordinary shares, or 0.40% of its issued ordinary shares from the open market under the Share Buyback scheme approved by shareholders. As at 30 June 2022, the treasury shares held by the Company was 757,400 which represented 1.20% of the issued ordinary shares.

Exercise of Options, Warrants or Convertible Securities

There were no other options, warrants or convertible securities exercised during the financial year ended 30 June 2022.

Depository Receipt Programme

There were no Depository Receipt Programmes for the financial year ended 30 June 2022.

Sanctions and/or Penalties

The Company and its subsidiaries' directors and management have not been imposed with any sanctions and/or penalties during the financial year ended 30 June 2022.

Audit and Non-Audit Fees

The audit and non-audit fees for services provided by the external auditors to the Group and Company for the financial year ended 30 June 2022 are as follows: -

External Auditors Fees (RM '000)	Group	Company
Audit Fees	227	84
Non-Audit Fees	176	69

At both the Group and Company level, the Non-Audit Fees consisted of services provided for quarterly reports, review of the Statement on Risk Management and Internal Control, and tax services.

Variation in Results

There was no material variance between the results for the financial year ended 30 June 2022 and the unaudited results previously announced by the Company.

Profit Guarantee, Profit Estimate, Forecast or Projection

There was no Profit Guarantee, Profit Estimate, Forecast or Projection was given by the Company for the financial year ended 30 June 2022.

Material Contracts

None of the directors and major shareholders has any material contract with the Company and/or its subsidiary either still subsisting at the end of the financial year ended 30 June 2022 or entered into since the end of that financial year.

Contract Relating to Loan

There were no contracts relating to loan by the Company and its subsidiaries during the financial year ended 30 June 2022.

This Statement was approved by the Board on 12 October 2022.

SUSTAINABILITY STATEMENT

Creating Sustainable Value

Kluang Rubber Company (Malaya) Berhad (“Kluang Rubber” or the “Company”) aspires to create sustainable value through our business activities, for our employees, stakeholders, community and the environment. We appreciate that sustainability motivates and inspires our employees to positively impact our environment and society. The Company is committed to sustainability by integrating it into the way we run our business, with a commitment to enhance shareholder value and at the same time, contribute positively to our employees, stakeholders and the community. We believe operating in a sustainable manner will bring about positive social, environmental, and economic impacts while minimising negative impacts on people and the environment.

We recognise our obligations as a responsible corporate citizen and endeavour to incorporate sustainable practices and activities into our corporate culture by focusing on the environment, health and safety and well-being of the community we serve to the best of our efforts. To demonstrate our commitment to sustainability, we fully support the initiatives on the sustainable cultivation of oil palm and are committed towards the principles and criteria of the Malaysian Sustainable Palm Oil (“MSPO”) Policy.

In 2019, Kluang Estate was awarded the MSPO certification. Post-certification, Kluang Estate successfully completed three (3) MSPO annual surveillance audits, demonstrating its commitment to uphold the principles and criteria of sustainable palm oil production.

Our sustainability reporting is based on Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”) Sustainability Reporting Guide (Second Edition) sustainability framework.

Access and Availability

This Sustainability Statement for the financial year ended 30 June 2022, which is included in our Annual Report, is available on our website.

Sustainability Governance

The Company is guided by the Executive Directors who provide overall direction and strategic matters related to sustainability. The Board of Directors with an oversight role of our sustainability practices, is updated and informed on any significant issues and the progress of our sustainability efforts.

For plantation operations, our estate manager is responsible in spearheading all sustainability initiatives, implementing codes of practice, and embedding the culture and values related to sustainability within the operating units. Sustainability objectives, action plans and tasks are communicated, and risks are reported with appropriate actions taken if required to mitigate or prevent recurrences accordingly.

SUSTAINABILITY STATEMENT (cont'd)

Key Stakeholders

Stakeholders are defined as “any individuals, community and entities that may be impacted by the Company’s operation”. The following table describes our stakeholders and our corresponding engagements.

No.	Stakeholders	Description	Engagement
1	Shareholders	Entities and individuals who invest in the Company.	<ul style="list-style-type: none"> • Annual General Meeting • Bursa Malaysia announcements • Media releases • Company website
2	Customers	Palm oil mills.	<ul style="list-style-type: none"> • Meetings • Correspondence
3	Employees	Executives, staff and workers.	<ul style="list-style-type: none"> • Annual review • Performance management • Internal trainings
4	Local Authorities – Municipalities	The local government of the communities where we operate.	<ul style="list-style-type: none"> • Meetings • Correspondence
5	Regulators / Government Ministries	Regulators and the Government set the legal framework on our operations.	<ul style="list-style-type: none"> • Meetings • Correspondence
6	Local Community / Industry / Associations	Local community, industry and associations.	<ul style="list-style-type: none"> • Meetings • Correspondence
7	Suppliers	Suppliers of products and services committed to sustainable Fresh Fruit Bunches (“FFB”) production	<ul style="list-style-type: none"> • Meetings • Correspondence
8	Recruiting Agents	Agents engaged to bring in foreign workers for estate operations	<ul style="list-style-type: none"> • Meetings • Correspondence
9	Prisons Department	Integration of parole workers into society	<ul style="list-style-type: none"> • Meetings • Correspondence

SUSTAINABILITY STATEMENT (cont'd)

Malaysian Sustainable Palm Oil (“MSPO”) Scheme

The MSPO Certification Scheme is a National Palm Oil Certification scheme in Malaysia for oil palm plantations, independent and organised small holdings, and palm oil processing facilities to be certified against the requirements of the MSPO standard. The scheme is operated by the Malaysia Palm Oil Certification Council (“MPOCC”) as the scheme owner. It is an independent body formed with the following objectives: -

- To establish and operate a sustainable palm oil certification scheme
- To engage with non-governmental organisations, institutes of higher learning, trade associations and accreditation and certification bodies
- To establish a mechanism for the certification of entities complying with the requirements of auditable sustainability standards.

MSPO was first implemented in 2015 based on the MSPO Standards which stipulates general principles for the production of sustainable palm oil that covers People (Alleviation of poverty and protect from exploitation), Planet (Protect the environment and reduce negative human impact), and Profit (Ensure continuity of business). The MSPO certification provides a credible sustainable and responsible management, to bring about positive social, environmental and economic impacts while minimising the negative impacts, particularly on its people and the environment.

Under MSPO, a total of seven (7) principles covers key issues faced by the palm oil industry such as environment, biodiversity, best practice and social responsibilities: -

1. Management commitment and responsibility
2. Transparency
3. Compliance to legal requirements
4. Social responsibility, health, safety and employment conditions
5. Environment, natural resources, biodiversity and ecosystem
6. Best practice
7. Development of new planting

With the establishment of the MSPO Policy, Kluang Estate formalised its commitment towards maintaining and improving the sustainable production of palm oil.

SUSTAINABILITY STATEMENT (cont'd)

Materiality Assessment and Key Sustainability Matters

The determination of material sustainability matters was from management discussions. This was facilitated by a desktop review on business operation and risk areas. Through our materiality assessment, the identified key sustainability matters outlined below.

Main topics	Key Sustainability Matters
Economic	1. Profitability 2. Management diversity 3. Anti-bribery and corruption
Environmental	4. Emissions 5. Pollution 6. Waste management 7. Conservation
Social	8. Diversity and equal opportunities 9. Employee well-being 10. Safety and health 11. Community well-being

1. Economic

The economic pillar of sustainability focuses on the impact on the economic condition of our stakeholders, and on economic systems at the local and national level. It focuses on the economic value generated and distributed by the Company.

Economic Performance

We believe our economic performance is dependent on the health of our stakeholders, and we strive to work together with the community to create value. A detailed explanation of our financial performance is provided under the Management Discussion & Analysis and the Financial Statements of our Annual Report.

Proportion of Executives hired from the local community

For plantation operations, 100% of our executives are Malaysians.

Infrastructure investment and Services Supported

Services of the local community were engaged.

Proportion of spending on local suppliers

A significant portion of our procurement at the estate level are from local suppliers.

SUSTAINABILITY STATEMENT (cont'd)

1. Economic (cont'd)

Anti-Bribery & Anti-Corruption Policy & Guidelines

The main objectives of the Company's Anti-Bribery & Anti-Corruption ("ABAC") Policy & Guidelines are: -

- To ensure the policies and guidelines or practices are oriented towards embedding ABAC stance organisation wide, with guidance from Guideline on Adequate Procedures and requirements of Malaysian Anti-Corruption Commission ("MACC") Act 2009, introduced via the MACC (Amendment) Act 2018;
- To ensure adequate and standardised ABAC policies and guidelines are consistently applied; and
- To ensure that business operations are strictly adhering to the ABAC Policy & Guidelines.

The Company adopts a zero-tolerance approach towards all forms of bribery and corruption.

The Company promotes the value of good governance and integrity in carrying out its business activities and is committed to: -

- Establish, maintain, and periodically review an ABAC programme which includes clear policies and objectives that adequately address corruption risks;
- Promote the values of integrity and good corporate governance in all business dealings. All employees are expected to comply with all applicable laws and regulations including internal policies pertaining to ABAC;
- Create and maintain a trusted and confidential whistleblowing channel in relation to the reporting of suspected and/or real corruption incidents or inadequacies in the anticorruption compliance programme;
- Provide adequate training, awareness and communication to ensure employees comprehend the requirements, benefits, and their role and responsibilities for ABAC and corruption risk management; and
- Conduct continual review and improvements on policies and procedures in relation to anti-bribery and anti-corruption.

The HR Manager and Estate Manager periodically meet with management, staff and workers to explain ABAC and whistle blowing policy and confidentiality of information and the whistle blower.

Employees who engage in any corrupt practices shall be subject to disciplinary action and dealt with accordingly. In line with Section 17A of the Malaysian Anti-Corruption Commission Act ("MACC") 2009, the Company's Anti-Bribery & Anti-Corruption Policy & Guidelines was established and approved by the Board, effective as at 1 June 2020. The Anti-Bribery & Anti-Corruption Policy & Guidelines is available on the Company's website.

Whistleblowing Policy & Guidelines

The Whistleblowing Policy & Guidelines aims to provide a structured mechanism for its employees, directors and associates ("reporting individual") to raise or report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Company and to provide reassurance that they shall be protected from reprisals or victimisation for whistleblowing in good faith.

SUSTAINABILITY STATEMENT (cont'd)

1. Economic (cont'd)

Whistleblowing Policy & Guidelines (cont'd)

The Whistleblowing Policy & Guidelines is: -

- To encourage active and moral obligation to report wrongdoings
- To use internal disclosure to report wrongdoings
- To protect the whistleblower
- To ensure appropriate and fair disciplinary actions
- To require that an effective whistleblowing guideline be established and maintained

In line with Section 17A of the Malaysian Anti-Corruption Commission Act (“MACC”) 2009, the Company’s Whistleblowing Policy was revised and approved by the Board, effective as at 1 June 2020. The Whistleblowing Policy & Guidelines is available on the Company’s website.

2. Environmental

Compliance with Environmental Laws and Regulations

From an environmental aspect, the Company is aware and complies with the applicable Malaysian laws and regulation. Under the Environmental Quality Act 1974 (Act 127) Regulation 2005, scheduled waste is properly classified and stored in designated location, and later disposed by the proper waste collector (registered with Department of Environment).

- SW 305 – Spent lubricating oil
- SW 306 – Spent hydraulic oil
- SW 408 - Contaminated soil, sand
- SW 409 – Used pesticide containers and used fertiliser bags arising from the spill of chemicals, mineral oils or scheduled waste
- SW 410 – Used containers, bags or equipment contaminated with chemicals, pesticide, mineral oil or scheduled waste

Under the Pesticides Act 1974 (Act 149), all chemicals and fertilizers are properly labelled, stored and used in the field according to its CHRA recommendation and precautions. Only trained sprayers are allowed to handle and use the chemicals. All necessary safety measures and emergency response plan have been established to tackle potential accidents.

We are aware of the importance of conserving and preserving our natural environment and we embrace good agronomic practices. In plantation management, due care was taken to safeguard the environment. All chemicals used are allowed by the Government, with the dosage applied within recommendations.

In addition, disposal of chemical containers and cleaning of chemical spraying equipment are done in an environmentally and socially responsible manner. Herbicides are not sprayed within 20 metres on either side of the stream. Precautions are taken to avoid dissoluble fertilizers and chemicals from flowing into the stream.

SUSTAINABILITY STATEMENT (cont'd)

2. Environmental (cont'd)

Zero-Burning Policy

We enforce our zero-burning policy in line with best practices. This includes disposals, felled palms, and during the replanting process. Felled trees and other biodegradable materials are used as a form of organic fertiliser. To maintain soil fertility and mitigate erosion, management encourages the use of cover crops and empty fruit bunch mulching.

Chipped oil palm trunks are used as mulch for newly planted palms. Besides being biodegradable, chipped oil palm trunks conserve moisture and act as organic fertiliser when used as mulch, especially beneficial during dry periods.

Illegal Hunting

Illegal or inappropriate hunting, fishing or collecting activities are strictly forbidden in our plantation. Signboards forbidding illegal hunting and fishing are adequately displayed in the estate premises.

Land Conservation

For our road construction and repairs, replanting, construction of terraces and drains, care was taken to avoid soil erosion in affected areas. Rivers were de-silted to mitigate flooding during the monsoon season. The Environmental Impact Analysis (“EIA”) was updated on 1 January 2022 to assess the impact of estate operations.

With the establishment of the Environmental Policy, Kluang Estate formalised its commitment towards protecting and conserving the environment.

Full Traceability and Supply Chain

To ensure sustainable production, our customers and their consumers want to be able to trace the origin of raw materials. As such, we have to provide adequate reassurance to our relevant stakeholders that the FFB sold by the Company meets these standards.

Through the MSPO certification process, “*Traceability and Supply Chain*” processes were established. These processes enable consumers to identify the flow of FFB from harvesting to dispatch.

To reinforce its relevance and our commitment towards best practices, these processes will be audited and reviewed regularly. Focusing on traceability also improves our business operations.

Energy Consumption Efficiency

We recognise the use of diesel in our equipment and machinery. We monitor our energy efficiency through our diesel consumption. Subject to the availability and feasibility of technology, we identify areas for improvement. Whenever possible, we consider the use of solar energy to increase our renewable energy efforts. For instance, solar powered LED lights are currently used for the office building and streetlights.

To ensure optimal performance, preventive and scheduled maintenance on our equipment and machinery is consistently done.

Good Agronomy Practices

Significant initiatives were undertaken to ensure our efforts are in line with best practices. Efforts such as controlling planting density, managing diseases and pests (beneficial plants for the biological control of pests), planting method and fertiliser application controls are part of our conservation efforts in sustaining the land for future generations.

SUSTAINABILITY STATEMENT (cont'd)

2. Environmental (cont'd)

Compliance with Environmental Laws and Regulations (cont'd)

Good Agronomy Practices (cont'd)

Kluang Estate has adopted rotor slashing of harvesters' path on the flatter and undulating sections to conserve moisture, provide organic matter and to reduce the use of chemicals during selective spraying.

Through our EIA, desktop evaluations and field assessments were conducted. In addition to ensuring that high value land and forests areas are identified and protected, our assessment process included a biodiversity assessment and our engagement with local communities. Our policy enables members of the local community to provide feedback on our plantation, and to propose sites for conservation.

As a member of the Malaysian Palm Oil Association ("MPOA"), we are committed to the MPOA Environmental Charter Version 12/2003. By implementing the best agro-management practices, Kluang Rubber consistently strives to ensure that business growth will not be at the expense of the environment, the local community and the wider public.

We strictly review and track the latest regulation on environment through news releases, subscription for legislation amendments tracked by publications - International Law Book Services and circulars from relevant associations (MPOA, MPOB, and MAPA).

We are happy to report Nil (2021: Nil) fines or penalties from violations on environmental laws and regulation for the financial year ended 30 June 2022.

Protecting Biodiversity

The Company continues intensifying our conservation activities through the involvement of local communities and other stakeholders. As wildlife from the forest reserves do encroach in our area, we take extra efforts in protecting and enhancing the level of biodiversity in our plantation. To ensure their survivability and protection, our staff are trained to identify wildlife within the estate. If assessed as a threat, assistance from the Wildlife Department will be sought. In June 2022, we met with the wildlife department to discuss the elephant encroachment near Gunung Lambak and our boundary.

Some unique wildlife species encountered in the estate included the Long-tailed Macaque, the White-throated Kingfisher, the Crested Serpent Eagle, the Reticulated Python and the Purple Heron.

3. Social

We are committed to the principles of Malaysia's local labour regulation and human rights. Kluang Rubber's aim is for employees to work in an environment free of discrimination and harassment, and for our employees and stakeholders to be treated fairly regardless of nationality, gender, age, ethnicity, religion, or family status.

With the establishment of the Good Social Practices Policy, Kluang Estate formalised its commitment towards maintaining a no discrimination practice, and the provision of equal opportunity and treatment to all.

Thriving Employees

Our employees are our most important asset, and we strive to provide the best working conditions to all employees regardless of their nationality, race, or gender. We encourage diversity and equality at work. These benefits will flow through to society in general, as we believe greater equality promotes social stability and supports further economic development.

At the workplace, we continue to focus on the safety and health of our employees by conducting regular briefings on safety and health. In May 2022, a first aid and emergency response training was conducted at Kluang Estate. The Employment Act is strictly implemented to ensure that our employees' welfare is well taken care of.

SUSTAINABILITY STATEMENT (cont'd)

3. Social (cont'd)

Diversity and Equal Opportunity

Our employee profile by nationality, gender and ethnicity are detailed below.

Malaysians represent 68% of our employees. Due to the nature of plantation work, male employees make up the bulk of our workforce. Working in plantations requires workers able to withstand the challenging working conditions. The plantation industry operates in a challenging labour environment and with the Covid-19 pandemic, the process of foreign worker engagement became increasingly challenging. Participation from the local community is greatly encouraged.

In terms of ethnicity, 3% of our employees are Bumiputera and 55% are Indian.

We strive to provide a conducive environment for our workers, and where possible, to adopt the use of machinery and equipment. Personal protective equipment is provided to ensure the safety of our employees.

With the establishment of the Sexual Harassment and Violence Policy, Kluang Estate formalised its commitment towards protecting its employees from all forms of sexual harassment and violence at the workplace.

Board Diversity Policy

The purpose of the Board Diversity Policy is to set out the approach to achieve the objective of the Board having the diversity of perspectives, experiences and skills necessary for effective governance. The Company views increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives. Appointment of Board members are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

The Board Diversity Policy is available on the Company's website.

Employee Engagement

We recognise the importance of good communication. Critical importance is placed on matters concerning changes in working practices and procedures.

