KLK

Annual Report

2023

KUALA LUMPUR KEPONG BERHAD

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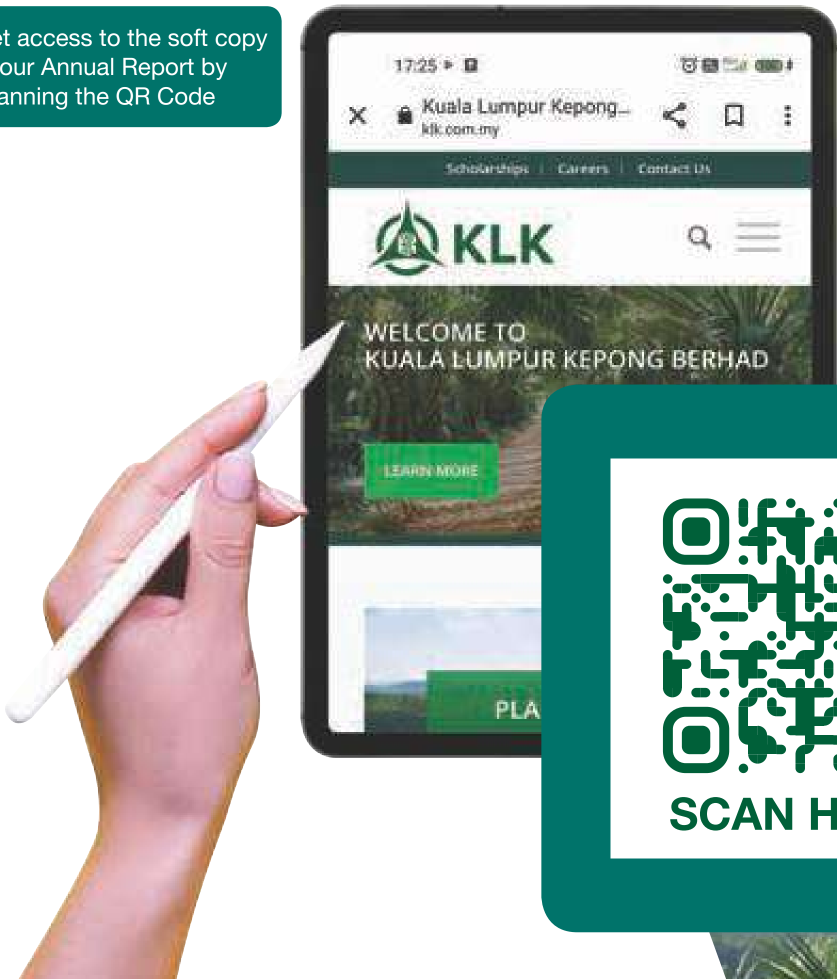

SCAN HERE

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01 OUR ORGANISATION

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CORPORATE INFORMATION

BOARD OF DIRECTORS

R. M. ALIAS
Non-Independent Non-Executive Chairman

TAN SRI DATO' SERI LEE OI HIAN
Chief Executive Officer

DATO' LEE HAU HIAN
Non-Independent Non-Executive Director

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

QUAH POH KEAT
Senior Independent Non-Executive Director

ANNE RODRIGUES
Independent Non-Executive Director

LEE JIA ZHANG
Chief Operating Officer

CHERYL KHOR HUI PENG
Independent Non-Executive Director

TAN SRI SHAHRIL RIDZA BIN RIDZUAN
Independent Non-Executive Director

COMPANY SECRETARY
Yap Miow Kien

AUDITORS
BDO PLT

PLACE OF INCORPORATION AND DOMICILE
In Malaysia as a public limited liability company

REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS
Wisma Taiko
No. 1, Jalan S.P. Seenivasagam
30000 Ipoh
Perak, Malaysia
Tel : +605-240 8000
Fax : +605-240 8115
Email : cosec@klk.com.my
Website : *www.klk.com.my*

SHARE REGISTRAR
Boardroom Share Registrars Sdn. Bhd.
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor, Malaysia
Tel : +603-7890 4700
Fax : +603-7890 4670
Email : bsr.helpdesk@boardroomlimited.com
Website : *www.boardroomlimited.com*

PRINCIPAL BANKERS
CIMB Bank Berhad
HSBC Bank Malaysia Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
RHB Bank Berhad

STOCK EXCHANGE LISTING
Listed on the Main Market of Bursa Malaysia Securities Berhad on 6 February 1974
Stock Code : 2445
Stock Name : KLK

51ST ANNUAL GENERAL MEETING

Day/Date:
Wednesday,
21 February 2024

Time:
11.00 a.m.

Venue:
Conference Room, Ground Floor
Wisma Taiko
No. 1, Jalan S.P. Seenivasagam
30000 Ipoh, Perak
Malaysia

FINANCIAL CALENDAR

FINANCIAL YEAR ENDED 30 SEPTEMBER 2023

ANNOUNCEMENT OF QUARTERLY RESULTS

First Quarter	Second Quarter	Third Quarter	Fourth Quarter
22 FEBRUARY 2023	**24 MAY 2023**	**24 AUGUST 2023**	**22 NOVEMBER 2023**

INTERIM DIVIDEND

Announcement	Entitlement Date	Payment Date
24 MAY 2023	**11 JULY 2023**	**1 AUGUST 2023**

FINAL DIVIDEND

Announcement	Entitlement Date*	Payment Date*
8 DECEMBER 2023		

** will be announced in due course*

KEY INDICATORS

REVENUE
RM23.648 Billion
FY2022: RM27.149 billion

PROFIT ATTRIBUTABLE TO EQUITY HOLDERS
RM834.3 Million
FY2022: RM2.166 billion

SHARE PRICE
RM21.40
30 September 2022: RM20.70

MARKET CAPITALISATION*
RM23.079 Billion
30 September 2022: RM22.318 billion

DIVIDEND PER SHARE
60 Sen
FY2022: 100 sen

EARNINGS PER SHARE
77.4 Sen
FY2022: 200.9 sen

** Based on closing price on 30 September 2023*

CORPORATE PROFILE

PLANTATION

Kuala Lumpur Kepong Berhad ("KLK") started as a plantation company in 1906 and until today, the development of oil palm and rubber remains the Group's core business. KLK presently has about 300,000 hectares of planted area (97% oil palm). Our land bank is spread across Malaysia (Peninsular and Sabah), Indonesia (Belitung Island, Sumatra, as well as Kalimantan) and Liberia.

MANUFACTURING

In order to optimise value across the supply chain, KLK diversified into resource-based manufacturing (refinery and oleochemical), and vertically integrated its upstream, midstream and downstream businesses. The Group has since expanded its manufacturing operations resulting in an international oleochemicals operations in Malaysia, Indonesia, China, Switzerland, Germany, the Netherlands, Belgium and Italy.

PROPERTY DEVELOPMENT

In 1990, KLK started capitalising on the strategic location of its land bank in Peninsular Malaysia by branching into property development under KLK Land. Our first foray into property development was Sierramas in Sungai Buloh, a joint venture with Tan & Tan Developments Berhad, a wholly owned subsidiary of IGB Berhad. It is currently focused on Bandar Seri Coalfields, a 1,001-acre township in Sungai Buloh and Caledonia in Ijok, Selangor.

MISSION

STRIVE FOR EXCELLENCE

- Offering quality products and services at competitive prices.
- Being a good and responsible corporate citizen.
- Earning a fair return on investments.
- Maintaining steady dividend payments and adequate dividend cover.
- Sustaining growth through re-investment of retained profits.
- Maintaining a high standard of business ethics and practices.
- Fulfilling our social responsibilities in the community in which we operate.

VALUES

T H R I I L

TEAMWORK

Going beyond geographical, divisional and functional boundaries to achieve common goals. Collaboration is at the heart of all we do.

HUMILITY

Having an open mind to recognise the strength of others and willingness to stretch ourselves and grow.

RESULTS

Committed to exceptional execution and excellence to make a difference in everything we do.

INTEGRITY

Ethical leadership with a strong moral compass that inspires every individual to do the right thing.

INNOVATION

Levelling up through new ideas and continuous improvement to consistently exceed expectations.

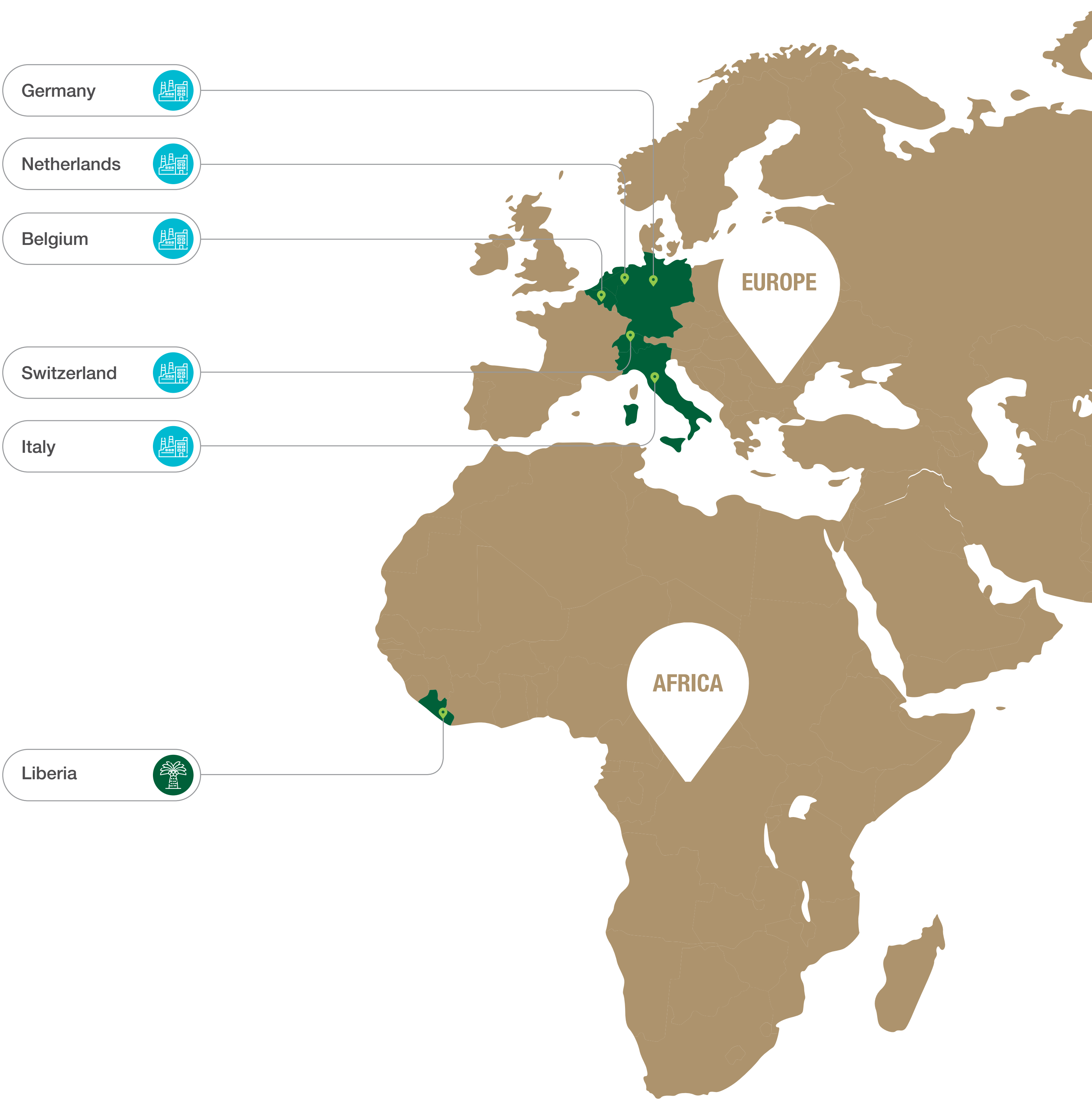
LOYALTY

Committed to building a better future together, with mutual trust and care while upholding the Company's interest as our own.

Lahad Datu, Sabah

LOCATION OF THE GROUP'S OPERATIONS

AS AT 30 SEPTEMBER 2023

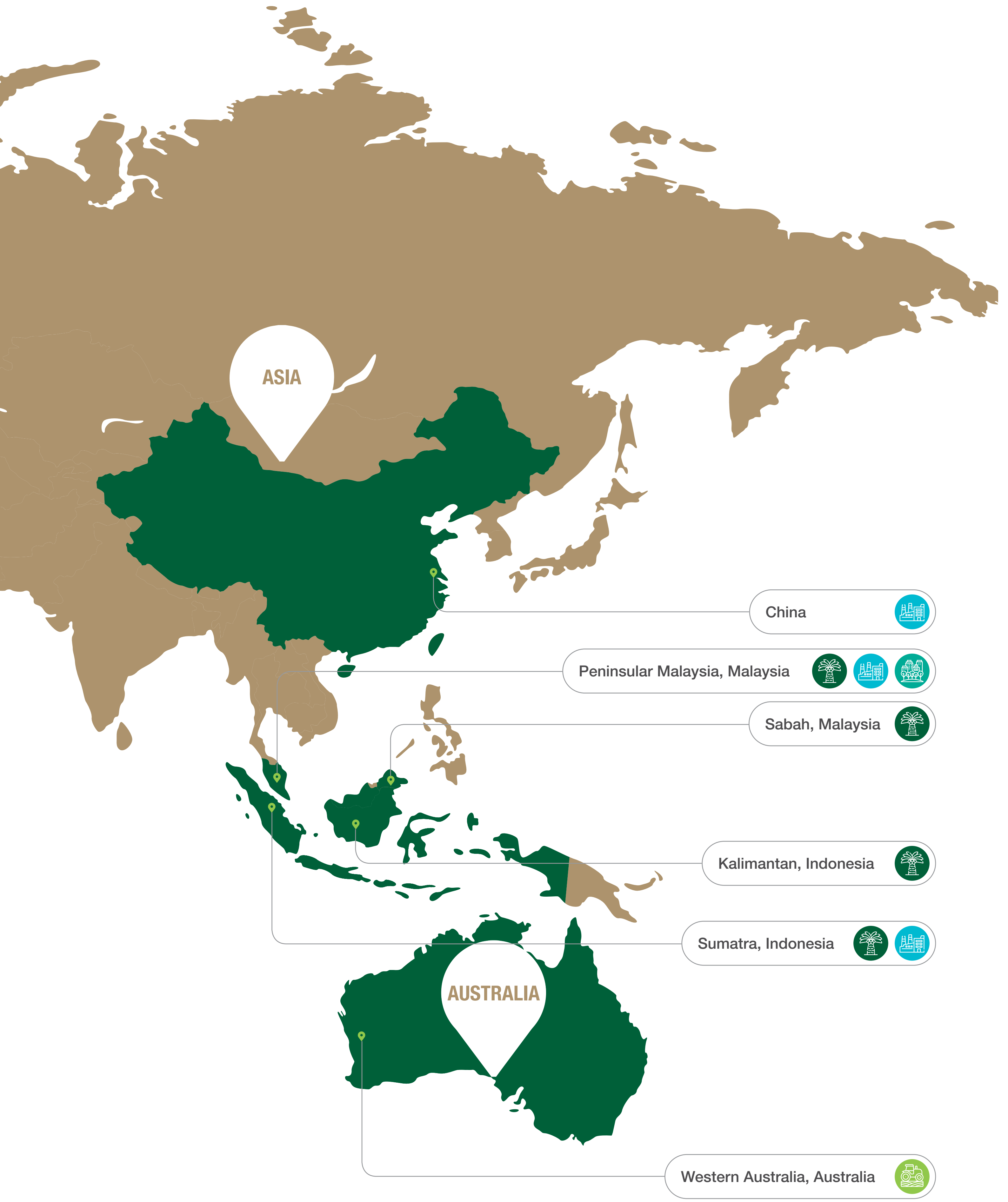


PLANTATION

MANUFACTURING

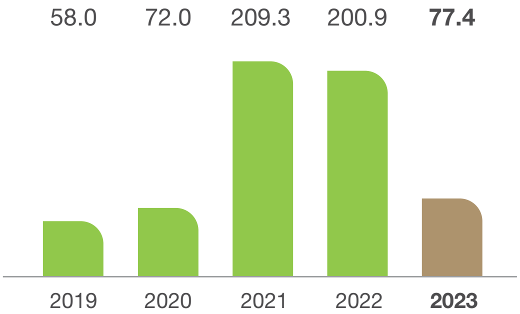
PROPERTY DEVELOPMENT

OTHERS (FARMING)