The Human Resource ("HR") Manager is responsible for establishing two-way communication between management and all employees: -

- 1-to-1 meeting with staff held periodically to identify problems.
- Weekly meetings held between estate management and staff to resolve work related issues and to ensure work programmes are carried out without delays.
- Quarterly Joint Consultative meetings held by management with workers in the presence of the HR Manager to identify problems faced by workers and corrective measures to be taken. Similarly, quarterly meetings are also held with management.
- HR provides counselling for employees with social or emotional concerns.

SUSTAINABILITY STATEMENT (cont'd)

3. Social (cont'd)

Employee Engagement (cont'd)

On matters arising at the workplace, consultation involves all employees as far as reasonably practicable. Managers are responsible for ensuring that consultation and communication is a fundamental element. With that said, effective communication is a collective responsibility, with everyone having a responsibility towards achieving effective engagement. Procedures for employees to engage in this process were established for effective communication: -

- Request and Response - upon written request, management to provide non-confidential information in the appropriate language.
- Consultation and Communication – periodical meetings/consultations held to resolve complaints and to disseminate information.
- Complaints and Grievances Procedure – a grievance procedure was established and documented in the Company handbook for employees to channel their complaints/grievances to management which, in turn will resolve these complaints or grievances in an appropriate manner (with due consultations) and shall communicate its findings/solutions to the aggrieved employee, apart from appropriate action.

Employee Benefits

We place significant importance in providing our employees and their families in our estate with quality facilities and amenities to live and work comfortably. Over the years, the estate's infrastructure was upgraded, with all upgrades complying with the relevant regulations. The Company is also sensitive to the needs of employees and provides places of worship and recreational facilities.

In the financial year ended 30 June 2022, in addition to renovations to the office and staff quarters, prompt repairs to the workers' quarters were also conducted.

A Medical Officer visit to the estate is arranged monthly.

The Company values the importance of education and encourages continual learning among our employees and their children.

By providing areas for planting, employees are encouraged to maintain a vegetable garden. In addition to promoting a sustainable lifestyle, this also provides an economical and healthy food source for our workers.

Benefits for full-time employees include: -

- Child Allowance
- Annual leave & paid holidays as stipulated under the Employment Act
- EPF, SOCSO, EIS
- Accommodation, Water & Electricity Supply
- Retirement gratuity
- Transport allowance for field executives/staff
- Reimbursements for executives/staff who have successfully completed approved study courses

Compliance with Labour Regulation

It was notable to highlight from May 2022 onwards, the minimum wage increased to RM 1,500/month.

SUSTAINABILITY STATEMENT (cont'd)

3. Social (cont'd)

Employee Training

The Company is committed to ensure its employees continue to develop their competencies and skills. All employees will have access to training and development to enable them to acquire the knowledge, skills and attitudes necessary to develop their needs and potential on the job and contribute towards Company's future growth.

Quarterly occupational safety and health meetings are held by the management together with the HR Manager to discuss workplace safety issues. The HR Manager, who is responsible for establishing a safe working environment, will discuss relevant issues with the management and will also make field visits to monitor workplace safety.

Employees are provided training on the handling new equipment and are constantly given guidance on safety and use of safety equipment according to OSH requirements. Employees are also briefed on the identification and mitigation of potential operational risks and hazards. Our trainings are focused on practical aspects of the safety and health components.

In addition, our HR Manager is responsible for the following: -

- Conducts training for employees to understand company policy and relevant laws (Employment act 1955, etc.)
- Arrange and coordinate training activities including sourcing external trainers.
- OSHA trainings and documentations (notification of accidents to SOCSO and Safety Department)
- Safety checks on all existing buildings
- Orientation/induction programmes for new employees.

With the establishment of the Occupational Safety and Health Policy, Kluang Estate formalised its commitment towards employee health, safety and welfare. We value workplace safety and health, and the safety of our employees are of paramount importance.

Occupational Safety and Health

- OSH management
- OSH committee and meetings
- Emergency response plan & emergency response team
- OSH yearly programme
- Workers training needs analysis
- Monthly sprayer health screening by visiting medical officer
- Yearly sprayer medical surveillance
- Yearly foreign worker medical check-up (FOMEMA)
- Hazard identification, risk assessment and incident investigation by the Manager and his team
- HIRARC
- OSH training - provided for various work units, carried out by the Manager and his team, assisted by external professionals

SUSTAINABILITY STATEMENT (cont'd)

3. Social (cont'd)

COVID-19 Pandemic

The protracted pandemic impacted our plantation operations especially in the area of foreign workers recruitment.

In addition to the development and implementation of standard operational procedures to manage the pandemic, social and commercial activities were also significantly disrupted. Strict health and safety protocols in line with regulatory guidelines were put in place to reduce the risk of COVID-19 in our operations. The health and safety of our employees and stakeholders are of the highest priority.

Community Engagement (Community Social Responsibility)

The Company commits itself towards involvement in the local community. Below are some of our efforts over the year to support the community: -

Annual Luncheon – To appreciate the hard work of all employees, an annual luncheon was organised in conjunction with Malaysia Day, in accordance with the COVID-19 guidelines.

Annual Donation to Temple – To support the temple festival, Kluang Estate contributes to the temple.

Community Use of Estate – With the necessary approvals and guidelines in place, Kluang Estate allows members of the community to use the field for training.

Estate Welfare – Face masks were provided for all employees.

Merdeka Day – To commemorate Merdeka Day, the Company prepared goodie bags for all local Malaysian workers.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of Directors is pleased to present the Statement on Risk Management and Internal Control pursuant to Paragraph 15.26 (b) of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements, which outlines Kluang Rubber Company (Malaya) Berhad's ("Kluang Rubber") key elements of internal control system for the financial year ended 30 June 2022.

Board Responsibility

The Board acknowledges its responsibility in maintaining a sound system of internal controls and risk management practices to safeguard shareholders' investment and Kluang Rubber's assets, and for reviewing the adequacy and integrity of the system. The Board recognizes this is a concerted and on-going process, whereby such a system is designed to manage rather than eliminate the risk of failure.

In pursuing these objectives, the system of internal controls can only provide reasonable and not absolute assurance against any material misstatement or loss.

Risk Management Framework

The Board regards risk management as an integral part of business operations. The Board confirms there is a continuous process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of business objectives via the Board, the Audit Committee ("AC") with the assistance of the outsourced internal auditors, and the Risk Management Committee ("RMC").

In 2018, the RMC comprising exclusively of Independent Directors, was established. The RMC committed to oversee Kluang Rubber's risk management framework and policies. The RMC met once (1) during the financial year ended 30 June 2022.

For the financial year ended 30 June 2022, an enterprise risk management assessment was completed with the principal risks and uncertainties classified into five (5) categories: -

- Strategic risk
- Operational risk
- Financial risk
- Compliance risk
- IT risk

A review on the adequacy and effectiveness of risk management and internal control system is undertaken on a continuous basis. For the financial year ended 30 June 2022, the RMC reviewed Kluang Rubber's risk management profile and the Board is satisfied the risk management and internal control system in place is adequate and effective.

No major internal controls weaknesses were identified during the financial year under review that requires disclosure in the Annual Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

Internal Audit

Considering the nature and size of our assets and operations, the internal audit function is supported by an independent professional firm, which provides assurance to the AC on the adequacy and integrity of internal control system in the discharge of the AC's duties and responsibilities. This external independent service provider reports directly to the AC.

The internal audit reviews the internal audit control systems with an annual internal audit plan presented to the AC for approval. In 2022, the Board engaged an independent consultant to complete an enterprise risk management assessment. The Enterprise Risk Management assessment conducted was based on principles and best practices as guided by COSO's Enterprise Risk Management Framework and ISO31000, which led to the development of a two (2) year risk-based internal audit plan, formulated based on key auditable areas aligned with key risks.

A summary of the main activities undertaken by the internal auditors during the financial year are as follows: -

- Prepared and developed the annual risk based internal audit for the AC's approval.
- Conducted the internal audit in accordance with the approved internal audit plan for: -
 - Plantation Operation
 - Related Party Transactions
 - Investment Management
 - Information Technology General Controls
- Issued internal audit report to the AC, with copies extended to Management, identifying weaknesses and issues, and highlighting opportunities for improvement.

Internal Audit Fees FY2022 (RM '000)	Group	Company
Fees	126	50

The AC with the assistance of the outsourced internal auditors annually reviews Kluang Rubber's system of internal controls identified in the scope of its annual internal audit plan. The outsourced internal auditors independently review the risk identification procedures and control processes implemented by the management. Any significant weaknesses identified during the reviews, together with the improvement measures to strengthen the internal controls were reported to the AC. To the extent practicable, Management will act towards resolving the issues raised by the internal auditors.

Anti-Bribery & Anti-Corruption Policy & Guidelines

The main objectives of Kluang Rubber's Anti-Bribery & Anti-Corruption ("ABAC") Policy & Guidelines are: -

- To ensure the policies and guidelines or practices are oriented towards embedding ABAC stance organisation wide, with guidance from Guideline on Adequate Procedures and requirements of Malaysian Anti-Corruption Commission ("MACC") Act 2009, introduced via the MACC (Amendment) Act 2018;
- To ensure adequate and standardised ABAC policies and guidelines are consistently applied; and
- To ensure business operations strictly adhere to the ABAC Policy & Guidelines.

Kluang Rubber adopts a zero-tolerance approach towards all forms of bribery and corruption.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)

Anti-Bribery & Anti-Corruption Policy & Guidelines (cont'd)

Kluang Rubber promotes the value of good governance and integrity in carrying out its business activities and is committed to: -

- Establish, maintain, and periodically review an ABAC programme which includes clear policies and objectives that adequately address corruption risks;
- Promote the values of integrity and good corporate governance in all business dealings. All employees are expected to comply with all applicable laws and regulations including internal policies pertaining to ABAC;
- Create and maintain a trusted and confidential whistleblowing channel in relation to the reporting of suspected and/or real corruption incidents or inadequacies in the anticorruption compliance programme; Provide adequate training, awareness and communication to ensure employees comprehend the requirements, benefits, and their role and responsibilities for ABAC and corruption risk management; and
- Conduct continual review and improvements on policies and procedures in relation to anti-bribery and anti-corruption.

Employees who engage in any corrupt practices shall be subject to disciplinary action and dealt with accordingly.

In line with Section 17A of the Malaysian Anti-Corruption Commission Act (“MACC”) 2009, the Company’s Anti-Bribery & Anti-Corruption Policy & Guidelines was established and approved by the Board, effective as at 1 June 2020.

A copy of the Anti-Bribery & Anti-Corruption Policy & Guidelines is available on the Company’s website.

Whistleblowing Policy & Guidelines

The Whistleblowing Policy & Guidelines aims to provide a structured mechanism for its employees, directors and associates (“reporting individual”) to raise or report suspected and/or known misconduct, wrongdoings, corruption and instances of fraud, waste, and/or abuse involving the resources of the Company and to provide reassurance they shall be protected from reprisals or victimisation for whistleblowing in good faith.

The Whistleblowing Policy & Guidelines is: -

- To encourage active and moral obligation to report wrongdoings
- To use internal disclosure to report wrongdoings
- To protect the whistleblower
- To ensure appropriate and fair disciplinary actions
- To require an effective whistleblowing guideline be established and maintained

In line with Section 17A of the Malaysian Anti-Corruption Commission Act (“MACC”) 2009, the Company’s Whistleblowing Policy was revised and approved by the Board, effective as at 1 June 2020.

A copy of the Whistleblowing Policy & Guidelines is available on the Company’s website.

Other Key Elements of Internal Control

Other key elements of Kluang Rubber’s system of internal control are as follows: -

- An appropriate organizational structure, which enables adequate monitoring of the activities and ensures effective flow of information.
- Responsibilities are clearly defined and delegated to the committees of the Board.
- Key processes are governed by policies and procedures.
- Various support functions comprising administration, corporate affairs, finance, and treasury are centralized to ensure uniform policies and procedures.
- Estimates are prepared for the coming year which are reviewed by the Board.
- Information covering the financial performance against the estimates are provided to the Board quarterly, together with key operational performance indicators.
- Quarterly and annual financial statements are reviewed by the AC which then recommends to the Board for approval prior to submission to Bursa Malaysia.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (cont'd)**Board's Conclusion**

Overall, based on the Board's assessment of the risk management and internal control system, the Board is satisfied the process of identifying, evaluating and managing significant risks that may affect the achievement of business objectives is in place to provide reasonable assurance. The Board and the AC have undertaken an assessment of the adequacy and effectiveness of the internal control system. Kluang Rubber will strive to ensure the system of internal controls will be continuously enhanced and will seek regular assurance on the effectiveness and soundness of the internal control systems through appraisals by the internal and external auditors.

The level of risk tolerance and risk management policies are determined by the Board. The Board and Management are responsible for overseeing the risk management framework and policies, including reviewing business and operational activities to identify areas of significant risk. The Board also looks into the system of internal controls and measures taken to mitigate such risks. After reviewing the Internal Auditors' report, the Board is pleased to report there were no significant internal control deficiencies for areas that have been reviewed.

Considering our assets and operations, and based on the internal controls established and maintained, work performed by the internal and external auditors, the review of the key risks performed by Management, the AC, the RMC and the Board, the Board with the concurrence of the AC, is of the opinion Kluang Rubber's internal controls are adequate as at 30 June 2022.

The Board received assurance from the Executive Director and the Senior Finance Manager that Kluang Rubber's internal control and risk management system is operating adequately and effectively, in all material aspects, based on the adopted framework.

The Statement on Risk Management and Internal Control was reviewed and approved by the Board.

Review by the External Auditors

In addition, in accordance with the paragraph 15.23 of the Listing Requirements of Bursa Malaysia, the external auditors have reviewed this Statement on Risk Management and Internal Control and reported nothing has come to their attention that caused them to believe the contents of this Statement is inconsistent with their understanding of the actual processes carried out.

AUDIT COMMITTEE REPORT

Composition and Meeting Attendance

The Audit Committee (“AC”) comprises of three (3) members, all of whom are Independent Non-Executive Directors. The Chairman of the AC is not the Chairman of the Board.

The AC composition meets the requirements of Paragraph 15.09 and 15.10 of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Securities, which set out that the AC must be comprised of not fewer than three (3) members, all of whom must be non-executive directors, with the Chairman and a majority of the members being independent directors and at least one (1) member of the AC must be a member of the Malaysian Institute of Accountants. No alternate director is appointed as a member of the AC.

Mr Wun Mow Sang who is a member of Malaysian Institute of Accountants was appointed to the Board and Board Committees with effect from 1 July 2021. On 30 August 2021, Mr Wun Mow Sang was re-designated as Chairman of the AC.

During the financial year ended 30 June 2022, the AC convened six (6) meetings. Details of the composition of the AC and attendance by each member at the AC meetings are as follows: -

Name/Status of Directorship	Number of Meetings	
	Held During Tenure in Office	Attended
Mr Wun Mow Sang Chairman / Independent Non-Executive Director	6	6
Mr Chew Khat Khiam Albert Member / Independent Non-Executive Chairman	6	6
Mr Tay Beng Chai Member / Independent Non-Executive Director	6	6

The Company Secretaries, being the Secretaries of the AC, attended all the meetings held during the financial year. Upon invitation, the Executive Deputy Chairman, Executive Directors and related management personnel and representatives of the External Auditors also attended the meetings for matters that required their input. The Chairman engages on a continuous basis with senior management of the Company on all matters affecting the Company.

During the year under review, the Board, via the Nominating Committee, performed the annual assessment on the term of office and performance of the AC and each of its members pursuant to Paragraph 15.20 of the Listing Requirements of Bursa Securities. The Board is satisfied that the AC and each of its members have discharged their responsibilities and duties in accordance with the AC’s Terms of Reference (“TOR”). The responsibilities and duties of the AC are set out in the AC’s TOR (last reviewed on 27 August 2021 and approved by the Board on 27 August 2021) and is available on the Company’s website.

The Chairman of the AC reports to the Board on matters deliberated during the AC meetings and the recommendations of the AC for the Board’s consideration and approval.

AUDIT COMMITTEE REPORT (cont'd)

Summary of Activities of the AC during the Financial Year

For the financial year ended 30 June 2022, the AC in the discharge of its functions and duties as set out in its Terms of Reference, carried out the following main activities: -

(a) Financial Statements and Reporting

1. Reviewed and discussed the unaudited quarterly financial reports of the Company with the management at the scheduled quarterly AC meetings and recommended the same to the Board for consideration and approval before release to Bursa Securities.
2. Reviewed the information covering the financial performance against the estimate together with key operational performance indicators on estate operations at the scheduled quarterly AC meetings and reported the same to the Board for notation.

(b) External Audit

1. Reviewed and deliberated reports issued by the External Auditors - Messrs Ernst & Young PLT, on significant findings and remedial actions to be taken by the management to address the issues raised arising from the statutory audit and the key audit matters raised by the External Auditors at the AC meetings.
2. Reviewed the proposed audit plan and proposed audit remuneration for the year under review to ensure that the scope of work adequately covers the activities of the Company.
3. Reviewed with the external auditors the audited financial statements, the results of the audit, audit report and recommendations, and recommended the same to the Board for approval before release to Bursa Securities.
4. Reviewed and discussed the new developments on accounting standards issued by the Malaysian Accounting Standards Board and its adoption and impact to the financial statements.
5. Evaluated and deliberated on the re-appointment of the external auditors for the next financial year and recommended the same to the Board for approval.

(c) Internal Audit

1. Reviewed and deliberated on internal audit reports, which highlighted the audit issues and recommendations as well as the Management's action plan thereto, to ensure that appropriate actions had been taken to address the issues raised.
2. The AC also evaluated the performance and effectiveness of the outsourced internal audit function pursuant to Paragraph 15.12 of the Listing Requirements of Bursa Securities, which included the scope, functions, competency and resources of the internal audit function.
3. Reviewed and approved the annual internal audit plan of the internal audit for the next financial year, to ensure the adequacy of the scope, coverage of work and sufficient resources requirements of the outsourced internal audit function to perform its work.

(d) Related Party Transactions

1. Reviewed the recurrent related party transactions ("RRPT") of a revenue and trading nature entered into by the Company at the scheduled quarterly AC meetings to ensure the transactions were fair, reasonable, on normal commercial terms, not detrimental to the interests of the minority shareholders and in the best interest of the Company and recommended the same to the Board for consideration and approval. Where mandate is obtained from shareholders for RRPT, the AC reviews the RRPT transactions are within the shareholders' mandate.

AUDIT COMMITTEE REPORT (cont'd)

Summary of Activities of the AC during the Financial Year (cont'd)

(e) Annual Reporting

1. Discussed and recommended to the Board for approval, the Statement on Risk Management and Internal Control, the AC Report and Directors' Responsibility Statement in relation to the Audited Financial Statements for inclusion in the Annual Report.
2. Reviewed the extent of compliance with the relevant provisions set out under the MCCG for the purpose of preparing the Corporate Governance Overview Statement and Corporate Governance Report ("CG Report") and recommended the same for the Board's approval to announce together with Annual Report to Bursa Securities.

External Auditors

The Board established a formal and transparent arrangement with the external auditors of the Company through the AC. The external auditors and management representatives are present to answer questions and provide explanations to the AC.

The AC communicated directly and independently with the external auditors quarterly and where necessary. The AC had discussions with the external auditor to discuss issues arising from interim and final audits, or any other matters which the external auditors may wish to discuss in the absence of management.

The Company's independent external auditors - Messrs Ernst & Young PLT, play an essential role by enhancing the reliability of the Company's financial statements and by giving assurance of that reliability to users of the financial statements.

External Auditors Fees FY2022 (RM '000)	Group	Company
Audit Fees	227	84
Non-Audit Fees	176	69

Based on the above, the AC was satisfied with the external auditor's competency and independence to further recommend to the Board Messrs Ernst & Young PLT's re-appointment for the coming financial year. The role of the AC in relation to the external auditors is stated in the AC Report.

This Statement is made in compliance with Paragraphs 15.25 of the Bursa Malaysia Securities Berhad's Listing Requirements and approved by the Board on 12 October 2022.

Internal Audit Function

The Committee is aware that an independent and adequately resourced internal audit function is essential to assist in obtaining the assurance it requires regarding the effectiveness of the system of internal control.

The main role of the internal audit function is to review the effectiveness of the system of internal control, and this is performed with impartiality, proficiency, and due professional care.

Considering the nature and size of our assets and operations, the internal audit function is supported by an independent professional firm – Mazars LLP, which provides assurance to the AC on the adequacy and integrity of internal control system in the discharge of the AC's duties and responsibilities. This external independent service provider reports directly to the AC.

The internal auditor's audit plan, nature and scope of the internal audit were approved by the AC prior to the commencement of their audit based on the Company's requirements aimed at optimising the effectiveness and efficiency of the Company's internal control. The internal auditors' report was received by the Committee, discussed and recommendations implemented, where necessary and appropriate, to tighten the Company's internal control procedures.

AUDIT COMMITTEE REPORT (cont'd)

Internal Audit Function (cont'd)

The Internal Audit Plan for the financial year ended 2022 focused on: -

- Plantation Operations
- Related Party Transactions
- Investment Management
- Information Technology General Controls

The Internal Audit Report 2022 was presented to the AC and actionable steps were taken to ensure that the issues highlighted were addressed to the extent practicable.

In 2022, the Board engaged an independent consultant to complete an enterprise risk management assessment. The Enterprise Risk Management assessment conducted was based on principles and best practices as guided by COSO's Enterprise Risk Management Framework and ISO31000, which led to the development of a two (2) year risk-based internal audit plan, formulated based on key auditable areas aligned with key risks.

Internal Auditors Fees FY2022 (RM '000)	Group	Company
Fees	126	50

PROFILE OF DIRECTORS

CHEW KHAT KHIAM ALBERT

Position	Independent Non-Executive Chairman
Gender	Male
Age	65
Nationality	Australian
Work Experience/Occupation	<ul style="list-style-type: none"> a) Group CFO of Sinwa Limited (2010 – 2013) b) Group CFO of Boardroom Limited (2007 – 2010) c) Finance Director of Gennon Group (2001 – 2007) d) Founding Partner of Chew & Chiu Chartered Accountants Sydney (1989-2001) e) Ernst & Young, Singapore & Sydney (1981-1989)
Qualification/Professional body	<ul style="list-style-type: none"> a) Fellow of the Chartered Accountants Australia and New Zealand b) Fellow of the Hong Kong Institute of Certified Public Accountants c) Fellow of the Financial Services Institute of Australasia d) Chartered Accountant of the Institute of Singapore Chartered Accountants e) Member of the Australian Institute of Managers and Leaders f) Member of the Singapore Institute of Directors g) Bachelor of Commerce, University of New South Wales (1980)
Date of Appointment	10 October 2016
Details of any board committee to which Director belongs	<ul style="list-style-type: none"> a) Member of Audit Committee b) Member of Nomination Committee c) Member of Remuneration Committee d) Chairman of Risk Management Committee
Directorship in other Bursa listed companies	<ul style="list-style-type: none"> a) Sungei Bagan Rubber Company (Malaya) Berhad b) Kuchai Development Berhad
Securities holding in the Company (as at 30 September 2022)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil
List of convictions for offences (other than traffic offences) within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies, if any	Nil

PROFILE OF DIRECTORS (cont'd)

LEE CHUNG-SHIH JUSTIN

Position	Executive Deputy Chairman
Gender	Male
Age	60
Nationality	Singaporean
Work Experience/Occupation	a) Executive Director, Malaysia Public Listed Companies b) Executive Director, Public Non-listed Real Estate Investment Company c) Director, Public Non-listed Licenced Trust Company
Qualification/Professional body	B. Sc., International Business
Date of Appointment	19 February 1990
Details of any board committee to which Director belongs	Nil
Directorship in other Bursa listed companies	a) Sungei Bagan Rubber Company (Malaya) Berhad b) Kuchai Development Berhad
Securities holding in the Company (as at 30 September 2022)	Direct interest of 39,108 shares and deemed interest of 27,798,890 shares in the Company equivalent to 0.06% and 44.62% respectively
Relationship with other Directors and/or substantial shareholders	Son of Lee Thor Seng and brother of Lee Yung-Shih Colin
Conflict of interest with the Company	Nil
List of convictions for offences (other than traffic offences) within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, if any	Nil

PROFILE OF DIRECTORS (cont'd)

TAY BENG CHAI

Position	Independent Non-Executive Director
Gender	Male
Age	61
Nationality	Singaporean
Work Experience/Occupation	<ul style="list-style-type: none"> a) Was in professional legal practice since 1986 until retirement from practice in June 2021 b) Was Managing Partner of Tay & Partners, Malaysia c) Was Partner of Bird & Bird ATMD LLP d) A lawyer of over 30 years with extensive corporate and commercial experience in Malaysia and Singapore
Qualification/Professional body	<ul style="list-style-type: none"> a) LL.B (Hons) Second Upper, National University of Singapore in 1985 b) Admitted as an Advocate & Solicitor, High Court of Singapore in 1986 c) Admitted as an Advocate & Solicitor, High Court of Malaya in 1989 d) Fellow of the Singapore Institute of Arbitrators
Date of Appointment	4 December 2014
Details of any board committee to which Director belongs	<ul style="list-style-type: none"> a) Member of Audit Committee b) Chairman of Nominating Committee c) Chairman of Remuneration Committee d) Member of Risk Management Committee
Directorship in other Bursa listed companies	<ul style="list-style-type: none"> a) Sungei Bagan Rubber Company (Malaya) Berhad b) Kuchai Development Berhad
Securities holding in the Company (as at 30 September 2022)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil
List of convictions for offences (other than traffic offences) within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies, if any	Nil

PROFILE OF DIRECTORS (cont'd)

WUN MOW SANG

Position	Independent Non-Executive Director
Gender	Male
Age	64
Nationality	Malaysian
Work Experience/Occupation	Over 30 years working experience and retired as a partner of Ernst & Young in June 2018
Qualification/Professional body	a) Member of Malaysian Institute of Certified Public Accountants c) Member of Malaysian Institute of Accountants d) Member of Association of Certified Chartered Accountants
Date of Appointment	1 July 2021
Details of any board committee to which Director belongs	a) Chairman of Audit Committee b) Member of Nomination Committee c) Member of Remuneration Committee d) Member of Risk Management Committee
Directorship in other Bursa listed companies	a) Sungei Bagan Rubber Company (Malaya) Berhad b) Kuchai Development Berhad
Securities holding in the Company (as at 30 September 2022)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil
List of convictions for offences (other than traffic offences) within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies, if any	Nil

PROFILE OF DIRECTORS (cont'd)

CHEONG MUN HONG

Position	Executive Director
Gender	Male
Age	36
Nationality	Singaporean
Work Experience/Occupation	a) Executive Director, Malaysia Public Companies b) Investment Analyst, Public Non-listed Licensed Trust Company
Qualification/Professional body	a) Bachelor of Engineering (BEng), Nanyang Technological University b) Holder of the right to use the CFA® designation
Date of Appointment	1 March 2015
Details of any board committee to which Director belongs	Nil
Directorship in other Bursa listed companies	a) Sungei Bagan Rubber Company (Malaya) Berhad b) Kuchai Development Berhad
Securities holding in the Company (as at 30 September 2022)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil
List of convictions for offences (other than traffic offences) within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies, if any	Nil

PROFILE OF DIRECTORS (cont'd)

MUGANA KERISNAN A/L KARPIAH

Position	Executive Director
Gender	Male
Age	63
Nationality	Malaysian
Work Experience/Occupation	Executive Director, Malaysia Public Companies
Qualification/Professional body	a) Chairman of Malaysia Palm Oil Association (Kelantan) (2015 - 2021) b) Deputy Chairman of Incorporated Society of Planters (2015 - 2017) c) Bachelor of Agricultural Science, University Pertanian Malaysia
Date of Appointment	1 January 2021
Details of any board committee to which Director belongs	Nil
Directorship in other Bursa listed companies	a) Sungei Bagan Rubber Company (Malaya) Berhad b) Kuchai Development Berhad
Securities holding in the Company (as at 30 September 2022)	Nil
Relationship with other Directors and/or substantial shareholders	No family relationship with other Directors and/or substantial shareholders of the Company
Conflict of interest with the Company	Nil
List of convictions for offences (other than traffic offences) within the past 5 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies, if any	Nil

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 30 June 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company consist of the production and sale of fresh oil palm fruit bunches. The Company is also a long term portfolio investor in securities.

The principal activities and other information on the subsidiaries are described in Note 14 to the financial statements.

RESULTS

	Group RM	Company RM
(Loss)/profit net of tax	(16,148,093)	4,919,963
Attributable to:		
Owners of the parent	(9,453,267)	4,919,963
Non-controlling interest	(6,694,826)	-
	(16,148,093)	4,919,963

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 Note 14 to the financial statements.

DIVIDENDS

The amounts of dividends paid by the Company since 30 June 2021 were as follows:

	Amount RM	Net dividend per share Sen
<u>In respect of the financial year ended 30 June 2021</u>		
First and final tax exempt (single tier) dividend on 62,582,877 ordinary shares, declared on 8 October 2021 and paid on 30 December 2021	625,829	1.00
Bonus tax exempt (single tier) dividend on 62,582,877 ordinary shares, declared on 8 October 2021 and paid on 30 December 2021	1,345,533	2.15
	1,971,362	3.15

DIRECTORS' REPORT (cont'd)

DIVIDENDS (cont'd)

At the forthcoming Annual General Meeting, the following dividend in respect of the current financial year ended 30 June 2022 on 62,414,577 ordinary shares, will be proposed for shareholders' approval.

	Amount RM	Net dividend per share Sen
First and final tax exempt single-tier dividend	624,146	1.00
Bonus Tax exempt (single-tier) dividend	1,061,048	1.70
	<hr/>	<hr/>
	1,685,194	2.70
	<hr/>	<hr/>

The financial statements for the current financial year do not reflect this proposed dividend. The dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2023.

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:

Lee Chung-Shih Justin**
Mugana Kerisnan A/L Karpiah**
Tay Beng Chai**
Cheong Mun Hong**
Chew Khat Khiam Albert**
Wun Mow Sang**

**These directors are also directors of certain subsidiaries.

The name of the corporate director of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) is:

Kirkliston Limited

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 the 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 as shown in Note 7 to the financial statements or the fixed salary of a full-time employee of the Company) 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 30 to the financial statements.

DIRECTORS' INDEMNITY

During the financial year, the directors and officers of Kluang Rubber Company (Malaya) Berhad, are covered under the Directors' and Officers' Liability Insurance ("D&O Insurance") in respect of liabilities arising from acts committed in their respective capacity as, inter alia, the directors and officers of the Group subject to the terms of the D&O Insurance policy. The total amount of D&O Insurance effected and premium paid for the directors and officers of the Group were RM8,000,000 and RM23,200 respectively.

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 shares in the Company and its related corporations during the financial year were as follows:

	← Number of ordinary shares →			30 June 2022
	1 July 2021	Bought	Sold	
The Company				
Lee Chung-Shih Justin				
- Direct interest	39,108	-	-	39,108
- Indirect interest	27,798,890	-	-	27,798,890
Subsidiaries				
<u>Sungei Bagan Rubber Company (Malaya) Berhad</u>				
Lee Chung-Shih Justin				
- Direct interest	35,438	-	-	35,438
- Indirect interest	38,949,833	-	-	38,949,833
<u>Kuchai Development Berhad</u>				
Lee Chung-Shih Justin				
- Direct interest	237,482	-	-	237,482
- Indirect interest	64,150,641	-	-	64,150,641

Lee Chung-Shih Justin, by virtue of his interest in the Company, is deemed interested in the shares of all the Company's subsidiaries 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 shares in the Company during the financial year.

TREASURY SHARES

During the financial year, the Company purchased a total of 252,900 (2021: 296,300) ordinary shares of its issued share capital from the open market. The total consideration paid for the purchase, including transaction costs, was RM1,036,075 (2021: RM996,381) and was financed by internally generated funds. The purchased shares are held as treasury shares in accordance with the provisions of Section 127(4) of the Companies Act 2016.

As at 30 June 2022, the Company held as treasury shares a total of 757,400 of its 63,171,977 issued ordinary shares. Such treasury shares are held at a carrying amount of RM2,733,791 and further relevant details are disclosed in Note 26(b) to the financial statements.

OTHER STATUTORY INFORMATION

- (a) Before the 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 allowance for expected credit losses 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 value 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 allowance for expected credit losses 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.

DIRECTORS' REPORT (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

- (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.
- (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 its obligations as and when they fall due; and
 - (ii) other than as disclosed in Note 14 to the financial statements, 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.

SIGNIFICANT EVENT

Details of a significant event are disclosed in Note 14 to the financial statements.

SUBSEQUENT EVENT

Details of a subsequent event are disclosed in Note 14 to the financial statements.

AUDITORS

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

Auditors' remuneration of the Group and of the Company are as follows:

	Group RM	Company RM
Ernst & Young PLT		
- Statutory audit	226,500	83,500
- Other services	176,000	68,600
	226,500	152,100

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 (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 October 2022.

Chew Khat Khiam Albert

Lee Chung-Shih Justin

**STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016**

We, Chew Khat Khiam Albert and Lee Chung-Shih Justin, being two of the directors of Kluang Rubber Company (Malaya) Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 79 to 147 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 30 June 2022 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 12 October 2022.

Chew Khat Khiam Albert

Lee Chung-Shih Justin

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

I, Foo Kim Joke Corinna Rebecca, being the officer primarily responsible for the financial management of Kluang Rubber Company (Malaya) Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 79 to 147 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 Foo Kim Joke Corinna)
Rebecca in the State of Johor Darul)
Takzim on 12 October 2022.)

Foo Kim Joke Corinna Rebecca

Before me,

No. J357
Pengeran Hidayatullah Bin Md Ali
Pesuruhjaya Sumpah
Johor Bahru

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
KLUANG RUBBER COMPANY (MALAYA) BERHAD****Report on the audit of the financial statements***Opinion*

We have audited the financial statements of Kluang Rubber Company (Malaya) Berhad, which comprise the statements of financial position as at 30 June 2022 of the Group and of the Company, and the 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 79 to 147.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2022, 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 Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below.

These matters were addressed in the context of our audit of the financial statements of the Group 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 those 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.

(1) Valuation of investments measured at fair value

(Refer to Notes 2.16, 2.17, and 16 to the financial statements)

As at 30 June 2022, the carrying amount of the Group's investments measured at fair value amounted to approximately RM374,231,000, representing approximately 30% of the Group's total assets. These investments consist of investments in quoted equity instruments, unquoted debt instruments and precious metal which are measured at fair value, with fair value changes recognised in profit or loss or other comprehensive income.

We focused on the valuation of these investments as they represent the most significant element of the total assets in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KLUANG RUBBER COMPANY (MALAYA) BERHAD (cont'd)

Key audit matters (cont'd)

(1) Valuation of investments measured at fair value (cont'd)

(Refer to Notes 2.16, 2.17, and 16 to the financial statements)

Our audit procedures to address this area of focus included amongst others the following procedures:

- i. For investments in quoted equity instruments and precious metal, we corroborated the fair values recorded by management by reference to externally available market data;
- ii. For investments in unquoted debt instruments, we obtained an understanding of the methodology adopted by management in estimating the fair values of these debt instruments and assessed whether such methodology is consistent with those commonly used to value debt instruments.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Annual Report, which is expected to be made available to us after the date of this auditors' report.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF KLUANG RUBBER COMPANY (MALAYA) BERHAD (cont'd)

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.
- 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, related safeguards.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
KLUANG RUBBER COMPANY (MALAYA) BERHAD (cont'd)**

Auditors' responsibilities for the audit of the financial statements (cont'd)

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 financial 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
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Tan Jin Xiang
03348/01/2024 J
Chartered Accountant

Johor Bahru, Malaysia
Date: 12 October 2022

KLUANG RUBBER COMPANY (MALAYA) BERHAD

Registration No. 19590100092 (3441-K)
(INCORPORATED IN MALAYSIA)

A N N U A L R E P O R T 2 0 2 2

**STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	Note	Group		Company	
		2022	2021	2022	2021
		RM	RM	RM	RM
Revenue	4	54,129,673	31,674,148	12,941,706	6,848,210
Other income		14,865	20,650	6,191	840
Changes in inventories		13,244	37,384	4,525	3,278
Employee benefits expenses	5	(4,005,038)	(3,678,473)	(1,487,992)	(1,320,943)
Depreciation		(2,736,378)	(2,674,127)	(454,610)	(445,241)
Subcontract labour costs, fertilizer and chemical costs		(15,965,599)	(14,391,039)	(2,993,906)	(1,972,869)
Foreign exchange differences		(13,475,868)	8,877,456	356,158	43,765
Fair value changes on:					
- investment properties	13	5,889,592	4,947,175	-	-
- biological assets	18	487,572	465,971	293,044	61,559
- investments		(16,194,395)	11,948,639	-	-
Gain on sale of investment		-	3,696,898	-	1,425,322
Gain on compulsory land acquisition		-	11,286,764	-	-
Loss on disposal of bearer plant		-	(8,852)	-	-
Written off:					
- property, plant and equipment		-	(1)	-	(1)
- bearer plants		-	(220,181)	-	-
Finance costs	23	(140,239)	(145,477)	-	-
Other expenses		(9,234,647)	(8,674,075)	(2,835,153)	(2,533,041)
(Loss)/profit from operations	6	(1,217,218)	43,162,860	5,829,963	2,110,879
Share of results of associates	15	(13,484,601)	18,251,738	-	-
(Loss)/profit before taxation		(14,701,819)	61,414,598	5,829,963	2,110,879
Income tax expense	8	(1,446,274)	(824,256)	(910,000)	-
(Loss)/profit for the year		(16,148,093)	60,590,342	4,919,963	2,110,879
Attributable to:					
Equity holders of the parent		(9,453,267)	31,033,785	4,919,963	2,110,879
Non-controlling interest		(6,694,826)	29,556,557	-	-
		(16,148,093)	60,590,342	4,919,963	2,110,879
(Loss)/earnings per share (sen)					
Basic	9(a)	(15.1)	49.5		
Diluted	9(b)	(15.1)	49.5		