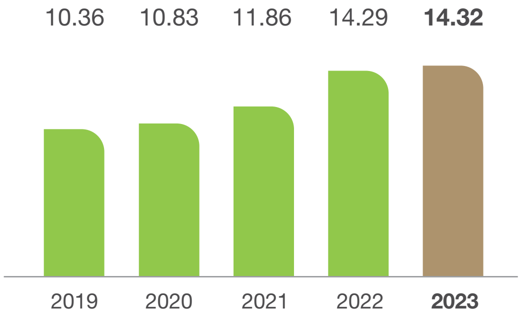

ASIA
China
Peninsular Malaysia, Malaysia
Sabah, Malaysia
Kalimantan, Indonesia
Sumatra, Indonesia
AUSTRALIA
Western Australia, Australia

FINANCIAL HIGHLIGHTS

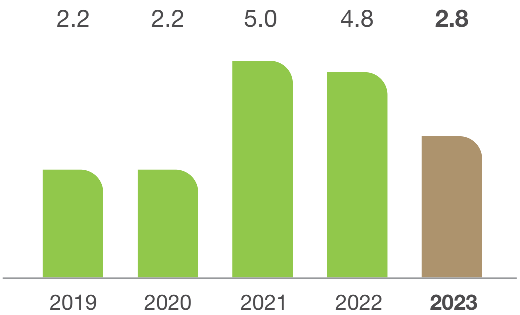
EARNINGS PER SHARE
(SEN)



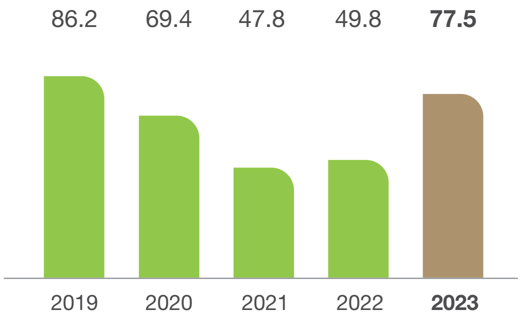
SHAREHOLDERS' EQUITY
(RM BILLION)



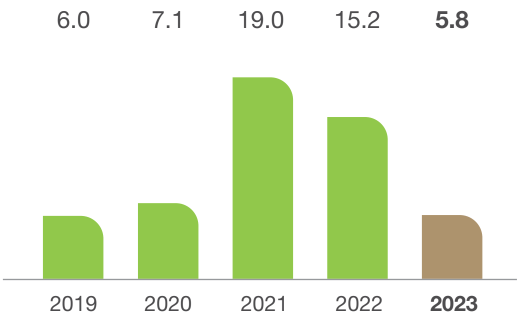
DIVIDEND YIELD
(%)



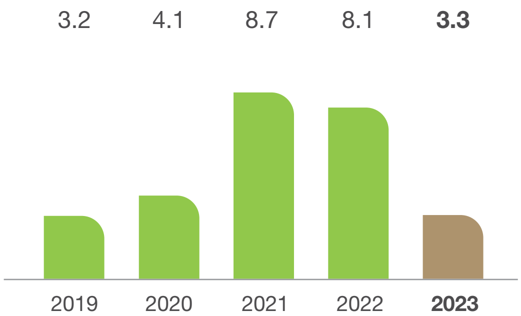
DIVIDEND PAYOUT RATIO
(%)



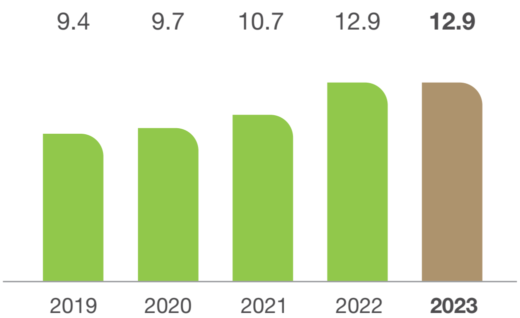
RETURN ON SHAREHOLDERS' EQUITY
(%)



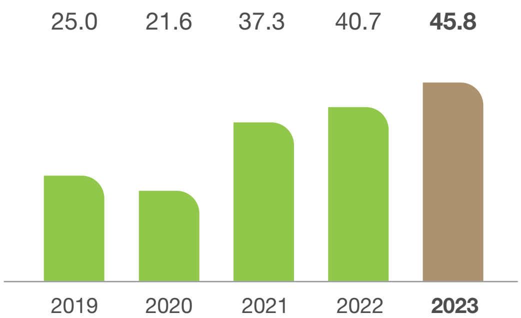
RETURN ON TOTAL ASSETS
(%)



NET TANGIBLE ASSETS PER SHARE
(RM)



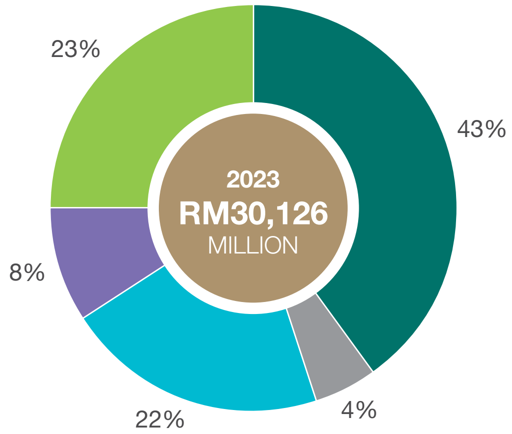
NET DEBT TO EQUITY
(%)

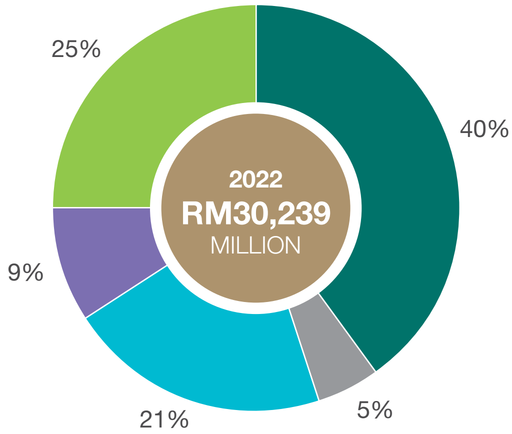


SIMPLIFIED GROUP ASSETS & LIABILITIES

AS AT 30 SEPTEMBER 2023

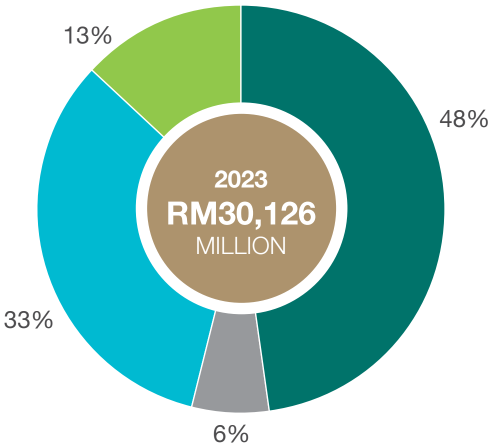
TOTAL ASSETS

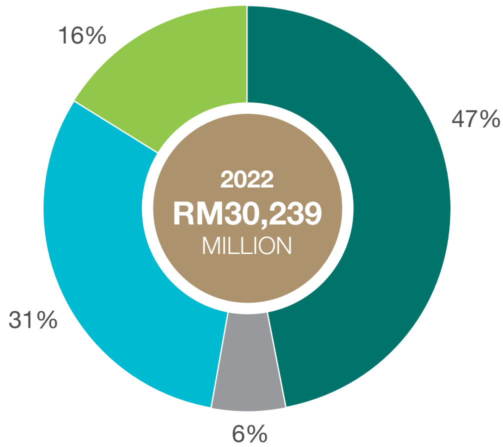




	2023		2022	
Property, Plant and Equipment	**RM12,906 million**	**43%**	RM12,123 million	40%
Right-of-use Assets	**RM1,326 million**	**4%**	RM1,339 million	5%
Other Non-Current Assets	**RM6,413 million**	**22%**	RM6,272 million	21%
Short Term Funds and Cash and Cash Equivalents	**RM2,500 million**	**8%**	RM2,852 million	9%
Other Current Assets	**RM6,981 million**	**23%**	RM7,653 million	25%

TOTAL EQUITY & LIABILITIES





	2023		2022	
Shareholders' Equity	**RM14,319 million**	**48%**	RM14,287 million	47%
Non-Controlling Interests	**RM1,825 million**	**6%**	RM1,765 million	6%
Borrowings	**RM9,894 million**	**33%**	RM9,382 million	31%
Other Liabilities	**RM4,088 million**	**13%**	RM4,805 million	16%

PROFILE OF DIRECTORS

R. M. ALIAS

Chairman
Non-Independent Non-Executive Director

Aged 91 | *Male* | *Malaysian*

Meeting Attendance: 8/8

Joined the Board on 1 July 1978 and has been the Chairman of KLK since 2008.

R. M. Alias holds a Bachelor of Arts (Honours) degree from the University of Malaya, Singapore, a Certificate in Public Administration from the Royal Institute of Public Administration, London and has attended the Advanced Management Program at Harvard Business School.

He is also a member on the Board of Trustees of the Yayasan KLK.

TAN SRI DATO' SERI LEE OI HIAN

Chief Executive Officer
Executive Director

Aged 72 | *Male* | *Malaysian*

Meeting Attendance: 8/8

Joined the Board on 1 February 1985 and is the Chief Executive Officer ("CEO") of KLK.

Tan Sri Dato' Seri Lee Oi Hian graduated with a Bachelor of Agricultural Science (Honours) degree from the University of Malaya and obtained his Master in Business Administration from Harvard Business School.

He joined the Company in 1974 as an executive and was subsequently appointed to the Board in 1985. In 1993, he was appointed as the Group's Chairman/CEO and held the position until 2008, when he relinquished his role as Chairman, but remains as Executive Director and CEO of the Group.

He is the Chairman of Batu Kawan Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, and the Chairman of KLK Sawit Nusantara Berhad. He also serves as a member on the Board of Trustees of the Perdana Leadership Foundation, UTAR Education Foundation and Yayasan Wesley. He was formerly the Chairman of the Malaysian Palm Oil Council.

Tan Sri Dato' Seri Lee is the brother of Dato' Lee Hau Hian and the father of Mr. Lee Jia Zhang. He is deemed connected with Batu Kawan Berhad, one of the major shareholders of KLK, and is also deemed interested in various related party transactions with the KLK Group.

PROFILE OF DIRECTORS

DATO' LEE HAU HIAN

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

Aged 70 | *Male* | *Malaysian*

Meeting Attendance: 7/8

Joined the Board on 20 December 1993.

Dato' Lee Hau Hian graduated with a Bachelor of Science (Economics) degree from the London School of Economics and has a Master in Business Administration from Stanford University.

He is the Managing Director of Batu Kawan Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad, and the Chairman of Chemical Company of Malaysia Berhad. He is also a Director of See Sen Chemical Berhad and Synthomer plc, a company listed on the London Stock Exchange. He is also the President of the Perak Chinese Maternity Association. He also serves as a member on the Board of Trustees of the Tan Sri Lee Loy Seng Foundation, Yayasan KLK and Yayasan De La Salle.

He is the brother of Tan Sri Dato' Seri Lee Oi Hian and the uncle of Mr. Lee Jia Zhang. He is deemed connected with Batu Kawan Berhad, a major shareholder of KLK, and is also deemed interested in various related party transactions with the KLK Group.

DATO' YEOH ENG KHOON

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

Aged 76 | *Male* | *Malaysian*

Meeting Attendance: 8/8

Joined the Board on 24 February 2005.

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

His past working experience included banking, manufacturing and retail business.

He is a Director of Batu Kawan Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad. He is also a Director of See Sen Chemical Berhad.

PROFILE OF DIRECTORS

QUAH POH KEAT

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

Aged 71 | *Male* | *Malaysian*

Meeting Attendance: 8/8

Appointed to the Board on 18 February 2016.

Mr. Quah Poh Keat is a Fellow of the Malaysian Institute of Taxation and the Association of Chartered Certified Accountants; and a Member of the Malaysian Institute of Accountants, the Malaysian Institute of Certified Public Accountants and Chartered Institute of Management Accountants.

He was a partner of KPMG since October 1982 and was appointed Senior Partner (also known as Managing Partner in other practices) in October 2000 until 30 September 2007. He retired from the firm on 31 December 2007.

He had served as a Director of Public Bank Berhad Group from 30 July 2008 to 1 October 2013 until his appointment as the Deputy Chief Executive Officer of Public Bank from 1 October 2013 until 31 December 2015. Prior to that, he was also a Director of IOI Properties Berhad, PLUS Expressways Berhad, IOI Corporation Berhad and Telekom Malaysia Berhad.

Mr. Quah is experienced in auditing, tax and insolvency practices and has worked in Malaysia and the United Kingdom; his field of expertise includes restructuring, demergers and privatisation.

Currently, he is a Director of LPI Capital Bhd, Paramount Corporation Berhad and Malayan Flour Mills Berhad, companies listed on the Main Market of Bursa Malaysia Securities Berhad. He also sits on the Boards of Public Mutual Berhad, Lonpac Insurance Berhad, Public Finance Ltd, Public Financial Holdings Ltd, Cambodian Public Bank Ltd, Campu Lonpac Insurance Plc and Campu Securities Plc.

ANNE RODRIGUES

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

Aged 73 | *Female* | *Malaysian*

Meeting Attendance: 8/8

Appointed to the Board on 6 September 2017.

Mrs. Anne Rodrigues is a member of Malaysian Institute of Accountants and was a Fellow of the Association of Chartered Certified Accountants. She also holds a Master in Business Administration (Distinction) from the University of Bath MIM and a Bachelor of Economics (Class 1 Honours) degree from University of Malaya.

Mrs. Anne Rodrigues was the Group Chief Financial Officer of Felda Global Ventures Holdings Berhad ("FGV") till her official retirement in December 2010. Subsequent to that, she continued as Finance Advisor in FGV and also was posted to Boston as Chief Financial Officer of TRT Holdings Boston USA. She retired in December 2012.

She has more than 30 years' experience in the financial sector, having been previously appointed as the Corporate Treasurer and subsequently Finance Director of Malaysia International Shipping Corporation and previous to that as Finance Manager, Boustead Travel Sdn Bhd. Currently, she is a Director of VSTECS Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad. She also serves as a member of the Financial Reporting Foundation.

PROFILE OF DIRECTORS

LEE JIA ZHANG

Chief Operating Officer
Executive Director

Aged 40 | *Male* | *Malaysian*

Meeting Attendance: 7/8

Appointed to the Board on 16 May 2018.