**STATEMENTS OF COMPREHENSIVE INCOME (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Other comprehensive income/(loss):					
<i>Items that may be reclassified subsequently to profit or loss (net of tax):</i>					
Investments:					
- Fair value gain/(loss)		1,081,270	(613,081)	-	243,084
- Reclassification to profit or loss		-	(3,696,898)	-	(1,425,322)
Foreign currency translation		32,172,199	(8,290,885)	-	-
		<u>33,253,469</u>	<u>(12,600,864)</u>	<u>-</u>	<u>(1,182,238)</u>
<i>Items that will not be reclassified subsequently to profit or loss (net of tax):</i>					
Fair value changes on investments		(36,546,086)	41,187,897	-	658,103
		<u>(3,292,617)</u>	<u>28,587,033</u>	<u>-</u>	<u>(524,135)</u>
Total other comprehensive (loss)/income for the year, net of tax		<u>(3,292,617)</u>	<u>28,587,033</u>	<u>-</u>	<u>(524,135)</u>
Total comprehensive (loss)/income for the year		<u>(19,440,710)</u>	<u>89,177,375</u>	<u>4,919,963</u>	<u>1,586,744</u>
Attributable to:					
Equity holders of the parent		(3,567,753)	42,263,830	4,919,963	1,586,744
Non-controlling interest		(15,872,957)	46,913,545	-	-
		<u>(19,440,710)</u>	<u>89,177,375</u>	<u>4,919,963</u>	<u>1,586,744</u>

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

**STATEMENTS OF FINANCIAL POSITION
 AS AT 30 JUNE 2022**

	Note	Group 2022 RM	2021 RM	Company 2022 RM	2021 RM
Assets					
Non-current assets					
Property, plant and equipment	10	298,072,368	297,730,983	196,514,284	196,580,509
Right-of-use assets	11	2,739,303	2,902,843	-	-
Bearer plants	12	37,642,372	37,503,605	4,670,542	4,472,699
Investment properties	13	106,782,156	69,369,082	-	-
Investment in subsidiaries	14	-	-	35,612,632	35,612,632
Investment in associates	15	96,897,942	108,888,445	-	-
Investments	16	432,254,290	455,548,815	-	-
		<u>974,388,431</u>	<u>971,943,773</u>	<u>236,797,458</u>	<u>236,665,840</u>
Current assets					
Inventories	17	80,070	66,826	12,146	7,621
Biological assets	18	1,314,232	826,660	493,726	200,682
Trade and other receivables	19	3,015,147	21,923,622	691,558	456,684
Tax recoverable		851,734	400,734	820,800	286,800
Prepayments		772,779	679,567	150,616	119,757
Cash and bank balances	20	266,091,701	237,235,219	31,417,610	29,511,376
		<u>272,125,663</u>	<u>261,132,628</u>	<u>33,586,456</u>	<u>30,582,920</u>
Assets held for sale	21	-	4,122,702	-	-
		<u>272,125,663</u>	<u>265,255,330</u>	<u>33,586,456</u>	<u>30,582,920</u>
Total assets		<u>1,246,514,094</u>	<u>1,237,199,103</u>	<u>270,383,914</u>	<u>267,248,760</u>
Equity and liabilities					
Current liabilities					
Trade and other payables	22	7,385,932	5,846,973	1,977,436	1,555,303
Lease liabilities	23	115,262	109,761	-	-
Tax payable		444,283	208,279	-	-
		<u>7,945,477</u>	<u>6,165,013</u>	<u>1,977,436</u>	<u>1,555,303</u>
Net current assets		<u>264,180,186</u>	<u>259,090,317</u>	<u>31,609,020</u>	<u>29,027,617</u>
Non-current liabilities					
Other payables	22	562,409	488,320	275,601	324,019
Lease liabilities	23	2,614,107	2,729,369	-	-
Retirement benefits	25	102,109	87,661	11,088	21,176
Deferred tax liabilities	24	30,308,600	29,436,000	20,477,000	19,618,000
		<u>33,587,225</u>	<u>32,741,350</u>	<u>20,763,689</u>	<u>19,963,195</u>
Total liabilities		<u>41,532,702</u>	<u>38,906,363</u>	<u>22,741,125</u>	<u>21,518,498</u>

KLUANG RUBBER COMPANY (MALAYA) BERHAD

Registration No. 195901000092 (3441-K)
(INCORPORATED IN MALAYSIA)

A N N U A L R E P O R T 2 0 2 2

**STATEMENTS OF FINANCIAL POSITION (cont'd)
AS AT 30 JUNE 2022**

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Net assets		<u>1,204,981,392</u>	<u>1,198,292,740</u>	<u>247,642,789</u>	<u>245,730,262</u>
Equity attributable to owners of the parent					
Share capital	26(a)	68,387,724	68,387,724	68,387,724	68,387,724
Reserves	27	386,199,572	379,222,350	135,969,305	135,969,305
Retained earnings	28	222,815,476	233,646,903	46,019,551	43,070,950
Treasury shares	26(b)	<u>(2,733,791)</u>	<u>(1,697,717)</u>	<u>(2,733,791)</u>	<u>(1,697,717)</u>
		674,668,981	679,559,260	247,642,789	245,730,262
Non-controlling interests		<u>530,312,411</u>	<u>518,733,480</u>	-	-
		<u>1,204,981,392</u>	<u>1,198,292,740</u>	<u>247,642,789</u>	<u>245,730,262</u>
Total equity and liabilities		<u>1,246,514,094</u>	<u>1,237,199,103</u>	<u>270,383,914</u>	<u>267,248,760</u>

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

KLUANG RUBBER COMPANY (MALAYA) BERHAD
Registration No. 19590100092 (3441-K)
(INCORPORATED IN MALAYSIA)

A N N U A L R E P O R T 2 0 2 2

**STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

Group 2022	Note	Equity, total RM	Equity attributable to owners of the parent, total RM	<----- Non-distributable ----->					----- Distributable ----->		
				Share capital (Note 26) RM	Capital reserve (Note 27) RM	Fair value reserve (Note 27) RM	Foreign currency translation reserve (Note 27) RM	Pooling of interest reserve (Note 27) RM	Treasury shares (Note 26) RM	Retained earnings (Note 28) RM	Non- controlling interests RM
Balance at 1 July 2021		1,198,292,740	679,559,260	68,387,724	196,346,647	119,352,484	63,523,219	-	(1,697,717)	233,646,903	518,733,480
Loss net of tax		(16,148,093)	(9,453,267)	-	-	-	-	-	-	(9,453,267)	(6,694,826)
Other comprehensive (loss)/income for the year		(3,292,617)	5,885,514	-	-	(15,177,660)	21,063,174	-	-	-	(9,178,131)
Total comprehensive (loss)/income for the year		(19,440,710)	(3,567,753)	-	-	(15,177,660)	21,063,174	-	-	(9,453,267)	(15,872,957)
Transfer of fair value reserve upon disposal of equity instruments designated at FVTOCI		-	-	-	-	(1,021,995)	-	-	-	1,021,995	-
Exchange of assets with immediate holding company		32,305,166	1,684,910	-	-	-	428,793	1,684,910	-	(428,793)	30,620,256
Transactions with owners:											
Buy-back of shares	26(b)	(1,036,074)	(1,036,074)	-	-	-	-	-	(1,036,074)	-	-
Dividends to shareholders	29	(1,971,362)	(1,971,362)	-	-	-	-	-	-	(1,971,362)	-
Dividends to non-controlling interests	14(b)	(3,168,368)	-	-	-	-	-	-	-	-	(3,168,368)
Balance at 30 June 2022		1,204,981,392	674,668,981	68,387,724	196,346,647	103,152,829	85,015,186	1,684,910	(2,733,791)	222,815,476	530,312,411

**STATEMENTS OF CHANGES IN EQUITY (cont'd)
 FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

Group 2021	Note	Equity, total RM	Equity attributable to owners of the parent, total RM	Non-distributable					Distributable		
				Share capital (Note 26) RM	Capital reserve (Note 27) RM	Fair value reserve (Note 27) RM	Foreign currency translation reserve (Note 27) RM	Pooling of interest reserve (Note 27) RM	Treasury shares (Note 26) RM	Retained earnings (Note 28) RM	Non- controlling interests RM
Balance at 1 July 2020		1,111,975,110	638,919,426	68,387,724	199,620,666	107,691,861	68,293,145	-	(701,336)	195,627,366	473,055,684
Profit net of tax		60,590,342	31,033,785	-	-	-	-	-	-	31,033,785	29,556,557
Other comprehensive income/(loss) for the year		28,587,033	11,230,045	-	-	15,921,199	(4,691,154)	-	-	-	17,356,988
Total comprehensive income/(loss) for the year		89,177,375	42,263,830	-	-	15,921,199	(4,691,154)	-	-	31,033,785	46,913,545
Transfer of fair value reserve upon disposal of equity instruments designated at FVTOCI		-	-	-	-	(4,260,576)	(78,772)	-	-	4,339,348	-
Transfer of reserve upon compulsory land acquisition		-	-	-	(3,274,019)	-	-	-	-	3,274,019	-
Transactions with owners:											
Buy-back of shares	26(b)	(996,381)	(996,381)	-	-	-	-	-	(996,381)	-	-
Dividends to shareholders	29	(627,615)	(627,615)	-	-	-	-	-	-	(627,615)	-
Dividends to non-controlling interests	14(b)	(1,235,749)	-	-	-	-	-	-	-	-	(1,235,749)
Balance at 30 June 2021		1,198,292,740	679,559,260	68,387,724	196,346,647	119,352,484	63,523,219	-	(1,697,717)	233,646,903	518,733,480

STATEMENTS OF CHANGES IN EQUITY (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Company 2022	Note	<----- Non-distributable ----->				Distributable	
		Total equity RM	Share capital (Note 26) RM	Capital reserve (Note 27) RM	Fair value reserve (Note 27) RM	Treasury shares (Note 26) RM	Retained earnings (Note 28) RM
Balance at 1 July 2021		245,730,262	68,387,724	135,969,305	-	(1,697,717)	43,070,950
Total comprehensive income for the year		4,919,963	-	-	-	-	4,919,963
Balance at 30 June 2022		250,650,225	68,387,724	135,969,305	-	(1,697,717)	47,990,913
Transactions with owners:							
Buy-back of shares	26(b)	(1,036,074)	-	-	-	(1,036,074)	-
Dividends	29	(1,971,362)	-	-	-	-	(1,971,362)
Balance at 30 June 2022		247,642,789	68,387,724	135,969,305	-	(2,733,791)	46,019,551

STATEMENTS OF CHANGES IN EQUITY (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

Company 2021	Note	Total equity RM	Share capital (Note 26) RM	Capital reserve (Note 27) RM	Fair value reserve (Note 27) RM	Treasury shares (Note 26) RM	Retained earnings (Note 28) RM	Distributable	
								<----- Non-distributable ----->	
Balance at 1 July 2020		245,767,514	68,387,724	135,969,305	3,406,676	(701,336)	38,705,145		
Profit net of tax		2,110,879	-	-	-	-	2,110,879		
Other comprehensive loss for the year		(524,135)	-	-	(524,135)	-	-		
Total comprehensive income/(loss) for the year		1,586,744	-	-	(524,135)	-	2,110,879		
Transfer of fair value reserve upon disposal of equity instruments designated at FVTOCI		-	-	-	(2,882,541)	-	2,882,541		
Transactions with owners:									
Buy-back of shares	26(b)	(996,381)	-	-	-	(996,381)	-		
Dividends	29	(627,615)	-	-	-	-	(627,615)		
Balance at 30 June 2021		245,730,262	68,387,724	135,969,305	-	(1,697,717)	43,070,950		

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

**STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Operating activities				
(Loss)/profit before taxation	(14,701,819)	61,414,598	5,829,963	2,110,879
Adjustments for:				
Depreciation of property, plant and equipment	673,256	626,439	245,310	235,941
Depreciation of bearer plants	1,899,582	1,884,147	209,300	209,300
Depreciation of right of use asset	163,540	163,541	-	-
Property, plant and equipment written off	-	1	-	1
Bearer plants written off	-	220,181	-	-
Loss on disposal of bearer plants	-	8,852	-	-
Provision for retirement benefits	36,317	5,759	4,917	4,790
Reversal of retirement benefits	(15,005)	-	(15,005)	-
Dividend income				
from quoted investments	(9,715,976)	(9,009,048)	(2,409,614)	(1,081,700)
Interest income	(1,858,663)	(1,401,931)	(237,287)	(256,803)
Share of results of associates	13,484,601	(18,251,738)	-	-
Unrealised foreign exchange loss/(gain)	13,452,521	(8,886,844)	(372,231)	(48,806)
Interest expenses	140,239	145,477	-	-
Gain on compulsory land acquisition	-	(11,286,764)	-	-
Gain on disposal of investments	-	(3,696,898)	-	(1,425,322)
Fair value changes on:				
- other investments	16,194,395	(11,948,639)	-	-
- biological assets	(487,572)	(465,971)	(293,044)	(61,559)
- investment properties	(5,889,592)	(4,947,175)	-	-
Operating cash flows before working capital changes	13,375,824	(5,426,013)	2,962,309	(313,279)
Receivables	(62,359)	(721,245)	(223,208)	(215,869)
Prepayments	(60,100)	(166,025)	(30,859)	4,557
Inventories	(13,244)	(37,384)	(4,525)	(3,278)
Payables	1,555,623	369,195	373,715	430,440
Cash flows generated from/ (used in) operations	14,795,744	(5,981,472)	3,077,432	(97,429)
Retirement benefits paid	(6,864)	(4,075)	-	-
Taxes paid	(900,294)	(332,600)	(585,000)	(103,760)
Taxes refunded	2,746	363,375	-	363,375
Net cash flows generated from/ (used in) operating activities	13,891,332	(5,954,772)	2,492,432	162,186

STATEMENTS OF CASH FLOWS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Investing activities				
Proceeds from disposal of investments	3,208,618	17,226,714	-	6,581,027
Investment in gold bullion	-	(9,524,119)	-	-
Dividends received	9,715,976	9,009,048	2,409,614	1,081,700
Dividends received from associate	4,119,413	1,493,600	-	-
Interest income received	2,096,553	2,334,968	225,621	280,040
(Placement)/uplift of fixed deposits with maturity exceeding 90 days	(82,662,880)	56,618,007	(7,105,476)	(1,178,786)
Investment in bonds	(21,648,132)	-	-	-
Purchase of property, plant and equipment	(1,014,485)	(1,558,638)	(179,085)	(92,338)
Addition of bearer plants	(2,038,349)	(1,452,989)	(407,143)	(697,968)
Net cash inflow on asset exchange with immediate holding company	980,220	-	-	-
Proceeds from compulsory land acquisition by government in prior year	19,267,660	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash flows (used in)/generated from investing activities	(67,975,406)	74,146,591	(5,056,469)	5,973,675
	<hr/>	<hr/>	<hr/>	<hr/>
Financing activities				
Dividends paid to shareholders	(1,971,362)	(627,615)	(1,971,362)	(627,615)
Dividends paid to non-controlling interests	(3,168,368)	(1,235,749)	-	-
Buy-back of shares	(1,036,074)	(996,381)	(1,036,074)	(996,381)
Interest paid	(140,239)	(145,477)	-	-
Repayment of lease liabilities	(109,761)	(104,523)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net cash flows used in financing activities	(6,425,804)	(3,109,745)	(3,007,436)	(1,623,996)
	<hr/>	<hr/>	<hr/>	<hr/>
Net (decrease)/increase in cash and cash equivalents	(60,509,878)	65,082,074	(5,571,473)	4,511,865
Effects of exchange rate changes	6,703,480	708,284	372,231	48,806
Cash and cash equivalents at beginning of year	175,338,171	109,547,813	14,023,750	9,463,079
	<hr/>	<hr/>	<hr/>	<hr/>
Cash and cash equivalents at end of year (Note 20)	121,531,773	175,338,171	8,824,508	14,023,750
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

1. CORPORATE INFORMATION

Kluang Rubber Company (Malaya) Berhad is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The immediate and ultimate holding companies are The Nyalas Rubber Estates Limited and Mixed Holdings (Private) Limited respectively, both incorporated and domiciled in the Republic of Singapore.

The registered office of the Company is located at Suite 9D, Level 9, Menara Ansar, 65 Jalan Trus, 80000 Johor Bahru, Johor. The principal place of business is located at Kluang Estate, Batu 2 Jalan Mengkibol, P.O. Box 64, 86007 Kluang, Johor.

The principal activities of the Company consist of the production and sale of fresh oil palm fruit bunches. The Company is also a long term portfolio investor in securities. The principal activities and other information on the subsidiaries are described in Note 14.

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 for the investment properties, investment in quoted securities, debt instruments and precious metal that have been measured at their fair values. The financial statements are presented in Ringgit Malaysia ("RM").

2.2 Changes of accounting policies

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

On 1 July 2021, the Group and the Company adopted the following Amendments mandatory for annual financial periods beginning on or after 1 January 2021:

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Amendments to MFRS 4 Insurance Contracts: Extension of the Temporary Exemption from Applying MFRS 9	17 August 2020
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2	1 January 2021
Amendment to MFRS 16 Leases - Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021

The directors are of opinion that the adoption of the Amendments above did not have any material impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Standards issued but not yet effective

The Standards, Amendments and Annual Improvements 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, Amendments and Annual Improvements, if applicable, when they become effective.

<u>Description</u>	<u>Effective for annual periods beginning on or after</u>
Annual Improvements to MFRS Standards 2018-2020	1 January 2022
Amendments to MFRS 3: Business Combinations - Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets - Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements - Classification of Liabilities as Current or Non-current	1 January 2023
- Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Income Tax - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendment to MFRS 17: Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above Standards, Annual Improvements and Amendments will have no material impact on the financial statements in the year of initial application.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.4 Basis of consolidation (cont'd)

The Company controls an investee if and only if the Company has all the following:

- (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.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) potential voting rights held by the Company, other vote holders or other parties;
- (iii) rights arising from other contractual arrangements; and
- (iv) any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.6 Foreign currencies

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is also the Company’s functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group’s net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) **FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.7 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. 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 is stated at deemed cost less impairment losses. The deemed cost was based on a valuation as at 30 June 2015 as permitted under the optional exemption of MFRS 1.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	10%
Equipment	10%
Furniture and fittings	10%
Motor vehicles and tractors	33.3%
Computers	50%

Capital in progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in the profit or loss, and the unutilised portion of the revaluation surplus on that item is taken directly to retained earnings.