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

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

In his capacity as KLK Group Chief Operating Officer, Mr. Lee directs the daily conduct of the Group's operations, management and administration across the Group's business sectors. He also oversees several of the Group's corporate functions and works with Senior Management to create, implement and roll out operational processes, internal infrastructures, reporting systems and company policies. In addition, Mr. Lee was also appointed as the Chief Executive Officer of the Group's Oleochemical Division on 1 April 2022.

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

CHERYL KHOR HUI PENG

Independent Non-Executive Director
Member of Audit and Risk Committee

Aged 49 | *Female* | *Malaysian*

Meeting Attendance: 8/8

Appointed to the Board on 1 December 2021.

Ms. Cheryl Khor Hui Peng graduated from University Putra Malaysia with a Bachelor of Mathematics (Honours). She is a Fellow and Faculty Member of the Institute of Corporate Directors Malaysia where she conducts training for directors on various board and governance topics across all industries.

She is also a member of the Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and Institute of Internal Auditors Malaysia.

Ms. Cheryl Khor has more than 25 years of experience covering financial, operational and internal audits as well as governance, controls, sustainability, internal audit and risk assessments for clients across a broad range of industries.

She began her career in 1998 as a financial auditor and chartered accountant at Ernst & Young. Ms. Cheryl Khor diversified her skill sets and breadth of experience when she joined Deloitte in 2013 where she led the Risk Advisory practice, complementing her chartered accountant experience with sustainability, governance and risk expertise. She was appointed as its Managing Director in 2014 and held the position until May 2021. Whilst in Deloitte, she held numerous leadership roles culminating in the position of Asia Pacific Accounting and Internal Control Leader and was also elected onto the Deloitte South East Asia Board of Directors.

Ms. Cheryl Khor serves as an Independent Director on the Boards of Hong Leong Industries Berhad, Alliance Bank Malaysia Berhad and Malaysia Airports Holdings Berhad, all of which are listed on Bursa Malaysia Securities Berhad. She also serves as a Director of several public companies namely, Chubb Insurance Malaysia Berhad, Leader Energy Holding Berhad and RAM Holdings Berhad.

PROFILE OF DIRECTORS

TAN SRI SHAHRIL RIDZA BIN RIDZUAN

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

Aged 53 | *Male* | *Malaysian*

Meeting Attendance: 6/6*

Appointed to the Board on 2 May 2023.

Tan Sri Shahril Ridza Bin Ridzuan holds a Masters in Arts (First Class) from University of Cambridge and a Bachelor in Civil Law (First Class) from University of Oxford. He has been called to both the Malaysian Bar and the Bar of England and Wales.

Tan Sri Shahril is currently the Chairman of Axiata Group Berhad, a company listed on the Main Market of Bursa Malaysia Securities Berhad. He also holds the position of Chairman at Ekuiti Nasional Berhad and is a member of the Board of Pengurusan Danaharta Nasional Berhad.

Previously, Tan Sri Shahril led Khazanah Nasional Berhad as its Managing Director from August 2018 to August 2021, and before that, he served as Chief Executive Officer ("CEO") of the Employees Provident Fund of Malaysia ("EPF") from April 2013 to August 2018. Tan Sri Shahril joined EPF as Deputy CEO (Investments) in December 2009. During his tenure at EPF, he also served as a Non-Executive Board Member of Media Prima Berhad, Malaysia Building Society Berhad, Malaysian Resources Corporation Berhad ("MRCB") and IJN Holdings Sdn Bhd.

Prior to joining EPF, Tan Sri Shahril was the Managing Director of MRCB from 2003 to 2009. Tan Sri Shahril had also served as a Non-Executive Director of Malaysia Airlines Berhad and Malaysia Aviation Group Berhad from June 2020 to March 2023. He was also the Chairman of the Nomination and Remuneration Committee of both companies.

* *Reflects the attendance and the number of meetings held during the period the Director held office.*

ADDITIONAL INFORMATION:

1. Save as disclosed in the Profile of Directors, none of the Directors has:
   (i) any directorship in public companies and listed issuers;
   (ii) any family relationship with any Director and/or major shareholder of KLK; and
   (iii) any conflict of interest or potential conflict of interest with KLK.
2. None of the Directors has:
   (i) been convicted of any offence (other than traffic offences) within the past five (5) years; and
   (ii) been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.
3. Details of the Directors' attendance at Board meetings are set out in the Corporate Governance Overview Statement on page 109.

PROFILE OF KEY SENIOR MANAGEMENT

TAN SRI DATO' SERI LEE OI HIAN
Chief Executive Officer
Aged 72 | *Male* | *Malaysian*

Tan Sri Dato' Seri Lee was appointed as the Group's Chairman/Chief Executive Officer ("CEO") in 1993 and held the position until 2008. On 1 May 2008, he relinquished his role as Chairman but has retained his position as Executive Director and CEO of the Group. His profile is listed in the Profile of Directors on page 12.

LEE JIA ZHANG
Chief Operating Officer
Aged 40 | *Male* | *Malaysian*

Mr. Lee Jia Zhang was appointed as the Executive Director of KLK on 16 May 2018 and he is currently the Group's Chief Operating Officer assisting the CEO to formulate, drive and execute operation strategies and determine the overall strategic direction of the Group. He was also appointed as the Chief Executive Officer of the Group's Oleochemical Division on 1 April 2022.

Mr. Lee joined KLK Group in 2010 and has since held various positions in the Oleochemical and Corporate divisions. His profile is listed in the Profile of Directors on page 15.

PATRICK NG HONG CHUAN
Group Plantations Director
Aged 49 | *Male* | *Malaysian*

Mr. Patrick Ng holds a Bachelor of Engineering degree with Honours (Civil Engineering) from Universiti Sains Malaysia and was awarded the 2006 British-Chevening (Malaysia) Scholarship to pursue his Master of Science in Imperial College (University of London) where he graduated with Distinction in Environmental Engineering and Sustainable Development. He also completed the Harvard Business School Online Program on Leadership Principles in 2021.

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

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

LEE WEN LING
Managing Director, Property Development
Aged 34 | *Female* | *Malaysian*

Ms. Lee Wen Ling holds a degree in Economics from the University of Bristol, United Kingdom and joined KLK Land in June 2012 as a Sales Executive. She worked her way up the ranks, and has been involved in overseeing the sales & marketing, business development, planning and implementation of KLK's property projects. She was the Deputy Managing Director of KLK Land before she was appointed as the Managing Director of KLK Land.

Ms. Lee Wen Ling is the daughter of Tan Sri Dato' Seri Lee Oi Hian, the Group CEO and a major shareholder of KLK. She is the sister of Mr. Lee Jia Zhang, the Group Chief Operating Officer, and niece of Dato' Lee Hau Hian, a Director and major shareholder of KLK.

PROFILE OF KEY SENIOR MANAGEMENT

WILLIAM ONG ENG SAN
Group Chief Financial Officer

Aged 40 | Male | Malaysian

Mr. William Ong graduated from Heriot-Watt University, Edinburgh with a Bachelor of Arts in Accountancy and Finance. He is a Chartered Accountant and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. He is also a Member of the Malaysian Institute of Accountants.

Mr. William Ong joined KLK Group in November 2021 as KLK Oleo Group Financial Controller. He was appointed as the Acting Group Chief Financial Officer of KLK on 1 October 2022 and was appointed as the Group Chief Financial Officer on 10 April 2023.

Prior to joining KLK, he began his career with PricewaterhouseCoopers PLT in 2004, before he joined I Berhad in 2013, a company listed on the Main Market of Bursa Malaysia Securities Berhad.

YAP MIOW KIEN
Company Secretary

Aged 54 | Female | Malaysian

Ms. Yap has an LL.B (Hons) degree from the University of Leeds, United Kingdom. She also qualified as a Barrister-at-Law of the Middle Temple, London, and as an Advocate & Solicitor of the High Court of Malaya. She is an Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators.

Ms. Yap joined KLK in 2002 as a Legal Manager and was appointed as the Company Secretary of KLK on 2 September 2008 where she oversees the Legal and Secretarial Department. She began her career with a leading law firm in Kuala Lumpur and subsequently joined the private sector as an executive in the legal divisions of the Usaha Tegas Group and Tanjong Plc.

ADDITIONAL INFORMATION

1. Save as disclosed above, none of the Key Senior Management has:
   (i) any directorship in public companies and listed issuers;
   (ii) any family relationship with any Director and/or major shareholder of KLK; and
   (iii) any conflict of interest or potential conflict of interest with KLK.
2. None of the Key Senior Management has:
   (i) been convicted of any offence (other than traffic offences) within the past five (5) years; and
   (ii) been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

CHAIRMAN'S STATEMENT

As expected, 2023 was a challenging year for businesses globally. Despite the headwinds faced, the Group forged ahead with its focus on optimising all business operations.

R. M. ALIAS
Chairman

The Group reported a lower net profit attributable to shareholders of RM834.3 million in FY2023, 62% lower than the RM2.166 billion reported in FY2022. The decrease was primarily due to significantly lower contribution from all business segments, arising from lower palm product prices and elevated production cost for its Plantation division; and the challenging macroeconomic operating environment for its Manufacturing division, especially oleochemical business.

The Group's results were also hampered by a few major items, i.e. provision for impairment of plasma receivables associated with KLK Sawit Nusantara (formerly IJM Plantations Group) ("KSN") of RM60.5 million, one-off cost of restructuring of Oleochemical operation in Dusseldorf amounting to RM70.6 million and share of Synthomer's results on the impairment of goodwill from acquisition of adhesive business amounting to RM199.8 million.

Based on an earnings per share of 77.4 sen, the Board is recommending a final dividend of 40 sen per share, in addition to the earlier interim dividend of 20 sen.

As expected, 2023 was a challenging year for businesses globally. Despite the headwinds faced, the Group forged ahead with its focus on optimising all business operations. For the Plantation division, this led to a 5% increase in total Fresh Fruit Bunches ("FFB") production to 5.25 million tonnes in FY2023, compared to 4.99 million tonnes in FY2022. Production volume had increased due to improvements in estate operations management, such as pruning, harvesting and upkeep of field work following the return of workers during the financial year.

Our palm oil yield of 4.36 mt/ha in FY2023 is slightly higher compared to 4.20 mt/ha in FY2022 with much more room to improve to enhance estate operational efficiency, productivity and ultimately yields. This improvement has to begin from training and providing attention to the substantial number of newly recruited inexperienced workers, and also focused on normalisation of agricultural conditions as well as work towards efficiency in crop recovery and quality. The Group must also continue to maintain high replanting standards to secure better future yields.

CHAIRMAN'S STATEMENT

Despite the improvement in our yields to 20.5 mt/ha in FY2023, much still needs to be done for us to reach our estimates of almost 23.0 mt/ha in FY2024; a tall order no doubt, but certainly not impossible for our dedicated and highly charged team! We have clearly identified the main factors that limit our yields in each region and had started implementing site-specific strategies to overcome them even during FY2023.

Key initiatives that have since started and will carry through FY2024 include continuously filling up worker vacancies, training them and improving field supervision; managing water in our alluvial flats, coastal plains and organic soils optimally using scientific, knowledge-based initiatives; addressing poor fruit set due mainly to poorer pollination in our young plantings; eradicating key pest of mealy bugs which causes sooty mould and significantly affect palm photosynthesis mainly in Tawau/Sabah; implementing vigorous protocols to address *Ganoderma boninense* especially in the older palms; further expanding proven practical mechanisation systems; emulating practices and discipline from regions (>30,000 ha) which have proven capable of yielding 6 mt oil/ha, and basically doing things right from the very beginning.

In short, all "Back to Basics" operations must be well planned, executed, checked and cross-checked by all levels of management.

The decline in profit of our Manufacturing division was mainly attributable to lower profit contributions from the Oleochemical division, especially in Europe and China. Demand remains lethargic in Europe amid recession and a higher interest rate environment. The economic recovery in China was also slower than expected.

A strategic restructuring exercise of our European operations is ongoing, which includes the reduction of excess basic oleo capacity to contain the worrying losses, as demand there is expected to continue to be challenging for the coming Quarters. The silver lining for the Manufacturing division for FY2024 is that most of the major projects will be completed and operational in stages within the said period. This should provide a boost in its contribution to the Group. We also expect a slow but steady recovery in customer demand as they are expected to remain cautious, no longer buying to stock up, but buying only when needed.

The Group continues to leverage on its competitive advantage of local knowledge and global best practices to drive innovation of product applications, as well as operational and cost efficiencies.

ACKNOWLEDGEMENT

Whilst it has been a challenging year for the Group, we are comforted by the fact that KLK is being steered in the right direction under the stewardship of CEO Tan Sri Lee Oi Hian, and backed by a competent, experienced team. We also have a Board which closely monitors and guides accordingly, with some of us contributing for many years now.

On behalf of the Board, I would like to take this opportunity to remember our dear colleague, the late Tan Sri Azlan bin Mohd Zainol, who passed away in January 2023. Tan Sri Azlan had served as a member on the Board since 2013 and made significant contributions to the Group. We will always cherish his friendship and dedication, and he will be sorely missed by all of us. *Al-fatihah*.

We are pleased to welcome Tan Sri Shahril Ridza bin Ridzuan who joined the Board on May 2, and who brings with him a wealth of experience and expertise that will be invaluable to KLK. We are confident that Tan Sri Shahril will strengthen our Board and help us achieve our goals with his insights and guidance.

KLK is a sturdy and resilient company, with its people as its core asset. It is important to continue working together as a team to strive for a stronger, better future. I am confident that together, the Group will grow in leaps and bounds, whilst remaining true to its THRIIL (Teamwork, Humility, Results, Integrity, Innovation and Loyalty) culture.

On behalf of the Board, I thank all our shareholders and stakeholders for their continued support. A special thanks to the various Governments in countries where we operate, and to our business partners for trusting our capabilities and dedication.

This will be my last address to you, our esteemed shareholders. I am grateful and thankful for all your support. I had joined the Board in 1978, at the invitation of the late Founding Chairman Tan Sri Lee Loy Seng, and have had the honour of being Chairman for the last 15 years. The time is right for me to step back from the Group. As such, I would like to also thank all the Board of Directors, past and present, the Management and staff of KLK. I am confident that the Board will remain committed to further strengthening and expanding the Group. I wish the Group continued success in the future.

KENYATAAN PENGERUSI

> Seperti yang dijangka, 2023 merupakan tahun yang mencabar bagi perniagaan di seluruh dunia. Meskipun banyak rintangan yang dihadapi, Kumpulan KLK terus maju dengan tumpuan kepada mengoptimumkan semua operasi perniagaan.
>
> **R. M. ALIAS**
> *Pengerusi*

Kumpulan KLK melaporkan keuntungan bersih yang boleh diagihkan kepada pemegang saham yang lebih rendah sebanyak RM834.3 juta pada TK2023, berbanding penurunan sebanyak 62% atau RM2.166 bilion yang dilaporkan pada TK2022. Penurunan ini terutamanya disebabkan oleh sumbangan yang lebih rendah daripada semua segmen perniagaan, akibat harga produk sawit yang lebih rendah dan peningkatan kos pengeluaran bagi segmen Perladangan; serta persekitaran operasi ekonomi makro yang mencabar bagi segmen Perkilangan, terutamanya perniagaan oleokimia.

Hasil Kumpulan turut terjejas disebabkan oleh beberapa item utama, iaitu peruntukan bagi rosot nilai akaun belum terima skim plasma yang berkaitan dengan KLK Sawit Nusantara Bhd (sebelumnya IJM Plantations Group) ("KSN") sebanyak RM60.5 juta, kos sekali sahaja untuk penyusunan semula operasi Oleokimia di Düsseldorf yang berjumlah RM70.6 juta dan bahagian hasil Synthomer ke atas rosot nilai muhibah daripada pengambilalihan perniagaan pelekat sebanyak RM199.8 juta.