2.8 Bearer plants

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 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 life cycle of 26 years and are considered mature when the plants attain 4 years old. Depreciation of mature bearer plants are computed on a straight-line basis over the remaining useful life of 22 years. The immature bearer plants are not depreciated as these assets are not yet available for use.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.9 Biological assets

Agricultural produce 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 agricultural produce growing on bearer plants are recognised in profit or loss.

2.10 Investment properties

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.7 up to the date of change in use.

2.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss. An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.12 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it 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.

In the Company's separate financial statements, investments in subsidiaries are accounted for 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.

2.13 Associates

An associate is defined as a company, not being a subsidiary or an interest in a joint venture, in 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. Details of the associates are as disclosed in Note 15.

The considerations made in determining significant influence are similar to those necessary to determine control over subsidiaries. The Group's investments in its associates are accounted for using the equity method.

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

The consolidated statement of profit or loss reflects the Group's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, 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 are eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown 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.

The financial statements of associates are prepared for the same reporting period as the Group. When 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 investment in associates. At each reporting date, the Group determines whether there is objective evidence that the investment in associates 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 its carrying value, and then recognises the loss within 'Share of profit of an associate' in the statement of profit or loss.

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

In the Company's separate financial statements, investments in associates are accounted for 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.14 Current versus non-current classification

Assets and liabilities in the statements of financial position are presented 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.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.15 Fair value measurement

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:

- In the principal market for the asset or liability; or
- 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 by the Group.

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 a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.15 Fair value measurement (cont'd)

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 prices (unadjusted) 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 at fair value on a recurring basis, the Group and the Company determines 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.

Policies and procedures are determined by senior management for both recurring fair value measurement and for non-recurring measurement.

External valuers are involved for valuation of significant assets and significant liabilities. Involvement of external valuers is decided by senior management. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The senior management decides, after discussions with the external valuers, which valuation techniques and inputs to use for each case.

For the purpose of fair value disclosures, classes of assets and liabilities are determined based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarised in Note 32.

2.16 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity investment of another entity.

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade 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 or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Initial recognition and measurement (cont'd)

The Group's and the Company's business model for managing financial assets refers to how it manages its 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 three categories:

- Financial assets at amortised cost (bonds)
- Financial assets at fair value through profit or loss (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Financial assets at amortised cost (bonds)

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

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- 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 effective interest (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 Group's and the Company's financial assets at amortised cost mainly comprise their trade and other receivables balances, cash and bank balances and investment in bonds.

Financial assets at fair value through profit or loss (debt instruments)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, 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. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch. Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

This category comprises the Group's investment in debt instruments.

Dividends and interests are recognised as revenue in the statements of comprehensive income when the right of payment has been established.

Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Group and the Company may elect to classify irrevocably their equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 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 revenue in the statements of comprehensive income 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 fair value through OCI are not subject to impairment assessment.

The Group and the Company elected to classify irrevocably their quoted equity investments 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 (i.e., removed from the Group's and the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or has assumed an obligation 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 has transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has 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 asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability 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)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****2.16 Financial instruments (cont'd)****(a) 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 effective interest rate. 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-month (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 recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other receivables, the Group and the Company apply low credit risk simplification. At every reporting date, the Group and the Company evaluate whether the other receivables are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In addition, the Group and the Company consider that there has been a significant increase in credit risk when the contractual payments are more than 6 months past due.

The Group and the Company consider a financial asset in default when contractual payments are 180 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.

(b) 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 and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities comprise trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.16 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement

After initial recognition, payables 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 statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 statement of comprehensive income.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement 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.

2.17 Investment in precious metal - gold bullion

Investment in precious metal - gold bullion is initially measured at cost. After initial recognition, gold bullion are measured at fair value. Any gains or losses from changes in fair value of the gold bullion are recognised in other comprehensive income. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the investment in precious metal is derecognised.

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of deposits with maturity exceeding 90 days.

2.19 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Spare parts, fertilizers and chemicals: purchase costs on a first-in first-out 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.20 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 economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where 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.

2.21 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. 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 Employee 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.

The Group and the Company provide for retirement benefits for eligible employees on an unfunded defined benefits basis in accordance with the terms of the unions' collective agreement and/or employment agreement. Full provision has been made for retirement benefits payable to all eligible employees based on their last drawn salaries, the length of service to-date and the rates set out in the said agreements. Should an employee leave after completing the qualifying period of service but before attaining the retirement age, the provision made for the employee is written back.

2.22 Leases

The Group assesses 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.

(a) Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.22 Leases (cont'd)

(a) Group as a lessee (cont'd)

(i) Right-of-use assets

The Group recognises 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:

Land	5%
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If ownership of the leased asset transfers to the Group 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. Refer to the accounting policies in Note 2.11 Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****2.22 Leases (cont'd)****(b) Group as a lessor**

Leases in which the Group does 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 revenue in the statements of comprehensive income 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 revenue in the period in which they are earned.

2.23 Revenue recognition**(a) Revenue from contracts with customers**

The Group and the Company recognise revenue from contracts with customers based on the five-step model as set out below:

- (i) Identify contract with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.
- (ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.
- (iii) Determine the transaction price. The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- (iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.
- (v) Recognise revenue when (or as) the Group and the Company satisfy a performance obligation.

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:

- (i) Do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to-date; or
- (ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

For performance obligations where any one of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Sales of goods

The Group and the Company contract with their customers for sales of fresh oil palm fruit bunches. Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally upon the transfer of significant risks and rewards of ownership of the goods to the customer. Payment is generally due up to 30 days from transfer of risks and rewards. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.23 Revenue recognition (cont'd)

(b) Revenue from other sources

(i) Interest income

Interest is recognised on a time proportion basis that reflect the effective yield on the assets.

(ii) Dividend income

Dividend income is recognised when the right to receive payment is established.

(iii) Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the lease.

2.24 Taxes

(a) Current income tax

Current 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 by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or 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 taxable temporary differences associated with investments in subsidiaries and associates, where 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.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.24 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, 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:

- where 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 subsidiaries and associates, 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.

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 reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to 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 other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales and services tax (“SST”)

Revenues, expenses and assets are recognised net of the amount of SST except:

- Where the amount of SST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of SST included.

2.25 Segment reporting

For management purposes, the Group is organised into operating segments based on geographical segments which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 35, including the factors used to identify the reportable segments and the measurement basis of segment information.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022****2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)****2.26 Share capital and share issuance expenses**

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its 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.

2.27 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group and of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent 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.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements which have the most significant effect on the amounts recognised in the financial statements:

(a) Consolidation of Sungei Bagan Rubber Company Malaya (Berhad) ("Sungei Bagan") and Kuchai Development Berhad ("Kuchai")

The directors consider that the Group has control of Sungei Bagan and Kuchai, which are public limited liability companies listed on the Main Market of Bursa Malaysia Securities Berhad, even though it has less than 50% of each of the two companies' voting rights. The Group is the major shareholder of Sungei Bagan and Kuchai with a 43.40% and 42.21% equity interest respectively as at 30 June 2022 (2021: 43.40% and 45.25%).

The largest unrelated shareholder holds 2% and 4% of the equity interest of Sungei Bagan and Kuchai respectively. Historically, less than 25 shareholders attended the Annual General Meetings held in the past 3 years.

On this basis, the directors consider that the shareholders who are likely to attend the shareholders' meeting are unlikely to out vote the Company in any shareholders' meetings and therefore the Group has control over Sungei Bagan and Kuchai.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (cont'd)

3.2 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:

(a) Valuation of investment properties

The Group carries its investment properties at fair value, with changes in fair value being recognised in profit or loss. The Group engaged an independent valuation specialist, using the comparison method, to assess the fair value of the investment properties as at 30 June 2022. The key assumptions and the unobservable inputs which are used to determine the fair value of the investment properties are disclosed in Note 32(b).

(b) Valuation of investment in debt instruments (at fair value through profit or loss)

The Group measures certain of its investments in debt instruments at fair value through profit or loss.

The management used the net asset value of the investment entity to determine fair value. The assets of the investment entity mainly consist of quoted shares for which fair values are determined based on publicly available market data.

4. REVENUE

Revenue of the Group and of the Company consists of the following:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Type of revenue				
Revenue from contracts with customers:				
- Sales of fresh oil palm fruit bunches	40,580,212	20,119,055	10,294,805	5,509,707
Revenue from other sources:				
Dividend income				
- Quoted shares in Malaysia	-	-	2,409,614	1,027,950
- Quoted shares outside Malaysia	9,715,976	9,009,048	-	53,750
	9,715,976	9,009,048	2,409,614	1,081,700
Rental income	1,974,822	1,144,114	-	-
Interest income	1,858,663	1,401,931	237,287	256,803
	13,549,461	11,555,093	2,646,901	1,338,503
Total revenue	54,129,673	31,674,148	12,941,706	6,848,210

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

5. EMPLOYEE BENEFITS EXPENSES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Wages and salaries	3,540,862	3,306,103	1,393,038	1,183,550
Defined contribution plan	188,163	170,460	75,599	54,099
Social security contributions	20,315	18,348	10,028	7,416
Retirement benefits (Note 25)	36,317	5,759	4,917	4,790
Other benefits	219,381	177,803	4,410	71,088
	4,005,038	3,678,473	1,487,992	1,320,943
	4,005,038	3,678,473	1,487,992	1,320,943

Included in employee benefits expenses of the Group and Company are executive directors' remuneration amounting to RM2,037,458 (2021: RM2,222,131) and RM722,711 (2021: RM779,822) respectively as further disclosed in Note 7.

6. (LOSS)/PROFIT FROM OPERATIONS

(Loss)/profit from operations is stated after charging/(crediting):

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Auditors' remuneration				
- statutory audit	202,500	163,000	77,500	58,000
- of subsidiaries, borne by the Company	24,000	15,000	6,000	5,000
- other services	176,000	182,000	68,600	66,400
Depreciation				
- property, plant and equipment (Note 10)	673,256	626,439	245,310	235,941
- right-of-use assets (Note 11)	163,540	163,541	-	-
- bearer plants (Note 12)	1,899,582	1,884,147	209,300	209,300
Property, plant and equipment written off	-	1	-	1
Fees of subsidiaries' directors	11,188	8,975	-	-
Foreign exchange loss/(gain)				
- realised	23,347	9,388	16,073	5,041
- unrealised	13,452,521	(8,886,844)	(372,231)	(48,806)
	13,475,868	(8,877,456)	(356,158)	(43,765)
Interest on lease liabilities (Note 23)	140,239	145,477	-	-
Direct operating expenses on investment properties	407,307	437,798	-	-
Fair value changes on:				
- investment properties (Note 13)	(5,889,592)	(4,947,175)	-	-
- other investments	16,194,395	(11,948,639)	-	-
- biological assets (Note 18)	(487,572)	(465,971)	(293,044)	(61,559)
Provision for retirement benefit (Note 25)	36,317	5,759	4,917	4,790
Reversal of retirement benefit (Note 25)	(15,005)	-	(15,005)	-
Bearer plants written off	-	220,181	-	-
Loss on disposal of bearer plants	-	8,852	-	-
Gain on compulsory land acquisition	-	(11,286,764)	-	-
Gain on disposal of investment	-	(3,696,898)	-	(1,425,322)
	-	(3,696,898)	-	(1,425,322)
	-	(3,696,898)	-	(1,425,322)

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

7. DIRECTORS' REMUNERATION

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Directors of the Company				
Executive:				
- Salaries and allowances	2,037,458	2,222,131	722,711	779,822
Non-executive:				
- Fees	1,046,240	947,580	375,700	340,620
Total	<u>3,083,698</u>	<u>3,169,711</u>	<u>1,098,411</u>	<u>1,120,442</u>

The number of directors of the Company whose total remuneration during the year fell within the following bands are as analysed below:

	Number of directors	
	2022	2021
Executive directors		
Below RM50,000	-	1
RM50,001 to RM100,000	1	-
RM100,001 to RM150,000	1	1
RM150,001 to RM250,000	-	1
RM400,001 to RM450,000	1	1
Non-Executive directors		
RM100,001 to RM150,000	3	3

8. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 30 June 2022 and 2021 are:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current income tax:				
- Malaysian income tax	325,798	3,064	51,000	-
- Foreign income tax	277,141	173,740	-	-
	<u>602,939</u>	<u>176,804</u>	<u>51,000</u>	<u>-</u>
(Over)/under provision in respect of prior years:				
- Malaysian income tax	(1,308)	588	-	-
- Foreign income tax	(27,957)	34,864	-	-
	<u>(29,265)</u>	<u>35,452</u>	<u>-</u>	<u>-</u>
Deferred tax (Note 24):				
Origination and reversal of temporary differences	872,600	699,000	859,000	-
Overprovision in prior year	-	(87,000)	-	-
	<u>872,600</u>	<u>612,000</u>	<u>859,000</u>	<u>-</u>
Total income tax expense recognised in profit or loss	<u>1,446,274</u>	<u>824,256</u>	<u>910,000</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

8. INCOME TAX EXPENSE (cont'd)

Reconciliation between tax expense and accounting (loss)/profit:

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the years ended 30 June 2022 and 2021 is as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
(Loss)/profit before taxation	(14,701,819)	61,414,598	5,829,963	2,110,879
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	(3,528,437)	14,739,504	1,399,191	506,611
Effects of income not subject to tax	(2,760,241)	(13,353,703)	(674,528)	(617,591)
Effects of expenses not deductible for tax purposes	7,547,446	1,466,400	185,337	110,980
Effects of share of results of associates	2,620,791	(4,380,417)	-	-
Deferred tax not recognised on unutilised business losses	-	2,404,020	-	-
Deferred tax recognised on unutilised business losses	(2,404,020)	-	-	-
(Over)/underprovision of income tax in prior years	(29,265)	35,452	-	-
Overprovision of deferred tax in prior years	-	(87,000)	-	-
Tax expense for the year	<u>1,446,274</u>	<u>824,256</u>	<u>910,000</u>	<u>-</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable (loss)/profit for the year.

9. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit attributable to owners of the parent for the year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2022	2021
(Loss)/profit attributable to owners of parent for the year (RM)	(9,453,267)	31,033,785
Number of ordinary shares (unit)	62,547,085	62,752,144
Basic (loss)/earnings per share (sen)	<u>(15.1)</u>	<u>49.5</u>

(b) Diluted (loss)/earnings per share

Diluted (loss)/earnings per share is the same as basic (loss)/profit per share as there were no dilutive potential ordinary shares outstanding as at 30 June 2022 and 30 June 2021.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM	Buildings RM	Equipment RM	*Other assets RM	Total RM
Cost					
At 1 July 2020	297,961,049	6,938,100	1,867,072	1,875,560	308,641,781
Additions	-	967,295	528,288	63,055	1,558,638
Written off	-	-	-	(438,907)	(438,907)
Disposal	(7,613,236)	-	-	-	(7,613,236)
Exchange difference	-	-	-	349	349
At 30 June 2021 and 1 July 2021	290,347,813	7,905,395	2,395,360	1,500,057	302,148,625
Additions	-	644,640	260,001	109,844	1,014,485
Exchange difference	-	-	-	1,467	1,467
At 30 June 2022	290,347,813	8,550,035	2,655,361	1,611,368	303,164,577
Accumulated depreciation					
At 1 July 2020	-	1,879,651	833,249	1,516,888	4,229,788
Charge for the year (Note 6)	-	257,339	221,922	147,178	626,439
Written off	-	-	-	(438,906)	(438,906)
Exchange difference	-	-	-	321	321
At 30 June 2021 and 1 July 2021	-	2,136,990	1,055,171	1,225,481	4,417,642
Charge for the year (Note 6)	-	282,917	247,922	142,417	673,256
Exchange difference	-	-	-	1,311	1,311
At 30 June 2022	-	2,419,907	1,303,093	1,369,209	5,092,209
Net carrying amount					
At 30 June 2021	290,347,813	5,768,405	1,340,189	274,576	297,730,983
At 30 June 2022	290,347,813	6,130,128	1,352,268	242,159	298,072,368

* Other assets comprise furniture, fittings, computers, motor vehicles and tractors.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

Company	Freehold land RM	Buildings RM	Equipment RM	*Other assets RM	Total RM
Cost					
At 1 July 2020	195,827,453	1,701,414	506,431	1,151,295	199,186,593
Additions	-	55,000	-	37,338	92,338
Written off	-	-	-	(438,907)	(438,907)
At 30 June 2021 and 1 July 2021	195,827,453	1,756,414	506,431	749,726	198,840,024
Additions	-	135,600	-	43,485	179,085
At 30 June 2022	195,827,453	1,892,014	506,431	793,211	199,019,109
Accumulated depreciation					
At 1 July 2020	-	1,096,325	406,324	959,831	2,462,480
Charge for the year (Note 6)	-	115,744	34,469	85,728	235,941
Written off	-	-	-	(438,906)	(438,906)
At 30 June 2021 and 1 July 2021	-	1,212,069	440,793	606,653	2,259,515
Charge for the year (Note 6)	-	127,702	34,469	83,139	245,310
At 30 June 2022	-	1,339,771	475,262	689,792	2,504,825
Net carrying amount					
At 30 June 2021	195,827,453	544,345	65,638	143,073	196,580,509
At 30 June 2022	195,827,453	552,243	31,169	103,419	196,514,284

* Other assets comprise furniture, fittings, computers, motor vehicles and tractors.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

10. PROPERTY, PLANT AND EQUIPMENT (cont'd)

- (a) On 25 April 2021, Machang Land and District Office issued a formal notice to a subsidiary, Sungei Bagan Rubber Company (Malaya) Berhad that 200 acres of its freehold land owned by the subsidiary is to be compulsorily acquired for a consideration of RM19,267,660. The compulsory acquisition of the land by the government was completed in the previous financial year and the disposal proceeds were received in the current financial year.
- (b) Included in property, plant and equipment of the Group and of the Company are the cost of the following fully depreciated assets which are still in use:

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Buildings	1,228,126	1,100,127	742,985	614,986
Plant and machinery	413,774	179,569	381,944	161,739
Other assets	1,008,311	834,187	570,505	396,381
	<u>2,650,211</u>	<u>2,113,883</u>	<u>1,695,434</u>	<u>1,173,106</u>

11. RIGHT-OF-USE ASSETS

The Group has entered into a non-cancellable operating lease agreement for the use of land. The lease will expire on 31 March 2039.