Berdasarkan pendapatan sesaham sebanyak 77.4 sen, Lembaga Pengarah mengesyorkan dividen akhir sebanyak 40 sen sesaham, sebagai tambahan kepada dividen interim 20 sen yang terdahulu.

Seperti yang dijangka, 2023 merupakan tahun yang mencabar bagi perniagaan di seluruh dunia. Meskipun banyak rintangan yang dihadapi, KLK terus maju dengan tumpuan kepada mengoptimumkan semua operasi perniagaan. Bagi segmen Perladangan, peningkatan sebanyak 5% tercatat dalam pengeluaran buah tandan segar ("BTS") kepada 5.25 juta tan pada TK2023, berbanding 4.99 juta tan pada TK2022. Volum pengeluaran telah meningkat hasil daripada penambahbaikan dalam pengurusan operasi ladang, seperti pemotongan, penuaian dan penjagaan selepas tenaga pekerja kembali dalam tempoh tahun kewangan.

Hasil minyak sawit kami sebanyak 4.36 mt/ha pada TK2023 adalah lebih tinggi sedikit berbanding 4.20 mt/ha pada TK2022, dengan lebih banyak ruang untuk meningkatkan kecekapan operasi, produktiviti dan hasil. Penambahbaikan ini harus bermula daripada latihan dan dengan memberi tumpuan kepada sebilangan besar pekerja baharu yang tidak berpengalaman di samping menumpukan kepada normalisasi keadaan pertanian serta berusaha ke arah kecekapan dalam pemulihan dan mutu tanaman. KLK juga mesti terus mengekalkan piawaian penanaman semula yang tinggi bagi memastikan hasil akan datang yang lebih baik.

Walaupun hasil sawit meningkat kepada 20.5 mt/ha pada TK2023, masih banyak yang perlu dilakukan untuk mencapai anggaran kami sebanyak hampir 23.0 mt/ha pada TK2024. Tentunya ini satu tugas yang sukar, namun pastinya ia tidak mustahil untuk dicapai oleh pasukan kami yang cukup berdedikasi dan tekun! Kami telah mengenal pasti faktor-faktor utama yang menghadkan hasil kami di setiap rantau. Untuk itu, kami telah mula melaksanakan strategi khusus untuk mengatasi segala batasan ini, yang malah telah sedia dilaksanakan sepanjang TK2023.

Inisiatif utama yang telah bermula sejak itu dan akan diteruskan pada TK2024 termasuk mengisi kekosongan pekerja secara berterusan, melatih mereka dan menambah baik pengawasan tapak; mengurus air di kawasan tanah rata; tanah pesisir laut dan tanah organik kami secara optimum menggunakan inisiatif saintifik dan berasaskan pengetahuan; menangani buah buruk khususnya disebabkan oleh pendebungaan yang tidak baik di kalangan hasil penanaman awal kami; menghapuskan serangga perosak utama iaitu koya yang mengakibatkan penyakit kulat dan menjejaskan fotosintesis sawit terutamanya di Tawau/Sabah; melaksanakan protokol yang ketat untuk menangani *ganoderma boninense* terutamanya di kalangan kelapa sawit yang lebih tua; mengembangkan lagi sistem mekanisasi yang praktikal dan terbukti; menyaingi amalan dan disiplin dari kawasan (>30,000 ha) yang telah terbukti mampu menghasilkan 6 mt minyak/ha, dan pada dasarnya mengamalkan cara-cara yang betul dari peringkat pemulaan.

Secara ringkasnya, semua operasi "Back to Basics" mesti dirancang, dilaksana, diperiksa dan disemak dengan baik oleh semua peringkat pengurusan.

KENYATAAN PENGERUSI

Penurunan keuntungan segmen Perkilangan kami adalah terutamanya disebabkan oleh sumbangan keuntungan yang lebih rendah daripada segmen Oleokimia, khususnya di Eropah dan China. Permintaan kekal lembap di Eropah ketika kemelesetan ekonomi dan persekitaran kadar faedah yang lebih tinggi. Pemulihan ekonomi China juga lebih perlahan daripada yang dijangka.

Kegiatan penstrukturan semula strategik bagi operasi Eropah kami masih berterusan. Ia termasuklah pengurangan lebihan kapasiti oleo asas untuk membendung kerugian yang membimbangkan, oleh kerana permintaan dijangka terus mencabar bagi Suku Tahun yang akan datang. Hikmah di sebalik ini bagi segmen Perkilangan untuk TK2024 adalah kebanyakan projek utama akan diselesaikan dan beroperasi secara berperingkat dalam tempoh tertentu. Perkara ini boleh mendorong sumbangannya kepada Kumpulan. Kami juga menjangka pemulihan perlahan namun stabil dalam permintaan pelanggan memandangkan mereka dijangka akan kekal berhati-hati, tidak lagi membeli untuk menyimpan, tetapi hanya membeli bila perlu.

Kumpulan KLK akan terus memanfaatkan kelebihan kompetitif menerusi pengetahuan tempatan dan amalan terbaik global untuk memacu inovasi aplikasi produk, serta kecekapan operasi dan kos.

PENGHARGAAN

Walaupun ini adalah satu tahun yang mencabar bagi Kumpulan, kami berasa lega dengan hakikat bahawa Kumpulan KLK, dikemudi ke arah yang betul di bawah pimpinan Ketua Pegawai Eksekutif, Tan Sri Lee Oi Hian, dan disokong oleh pasukan yang cekap dan berpengalaman. Kami juga mempunyai Lembaga Pengarah yang memantau dan membimbing secara teliti, di mana sesetengah daripada kami telah menyumbang kepakaran dan pengetahuan selama bertahun-tahun lamanya.

Bagi pihak Lembaga Pengarah, saya ingin mengambil kesempatan ini untuk mengenang rakan sekerja kami, Allahyarham Tan Sri Azlan bin Mohd Zainol, yang telah meninggal dunia pada Januari 2023. Tan Sri Azlan telah berkhidmat sebagai ahli Lembaga Pengarah sejak tahun 2013 dan telah banyak menyumbang kepada Kumpulan KLK. Kami akan sentiasa menghargai persahabatan dan dedikasi beliau akan terus kami kenangkan. Al-Fatihah.

Sukacita juga kami mengalu-alukan Tan Sri Shahril Ridza bin Ridzuan yang menyertai Lembaga Pengarah pada 2 Mei. Pengalaman dan kemahiran beliau yang begitu luas amat berharga bagi KLK. Kami yakin bahawa Tan Sri Shahril akan memperkukuh kedudukan Lembaga Pengarah dan membantu kami mencapai matlamat kami dengan pandangan dan bimbingan beliau.

KLK adalah sebuah syarikat yang kukuh dan berdaya tahan, dengan para pekerja sebagai aset terasnya. Bekerja bersama sebagai satu pasukan kekal sebagai satu kepentingan, dalam usaha kami untuk menuju masa depan yang lebih baik. Saya yakin bahawa bersama-sama, Kumpulan akan bertambah maju, dan pada masa yang sama mendukung budaya THRIIL [Kerja Berpasukan (*Teamwork*), Kerendahan Hati (*Humility*), Hasil (*Results*), Integriti (*Integrity*), Inovasi (*Innovation*) dan Kesetiaan (*Loyalty*)].

Bagi pihak Lembaga Pengarah, saya mengucapkan terima kasih kepada semua pemegang saham dan pihak berkepentingan atas sokongan berterusan mereka. Sekalung penghargaan khusus kepada pelbagai kerajaan di negara-negara di mana kami beroperasi, dan kepada rakan perniagaan kami kerana mempercayai keupayaan dan dedikasi kami.

Ini akan menjadi perutusan terakhir saya kepada anda, pemegang saham kami yang dihargai. Saya bersyukur dan berterima kasih atas segala sokongan anda. Saya telah menyertai Lembaga Pengarah pada tahun 1978, atas jemputan daripada Pengerusi Pengasas, Tan Sri Lee Loy Seng, dan telah diberi penghormatan untuk menjadi Pengerusi selama 15 tahun. Kini tibalah masanya untuk saya berundur dari Kumpulan KLK. Maka itu, saya juga ingin mengucapkan terima kasih kepada semua Lembaga Pengarah yang terdahulu mahupun yang kini, pihak Pengurusan dan juga kakitangan KLK. Saya pasti bahawa Lembaga Pengarah akan kekal komited dalam mengukuh dan memajukan Kumpulan ini. Saya berharap agar KLK akan meneruskan kesinambungan kejayaan di masa hadapan.

MANAGEMENT DISCUSSION & ANALYSIS

As a Group, KLK has the responsibility to do things right. There is also the need for flexibility and agility to ride the wave of challenges ahead. The Group remains cautious and prudent on capital expenditure by focusing mainly on those related to productivity, efficiency, and compliance/sustainability.

TAN SRI DATO' SERI LEE OI HIAN
Chief Executive Officer

KLK has been most fortunate and indeed privileged to have Raja Tun Alias serve on the KLK Board for more than 45 years, the last 15 to date, as our Chairman. Tun, with his impeccable character, social and intellectual wisdom, and constant encouragement to the KLK family through difficult periods, will leave an indelible legacy that has impacted us all. His personal touch and rapport with the Board and key leaders, trusting them to do the right thing, has inspired their full commitment to the KLK Group and its values. Personally, my family has been blessed by his guidance for three generations, having worked closely with my father, being a mentor to me and now imparting his insights to our third generation.

In the Plantation industry, his vision, unwavering desire to uplift the impoverished, putting service before self, had contributed immensely to the successful development of FELDA.

Although Raja Tun Alias will be retiring at the conclusion of the forthcoming AGM, we remain forever grateful for his steady oversight of KLK's expansion and related diversification. Our Board and Management stand in good stead as beneficiaries of his wide experience, generously shared during his many visits on the ground to our operating centres. We value his sincerity, humility, gentleness and business acumen which will always be an example for us to emulate.

Truly, Tun has been an admirable father figure to KLK Group and will be greatly missed. We pray that the Almighty will bless Tun and Toh Puan with continued good health and happiness.

OVERVIEW

The persisting global challenges have affected almost all businesses and communities in every corner of the world. The Group is also trapped in a vicious cycle of high business costs and muted demand, resulting in lower profits. Rising inflation, all-time high interest rates and geopolitical risks brought about by the recent Israel-Palestine conflict in addition to the continuing war in Ukraine, significantly elevated macroeconomic uncertainty.

The Group went through a series of challenges in FY2023; from catching up on backlog of work in its estates, to tepid global demand for downstream products due to prolonged destocking and spot buying by customers.

Closer to home, the palm oil market has normalised, closer to FY2021 levels. We do not expect to enjoy the exceptional profits due to high crude palm oil ("CPO") prices as seen in the past two years. CPO prices fell to about RM4,000/mt at the beginning of 2023, then steadied between RM3,300 to RM3,800 for most parts of the year.

MANAGEMENT DISCUSSION & ANALYSIS

Palm oil exports for both Malaysia and Indonesia fell behind at least for the first half of 2023 on the back of weak global economics and softer demand from key importing countries that experienced diminished foreign exchange reserves, encumbered by devastating conditions of high inflation, slowing growth and weakening currencies.

There is an urgent need for the Group to increase yields to mitigate inflation. We cannot, and should not, rest on our laurels while expecting better profits. We need to push for better yields as production costs increase. This is the only way forward, for both the sustainability and growth of our core businesses. We need to identify areas for improvements and do it efficiently. "Back to Basics" – improve efficiency, improve productivity to manage costs while keeping to high replanting standards - will ensure a better outcome. We have seen a slight improvement in our Group oil yield at 4.36 mt/ha in FY2023 (4.20 mt/ha in FY2022) and expect to see more improvements in the coming year.

The wet *La Niña* weather in Malaysia and Indonesia resulted in a challenging 1QFY2023, while the onset of especially hot and dry *El Niño* further raised concerns on production and by extension, price expectations particularly for the latter part of 2023 and into 2024.

As a Group, KLK has the responsibility to do things right. There is also the need for flexibility and agility to ride the wave of challenges ahead. The Group remains cautious and prudent on capital expenditure by focusing mainly on those related to productivity, efficiency, and compliance/ sustainability.

PERFORMANCE

For the financial year under review, the Group's profit before tax ("PBT") totalled RM1.152 billion, 64% lower compared to RM3.219 billion reported for FY2022. Similarly, the Group reported lower net profit attributable to equity holders of RM834.3 million in FY2023, 62% lower than RM2.166 billion reported in FY2022. The decrease was due to significantly lower contribution from all business segments, particularly the Plantation and Manufacturing segments, which contributed the majority of the Group's profit.

The efforts of the major economies to quell inflation have sent long-term interest rates to the highest level, putting a lot of stress on the balance sheet. As at 30 September 2023, the Group's net debt-to-equity ratio stood at 46% (FY2022: 41%) with approximately 70% of the borrowings being long-term with fixed interest rates. Hence, the Group's exposure to interest rate risks is limited to the short-term loans with floating interest rates, which are meant for working capital financing. We continue to focus on normalising our debt-to-equity ratio to further strengthen our balance sheet in FY2024 and beyond.

The pre-tax profit contribution from Plantation segment dropped 46% to RM1.164 billion in FY2023 from RM2.139 billion in FY2022, mainly due to lower CPO and palm kernel ("PK") selling prices and higher cost of production. Overall, average CPO and PK prices realised for FY2023 were RM3,639/mt (FY2022: RM4,227/mt) and RM1,841/mt (FY2022: RM2,972/mt) respectively. The results have also been hampered by an impairment of plasma receivables associated to KLK Sawit Nusantara Bhd ("KSN") of RM60.5 million.

The total fresh fruit bunches ("FFB") production improved by 5% to 5.25 million tonnes in FY2023, compared to 4.99 million tonnes in FY2022. The production volume increased mainly due to improved estate operation management, such as pruning and upkeep of field work following the return of guest workers during the financial year. In addition, the 13% improvement in FFB production from KSN, which has a total planted area of 59,761 hectares, indicated that the operational integration has worked out well. Management is working towards further improving estate operational efficiency and focusing on optimising harvesting, ensuring insignificant crop losses and improved crop quality.

FFB delivery at Ladang Tuan Mee in Selangor, Malaysia

MANAGEMENT DISCUSSION & ANALYSIS

The Manufacturing segment achieved a pre-tax profit of RM264.7 million in FY2023, a significant drop of 75% against last year's record pre-tax profit of RM1.071 billion. The weaker performance was primarily due to substantially lower contribution from the Oleochemical sub-segment. The prevailing macroeconomic conditions continue to pose significant challenges especially in Europe, where high energy costs and sluggish demand persist. KLK Emmerich closed the financial year with a loss of approximately RM251.8 million. Strategic restructuring is being carried out in Europe to address the challenges, involving a one-off cost of approximately RM70.6 million, which has been recognised in the current financial year. The economic recovery in China is slower than expected with tough competition from new entrants into the oleochemical market, though China is expected to recover ahead of Europe.

Notwithstanding the macroeconomic challenges and stiff competition, strategic initiatives are underway to mitigate operational challenges and the Group is exploring opportunities to lower energy intensity. The other Manufacturing sub-segments i.e. rubber gloves and engineered hardwood flooring have not been spared from the economic backlash. Both multiple and single-use glove market may have hit the bottom amid market consolidation and destocking, but there will likely be a prolonged journey to profitability. The hardwood flooring business also registered an impairment on aged inventories of approximately RM4.6 million.