The Group also has certain leases with lease terms of 12 months or less. The Group applies the 'short-term lease' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Group	
	2022	2021
	RM	RM
Cost		
At 1 July/ 30 June	<u>3,229,925</u>	<u>3,229,925</u>
Accumulated depreciation		
At 1 July	327,082	163,541
Depreciation for the year (Note 6)	163,540	163,541
At 30 June	<u>490,622</u>	<u>327,082</u>
Net carrying amount	<u>2,739,303</u>	<u>2,902,843</u>

The details of lease liabilities in respect of right-of-use assets are disclosed in Note 23.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

12. BEARER PLANTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At cost				
At 1 July	44,097,463	43,285,667	5,951,833	5,253,865
Additions	2,038,349	1,452,989	407,143	697,968
Written off	-	(264,681)	-	-
Disposal	-	(376,512)	-	-
At 30 June	<u>46,135,812</u>	<u>44,097,463</u>	<u>6,358,976</u>	<u>5,951,833</u>
Accumulated depreciation				
At 1 July	6,593,858	4,754,211	1,479,134	1,269,834
Charge for the year (Note 6)	1,899,582	1,884,147	209,300	209,300
Written off	-	(44,500)	-	-
At 30 June	<u>8,493,440</u>	<u>6,593,858</u>	<u>1,688,434</u>	<u>1,479,134</u>
Net carrying amount	<u>37,642,372</u>	<u>37,503,605</u>	<u>4,670,542</u>	<u>4,472,699</u>

Included in the bearer plants are immature bearer plants of the Group and of the Company with carrying amounts of RM4,443,125 (2021: RM2,744,187) and RM1,754,385 (2021: RM1,347,241) respectively.

13. INVESTMENT PROPERTIES

	2022 RM	Group 2021 RM
At beginning of year	69,369,082	61,299,417
Addition from exchange of assets with immediate holding company (Note 14(a))	35,498,844	-
Fair value gain (Note 6)	5,889,592	4,947,175
Exchange differences	(3,975,362)	3,122,490
At end of year	<u>106,782,156</u>	<u>69,369,082</u>

Investment properties are stated at fair value, which has been determined based on valuations conducted by accredited independent valuers using the comparison method. The comparison method involves comparing and adopting recent transactions as a yardstick and sale evidences involving other similar properties in the vicinity. The Group has assessed that the highest and best use of its properties do not differ from their current use.

Details of significant unobservable valuation inputs for using the comparison method of valuation are disclosed in Note 32(b). Significant increases in estimated price per square feet in isolation would result in significantly higher fair value of the investment property.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

14. INVESTMENT IN SUBSIDIARIES

	Company	
	2022 RM	2021 RM
Quoted shares, at cost	8,828,627	8,828,627
Unquoted shares, at cost	26,784,005	26,784,005
	35,612,632	35,612,632
Fair value of quoted shares	166,015,003	146,619,270

(a) Composition of the Group

Details of the subsidiaries are as follows:

Name	Principal place of business	Principal activities	Proportion (%) of ownership interest	
			2022	2021
<i>Held by the Company:</i>				
Sungei Bagan Rubber Company (Malaya) Berhad ("Sungei Bagan")	Malaysia	Plantation owner and long term portfolio investor	43.40	43.40
Kuchai Development Berhad ("Kuchai")	Malaysia	Investment holding	42.21	45.25
Devon Worldwide Limited	British Virgin Islands	Investment holding	100	100
<i>Held through Sungei Bagan Rubber Company (Malaya) Berhad:</i>				
Lanstar Assets Limited	British Virgin Islands	Investment holding	43.40	43.40
Springvale International Limited	British Virgin Islands	Investment holding	43.40	43.40
Torbridge Holdings Limited	British Virgin Islands	Investment holding	43.40	-

All subsidiaries are audited by Ernst & Young PLT.

Acquisition of Torbridge Holdings Limited through asset swap

On 12 November 2021, a subsidiary of the Group, Sungei Bagan acquired 100% equity interest in Torbridge Holdings Limited ("Torbridge") through an asset swap with the immediate holding company, The Nyalas Rubber Estates Limited ("Nyalas"). Upon the acquisition, Torbridge became a subsidiary of Sungei Bagan. Torbridge, an unlisted company incorporated in British Virgin Islands, is involved in investment holding.

The asset swap was completed by way of exchange of the entire 49% equity interest in associate, Balland Properties Limited ("Balland") and the entire 9.44% equity interest in Kuchai Development Berhad held by Sungei Bagan to Nyalas.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

14. INVESTMENT IN SUBSIDIARIES (cont'd)

(a) Composition of the Group (cont'd)

Acquisition of Torbridge Holdings Limited through asset swap (cont'd)

The fair values of the identifiable assets and liabilities of Torbridge as at the date of acquisition were:

	Fair value RM
Investment properties (Note 13)	35,498,844
Prepayment	33,111
Cash and cash equivalents	980,220
	36,512,175
Other payables	30,933
Tax payable	101,576
	132,509
Net identifiable assets	36,379,666
	RM
Net identifiable assets of Torbridge acquired	36,379,666
Less: Fair value of 49% equity interest in Balland	(4,074,500)
	32,305,166
Less: Increase in NCI due to asset swap	(30,620,256)
	1,684,910

Corporate restructuring

On 22 April 2022, a subsidiary of the Company, Kuchai Development Berhad (“KDB”) announced the proposed distribution of 17,584,030 ordinary shares in Sungei Bagan Rubber Company (Malaya) Berhad (“SG Bagan”), which is also a subsidiary of the Company, representing all of the 26.51% equity interest held by KDB in SG Bagan, to entitled shareholders of KDB by way of dividend-in-specie. This was approved by the shareholders of KDB during the Extraordinary General Meeting on 3 August 2022 and was completed on 9 September 2022. Upon completion of the above exercise, the Group’s effective interest of 11.19% in SG Bagan which was previously held through KDB, is now directly held by the Company. There is no significant impact on the financial statements of the Group arising from the above exercise.

(b) Summarised financial information about subsidiaries with material NCI

The following subsidiaries have non-controlling interests ("NCI") that are material to the Group:

Names of the subsidiaries	Proportion of ownership interest held by NCI	
	2022	2021
Sungei Bagan Rubber Company (Malaya) Berhad	56.60%	56.60%
Kuchai Development Berhad	57.79%	54.75%

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

14. INVESTMENT IN SUBSIDIARIES (cont'd)

(b) Summarised financial information about subsidiaries with material NCI (cont'd)

Summarised financial information of subsidiaries with material non-controlling interests are as follows:

Summarised statements of financial position

	Sungei Bagan RM	Kuchai RM	Total RM
At 30 June 2022			
Non-current assets	476,409,854	252,545,313	728,955,167
Current assets	155,176,481	90,584,081	245,760,562
Total assets	631,586,335	343,129,394	974,715,729
Current liabilities	4,443,916	1,487,041	5,930,957
Non-current liabilities	12,357,936	465,600	12,823,536
Total liabilities	16,801,852	1,952,641	18,754,493
Equity	614,784,483	341,176,753	955,961,236
Equity attributable to NCI	347,968,017	197,166,046	545,134,063
Elimination adjustments	-	(14,821,652)	(14,821,652)
Adjusted NCI	347,968,017	182,344,394	530,312,411
At 30 June 2021			
Non-current assets	483,537,566	287,307,592	770,845,158
Current assets	148,308,065	64,482,574	212,790,639
Total assets	631,845,631	351,790,166	983,635,797
Current liabilities	3,383,905	1,192,660	4,576,565
Non-current liabilities	12,326,155	452,000	12,778,155
Total liabilities	15,710,060	1,644,660	17,354,720
Equity	616,135,571	350,145,506	966,281,077
Equity attributable to NCI	347,923,992	191,704,665	539,628,657
Elimination adjustments	(11,546,036)	(9,349,141)	(20,895,177)
Adjusted NCI	336,377,956	182,355,524	518,733,480

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

14. INVESTMENT IN SUBSIDIARIES (cont'd)

(b) Summarised financial information about subsidiaries with material NCI (cont'd)

Summarised statements of comprehensive income

	Sungei Bagan RM	Kuchai RM	Total RM
Year ended 30 June 2022			
Revenue	35,774,753	8,815,913	44,590,666
(Loss)/profit for the year attributable to:			
- equity holders of the parent	(9,177,182)	3,910,530	(5,266,652)
- non-controlling interest	(12,002,091)	5,307,265	(6,694,826)
	<u>(21,179,273)</u>	<u>9,217,795</u>	<u>(11,961,478)</u>
Other comprehensive income/(loss) attributable to:			
- equity holders of the parent	4,078,017	(6,997,015)	(2,918,998)
- non-controlling interest	5,318,335	(14,496,466)	(9,178,131)
	<u>9,396,352</u>	<u>(21,493,481)</u>	<u>(12,097,129)</u>
Total comprehensive loss attributable to:			
- equity holders of the parent	(5,099,165)	(3,086,485)	(8,185,650)
- non-controlling interest	(6,683,756)	(9,189,201)	(15,872,957)
	<u>(11,782,921)</u>	<u>(12,275,686)</u>	<u>(24,058,607)</u>
Dividends paid to NCI	<u>1,916,797</u>	<u>1,251,571</u>	<u>3,168,368</u>
Year ended 30 June 2021			
Revenue	18,851,191	7,271,181	26,122,372
Profit for the year attributable to:			
- equity holders of the parent	18,975,273	4,015,284	22,990,557
- non-controlling interest	24,736,927	4,819,630	29,556,557
	<u>43,712,200</u>	<u>8,834,914</u>	<u>52,547,114</u>
Other comprehensive income attributable to:			
- equity holders of the parent	2,310,756	11,854,609	14,165,365
- non-controlling interest	3,013,566	14,343,422	17,356,988
	<u>5,324,322</u>	<u>26,198,031</u>	<u>31,522,353</u>
Total comprehensive income attributable to:			
- equity holders of the parent	21,286,029	15,869,893	37,155,922
- non-controlling interest	27,750,493	19,163,052	46,913,545
	<u>49,036,522</u>	<u>35,032,945</u>	<u>84,069,467</u>
Dividends paid to NCI	<u>547,656</u>	<u>688,093</u>	<u>1,235,749</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

14. INVESTMENT IN SUBSIDIARIES (cont'd)

(b) Summarised financial information about subsidiaries with material NCI (cont'd)

Summarised cash flow information

	Sungei Bagan RM	Kuchai RM	Total RM
Year ended 30 June 2022			
Operating	12,511,123	(1,174,804)	11,336,319
Investing	(29,447,028)	974,461	(28,472,567)
Financing	(4,893,285)	(2,165,579)	(7,058,864)
Net changes in cash and cash equivalents	<u>(21,829,190)</u>	<u>(2,365,922)</u>	<u>(24,195,112)</u>
Year ended 30 June 2021			
Operating	(5,716,291)	(838,393)	(6,554,684)
Investing	65,247,022	6,370,873	71,617,895
Financing	(1,576,653)	(1,423,095)	(2,999,748)
Net changes in cash and cash equivalents	<u>57,954,078</u>	<u>4,109,385</u>	<u>62,063,463</u>

15. INVESTMENT IN ASSOCIATES

	Group	
	2022 RM	2021 RM
Outside Malaysia:		
Unquoted shares, at cost	94,229,924	76,476,673
Share of post-acquisition reserves and other adjustments	2,668,018	32,411,772
	<u>96,897,942</u>	<u>108,888,445</u>

Name of associates	Country of incorporation	Principal activities	Proportion (%) of ownership interest*	
			2022	2021
<i>Held through subsidiaries:</i>				
Kuala Pergau Rubber Plantations PLC ("KP")	England	Plantation owner	24.87	24.87
Balland Properties Limited ("Balland")	Ireland	Investment holding	-	49.00
RAIC VCC	Cayman Islands	Invest in a portfolio of securities	43.23	43.30

* equals to the proportion of voting rights held.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

15. INVESTMENT IN ASSOCIATES (cont'd)

Summarised financial information of the associates is set out below:

(i) Summarised statements of financial position

As at 30 June 2022	KP RM	Balland RM	RAIC RM	Total RM
Current assets	596,770	-	216,164,548	216,761,318
Non-current assets	16,285,000	-	-	16,285,000
Current liabilities	(538,631)	-	(534,124)	(1,072,755)
Non-current liabilities	(1,542,530)	-	-	(1,542,530)
Equity	<u>14,800,609</u>	<u>-</u>	<u>215,630,424</u>	<u>230,431,033</u>
Proportion of Group's ownership	24.87%	0.00%	43.23%	
Equity attributable to the Group, representing carrying amount of investment	<u>3,680,911</u>	<u>-</u>	<u>93,217,031</u>	<u>96,897,942</u>
As at 30 June 2021				
Current assets	825,282	163,562	243,454,004	244,442,848
Non-current assets	16,285,000	12,648,507	-	28,933,507
Current liabilities	(574,322)	(3,443,662)	(463,036)	(4,481,020)
Non-current liabilities	(1,842,530)	(954,730)	-	(2,797,260)
Equity	<u>14,693,430</u>	<u>8,413,677</u>	<u>242,990,968</u>	<u>266,098,075</u>
Proportion of Group's ownership	25.00%	49.00%	43.30%	
Total carrying amount of investment	3,673,358	4,122,702	105,215,087	113,011,147
Less: Reclassified to asset held for sale (Note 21)	-	(4,122,702)	-	(4,122,702)
Equity attributable to the Group, representing carrying amount of investment	<u>3,673,358</u>	<u>-</u>	<u>105,215,087</u>	<u>108,888,445</u>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

15. INVESTMENT IN ASSOCIATES (cont'd)

(ii) Summarised statements of comprehensive income

For the year ended 30 June 2022	KP RM	Balland RM	RAIC RM	Total RM
Revenue	-	-	5,515,347	5,515,347
Other income	250,000	-	4,897,604	5,147,604
Other expenses	(57,539)	-	(37,624,597)	(37,682,136)
Other operating expenses	(15,282)	-	(3,383,193)	(3,398,475)
Income tax expense	(70,000)	-	(553,926)	(623,926)
Profit/(loss) net of tax, representing total comprehensive income/(loss) for the year	<u>107,179</u>	<u>-</u>	<u>(31,148,765)</u>	<u>(31,041,586)</u>
Proportion of Group's ownership	24.87%	0.00%	43.23%	
Group's share of total comprehensive income/(loss) for the year	26,655	-	(13,465,611)	(13,438,956)
Change in proportion of Group's ownership	<u>(227)</u>	<u>(37,753)</u>	<u>(7,665)</u>	<u>(45,645)</u>
Net Group's share of total comprehensive income/(loss) for the year	<u>26,428</u>	<u>(37,753)</u>	<u>(13,473,276)</u>	<u>(13,484,601)</u>

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

15. INVESTMENT IN ASSOCIATES (cont'd)

(ii) Summarised statements of comprehensive income (cont'd)

For the year ended 30 June 2021	KP RM	Balland RM	RAIC RM	Total RM
Revenue	-	-	3,082,941	3,082,941
Other income	250,000	-	43,892,320	44,142,320
Other expenses	(94,274)	(689,421)	-	(783,695)
Other operating expenses	(13,354)	-	(4,266,654)	(4,280,008)
Income tax expense	(70,000)	-	(324,214)	(394,214)
Profit/(loss) net of tax, representing total comprehensive income/(loss) for the year	<u>72,372</u>	<u>(689,421)</u>	<u>42,384,393</u>	<u>41,767,344</u>
Proportion of Group's ownership	25.00%	49.00%	43.30%	
Group's share of total comprehensive income/(loss) for the year	18,093	(337,816)	18,352,442	18,032,719
Change in proportion of Group's ownership	-	-	2,639	2,639
Adjustment to conform with the accounting policies of the Group	-	216,380	-	216,380
Net Group's share of total comprehensive income/(loss) for the year	<u>18,093</u>	<u>(121,436)</u>	<u>18,355,081</u>	<u>18,251,738</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

16. INVESTMENTS

	Group	
	2022	2021
	RM	RM
Financial assets at amortised cost:		
Debt instruments-		
Bonds outside Malaysia	58,023,552	36,412,089
Financial assets at fair value through other comprehensive income:		
Quoted equity instruments-		
Shares outside Malaysia	295,879,644	330,237,388
Financial assets at fair value through profit or loss:		
Debt instruments-		
Redeemable preference shares outside Malaysia	9,777,950	10,384,231
Other debt instruments outside Malaysia	36,360,618	49,073,375
	46,138,568	59,457,606
Investment at fair value through other comprehensive income:		
Investment in precious metal - gold bullion	32,212,526	29,441,732
Total investments	432,254,290	455,548,815

17. INVENTORIES

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
At cost:				
Spare parts, fertilizers and chemicals	80,070	66,826	12,146	7,621

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

18. BIOLOGICAL ASSETS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At fair value:				
At beginning of year	826,660	360,689	200,682	139,123
Changes in fair value	487,572	465,971	293,044	61,559
At end of year	<u>1,314,232</u>	<u>826,660</u>	<u>493,726</u>	<u>200,682</u>

The biological assets of the Group and Company comprise fresh fruit bunches ("FFB") prior to harvest. Fair value is determined based on the estimated future cash flows expected to be generated from the sale of FFB, which takes into consideration the market price of FFB, adjusted for estimated oil content of the unharvested FFB, less harvesting costs, transportation fees and other costs to sell.

The Group and Company have assumed that net cash flows to be generated from unripe FFB beyond 14 days from harvest are negligible. The other key assumptions used to determine the fair value are as follows:

	Group		Company	
	2022	2021	2022	2021
FFB expected to be harvested (MT)	1,587	1,408	428	282
Average FFB selling price (RM/MT)	934	724	1,252	799

The fair value measurement of the Group's and the Company's biological assets are categorised within Level 3 of the fair value hierarchy. A reasonable change in the key assumptions would not result in any material impact to the financial statements.

19. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade receivables - third parties	1,749,637	1,487,040	559,344	339,689
Other receivables				
Deposits	514,671	524,950	19,298	19,298
Sundry receivables	750,839	19,911,632	112,916	97,697
	<u>1,265,510</u>	<u>20,436,582</u>	<u>132,214</u>	<u>116,995</u>
Total trade and other receivables	3,015,147	21,923,622	691,558	456,684
Add: Cash and bank balances (Note 20)	266,091,701	237,235,219	31,417,610	29,511,376
Total financial assets at amortised cost	<u>269,106,848</u>	<u>259,158,841</u>	<u>32,109,168</u>	<u>29,968,060</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

19. TRADE AND OTHER RECEIVABLES (cont'd)

Trade receivables

Trade receivables are non-interest bearing and are generally on 15 to 30 days (2021: 15 to 30 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Receivables that are neither past due nor impaired

None of the Group's and Company's trade and other receivables are past due or impaired.

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group and the Company.

None of these balances have been renegotiated during the financial year.

20. CASH AND BANK BALANCES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash on hand and at banks				
- in Malaysia	12,464,428	12,455,066	5,344,702	4,716,325
- outside Malaysia	44,585,725	161,599,875	3,479,806	8,024,195
Short-term deposits with licensed banks				
- in Malaysia	29,121,208	11,154,610	11,322,863	10,437,029
- outside Malaysia	179,920,340	52,025,668	11,270,239	6,333,827
Cash and bank balances	<u>266,091,701</u>	<u>237,235,219</u>	<u>31,417,610</u>	<u>29,511,376</u>

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

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash and bank balances	266,091,701	237,235,219	31,417,610	29,511,376
Less: Short-term deposits with maturities exceeding 90 days	(144,559,928)	(61,897,048)	(22,593,102)	(15,487,626)
Cash and cash equivalents	<u>121,531,773</u>	<u>175,338,171</u>	<u>8,824,508</u>	<u>14,023,750</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

20. CASH AND BANK BALANCES (cont'd)

The weighted average interest rates of deposits at the reporting date were as follows:

	Interest rate (% per annum)			
	Group		Company	
	2022	2021	2022	2021
In Malaysia	0.33 - 1.88	1.76 - 2.00	1.87	1.76
Outside Malaysia	0.24 - 0.67	0.19 - 0.22	0.67	0.22

The average remaining maturity days of deposits at the reporting date were as follows:

	Maturity (days)			
	Group		Company	
	2022	2021	2022	2021
In Malaysia	3 - 104	7 - 157	104	157
Outside Malaysia	12 - 35	6 - 7	35	6

21. ASSETS HELD FOR SALE

On 7 May 2021, the Group entered into a conditional agreement (“Agreement”) with the immediate holding company, The Nyalas Rubber Estates Limited (“Nyalas”) for the proposed exchange by the Group of its entire 49% equity interest in Balland Properties Limited (“Balland”) held by its subsidiary, Springvale International Limited and its 3.04% equity interest in Kuchai Development Berhad (“KDB”) to Nyalas in exchange for 100% equity interest in Torbridge Holdings Limited (“Torbridge”) held by Nyalas. The proposed exchange was approved by the shareholders of the Group at an extraordinary general meeting on 5 October 2021 and completed on 12 November 2021. Further details are disclosed in Note 14.

	Group	
	2022 RM	2021 RM
Investment in associate (Note 15)	-	4,122,702

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current				
Trade payables	2,625,849	1,629,611	463,197	321,479
Other payables:				
Accruals	2,569,965	2,223,313	874,485	622,378
Sundry payables	1,062,145	844,637	155,836	118,841
Due to a director's related company	1,127,973	1,149,412	483,918	492,605
	<u>4,760,083</u>	<u>4,217,362</u>	<u>1,514,239</u>	<u>1,233,824</u>
	<u>7,385,932</u>	<u>5,846,973</u>	<u>1,977,436</u>	<u>1,555,303</u>
Non-current				
Provision for ex-gratia	562,409	488,320	275,601	324,019
Total trade and other payables	7,948,341	6,335,293	2,253,037	1,879,322
Less: Provision	(562,409)	(488,320)	(275,601)	(324,019)
Add: Lease liabilities (Note 23)	2,729,369	2,839,130	-	-
Total financial liabilities at amortised cost	<u><u>10,115,301</u></u>	<u><u>8,686,103</u></u>	<u><u>1,977,436</u></u>	<u><u>1,555,303</u></u>

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 30 days to 90 days (2021: 30 days to 90 days).

(b) Amounts due to director's related companies

Amounts due to a director's related company represent non-trade amounts due to company in which a director Lee Chung-Shih Justin has interest. These amounts are unsecured, interest free and are repayable on demand.

(c) Sundry payables

Sundry payables are normally settled on an average term of three months (2021: three months).

(d) Provision for ex-gratia

These are payable upon retirement of eligible employees.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

23. LEASE LIABILITIES

The Group has entered into a non-cancellable operating lease agreement for the use of land, which is recognised as right-of-use assets as disclosed in Note 11.

	2022	Group
	RM	2021
		RM
Current		
Lease liabilities (Note 31(a))	115,262	109,761
Non-current		
Lease liabilities (Note 31(a))	2,614,107	2,729,369
Total lease liabilities (Note 22)	2,729,369	2,839,130

The remaining maturities of the lease liabilities are as follows:

	2022	Group
	RM	2021
		RM
Within one year	115,262	109,761
More than 1 year and less than 2 years	121,038	115,262
More than 2 years and less than 5 years	400,742	381,617
More than 5 years	2,092,327	2,232,490
	2,729,369	2,839,130

At the reporting date, the interest rate of the lease liabilities was 4.9% (2021: 4.9%).

The movement of lease liabilities during the financial year is as follows:

	2022	Group
	RM	2021
		RM
At 1 July	2,839,130	2,943,653
Interest charged on lease liabilities (Note 6)	140,239	145,477
Payments of:		
- Principal	(109,761)	(104,523)
- Interest	(140,239)	(145,477)
At 30 June	2,729,369	2,839,130

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

24. DEFERRED TAX LIABILITIES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 July	(29,436,000)	(28,824,000)	(19,618,000)	(19,618,000)
Recognised in profit or loss (Note 8)	(872,600)	(612,000)	(859,000)	-
At 30 June	<u>(30,308,600)</u>	<u>(29,436,000)</u>	<u>(20,477,000)</u>	<u>(19,618,000)</u>
Analysed as follows:				
Deferred tax assets	9,361,000	9,846,000	223,000	978,000
Deferred tax liabilities	(39,669,600)	(39,282,000)	(20,700,000)	(20,596,000)
	<u>(30,308,600)</u>	<u>(29,436,000)</u>	<u>(20,477,000)</u>	<u>(19,618,000)</u>

The components and movements of deferred tax assets/(liabilities) during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group

	Provisions RM	Unabsorbed capital allowances RM	Unabsorbed business losses RM	Total RM
At 1 July 2020	287,000	5,332,000	5,542,000	11,161,000
Recognised in profit or loss	(44,000)	339,000	(1,610,000)	(1,315,000)
At 30 June 2021/1 July 2021	243,000	5,671,000	3,932,000	9,846,000
Recognised in profit or loss	114,000	(2,564,000)	1,965,000	(485,000)
At 30 June 2022	<u>357,000</u>	<u>3,107,000</u>	<u>5,897,000</u>	<u>9,361,000</u>

Deferred tax liabilities of the Group

	Property, plant and equipment RM	Bearer plants RM	Freehold estate land RM	Total RM
At 1 July 2020	(986,000)	(9,247,000)	(29,752,000)	(39,985,000)
Recognised in profit or loss	(305,000)	247,000	761,000	703,000
At 30 June 2021/1 July 2021	(1,291,000)	(9,000,000)	(28,991,000)	(39,282,000)
Recognised in profit or loss	(142,000)	(232,000)	(13,600)	(387,600)
At 30 June 2022	<u>(1,433,000)</u>	<u>(9,232,000)</u>	<u>(29,004,600)</u>	<u>(39,669,600)</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

24. DEFERRED TAX LIABILITIES (cont'd)

Deferred tax assets of the Company

	Provisions RM	Unabsorbed capital allowances RM	Unabsorbed business losses RM	Total RM
At 1 July 2020	100,000	114,000	627,000	841,000
Recognised in profit or loss	18,000	49,000	70,000	137,000
At 30 June 2020/1 July 2021	118,000	163,000	697,000	978,000
Recognised in profit or loss	32,000	(163,000)	(624,000)	(755,000)
At 30 June 2022	150,000	-	73,000	223,000

Deferred tax liabilities of the Company

	Property, plant and equipment RM	Bearer plants RM	Freehold estate land RM	Total RM
At 1 July 2020	(95,000)	(956,000)	(19,408,000)	(20,459,000)
Recognised in profit or loss	(20,000)	(117,000)	-	(137,000)
At 30 June 2021/1 July 2021	(115,000)	(1,073,000)	(19,408,000)	(20,596,000)
Recognised in profit or loss	(56,000)	(48,000)	-	(104,000)
At 30 June 2022	(171,000)	(1,121,000)	(19,408,000)	(20,700,000)

25. RETIREMENT BENEFITS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At beginning of year	87,661	85,977	21,176	16,386
Charged to profit or loss (Note 5)	36,317	5,759	4,917	4,790
Reversal (Note 6)	(15,005)	-	(15,005)	-
Retirement benefits paid	(6,864)	(4,075)	-	-
At end of year	102,109	87,661	11,088	21,176

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

26. SHARE CAPITAL

(a) Share capital

	Number of ordinary shares		Amount	
	2022	2021	2022	2021
			RM	RM
Group and Company				
Issued and fully paid	63,171,977	63,171,977	68,387,724	68,387,724

(b) Treasury shares

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition costs of treasury shares net of the proceeds received on their subsequent sale or issuance.

At the Annual General Meeting of the Company held on 2 December 2021, the shareholders of the Company approved the renewal of the authority for the Company to purchase its own shares of up to 10% of the issued and paid-up share capital of the Company.

During the financial year, the Company purchased a total of 252,900 (2021: 296,300) ordinary shares of its issued share capital from the open market. The total consideration paid for the purchase, including transaction costs, was RM1,036,074 (2021: RM996,381) and was financed by internally generated funds. The purchased shares are held as treasury shares in accordance with the provisions of Section 127(4) of the Companies Act 2016. There was no cancellation, resale or reissuance of treasury shares during the financial year. The Company has the right to reissue these shares at a later date. As treasury shares, the rights attached as to voting, dividends and participation in other distributions are suspended.

Movements in the treasury shares are as follows:

	Number of shares	Amount RM	Average cost per share RM
At 1 July 2020	208,200	701,336	3.3686
Shares purchased during the financial year	296,300	996,381	3.3627
At 1 July 2021	504,500	1,697,717	3.3651
Shares purchased during the financial year	252,900	1,036,074	4.0968
At 1 July 2022	757,400	2,733,791	3.6094

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

27. RESERVES

	Note	Group		Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Capital reserve	(a)	196,346,647	196,346,647	135,969,305	135,969,305
Fair value reserve	(b)	103,152,829	119,352,484	-	-
Foreign currency translation reserve	(c)	85,015,186	63,523,219	-	-
Pooling of interest reserve	(d)	1,684,910	-	-	-
		386,199,572	379,222,350	135,969,305	135,969,305

The components and movements of reserves are disclosed in the statements of changes in equity.

- (a) Capital reserve was created for the purpose of future acquisition of property and investment. It consists of the gain from the disposal of properties and long term investments. It also includes the difference between deemed cost (based on a valuation as at 30 June 2015) and historical cost of the freehold land which arose from the adoption of the deemed cost exemption under MFRS 1.
- (b) Fair value reserve represents net gains or losses from the fair value adjustments of investments measured at fair value through other comprehensive income.
- (c) The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of entities whose functional currencies are different from that of the Group's presentation currency.
- (d) Pooling of interest reserve represents the differences in value of assets arising from the asset swap with the immediate holding company on 12 November 2021.

28. RETAINED EARNINGS

The entire retained earnings of the Company as at 30 June 2022 and 30 June 2021 may be distributed as dividends under the single tier system.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

29. DIVIDENDS

	Amount		Net dividends per share	
	2022 RM	2021 RM	2022 Sen	2021 Sen
<u>In respect of year ended 30 June 2021:</u>				
First and final tax exempt (single tier) dividend on 62,582,877 ordinary shares, declared on 8 October 2021 and paid on 30 December 2021	625,829	-	1.00	-
Bonus tax exempt (single tier) dividend on 62,582,877 ordinary shares, declared on 8 October 2021 and paid on 30 December 2021	1,345,533	-	2.15	-
<u>In respect of year ended 30 June 2020:</u>				
First and final tax exempt (single tier) dividend on 62,761,477 ordinary shares, declared on 8 October 2020 and paid on 8 January 2021	-	627,615	-	1.00
Total cash dividends	<u>1,971,362</u>	<u>627,615</u>	<u>3.15</u>	<u>1.00</u>

At the forthcoming Annual General Meeting, the following dividend in respect of the current financial year ended 30 June 2022 on 62,414,577 ordinary shares, will be proposed for shareholders' approval.

	Amount RM	Net dividend per share Sen
First and final tax exempt single-tier dividend	624,146	1.00
Bonus Tax exempt (single-tier) dividend	1,061,048	1.70
	<u>1,685,194</u>	<u>2.70</u>

The financial statements for the current financial year do not reflect this proposed dividend. The dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 30 June 2023.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

30. SIGNIFICANT RELATED PARTY TRANSACTIONS

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
With companies, in which a director, Lee Chung-Shih Justin, has an interest:				
Rental income from Ice Cold Beer Pte. Ltd.	849,440	876,361	-	-
Rental expense payable to Kluang Estates (1977) Sdn. Bhd.	36,000	180,000	12,000	60,000
Administration and support services payable to The Nyalas Rubber Estates Limited	2,290,595	2,253,677	982,398	965,821
Administration and support services payable to Estate & Trust Agencies (1927) Limited	708,587	705,590	218,029	226,950
Land lease rental payable to Kuala Pergau Rubber Plantations Plc	250,000	250,000	-	-
Assets exchange with The Nyalas Rubber Estates Limited	36,379,666	-	-	-

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed upon.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

31. COMMITMENTS

(a) Lease commitments in respect of right-of-use assets

The Group has entered into lease arrangements for the use of land. The Group has recognised the right-of-use assets (Note 11) with related lease liabilities (Note 23).

Future minimum lease payments of right-of-use assets together with the present value of the net minimum lease payments are as follows:

	2022	Group	2021
	RM		RM
Minimum lease payments:			
Not later than 1 year	250,000		250,000
Later than 1 year but not later than 2 years	250,000		250,000
Later than 2 year but not later than 5 years	750,000		750,000
Later than 5 years	2,750,000		3,000,000
Total minimum lease payments	4,000,000		4,250,000
Less: Amounts representing finance charges	(1,270,631)		(1,410,870)
Present value of minimum lease payments	2,729,369		2,839,130
Present value of payments:			
Not later than 1 year	115,262		109,761
Later than 1 year but not later than 2 years	121,038		115,262
Later than 2 year but not later than 5 years	400,742		381,617
Later than 5 years	2,092,327		2,232,490
Present value of minimum lease payments	2,729,369		2,839,130
Less: Amount due within 12 months (Note 23)	(115,262)		(109,761)
Amount due after 12 months (Note 23)	2,614,107		2,729,369

(b) Operating lease commitment - as lessor

The Group has entered into a non-cancellable operating lease agreement on its investment property. The lease has a remaining non-cancellable lease term of 6 to 24 months. The lease includes a clause to enable upward revision of the rental charges on an annual basis based on prevailing market conditions.

The future minimum lease payments receivable under the non-cancellable operating lease contracted for as at the reporting date but not recognised as receivables are as follows:

	2022	Group	2021
	RM		RM
Not later than 1 year	1,617,703		1,654,156
Later than 1 year and not later than 5 years	641,483		1,860,428
	2,259,186		3,514,584

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

31. COMMITMENTS (cont'd)

(c) Operating lease commitment - as lessee

The future aggregate minimum lease payments under non-cancellable operating leases contracted for as at the reporting date but not recognised as liabilities are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Not later than 1 year	-	180,000	-	36,000

The Group and the Company have entered into non-cancellable operating leases contracted for lease of properties which are not accounted for in accordance with MFRS 16 as they are short-term leases with lease terms that end within 12 months of the date of initial application.

32. FAIR VALUE MEASUREMENT

(a) Fair value measurement hierarchy

The following table provides the fair value measurement hierarchy of the Group's and Company's assets:

Group	Quoted price in active markets (Level 1) RM	Significant observable inputs (Level 2) RM	Significant unobservable inputs (Level 3) RM	Total RM
At 30 June 2022				
Assets measured at fair value				
Quoted equity instruments	295,879,644	-	-	295,879,644
Unquoted debt instruments	-	46,138,568	-	46,138,568
Investment in precious metal				
- gold bullion	32,212,526	-	-	32,212,526
Investment properties	-	-	106,782,156	106,782,156
Biological assets	-	-	1,314,232	1,314,232
	328,092,170	46,138,568	108,096,388	482,327,126

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

32. FAIR VALUE MEASUREMENT (cont'd)

(a) Fair value measurement hierarchy (cont'd)

The following table provides the fair value measurement hierarchy of the Group's and Company's assets: (cont'd)

Group	Quoted price in active markets (Level 1) RM	Significant observable inputs (Level 2) RM	Significant unobservable inputs (Level 3) RM	Total RM
At 30 June 2021				
Assets measured at fair value				
Quoted equity instruments	330,237,388	-	-	330,237,388
Unquoted debt instruments	-	59,457,606	-	59,457,606
Investment in precious metal				
- gold bullion	29,441,732	-	-	29,441,732
Investment properties	-	-	69,369,082	69,369,082
Biological assets	-	-	826,660	826,660
	<u>359,679,120</u>	<u>59,457,606</u>	<u>70,195,742</u>	<u>489,332,468</u>
Company				
At 30 June 2022				
Assets measured at fair value				
Biological assets	-	-	493,726	493,726
At 30 June 2021				
Assets measured at fair value				
Biological assets	-	-	200,682	200,682

During the financial years ended 30 June 2022 and 30 June 2021, there were no transfers between the various levels of the fair value measurement hierarchy.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

32. FAIR VALUE MEASUREMENT (cont'd)

(b) Level 3 fair value measurement

(i) Information about significant unobservable inputs used in Level 3 fair value measurements:

Description	Fair value RM	Valuation techniques	Unobservable inputs	Range (adjusted RM/psf)
As at 30 June 2022				
Investment properties				
- Residential	70,028,552	Comparable approach	Yield adjustments based on assumptions*	9,237 to 13,675
- Commercial	32,313,603			13,157 to 14,681
Freehold land				9.65 to 21.49
- agricultural	<u>4,440,001</u>			
Total investment properties	<u><u>106,782,156</u></u>			
As at 30 June 2021				
Investment properties				
- Residential	36,649,478	Comparable approach	Yield adjustments based on assumptions*	8,623 to 10,856
- Commercial	28,409,603			11,123 to 11,574
Freehold land				12.99 to 16.00
- agricultural	<u>4,310,001</u>			
Total investment properties	<u><u>69,369,082</u></u>			

* The yield adjustments are made for any difference in the nature, location or condition of the specific property.

Information about significant observable inputs used in fair value measurements of biological assets are disclosed in Note 18.

(ii) Valuation policies and procedures

Significant increases/(decreases) in estimated price per square metre in isolation would result in a significantly higher/(lower) fair value on a linear basis.

For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and MFRS 13 fair value measurement guidance to perform the valuation.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs used in the valuations.

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

32. FAIR VALUE MEASUREMENT (cont'd)

(b) Level 3 fair value measurement (cont'd)

(iii) Valuation policies and procedures (cont'd)

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant non-observable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross- checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(c) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximations of fair value:

	Note
Investment in bonds	16
Trade and other receivables	19
Cash and bank balances	20
Trade and other payables	22
Lease liabilities	23

The carrying amounts of the current portions of financial assets and liabilities of the Group and of the Company at the reporting date approximate fair values due to the relatively short- term maturity of the financial instruments.