The Property division continues to contribute steadily to the Group, with launches in Bandar Seri Coalfields and Caledonia, the affordable range development. Pre-tax profit recorded was 13% lower at RM61.5 million against RM70.9 million in FY2022 despite higher revenue recorded of RM218.1 million in FY2023, or a 12% increase compared to FY2022.

The Group's Western Australian farms have 45,555 hectares of arable land, of which 82% is dedicated to barley, canola, wheat and other crops such as vetch. This segment recorded a softer profit of RM29.2 million in FY2023 compared to RM37.0 million in FY2022 mainly due to higher production costs e.g. fertiliser cost and adverse weather conditions. The limited soil moisture due to prolonged drought has suppressed pasture growth.

CORPORATE

Our associate, Synthomer, a speciality chemical company, had another challenging year as a result of the continuous destocking in nitrile butadiene rubber for the disposal gloves market, subdued end-market demand and increased competition in some base chemical products. To navigate the challenging environment, Synthomer has been undertaking initiatives in streamlining its businesses and taking actions to preserve cash and manage debt. In October 2023, Synthomer completed a £276.0 million rights issue exercise which was fully subscribed. The rights issue entailed i) share consolidation of 20 existing Synthomer shares into 1 new Synthomer share and ii) 6 for 1 rights issue of 140.2 million new Synthomer shares at an issue price of 197 pence. The rights issue enabled Synthomer to reduce its leverage, deliver its long-term value creation plan and reduce downside risks from near-term macroeconomic uncertainty. KLK subscribed to all its rights issue entitlements of 37.7 million new Synthomer shares, as Synthomer is a long-term strategic investment and a fundamentally strong company. KLK's shareholding in Synthomer increased to 26.9% as at 9 November 2023, from 26.3% on 30 September 2022. Following the successful rights issue, Synthomer is expected to become a more focused, more resilient and higher quality speciality chemical company.

MANAGEMENT DISCUSSION & ANALYSIS

SUSTAINABILITY

KLK has been further intensifying our commitment in Sustainability in recent years. We are one of the founding members of Roundtable on Sustainable Palm Oil ("RSPO") as well as extensively certified for International Sustainability & Carbon Certification ("ISCC"), Indonesia Sustainable Palm Oil ("ISPO") and Malaysian Sustainable Palm Oil ("MSPO"), and committed to No Deforestation, No new development on Peat and No Exploitation ("NDPE") since 2018. We launched our Sustainability Policy in 2014, which was then reviewed and revised in 2018 to reflect developments that have taken place since its introduction. No doubt, Sustainability has evolved beyond certification. In fact, Environmental, Social and Governance ("ESG") will continue to evolve while we focus on balancing the interest and well-being of the planet, people and business.

Further into our Sustainability journey, we unveiled KLK's Sustainability Commitments in FY2023, covering seven areas of carbon management, product carbon footprint development, human rights, safety, traceability, corporate responsibility and conservation and biodiversity.

We see Sustainability as a strategic growth driver to make KLK a trusted global partner to our stakeholders, by prioritising value-addition, innovation, competitiveness and becoming a preferred employer.

Aim for **25%**

reduction in **greenhouse gas emission intensity** by 2029/2030 (compared to 2018/2019) and **net zero emissions** by 2050 (Scope 1 and Scope 2)

Aim for **100%**

Traceability to Plantation for Refineries & Kernel Crushing Plants and to Mill for Oleochemical Plants

Aim for **50**

products with **product carbon footprint** data by 2025

KLK SUSTAINABILITY COMMITMENTS

Continue to invest in **education, environment, community** and **employee** development

Maintain **zero tolerance** of **forced** and **child labour**

Aim for **zero fatalities** and reduce **Loss Time Injury** by 25% on average by 2025/2026 (compared to 2019/2020)

Safeguard biodiversity through conservation and continued commitment to NDP, HCS and HCV

Note: Greenhouse gas emission intensity - based on production volume; NDP - No Deforestation, No new development on Peat; HCV - High Conservation Value; HCS - High Carbon Stock

SOME OF THE AWARDS AND RECOGNITIONS RECEIVED BY KLK IN 2023

The Edge Billion Ringgit Club 2023

- BIG CAP COMPANIES: Highest Growth in Profit After Tax Over Three Years
- PLANTATION: Highest Growth in Profit After Tax Over Three Years

Malaysia's Best Managed Companies 2023

an initiative by Deloitte Private

The Global CSR & ESG Awards 2023

- Best Community Programme – Silver
- Excellence in Provision of Literacy & Education – Silver

The Edge Malaysia Affordable Urban Housing Excellence Award 2023

Hibiscus 3, Bandar Seri Coalfields KLK Land

MANAGEMENT DISCUSSION & ANALYSIS

FINANCIAL REVIEW

GROUP HIGHLIGHTS

		2023	2022	2021	2020	2019
FINANCIAL						
Revenue	(RM'000)	**23,647,586**	27,149,474	19,915,796	15,595,956	15,533,887
Profit:						
- before taxation	(RM'000)	**1,152,227**	3,219,478	2,976,425	1,185,730	823,928
- attributable to equity holders of the Company	(RM'000)	**834,259**	2,166,290	2,257,584	772,604	617,505
Earnings per share	(sen)	**77.4**	200.9	209.3	72.0	58.0
Dividend per share (single tier)	(sen)	**60.0**	100.0	100.0	50.0	50.0
Net tangible assets	(RM'000)	**13,914,126**	13,933,659	11,510,938	10,478,396	10,021,488
Net tangible assets per share	(RM)	**12.9**	12.9	10.7	9.7	9.4
KEY CORPORATE RATIOS						
Dividend Yield(1)	(%)	**2.8**	4.8	5.0	2.2	2.2
Dividend Payout Ratio(2)	(%)	**77.5**	49.8	47.8	69.4	86.2
Return on Shareholders' Equity(3)	(%)	**5.8**	15.2	19.0	7.1	6.0
Return on Total Assets(4)	(%)	**3.3**	8.1	8.7	4.1	3.2
Net Debt to Equity(5)	(%)	**45.8**	40.7	37.3	21.6	25.0

(1) Based on Dividend expressed as a percentage of KLK Share Price as at 30 September
(2) Based on Dividend expressed as a percentage of Basic Earnings Per Share
(3) Based on Net Profit attributable to Equity Holders expressed as a percentage of Total Equity attributable to Equity Holders
(4) Based on Profit for the year expressed as a percentage of Total Assets
(5) Based on Net Debt (being Total Borrowings less Short Term Funds and Cash and Cash Equivalents) expressed as a percentage of Total Equity

MANAGEMENT DISCUSSION & ANALYSIS

5-YEAR FINANCIAL STATISTICS

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
REVENUE					
Plantation	3,421,324	4,082,366	2,646,618	1,997,467	1,695,557
Manufacturing	19,692,087	22,605,225	16,828,378	13,208,870	13,406,080
Property development	218,106	195,199	195,070	154,884	170,359
Investment holding	121,391	95,222	96,088	145,071	117,765
Others	194,678	171,462	149,642	89,664	144,126
	23,647,586	**27,149,474**	**19,915,796**	**15,595,956**	**15,533,887**
GROUP PROFIT					
Plantation	1,164,139	2,139,058	1,350,960	632,248	339,079
Manufacturing	264,660	1,070,570	916,448	496,271	441,175
Property development	61,522	70,858	68,800	54,038	47,355
Investment holding	(342,073)	(48,138)	167,724	(37,008)	8,731
Others	29,223	35,729	26,788	(19,281)	25,783
Corporate	(25,244)	(48,599)	445,705	59,462	(38,195)
Profit before taxation	1,152,227	3,219,478	2,976,425	1,185,730	823,928
Tax expense	(161,530)	(781,121)	(524,373)	(328,681)	(173,195)
Profit for the year	**990,697**	**2,438,357**	**2,452,052**	**857,049**	**650,733**
Attributable to:					
Equity holders of the Company	834,259	2,166,290	2,257,584	772,604	617,505
Non-controlling interests	156,438	272,067	194,468	84,445	33,228
	990,697	**2,438,357**	**2,452,052**	**857,049**	**650,733**

MANAGEMENT DISCUSSION & ANALYSIS

		2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
ASSETS						
Property, plant and equipment		12,905,633	12,123,317	11,014,851	7,656,584	7,749,121
Right-of-use assets		1,325,678	1,338,533	1,316,628	868,435	–
Prepaid lease payments		–	–	–	–	340,256
Investment property		23,503	–	–	–	–
Inventories – Land held for property development		2,012,424	1,991,597	2,035,257	1,096,046	1,108,296
Goodwill on consolidation		351,725	336,241	327,417	326,345	316,836
Intangible assets		52,885	17,142	20,907	22,324	22,081
Investments in associates		2,288,845	2,366,997	1,777,894	1,544,951	1,489,210
Investments in joint ventures		66,063	215,962	179,649	145,783	156,818
Other investments		745,242	595,711	598,959	416,150	411,950
Other receivables		394,069	425,925	444,389	228,269	233,980
Deferred tax assets		478,365	322,289	338,660	367,758	437,027
Derivative financial assets		1,249	–	–	–	–
Current assets		9,480,710	10,504,811	10,022,820	8,273,654	8,133,791
Total assets		**30,126,391**	**30,238,525**	**28,077,431**	**20,946,299**	**20,399,366**
EQUITY						
Share capital		1,382,683	1,379,249	1,375,695	1,373,861	1,067,790
Reserves		12,958,161	12,932,297	10,510,376	9,466,651	9,306,062
Cost of treasury shares		(22,108)	(24,504)	(26,809)	(13,447)	(13,447)
Total equity attributable to equity holders of the Company		14,318,736	14,287,042	11,859,262	10,827,065	10,360,405
Non-controlling interests		1,825,023	1,764,780	2,347,778	977,035	926,250
Total equity		**16,143,759**	**16,051,822**	**14,207,040**	**11,804,100**	**11,286,655**
LIABILITIES						
Deferred tax liabilities		1,076,632	1,098,679	965,959	452,690	424,603
Lease liabilities		155,095	158,322	133,457	139,856	–
Deferred income		81,633	90,149	98,465	106,564	110,320
Provision for retirement benefits		535,302	482,598	559,576	545,568	538,480
Borrowings		7,002,610	7,208,861	5,612,880	5,110,442	5,169,833
Derivative financial liabilities		21	–	–	–	–
Current liabilities		5,131,339	5,148,094	6,500,054	2,787,079	2,869,475
Total liabilities		**13,982,632**	**14,186,703**	**13,870,391**	**9,142,199**	**9,112,711**
Total equity and liabilities		**30,126,391**	**30,238,525**	**28,077,431**	**20,946,299**	**20,399,366**
SHAREHOLDERS' EARNINGS AND DIVIDENDS						
Earnings per share	(sen)	77.4	200.9	209.3	72.0	58.0
Share price at 30 September	(RM)	21.40	20.70	20.12	22.80	23.08
Dividend per share	(sen)	60.0	100.0	100.0	50.0	50.0
Dividend yield at 30 September	(%)	2.8	4.8	5.0	2.2	2.2
P/E ratio at 30 September	(times)	27.6	10.3	9.6	31.7	39.8

PLANTATION

Plantation is KLK's core business with a landbank of 348,529 hectares spread across Malaysia (Peninsular and Sabah), Indonesia (Sumatra, Belitung Island and Kalimantan) and Liberia. Out of the 295,241 hectares of planted area, about 97% is planted with oil palm. Geographically, 57% of the oil palm planted area is in Indonesia, 41% in Malaysia and about 2% in Liberia. Meanwhile, rubber is planted only in Peninsular Malaysia and makes up the remaining 3% of planted area.

OUR FACILITIES

CROP PROCESSING

Processing of FFB is carried out at 32 of KLK's own palm oil mills ("POMs") of various capacities ranging from 20 mt/hour FFB to 120 mt/hour FFB (depending on size of the supplying estates).

BIOGAS

Biogas power plant is another value-add improvement that the Plantation segment has invested in to reduce methane gas emissions. We currently have nine power generating biogas plants in our POMs.

Ladang Tuan Mee in Selangor, Malaysia

MANAGEMENT DISCUSSION & ANALYSIS

TOTAL PLANTED AREA 295,241 ha

Oil Palm	Malaysia	Indonesia	Liberia
97%	116,953 ha	164,110 ha	6,118 ha

Rubber	Malaysia
3%	8,060 ha

PRODUCTION FACILITIES & CAPACITIES

FACILITIES

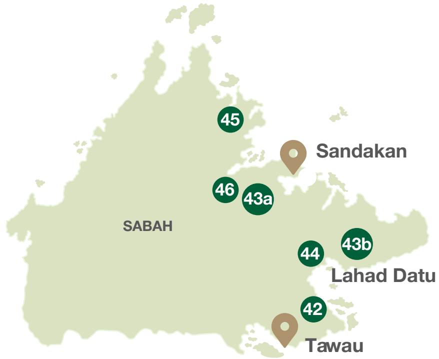
Palm Oil Mills	Refineries	Kernel Crushing Plants	Biogas Power Plants	Filter Belt Press
32 POMs	5	5	9	27

CAPACITIES

From 20 to 120 FFB mt/hr	Total Refining 4,200 CPO mt/day	Total Crushing 2,055 PK mt/day	Total Installed Power 22.2 mw Electricity	Reduces 20% of total GHG emissions in a palm oil mill

MANAGEMENT DISCUSSION & ANALYSIS

LOCATION OF THE GROUP'S PLANTATION OPERATIONS AS AT 30 SEPTEMBER 2023



GROUP HIGHLIGHTS

32 Palm Oil Mills	5 Kernel Crushing Plants
5 Refineries	3 Rubber Factories
9 Biogas Power Plants	

MALAYSIA

KEDAH
1. Batu Lintang ▲
2. Buntar
3. Pelam

PERAK
4. Allagar
5. Changkat Chermin ▲ ●
6. Glenealy
7. Kuala Kangsar
8. Lekir
9. Raja Hitam
10. Serapoh
11. Subur

SELANGOR
12. Changkat Asa ▲ ⬢
13. Fajar Palmkel ■ ◆
14. Kerling
15. Tuan Mee ▲

NEGERI SEMBILAN
16. Ayer Hitam
17. Batang Jelai
18. Gunong Pertanian
19. Jeram Padang ▲ ● ⬢
20. Kombok
21. Ulu Pedas

JOHOR
22. Ban Heng
23. Fraser
24. Kekayaan ▲ ●
25. KL-Kepong Edible Oils ◆
26. Landak
27. Paloh
28. See Sun
29. Sungai Bekok
30. Sungei Penggeli
31. Voules ⬢

PAHANG
32. Kemasul
33. Renjok
34. Selborne
35. Sungei Kawang
36. Tuan

KELANTAN
37. Kerilla
38. Kuala Gris
39. Kuala Hau
40. Pasir Gajah ▲
41. Sungai Sokor

SABAH
42. **Tawau Region**
    Jatika
    Pang Burong
    Pangeran ▲
    Pinang
    Ringlet
    Sigalong
    Sri Kunak
    Tundong ▲ ●

43. **Lahad Datu Region**
43a. Bornion ▲
    Segar Usaha
43b. Bukit Tabin
    Lungmanis ▲
    Rimmer
    Sungai Silabukan
    Tungku
44. KLK Premier Oils ■ ◆
45. **Sugut Region**
    Berakan Maju
    Excellent Challenger I
    Excellent Challenger II ▲
    Rakanan Jaya North
    Rakanan Jaya South
    Sungai Sabang ▲
46. **Sandakan Region**
    Desa Talisai North
    Desa Talisai South ▲
    Meliau
    Minat Teguh
    Sijas