(d) Determination of fair values

Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at the reporting date.

Precious metal

Fair value of precious metal is determined by reference to its average bid spot price at the reporting date.

Unquoted debt instruments

The debt instruments have been valued using the net assets value attributable to each share.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

33. 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, foreign currency risk and market price risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the management.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure 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 Group's and the Company's exposure to credit risk arise primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis to minimise the Group's exposure to bad debts.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 19.

Credit risk concentration profile

At the reporting date, the Group and the Company have a significant concentration of credit risk as 100% (2021: 100%) of their trade receivables are due from 2 debtors (2021: 2 debtors) and a single debtor (2021: 1 debtor) respectively.

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 19.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(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 Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through diverse sources of committed and uncommitted credit facilities from various banks.

In the management of liquidity risk, the Group and the Company monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations.

Group	On demand or within one year RM	Two to five years RM	Over five years RM	Total RM
Financial liabilities				
2022				
Trade and other payables	7,385,932	562,409	-	7,948,341
Lease liabilities	250,000	1,000,000	2,750,000	4,000,000
Total undiscounted financial liabilities	<u>7,635,932</u>	<u>1,562,409</u>	<u>2,750,000</u>	<u>11,948,341</u>
2021				
Trade and other payables	5,846,973	488,320	-	6,335,293
Lease liabilities	250,000	1,000,000	3,000,000	4,250,000
Total undiscounted financial liabilities	<u>6,096,973</u>	<u>1,488,320</u>	<u>3,000,000</u>	<u>10,585,293</u>
Company				
2022				
Trade and other payables, representing total undiscounted financial liabilities	<u>1,977,436</u>	<u>275,601</u>	<u>-</u>	<u>2,253,037</u>
2021				
Trade and other payables, representing total undiscounted financial liabilities	<u>1,555,303</u>	<u>324,019</u>	<u>-</u>	<u>1,879,322</u>

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(c) 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 Group has transactional currency exposures arising from its financial assets and liabilities that are denominated in a currency other than the respective functional currencies of Group's entities, primarily in Ringgit Malaysia ("RM"), United States Dollar ("USD") and Singapore Dollar ("SGD"). The foreign currencies in which these transactions are denominated are mainly RM, SGD and British Pound Sterling ("GBP").

The Group also holds cash and cash equivalents denominated in foreign currencies. At the reporting date, such foreign currency balances amounted to RM221,337,169 (2021: RM213,625,543) respectively.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's (loss)/profit before tax to a reasonably possible change in the SGD, GBP, USD and RM exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

		2022	2021
		RM	RM
		Increase/(decrease) in profit before tax	
SGD/RM	- Strengthened 5%	2,348,000	1,335,000
	- Weakened 5%	(2,348,000)	(1,335,000)
SGD/USD	- Strengthened 5%	7,009,000	6,799,000
	- Weakened 5%	(7,009,000)	(6,799,000)
GBP/USD	- Strengthened 5%	3,609,000	1,869,000
	- Weakened 5%	(3,609,000)	(1,869,000)
RM/SGD	- Strengthened 5%	187,000	1,000
	- Weakened 5%	(187,000)	(1,000)

(d) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments and investments will fluctuate because of changes in market price (other than interest or exchange rate).

The Group and the Company are exposed to market price risk arising from its investments in quoted equity instruments quoted on SGX-ST in Singapore and gold bullion in Australia.

NOTES TO THE FINANCIAL STATEMENTS (cont'd) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

(d) Market price risk (cont'd)

Sensitivity analysis for market price risk

At the reporting date, if the Straits Times Index in Singapore and the precious metal price in Australia were to fluctuate by 5% respectively with all other variables held constant, the effects on other comprehensive income for the Group and the Company would have been as follows:

	Increase/(decrease) in profit before tax Group	
	2022 RM	2021 RM
Quoted shares in Singapore		
- increased by 5%	14,794,000	16,512,000
- decreased by 5%	(14,794,000)	(16,512,000)
	14,794,000	16,512,000
Precious metal		
- increased by 5%	1,611,000	1,472,000
- decreased by 5%	(1,611,000)	(1,472,000)
	1,611,000	1,472,000

34. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group regards total equity as its capital. Gearing ratios are not presented as the Group does not have bank borrowings and its cash balances exceed its total financial liabilities.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2022 and 30 June 2021.

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

35. SEGMENT INFORMATION

(a) Business segments

For management purposes, the Group is organised into business units based on their sources of income, and has two reportable operating segments as follows:

- (i) Plantation - cultivation of oil palm
- (ii) Investments - long term portfolio investment in securities, deposits with banks and investment properties

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group income taxes are managed on a group basis and are not allocated to operating segments.

	Plantation		Investments		Consolidated	
	2022	2021	2022	2021	2022	2021
	RM	RM	RM	RM	RM	RM
Revenue						
External	40,580,212	20,119,055	13,549,461	11,555,093	54,129,673	31,674,148
Result						
Segment results	19,627,881	13,528,650	2,745,751	30,680,993	22,373,632	44,209,643
Foreign exchange (loss)/gain	-	(10,011)	(13,475,868)	8,887,467	(13,475,868)	8,877,456
Unallocated corporate expenses					(10,114,982)	(9,924,239)
(Loss)/profit from operations					(1,217,218)	43,162,860
Share of results of associates	-	-	(13,484,601)	18,251,738	(13,484,601)	18,251,738
Income tax expense					(1,446,274)	(824,256)
(Loss)/profit net of tax					(16,148,093)	60,590,342

NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

35. SEGMENT INFORMATION (cont'd)

(a) Business segments (cont'd)

	Plantation		Investments		Consolidated	
	2022	2021	2022	2021	2022	2021
	RM	RM	RM	RM	RM	RM
Assets						
Segment assets	405,374,051	395,569,275	743,376,592	728,205,312	1,148,750,643	1,123,774,587
Investments in associates	-	-	96,897,942	113,011,147	96,897,942	113,011,147
Unallocated assets					865,509	413,369
Consolidated total assets					<u>1,246,514,094</u>	<u>1,237,199,103</u>
Liabilities						
Segment liabilities	36,150,562	34,090,354	1,058,438	1,212,652	37,209,000	35,303,006
Unallocated liabilities					4,323,702	3,603,357
Other information					<u>41,532,702</u>	<u>38,906,363</u>
Depreciation	673,256	626,439	-	-	673,256	626,439
Fair value gain on investment properties	-	-	(5,889,592)	(4,947,175)	(5,889,592)	(4,947,175)
Fair value loss/(gain) on investment	-	-	16,194,395	(11,948,639)	16,194,395	(11,948,639)
Realised foreign exchange loss/(gain)	-	10,011	23,347	(623)	23,347	9,388
Unrealised foreign exchange loss/(gain)	-	-	13,452,521	(8,886,844)	13,452,521	(8,886,844)
Gain on disposal of available-for-sale financial assets	-	(3,696,898)	-	-	-	(3,696,898)
Gain on compulsory land acquisition	-	(11,286,764)	-	-	-	(11,286,764)
Bearer plant written off	-	220,181	-	-	-	220,181

**NOTES TO THE FINANCIAL STATEMENTS (cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022**

35. SEGMENT INFORMATION (cont'd)

(b) Geographical segments

The Group's plantation activity is mainly in Malaysia whilst the investment activities are in six geographical areas of the world.

	Total revenue		Segment assets	
	2022 RM	2021 RM	2022 RM	2021 RM
Malaysia	40,948,490	20,398,655	437,579,442	415,048,104
Singapore	12,057,600	11,009,540	663,265,756	697,167,870
Hong Kong	-	-	22,298	16,144
United Kingdom	1,123,583	265,953	75,920,602	45,386,241
Cayman Islands	-	-	36,360,621	49,073,372
Australia	-	-	33,365,375	30,507,372
	<u>54,129,673</u>	<u>31,674,148</u>	<u>1,246,514,094</u>	<u>1,237,199,103</u>

36. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 30 June 2022 were authorised for issue in accordance with a resolution of the directors on 12 October 2022.

THREE YEARS COMPARATIVE FIGURES

Year ended 30 June	2020	2021	2022
FFB Production			
- Kluang Estate (MT)	8,310	7,846	8,730
Mature Acre (30 June)			
- Kluang Estate (Acre)	1,174	1,161	1,161
Immature Acre (30 June)			
- Kluang Estate (Acre)	400	413	413
FFB Yield (MT/Hectare)			
- Kluang Estate (MT/Hectare)	15	16	19

STATEMENT OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS AS AT 30 SEPTEMBER 2022

Total number of issued shares	:	62,304,577 (excluding treasury shares of 867,400)
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote per ordinary share
No. of Shareholders	:	3,829

DISTRIBUTION OF SHAREHOLDINGS

Range of Shares	No. of shareholders	No. of Shares	Percentage (%)
Less than 100	1,503	61,491	0.10
100 to 1,000	1,157	388,525	0.63
1,001 to 10,000	864	2,727,800	4.38
10,001 to 100,000	257	7,603,706	12.21
100,001 to less than 5% of issued shares	46	16,471,040	26.44
5% and above of issued shares	2	35,052,015	56.26
Total	3,829	62,304,577	100.00

THIRTY LARGEST SHAREHOLDERS

No.	Name of shareholders	Number of shares	Percentage %
1.	THE NYALAS RUBBER ESTATES LIMITED	27,596,561	44.29
2.	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR OCBC SECURITIES PRIVATE LIMITED	7,455,454	11.97
3.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD	2,368,229	3.80
4.	KEY DEVELOPMENT SDN BERHAD	1,792,395	2.88
5.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD	1,067,063	1.71
6.	AFFIN HWANG NOMINEES (ASING) SDN. BHD. LIM & TAN SECURITIES PTE LTD	941,404	1.51
7.	LEONG KOK TAI	848,845	1.36
8.	KEY DEVELOPMENT SDN BERHAD	598,300	0.96
9.	AMSEC NOMINEES (ASING) SDN BHD KGI SECURITIES (SINGAPORE) PTE LTD FOR LEE THOR SENG	535,785	0.86
10.	YEOW TENG TAK	529,687	0.85

STATEMENT OF SHAREHOLDINGS (cont'd)

THIRTY LARGEST SHAREHOLDERS (cont'd)

No.	Name of shareholders	Number of shares	Percentage %
11.	CHONG YEAN FONG	498,439	0.80
12.	WONG PENG YAN BENJAMIN @ PENG YAN WONG	469,048	0.75
13.	YEOW WEE HONG	449,928	0.72
14.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN KIAM HSUNG	417,716	0.67
15.	CHAN KIM SENDIRIAN BERHAD	352,472	0.57
16.	BEH HAN KIM	335,075	0.54
17.	LOH KAH WAI	318,488	0.51
18.	RHB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH KAH WAI	284,458	0.46
19.	HLB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO MENG HAI	272,579	0.44
20.	GAN TONG HONG	250,103	0.40
21.	PM NOMINEES (TEMPATAN) SDN BHD MALPAC MANAGEMENT SDN BHD FOR OH KIM HOE	245,655	0.39
22.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR-CREDIT SUISSE (SG-BR-TST-ASING)	209,375	0.33
23.	LOH KAH WAI	202,054	0.32
24.	CGS-CIMB NOMINEES (ASING) SDN BHD EXEMPT AN FOR CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	199,683	0.32
25.	YEO KHEE HUAT	194,796	0.31
26.	CHIN KHEE KONG & SONS SENDIRIAN BERHAD	191,737	0.31
27.	HSBC NOMINEES (ASING) SDN BHD EXEMPT AN FOR-BANK JULIUS BAER & CO. LTD (SINGAPORE BRANCH)	186,099	0.30
28.	CHIN KIAN FONG	163,092	0.26
29.	B-OK SDN BHD	159,778	0.26
30.	LAI PHIN KHONG	156,495	0.25

LIST OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct	Interest in Shares		%
		%	Indirect	
The Nyalas Rubber Estates Limited	27,596,561	44.29	202,329 ^(a)	0.32
Lee Thor Seng	535,785	0.86	27,798,890 ^(b)	44.62
Lee Chung-Shih Justin	39,108	0.06	27,798,890 ^(b)	44.62
Lee Yung-Shih Colin	35,187	0.06	27,798,890 ^(b)	44.62

Notes:

^(a) Deemed interested by virtue of its substantial interest in Estate And Trust Agencies (1927) Ltd.

^(b) Deemed interested by virtue of their substantial interest in The Nyalas Rubber Estates Limited, and Estate And Trust Agencies (1927) Ltd.

DIRECTORS' INTEREST IN SHARES

No. Name of Directors	Direct	Interest in Shares		%
		%	Indirect	
1. Lee Chung-Shih Justin	39,108	0.06	27,798,890 ^(a)	44.62
2. Chew Khat Khiam Albert	-	-	-	-
3. Tay Beng Chai	-	-	-	-
4. Wun Mow Sang	-	-	-	-
5. Cheong Mun Hong	-	-	-	-
6. Mugana Kerisnan A/L Karpiah	-	-	-	-

Note:

^(a) Deemed interested by virtue of his substantial interest in The Nyalas Rubber Estates Limited, and Estate And Trust Agencies (1927) Ltd.

LIST OF PROPERTIES

The company's properties as at 30 June 2022 are as follows: -

Location	Description	Tenure	Land Area	Term	Net Carrying Amount/ Fair Value (RM)	Acquisition(A)/ Revaluation(R) Date
Lot 838, 1219 and 2723 District of Kluang, Johor	Oil palm	Freehold	1, 597 acres	-	195,827,453	1 January 2015 (R)

PLANTED AREA AGE PROFILE

The Company's Planted Area as at 30 June 2022 are as follows: -

Kluang Estate	Acre	%
Tall [> 15]	191	12%
Prime [8 – 15]	802	39%
Young [3 – 7]	271	23%
Immature [< 3]	310	26%
TOTAL	1,574	100%

KLUANG RUBBER COMPANY (MALAYA) BERHAD
 Registration No. 195901000092 (3441-K)
 (INCORPORATED IN MALAYSIA)

P R O X Y F O R M

No. of Shares Held	
CDS Account No.	

*I/We
(Full name in Block Letters) (*NRIC No./Passport No./Company Registration No.)

of
(Address)

..... and
(Address cont'd) (Email address/Tel. No.)

being a *Member/Members of **KLUANG RUBBER COMPANY (MALAYA) BERHAD** (the “Company”), hereby appoint the following person(s):

Name of Proxy	*NRIC No./Passport No.	Email/Contact No.	No. of Shares to be represented by Proxy
1.			
2.			

or failing *him/her, the Chairman of the Meeting as my/our proxy to vote for me/us on my/our behalf at the Sixty-Third Annual General Meeting (“63rd AGM”) of the Company, to be conducted fully virtual through live streaming and online remote voting via <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC-D6A357657) on Thursday, 8 December 2022 at 12:30 p.m. and at any adjournment thereof.

*My/our proxy(ies) *is/are to vote as indicated by an ‘X’ in the appropriate spaces below or abstain as he/she/they may think fit: -

NO.	RESOLUTION	FIRST PROXY		SECOND PROXY	
		FOR	AGAINST	FOR	AGAINST
	ORDINARY BUSINESS				
Ordinary Resolution 1	To declare and approve the payment of Single Tier First and Final Dividend of 1 sen per ordinary share in respect of the financial year ended 30 June 2022				
Ordinary Resolution 2	To declare and approve the payment of Single Tier Bonus Dividend of 1.70 sen per ordinary share in respect of the financial year ended 30 June 2022				
Ordinary Resolution 3	To approve the payment of Directors’ fees and other benefits not exceeding of RM500,000 from the conclusion of the 63rd Annual General Meeting until the conclusion of the next AGM to be held in 2023				
Ordinary Resolution 4	To re-elect Mr Tay Beng Chai as Director				
Ordinary Resolution 5	To re-elect Mr Lee Chung-Shih Justin as Director				
Ordinary Resolution 6	Re-appointment of Messrs Ernst & Young PLT as Auditors of the Company and authorise the Directors to fix their remuneration				
	SPECIAL BUSINESS				
Ordinary Resolution 7	Authority to Allot and Issue Shares by Directors pursuant to Sections 75 & 76 of the Companies Act 2016				
Ordinary Resolution 8	Proposed Renewal of Shareholders’ Mandate for Share Buy-Back Authority				

Signed this day of, 2022

.....
 Signature of Shareholder

.....
 Common Seal is to be affixed here
 if Shareholder is a Corporation

**Strike out whichever is not applicable.*

**Affix
Stamp
Here**

The Share Registrar
KLUANG RUBBER COMPANY (MALAYA) BERHAD
Registration No. 195901000092 (3441-K)
c/o BOARDROOM SHARE REGISTRARS SDN. BHD.
Registration No. 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim,
Seksyen 13,
46200 Petaling Jaya,
Selangor Darul Ehsan,
Malaysia

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NOTES: -

1. The Company will continue to leverage on technology to facilitate communication and engagement with shareholders by conducting the 63rd AGM on a fully virtual basis through remote participation and electronic voting via <https://meeting.boardroomlimited.com.my> ("RPEV") facilities. Please follow the procedures as set out in the Administrative Guide for the 63rd AGM in order to register, participate and vote remotely via RPEV Facilities.
2. A member of the Company who is entitled to register, participate and vote at a general meeting of the Company is entitled to appoint not more than two (2) proxies to attend, participate and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy and the proxy shall have the same rights as the member.
3. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
5. The instrument appointing a proxy shall be writing under the hand of the appointer or his attorney duly authorised in writing, or if such appointer is a corporation, either under its common seal or under the hand of its officer or attorney duly authorised.
6. The instrument appointing a proxy must be made in a hard copy form or by electronic means, not less than 24 hours before the time appointed for holding the AGM, as follows: -
In Hardcopy Form
The original instrument appointing a proxy ("Proxy Form") must be deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
By Electronic means
The Proxy Form can also be lodged electronically with the Share Registrar of the Company through Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> or email to bsr.helpdesk@boardroomlimited.com. Please follow the procedures provided in the Administrative Guide for the 63rd AGM in order to deposit the Proxy Form electronically.

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7. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
8. If you have submitted your Proxy Form and subsequently decided to appoint another person or you wish to participate in the 63rd AGM, please write to bsr.helpdesk@boardroomlimited.com to revoke the appointment of proxy **no later than Wednesday, 7 December at 12:30 p.m.**, being 24 hours before the 63rd AGM.
9. Last date and time for lodging the proxy form is **Wednesday, 7 December 2022 at 12:30 p.m.**
10. In respect of deposited securities, only members whose names appear on the Record of Depositors on **30 November 2022** (General Meeting Record of Depositors) shall be eligible to attend the meeting or appoint proxy(ies) to attend, speak and/or vote on his/her behalf via RPEV Facilities.

Personal Data Privacy: -

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms as set out in the Notice of Annual General Meeting dated **Monday, 31 October 2022**.