MANAGEMENT DISCUSSION & ANALYSIS

INDONESIA

SUMATRA

Bangka Belitung
47. Alam Karya Sejahtera
48. Bumi Makmur Sejahtera Jaya
49. Parit Sembada ▲
50. Steelindo Wahana Perkasa ▲ ■ ◆ ●

Riau
51. Mandau ▲ ■ ◆ ●
52. Nilo ▲ ▲
53. Sekarbumi Alamlestari ▲

North Sumatra
54. Basilam
Bekiun
Bukit Lawang
Gohor Lama ▲
Maryke
Padang Brahrang
Tanjung Beringin
Tanjung Keliling ▲

South Sumatra
55. Pinang Witmas Sejati ▲

Lampung
56. Prima Alumga

KALIMANTAN

Central Kalimantan
57. Karya Makmur Abadi ▲
58. Menteng Jaya Sawit Perdana
59. Mulia Agro Permai ▲

East Kalimantan
60. Hutan Hijau Mas ▲ ●
61. Indonesia Plantation Synergy ▲ ●
62. Jabontara Eka Karsa ▲
63. Karya Bakti Sejahtera Agrotama
64. Malindomas Perkebunan
65. Putra Bongan Jaya ▲
66. Sinergi Agro Industri ▲

North Kalimantan
67. Primabahagia Permai ▲

LIBERIA

68. Palm Bay Estate ▲ ■ ●

▲ With Palm Oil Mill
■ With Kernel Crushing Plant
◆ With Refinery
⬢ With Rubber Factory
● With Biogas Power Plant

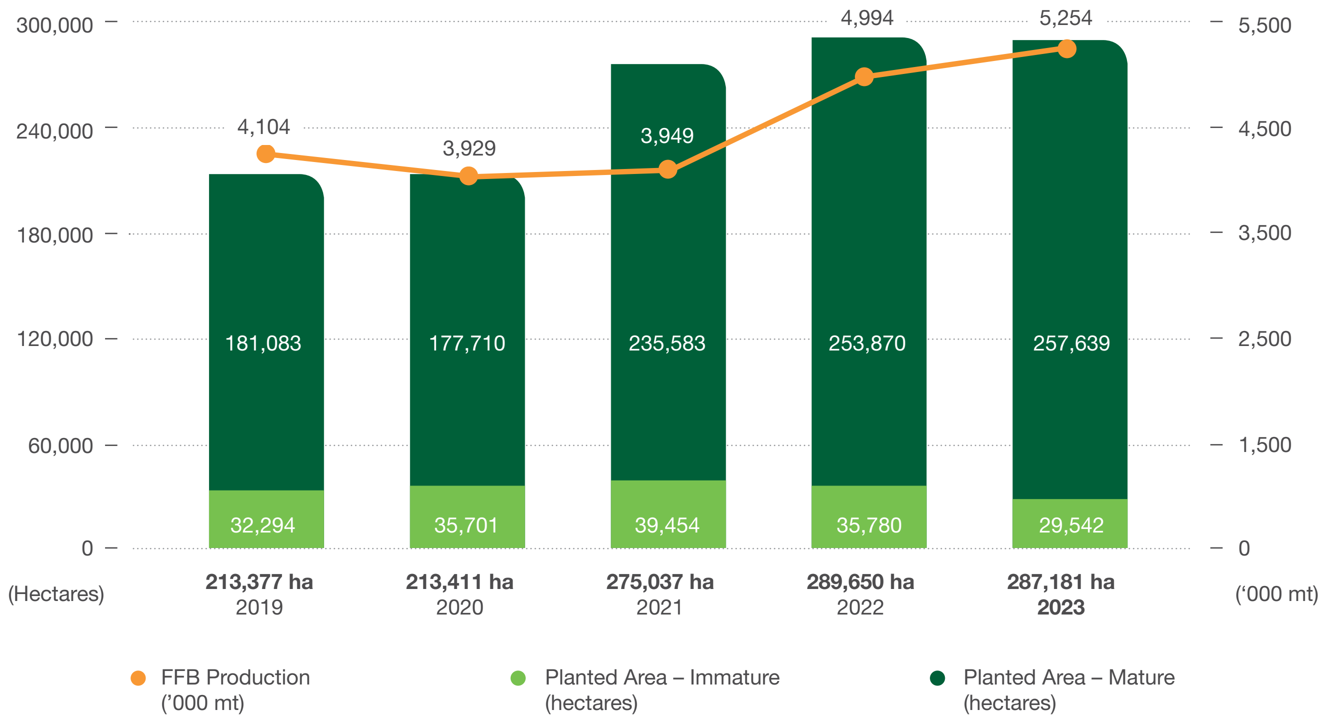
MANAGEMENT DISCUSSION & ANALYSIS

PLANTATION AREA STATEMENT
AS AT 30 SEPTEMBER 2023

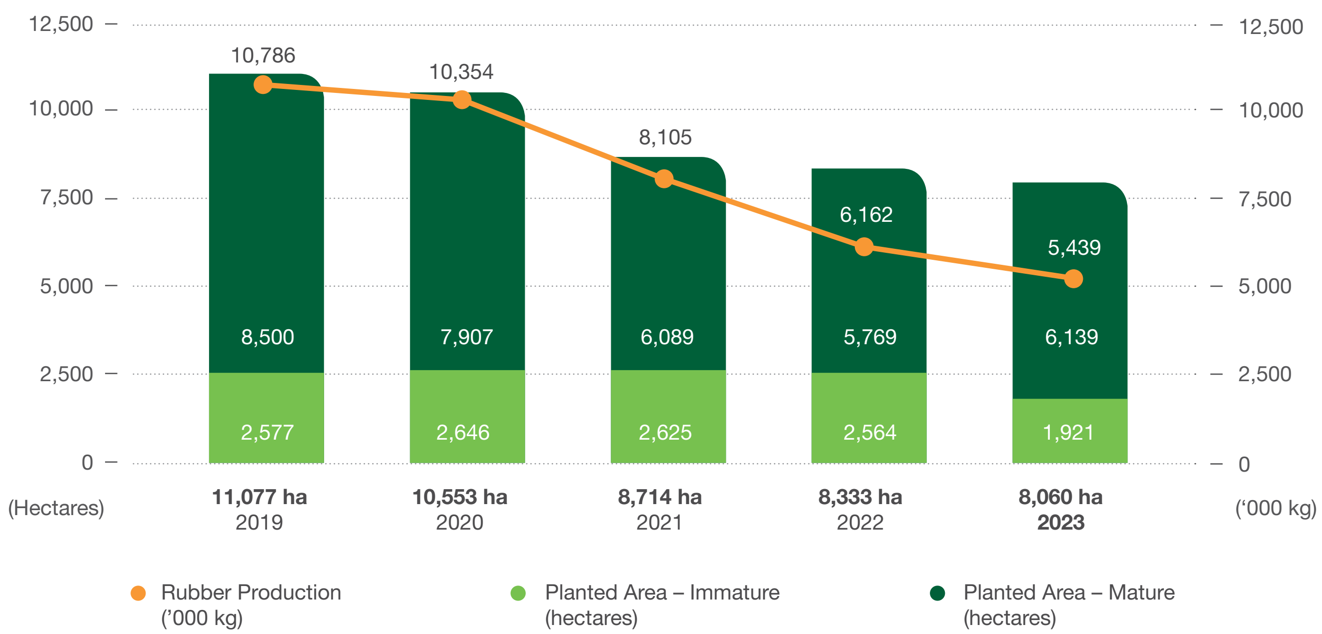
	AGE IN YEARS	2023 HECTARES	2023 % UNDER CROP	2023 % OF TOTAL PLANTED AREA	2022 HECTARES	2022 % UNDER CROP	2022 % OF TOTAL PLANTED AREA
OIL PALM							
	4 to 9	67,303	23		62,648	22	
	10 to 18	115,338	40		118,440	41	
	19 and above	74,998	27		72,782	25	
	Mature	257,639	90	87	253,870	88	85
	Immature	29,542	10	10	35,780	12	12
	Total	**287,181**	**100**	**97**	**289,650**	**100**	**97**
RUBBER							
	6 to 10	405	5		288	3	
	11 to 15	1,739	22		1,717	21	
	16 to 20	1,819	23		1,835	22	
	21 and above	2,176	26		1,929	23	
	Mature	6,139	76	2	5,769	69	2
	Immature	1,921	24	1	2,564	31	1
	Total	**8,060**	**100**	**3**	**8,333**	**100**	**3**
TOTAL PLANTED AREA		**295,241**		**100**	**297,983**		**100**
Plantable Reserves		17,936			17,868		
Conservation Areas		24,949			27,640		
Building Sites, etc.		10,403			11,994		
	Grand Total	**348,529**			**355,485**		

MANAGEMENT DISCUSSION & ANALYSIS

OIL PALM PLANTED AREA/FFB PRODUCTION



RUBBER PLANTED AREA/RUBBER PRODUCTION



MANAGEMENT DISCUSSION & ANALYSIS

5-YEAR PLANTATION STATISTICS

		2023	2022	2021	2020	2019
OIL PALM						
FFB Production						
- Own estates	(mt)	5,253,723	4,993,776	3,948,785*	3,929,426	4,103,861
- Sold	(mt)	231,407	237,157	115,671	75,428	142,960
- Purchased	(mt)	873,528	927,772	793,110	715,423	716,642
- Total processed	(mt)	5,895,844	5,684,391	4,626,224	4,569,421	4,677,543
Weighted Average Hectarage						
- Mature	(ha)	256,523	253,357	184,271	178,562	183,108
- Immature	(ha)	29,685	35,059	37,704	28,111	29,992
Total planted area	(ha)	286,208	288,416	221,975	206,673	213,100
FFB yield per mature hectare	(mt/ha)	20.48	19.71	21.43	22.01	22.41
CPO yield per mature hectare	(mt/ha)	4.36	4.20	4.66	4.81	4.90
Mill Production						
- CPO	(mt)	1,255,475	1,212,417	1,006,111	999,219	1,023,484
- PK	(mt)	246,666	241,362	192,316	192,139	197,147
Oil Extraction Rate						
- CPO	(%)	21.29	21.33	21.75	21.87	21.88
- PK	(%)	4.18	4.25	4.16	4.20	4.21
Cost of Production						
- FFB	(RM/mt ex-estate)	400	336	270	260	260
- CPO (exclude windfall profit levy and Sabah sales tax)	(RM/mt ex-mill)	2,229	1,952	1,509	1,465	1,456
Average Selling Prices						
- CPO	(RM/mt ex-mill)	3,639	4,227	3,211	2,344	1,924
- PK	(RM/mt ex-mill)	1,841	2,972	2,135	1,374	1,210
Average profit per mature hectare	(RM)	4,719	8,603	7,396	3,610	1,912
RUBBER						
Production						
- Own estates	('000 kg)	5,439	6,162	8,105	10,354	10,786
Weighted Average Hectarage						
- Mature	(ha)	5,952	6,024	7,017	8,061	8,640
- Immature	(ha)	2,122	2,617	2,795	3,115	3,243
Total planted area	(ha)	8,074	8,641	9,812	11,176	11,883
Yield per mature hectare	(kg/ha)	914	1,023	1,155	1,284	1,248
Cost of Production	(sen/kg ex-estate)	871	693	574	476	484
Average Selling Prices (net of cess)	(sen/kg)	816	928	883	720	713
Average (loss)/profit per mature hectare	(RM)	(4,135)	(1,053)	1,173	(486)	(233)

* *Includes one month of KSN production of 99,049 mt.*

MANAGEMENT DISCUSSION & ANALYSIS

SEGMENTAL FINANCIAL PERFORMANCE

PLANTATION SEGMENT

Our Plantation segment's pre-tax profit came in at RM1.164 billion compared to RM2.139 billion in FY2022. The lower profit was primarily attributable to lower selling prices of CPO and PK, averaging at RM3,639/mt and RM1,841/mt respectively. After falling to about RM4,000/mt at the beginning of 2023, CPO prices traded within a tight range between RM3,300/mt to RM3,800/mt for most part of the year.

Overall, palm oil exports for both Malaysia and Indonesia fell behind at least for the first half of 2023 on the back of weak global economics and softer demand from key importing countries that experienced diminished foreign exchange reserves, encumbered by high inflation, slowing growth and weakening currencies. At the same time however, CPO production in both Malaysia and Indonesia (after emerging from a two-year weak performance) did not recover as strongly as earlier expected either, lending critical support to prices.

Average selling prices Palm Product	FY2023 (RM/mt ex-mill)	FY2022 (RM/mt ex-mill)	Change (RM/mt ex-mill)	 %
CPO				
- Group	3,639	4,227	(588)	-14%
- Malaysia	4,219	4,774	(555)	-12%
- Indonesia	3,281	3,813	(532)	-14%

Our Indonesian CPO sales prices also averaged lower, adjusting for export duty and levy. Coupled with slower utilisation emerging from local refineries there, our achieved CPO prices there lagged further behind Malaysian prices. Notably, the onset of *El Niño* further raised concerns on production and by extension, price expectations particularly for the latter part of 2023 (and especially for next year). However, global oilseeds production is set to grow to 660.0 million tonnes next season (compared to 630.0 million tonnes the current season) with growth mainly from soybeans, hence keeping up its competition with palm and casting some doubts on the optimism on prices, at least for now.

MANAGEMENT DISCUSSION & ANALYSIS

OPERATIONAL PERFORMANCE

It was a very challenging year globally and the Group's Plantations Division was not spared especially in terms of ultra-high cost of inputs (fertilisers, fuel, agrochemicals), increasing cost of labour (hike in minimum wages in Malaysia), weather extremities (very wet and later changing to very hot and dry *El Niño*) but with downward CPO price trend. These posed numerous challenges to Management, resulting in a high cost of production and at significantly reduced margins. Profits were also affected, and the need to take on penalties for sale of off-spec CPO carried from FY2022, complicated the situation. At certain periods, managing cash flow was a challenge in some regions.

In order to mitigate the above and minimise the impacts, our plantations need to further increase average yields from 20.5 mt/ha in FY2023 (19.7 mt/ha in FY2022) and target to achieve our estimates of almost 23.0 mt/ha in FY2024 which is challenging, but certainly not impossible. This is because main yield limiting factors have been clearly identified for each region and site-specific strategies have been drawn up and implementations have begun in part during FY2023.


Mechanised crop evacuation in Ladang Kekayaan

Some of the factors limiting our yields that were identified and strategies taken include:

(a) Less desirable field standards in particular those related to harvesting operations due to earlier insufficient workforce but as the situation progressed, these were not rectified and mainly attributed to lapse in supervision. This is being addressed by ensuring availability of sufficient skilled workforce, besides stepping up and improving field supervision.

(b) Poor drainage and not optimum water management in our alluvial flats, coastal plains and organic soils made worse with continued high rainfall and occasions of bund collapse in the previous years. Science based, data driven strategies in managing such soils have been strengthened and implemented using in-house derived colour codes and proper land surveying tools for easier, clearer field monitoring, decision making and overall improved water management.

(c) Poor fruit set due to less than desirable pollination especially in young mature palms, mainly attributed to continuous large scale and contiguous blocks with insufficient male inflorescence and pollinating weevils. Continued extreme weather also negatively influence this situation including in Sabah, Riau and Belitung regions. New strategies including addressing replanting design, promoting palm and field diversity, use of pheromones as well as preserving male inflorescence and weevils have been instituted. In extreme cases, assisted pollination will be considered albeit in limited areas and only at certain periods due to high labour requirement.

(d) Mealy bugs issue especially in Tawau/Sabah region resulting in rather severe conditions of sooty mould on palm canopies, which affected the ability of palms to photosynthesise optimally. Trials to control mealy bugs that have been carried out showed positive results on improved palm photosynthesis with lower incidences of sooty mould. We are in the process of obtaining approvals for wider intervention of mealy bugs, with the help of relevant government agencies, which should then improve the current ultra-low average yields in that region of close to 20,000 hectares. Average yields in this region dropped from a low of 17.7 mt/ha in FY2022 to a new low of 16.1 mt/ha in FY2023 when in the past, yields exceeding 25 mt/ha were achieved.

(e) Marked palm loss due mainly to basal stem rot of *Ganoderma boninense* especially in the older age category, mainly attributed to previous less stringent procedures in sanitation and disease handling protocols. These have been strengthened with continued training and monitoring which should reduce incidences whilst further evaluation of newer tolerant planting materials and biocontrol agents are field tested.

(f) Strong and sound practices from regions which have good performances or yields would be replicated. For example, we have more than 30,000 hectares of our plantations in parts of Sabah, Medan, Belitung and Kalimantan Timur producing around 6 mt/ha of oil or more and sound practices from these operating centres are being used as benchmarks to further drive operational excellence in others.

Doing things right from the start; by addressing key issues limiting yields, improving efficiency, increasing productivity, managing costs while ensuring high standards in field operations and replanting are paramount in pushing our plantations towards better outcomes and yields. In other words, "Back to Basics" operations such as working towards optimum harvesting rounds, achieving the highest crop quality, ensuring every bunch and loose fruit is harvested and collected and keeping mill losses to the minimum in addition to ensuring every palm is well taken care of in terms of drainage, nutrition, pest and disease are continuously echoed throughout all levels of management.

MANAGEMENT DISCUSSION & ANALYSIS

HIGHLIGHTS OF SOME KEY INITIATIVES TAKEN IN FY2023 WHICH WILL BE FURTHER ENHANCED IN FY2024 ARE DISCUSSED BELOW:

1. TOWARDS OPERATIONAL EFFICIENCY POST NORMALISATION

We were indeed fortunate that as soon as borders were opened and travel resumed post pandemic, we were able to quickly fill up our worker vacancies in Peninsular Malaysia with guest workers, and with workers from other provinces in Kalimantan and our newer acquisitions in Indonesia. In fact, the number of guest workers in oil palm areas in Peninsular Malaysia had normalised by early 2023 whilst those in various parts of Indonesia, from June 2023.

We are working closely with a local company in Indonesia to recruit workers for both Malaysia and Indonesia with the objective of eliminating the risk of illegal payments being made during the process, as per KLK's no recruitment fee policy.

With numbers filled, the main focus was to clear and update the numerous backlog field work such as upkeep, pruning and harvesting and steer our plantations back towards normalcy of operations, instead of making do with suboptimal standards in the recent past due to insufficient workers. Workers, especially harvesters were given training and/or retraining as many were new, unskilled and inexperienced, adequately incentivised to improve their out turn and productivity and also offered numerous options and packages with the objective to retain the more skilled ones.

Students of Sekolah Dasar Swasta KLK, Mandau

We also identified "nine pillars" for better worker retention which include improved living conditions and facilities of housing, schools, electricity and water, lower cost of living especially daily necessities and very importantly internet connectivity or communications. It is anticipated that the above, along with stronger yields and worker earnings will stabilise our workforce, motivate them and in return, produce better performances in our plantations.

By addressing the key issues related to lack of labour which were limiting yields in our more recent acquisitions such as backlog pruning, poorer harvesting standards in addition to improving access and roads, we note that Fresh Fruit Bunches ("FFB") yields in KLK Sawit Nusantara ("KSN") have increased by 13% whilst that of PT Pinang Witmas Sejati ("PT PWS") have crossed the 20 mt/ha level in FY2023. The positive effects of post operational integration for these acquisitions are expected to further improve in FY2024.

In addition to filling in worker vacancies, we also launched a multi-level approach to improve and enhance our field supervision. The end objective is to work towards harvesting optimally ripe bunches, minimising or working towards zero crop losses and achieving targeted yields and oil extraction rates ("OER") amongst others.

Replanting in Ladang Silabukan, Sabah

2. REPLANTING AND EARLY YIELDS

In FY2023, the Group has replanted approximately 10,000 hectares, significantly higher than the 6,000 hectares replanted in FY2022. The latter was below the norm due to deferment of replants following higher palm prices then. With more normalised CPO prices, the Group will focus on more consistent replanting and will look at prioritising replanting of fields with lower yields due to lower density.

For example, our Peninsular Malaysia estates have a high percentage of old palms, at about 24,000 hectares or 48%. Some of the older palm areas have low density due to rather severe Ganoderma. In such areas of low yields and low palm density, our priority is to replant them earlier, rather than later. The same goes for our plantations in Belitung (66%) and Riau (53%) regions where a larger percentage of our palms are in the older category.

To address increased incidences of Ganoderma, not only timely census and sanitation of infected palms are needed to minimise further spread of the disease, but more importantly during land preparation, sanitation by deboling every palm is diligently carried out to reduce disease inoculum and minimise risk of infection in the next generation.

MANAGEMENT DISCUSSION & ANALYSIS

The dominant areas of replanting are mainly in Sabah, Peninsular Malaysia, Belitung, Riau and Palembang. In Sabah, the focus will progressively move towards Sugut as most of the areas in Lahad Datu and Sandakan are at the tail end of replanting.

With much improved protocols, standards and experience, our replants albeit a few exceptions have seen good quality, uniform and precocious growing palms and many are able to achieve our initial targets of 20 mt/ha of FFB in their first year of harvesting. This is in line with our objectives of achieving high replanting standards, with fast ascending yields and high sustainable peak yields.

Nevertheless, some of our replants in Sabah, Riau and Belitung, despite achieving good growing palms, have not breached the 30 mt/ha FFB level in subsequent years. These were mainly due to issues with poor pollination as discussed earlier. A multi-angled approach to address this very critical limitation has been taken, further strengthening our current replanting protocols. It is anticipated that poor pollination may still be an issue in the near term, but should reduce in severity with the improved approach.

3. **IMPROVED CONDITIONS FOR ENHANCED PALM GROWTH AND YIELDS**

More recently, we have further increased our attention towards water management in our alluvial flats, coastal soils and more importantly in the acid sulphate and organic soil areas in view of more extreme weather in the past 2-3 years. This is to ensure that in normal alluvial and coastal soils, water level is kept low in order for better root proliferation, increased fertiliser efficiency, improved mobility and access, etc.

In the latter two soil types (acid sulphate and organic soils), water levels are managed as per best practices to prevent or minimise negative effects of hyperacidity in the former whilst in the latter, to prevent irreversible drying and at the same time to provide adequate amounts of drainage for optimal palm growth.

In anticipation of a strong *El Niño*, we have minimised issues with over draining, reduced impacts of water deficits and to a certain extent lowered our risk of fire during the peak of the hot and dry season. With the onset of wetter weather and in preparation for higher rainfall, our weirs have been repositioned downwards and excess water removed.

As we have sizeable areas of marginal soils especially in Peninsular Malaysia and parts of Indonesia, co-application of biofertilisers and palm by-products in concomitant with fertilisers are given high emphasis to mitigate poorer growing conditions, improve soil structures and reduce impacts of the inherent soil limitation. Along with other efforts to conserve and protect our soils such as encouraging good ground conditions with light ferns, avoiding bare ground conditions, cultivating good growing legumes and other ways of building up biomass, we are increasingly giving more prominence to selected usage of biofertilisers especially those from well researched entities e.g. our in-house biofertilisers produced from Applied Agricultural Resources Sdn Bhd ("AAR").

In hillier sections, where access was previously poorer or have deteriorated due to erosion, we will either cut new "mini terraces" or widen existing ones and connect as much of these to the roads in order to facilitate mobility of workers and supervisors. Where possible, palm by-products will also be applied especially if the soils in the hilly sections are poorer in nature.

Our continuous training in handling pest in our plantations including carrying out timely and target-centric census, site-specific treatment and post treatment census are bearing fruit with no major outbreaks of leaf-eating caterpillars, etc reported in the financial year. Severity of rat damage should also reduce, including in areas which have endemic problems with rats such as in Belitung, with better handling of census-treatment-census. As mentioned earlier, we now also need to resolve the mealy bugs – sooty mould issue in Tawau/Sabah region. Method to control this insect is now available and we are in progress to obtain approvals to use the insecticide via trunk injection.

New workers' housing in Ladang Changkat Asa, Perak

4. **FURTHER ENHANCEMENT OF WORKERS' HOUSING**

Our workers are our greatest asset and despite the challenging year, the Group remains committed in continuing its efforts to provide them with better living environment, in turn making KLK an employer of choice.

KLK followed through with its initiative for the Plantation workers' housing project involving slightly over 1,700 houses in various categories, which includes building new houses and upgrading existing ones. We started off this project in the Southern region of Peninsular Malaysia, both building new houses and renovating existing ones totaling about 500 units.

MANAGEMENT DISCUSSION & ANALYSIS

We are pleased to share that the Group has also decided to further improve worker housing in Sabah and Indonesia and expect to invest over RM90 million in this three-year project across our operations in Malaysia and Indonesia. This is a true testament to KLK's continued investment in the betterment of our workers.

Mechanised fertiliser application with Verion Smart Fertiliser Spreader

5. CONTINUED EMPHASIS ON MECHANISATION

An integral strategy to optimising labour is to focus on using appropriate machines which, if implemented correctly, can improve both labour and machine productivity across the Group. Operations that have been mechanised include fertiliser applications, upkeep operations and most importantly crop evacuation.

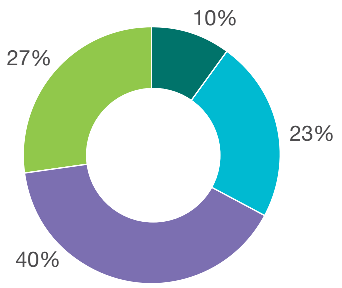
In FY2023, we have also expanded the use of Verion Smart Fertiliser Spreader to Indonesia. This technology-driven Smart Spreader not only applies fertilisers better than manual methods and most other machines, but also tracks productivity. It also has high machine productivity (ranging from 20 to over 40 ha/day/machine) and most importantly is able to produce an "as-applied fertiliser map" which can be superimposed on Google Earth map. The latter is important for us to ensure that every palm is applied with its recommended share of fertilisers and if it was not, Management will need to carry out corrective actions.

This technology increases labour productivity significantly and also results in better fertiliser efficiency. The Group currently has over 100 units of this Smart Spreader. The use of Verion will continue to be extended in Indonesia and Sabah along with battery powered wheelbarrows; the latter more for crop evacuation in areas where machines are not suitable i.e. hilly terrain or very soft ground conditions. We are also expanding the use of smaller HP tractors for infield collection, such as those of 28-30 hp to replace the aging fleet of mechanical buffalo, aslo implemented 50 hp mini tractor grabber in-field FFB collection system.

Mulching application in Ladang Kekayaan in Johor, Malaysia

AGE PROFILE OF PALMS AS AT 30 SEPTEMBER 2023

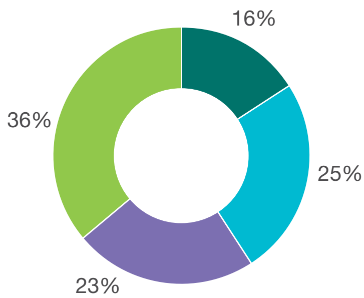
GROUP FY2023
287,181 ha



Immature	29,542 ha	10%
4-9 years	67,303 ha	23%
10-18 years	115,338 ha	40%
19 years & above	74,998 ha	27%

Weighted Average Age of Palms
13.2 years

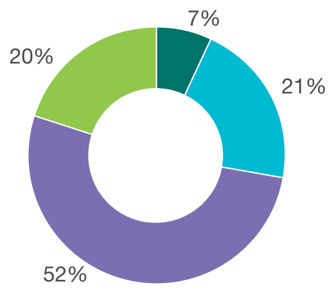
MALAYSIA FY2023
116,953 ha



Immature	18,668 ha	16%
4-9 years	29,889 ha	25%
10-18 years	26,730 ha	23%
19 years & above	41,666 ha	36%

Weighted Average Age of Palms
12.8 years

INDONESIA FY2023
164,110 ha



Immature	10,874 ha	7%
4-9 years	34,536 ha	21%
10-18 years	85,368 ha	52%
19 years & above	33,332 ha	20%

Weighted Average Age of Palms
13.6 years

At present, 63% of our planted area are in the favorable age profile with young and prime palms (ranging between 4 and 18 years), in particular in our Indonesia estates. The immature palm trees area has dropped from 12% to 10% in FY2023.

MANAGEMENT DISCUSSION & ANALYSIS

RESEARCH AND DEVELOPMENT

Research & Development ("R&D") is vital in the Group's efforts to continuously improve its agricultural practices and planting materials, as well as to optimise its agro-management inputs. R&D is carried out via AAR, an associate company of KLK. In Indonesia, PT Applied Agricultural Resources Indonesia ("AARI") is wholly owned by KLK and mimics the functions of AAR.

Both AAR and PT AARI produce one of the most desirable planting materials (DxP AA Hybrida 1S and DxP AARI SK1, respectively) in the industry. AAR also produces tissue culture clones and DxP AA Hybrida II with different lineages. The breeding target for Hybrida II is 10 mt/ha of oil (or more).

Besides producing advanced planting materials, AAR has identified four endophytic nitrogen-fixing ("NF") bacteria, which are capable of colonizing oil palm tissues. These NF bacteria, which have the ability to fix atmospheric nitrogen, offer a higher nitrogen fixation rate compared with other soil-borne NF bacteria and have shown a notable 25% reduction in fertiliser requirements in nursery trials.

By end of 2023, more than 80,000 seedlings in 14 KLK estates in Peninsular Malaysia will be inoculated with NF bacteria which can reduce our fertiliser requirements but with improved palm growth and should also result in future higher yields. This is a major breakthrough, and we are preparing for larger-scale production for field testing and if successful will reinforce our objectives to "produce more with less" as well as minimise environmental impacts.

On the technological front, in-house systems to count palms via deep learning methods with drone images have now morphed further with the birth of another useful tool known as Canopy Size Index ("CSI") map. This CSI map provides an age-corrected vegetative index for oil palms and can be used to quantify palm growth, identify problematic areas and to assist in implementing site-specific corrections, which aligns with the recently revised leaf nutrient classification system. The revised classification system now provides more precise guidance for managing nutritional status of palms to ensure fertiliser recommendations are always at the optimum, rather than excessive.

The identified four endophytic nitrogen-fixing ("NF") bacteria have shown a notable 25% reduction in fertiliser requirements in nursery trials

NEW FACILITY UPDATE

CHANGKAT CHERMIN BIOGAS PLANT

Biogas Capture Plant

Power Plant Facilities

Location
Ayer Tawar, Perak, Malaysia

Site
Changkat Chermin Palm Oil Mill, Ayer Tawar, Perak, Malaysia

Facility
Biogas Power Plant

Capacity
800m^3/day POME for 2.0 MW Grid Export

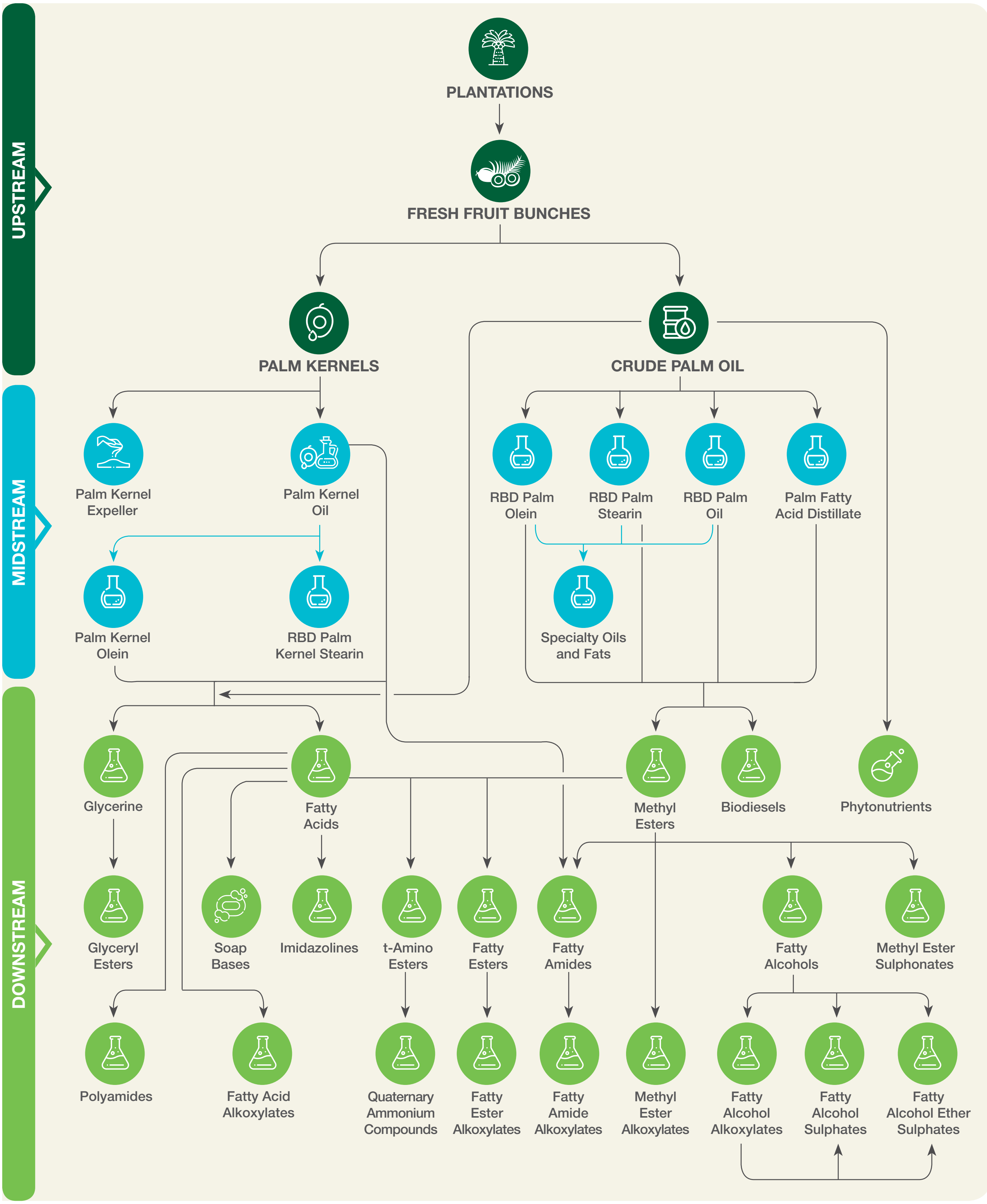
Status
Interconnection to the Grid ("IOD") was conducted on 23 June 2023 with both gas engines exporting power to the TNB grid.

Description
The Biogas power generation facility was built for the On-Grid Energy Export to TNB (Feed-in Tariff). This facility utilises three Units of 4,300 m^3 CSTR Tanks system to cater for the Power Generation of 2.0 MW net export capacity with two Units of MWM Engines (1.2 MW). Additional equipment such as Desulphuriser and Dehumidifier were included. Earthworks commenced in August 2021 and the physical completion of the power plant was in June 2023 at a cost of RM22.0 million.

MANAGEMENT DISCUSSION & ANALYSIS

INTEGRATED BUSINESS VALUE CHAIN

The vertical integration between the upstream business (Plantation), midstream (Refinery) and downstream business of Oleochemical is able to generate synergic benefits to the KLK Group. This value chain enables the Group to further diversify into different market segments and mitigate risks of volatilities in the respective business segments.



MANUFACTURING

OLEOCHEMICAL

KLK OLEO

KLK OLEO Group achieved a dismal pre-tax profit of RM133.1 million, against last year's record pre-tax profit of RM916.6 million. 2023 has been a challenging year globally. While 2022 was a year of demand recovery, consumer sentiments in 2023 were cautious as the world moved from the pandemic to inflation, rising interest rates and geopolitical conflicts. All businesses faced strong headwinds that weakened both volumes and margins. In addition, anticipation that China's lifting of COVID-19 restrictions and economic stimulation would be a catalyst for economic rebound with contagion effect did not materialise. Demand also softened due to high inventory levels and unprecedented prevalence of destocking, as well as other challenges, including fierce competition, volatility in both currency exchange and raw material price.

Market condition for our Malaysian basic oleo operations was tough, as our fatty acids grappled with stiff competition for market share. Maintaining margins across the carbon chain was difficult, compounded by falling prices of the by-products. Nonetheless, the business did see a slight increase in sales volume. Soap sales was extremely difficult when Indonesia revived export taxes in November 2022, making Indonesian soap producers more attractive in price, and sometimes even lower than our breakeven price. Buyers bought on need basis and in smaller quantities. However, the business managed to make inroads in new territories. Our EBS (Ethylene bis stearamide) products which sell into industrial products used in construction, automotive and white goods remained sluggish and struggled to maintain plant utilisation above half capacity. Our esters managed to maintain a healthy order book especially our mid-chain triglycerides and IPP esters, which go into consumer staples such as foods and personal care segments.

The fatty alcohol business achieved higher sales volume in the first half of the financial year, supported by higher mid-cut alcohol shipments. However, weak consumer sentiments and macroeconomic conditions had put pressure on both volumes and margins in the second half of the year. Methyl ester sales is being supported by local B100 biodiesel demand in Malaysia, albeit at lower margins.

KLK Oleomas (KLKOM) in Selangor, Malaysia

MANAGEMENT DISCUSSION & ANALYSIS

In our surfactants segment, methyl ester sulphonate sales still faced price competitive pressures from LABSA (synthetic petrochemical surfactant). After some initial teething problems post plant commissioning, our sodium lauryl sulfate and sodium lauryl ether sulfate surfactants are seeing positive results from merchant seeding efforts. Ongoing technical rectification and improvement of packing facilities should see a ramping up of bagging capacity to support increased sales volumes going forward.

For our China operations, the country's reopening and easing of COVID-19 controls in early 2023 did not translate into significant demand rebound, as there was more nervousness than optimism observed. Generally, business sentiment in China remained soft, and slow demand for fatty acids and glycerine forced many local traders to dump their products at a loss. Situation was made worse when Indonesian producers channelled their fatty acids into China following the European Commission's imposition of anti-dumping duties. At the same time, a major new entrant came into the market adding more basic oleo capacities and flooded the market. Glycerine continued to face downward price pressure as the downstream ECH (epichlorohydrin) market remained in the doldrums. Meanwhile, fatty esters sales into food and pharmaceutical sectors held steady.

KLKOM in Selangor, Malaysia

Weak demand also hampered our sales in Europe. While the anti-dumping duty measures on Indonesian fatty acids imposed by the European Commission at the beginning of 2023 did provide some reprieve, operations continued to be disadvantaged by high energy costs. Even after the initial energy price shock following the Russia-Ukraine war had subsided, natural gas price levels remained elevated in comparison to production locations elsewhere, which negatively impacted competitiveness. This is a significant cost burden to the European oleochemical industry.

Our European basic oleo business suffered losses from weak demand, with customers delaying call-offs on earlier committed purchases, due to uncertainties surrounding recession and rising inflation. Our Düsseldorf site suffered from high tallow prices due to the strong demand for animal fats from biodiesel producers, making it continuously more difficult to get the animal-based feedstock in the right quality, volume and price. These circumstances had resulted in low utilisation of the Düsseldorf manufacturing site ending up with negative contributions. The site is a subset of the larger site which is owned and run by Henkel, making the Düsseldorf operations dependent on the infrastructure and utilities provided to run its operations which unfortunately is not cost effective. Management is undertaking aggressive restructuring to consolidate basic oleo manufacturing at its Emmerich site, leaving the Düsseldorf site to focus on specialties which are less energy intensive. The consolidation and downsizing of basic oleo production to the Emmerich site will give the unit better scale to drive plant efficiency, while looking for opportunities to go further downstream and expand our specialties offering. A sales and purchase agreement on the acquisition of Temix was signed on 31 March 2023, which will strengthen our specialties portfolio.

Our European surfactants business also faced headwinds. Demand from the detergent and adhesive industries remained sluggish because of high energy costs and destocking by customers, pushing overall demand for surfactants in Europe down, resulting in declining margins to maintain market share. The business continues to focus on white label producers and defend our market positions at key accounts and distributors. The unit continues to improve plant processes, and our investment in a new Good Manufacturing Practice ("GMP") standard pastillation line to grow our Pharma business is making good progress.

Outlook

2023 has been a challenging year. Demand in Europe will remain dampened in coming quarters while the Asian market recovery is expected to be slightly ahead. The oleochemical industry will see many new capacities coming onstream in 2024/2025 that will bring fierce competition for market share. We will continue to reinvest in the operations to drive further value in the integration chain, including expansion of our fatty acid and fatty alcohol capacities in Indonesia and Malaysia. Expansion into oleo derivatives products and specialty business will continue to be our key priority, as well as managing our plant efficiencies to achieve operational excellence and cost optimisation to deliver high-quality sustainably produced products to the market.

RM133.1 million
FY2023 Pre-tax Profit

Acquired Temix
Sales and purchase agreement signed on 31 March 2023

Expanding **fatty acid** and **fatty alcohol** capacities in Malaysia and Indonesia.

MANAGEMENT DISCUSSION & ANALYSIS

REFINERIES

KLK REFINERIES

It was a difficult year for the Refinery Division as palm oil refining and kernel crushing margins dropped more than expected. However, the Group's resilience and strategic measures helped mitigate exposures presented by a weak overall demand for palm and fluctuating raw material prices. The Division's performance remained healthy and delivered good profits to the overall Manufacturing Business Segment.

We continue to collaborate with our key customers to develop products with better functionality and standards that can expand options for their targeted applications and focus on continuous improvement efforts to bolster efficiency across our refineries and kernel crushing plants. At the same time, we remain committed to addressing the emerging concerns for responsible raw material sourcing, particularly in the context of deforestation-free supply for our customers with markets in Europe.

Our steady march in the Specialty Oils and Fats business further expanded our product reach into new markets with customised solutions and product differentiation being the primary focus. We are happy to report that the three separate projects in Rawang, Pasir Gudang and Lahad Datu have been successfully commissioned. Through these facilities, we expect new product offerings like RBD Palm Kernel Stearin, Shortenings and Palm Mid Fractions that are now coming on stream to deliver additional value to the Refinery business and take the Group another step closer to becoming a direct supplier to Food/FMCG customers.

Meanwhile, the Group's mainstay refinery and KCP project in East Kalimantan, PT Perindustrian Sawit Synergi, continues to face challenging logistics and weather conditions. The project completion is expected to be delayed to 2QFY2024.

NON-OLEOCHEMICAL

KLK RUBBER PRODUCTS

The post-pandemic outlook for single-use glove market remains volatile amidst the ongoing market consolidation and destocking. Although the market seem to have hit the bottom, it will likely be a prolonged journey to profitability. There are signs of improvement in demand, but average selling price remains unprofitable.

Having five dipping lines ready for production, the focus remains intact i.e. to control the production runs to merely support market seeding activities. We anticipate the market to achieve supply-demand parity at the earliest in 2025.

NEW FACILITY UPDATE

PT PERINDUSTRIAN SAWIT SYNERGI

Location
East Kalimatan, Indonesia

Site
PT Perindustrian Sawit Synergi

Facility
Refinery/KCP/Jetty

Capacity
Refinery: 2,000 mt/day

Status (as at 31 October 2023)
Jetty - 100% (Completed)
Power Plant - 76%
Refinery Plant - 77%
KCP - 60%
Oleochemical - 60%

Expected date of commission
Power Plant - February 2024
Refinery Plant - February 2024
KCP - March 2024
Oleochemical - June 2024

MANAGEMENT DISCUSSION & ANALYSIS

PROPERTY DEVELOPMENT

RM218.1 million
FY2023 Revenue

Winner for **The Edge Property Excellence Awards (TEPEA) 2023** in the Affordable Urban Housing category for Hibiscus 3 in Bandar Seri Coalfields

KLK LAND

MARKET OVERVIEW

Despite challenges stemming from high inflation and elevated interest rates, developers in the residential property market remain cautiously optimistic about the outlook for the rest of 2023. The market displayed stability in the first half of the year (1H2023) and is expected to continue this trend, despite ongoing challenges such as rising construction and labour costs. According to MIDF Research's findings on Budget 2024, property demand is projected to recover, thanks to the expected stability of the benchmark overnight policy rate at 3% throughout the year.

PERFORMANCE

For FY2023, KLK Land managed to record RM218.1 million in revenue, 12% higher than the previous financial year (FY2022: RM195.2 million). The increase in revenue is mainly attributable to the completion of The Walden bungalows and Jardin 1 Phase 1 linked homes. Pre-tax profit decreased to RM61.5 million, a 13% decline compared to FY2022 of RM70.9 million. This decrease in pre-tax profit is primarily due to lower sales of Jardin 2 in Bandar Seri Coalfields.

Artist impression of Jardin 2 in Bandar Seri Coalfields

MANAGEMENT DISCUSSION & ANALYSIS

BANDAR SERI COALFIELDS

Artist impression of Coalfields Retail Park

In Bandar Seri Coalfields, we are pleased to announce the successful delivery of two significant projects in FY2023, Walden 1 and Jardin 1 Phase 1. Walden 1, consisting of 75 units of Bungalows was officially handed over to buyers in 4QFY2023. Walden 1 achieved 99% sales prior to its delivery. Concurrently, Phase 1 of Jardin 1, consisting of 110 units of 22’ x 75’ terrace links, was completed and handed over to purchasers in September, attaining a 100% sales rate prior to delivery. Both Jardin 1 and Walden 1 recorded a QLASSIC score of 82% a testament to our continuous commitment on delivering quality homes.

Building upon the success of Jardin 1, we unveiled 237 units of Jardin 2. Apart from that, we have launched Quinton Residences in August. Quinton 1 features the first cluster Semi D Homes in Bandar Seri Coalfields. These 128 units of cluster residences have spacious lot sizes of 33’ x 65’ and generous built-up areas ranging from 2,016 square feet to 2,418 square feet.

We continued our long-term goals of improving the amenities within this township, particularly with the development of Coalfields Retail Park. The initial phase of this development, featuring two drive-thrus, is slated for completion in January 2025, with the subsequent completion of the main mall anticipated by 1QFY2026. The Coalfields Retail Park is set to host a diverse array of offerings, including a cinema, supermarket, dining establishments, and family-friendly entertainment venues.

Moreover, we are actively engaged in the establishment and operation of football fields and a co-working space within the Central 1 shop lots, reinforcing our commitment to enhancing the amenities of Bandar Seri Coalfields to further benefit the community.

MANAGEMENT DISCUSSION & ANALYSIS

CALEDONIA

Artist impression of Caledonia Avenue (drop-off view)

Meanwhile, Caledonia's first commercial component Caledonia Avenue was launched in the 3QFY2023. These 47 units of spacious and modern shop offices are strategically positioned along the prominent Federal Road 54 (FR54). Notably, this offering has garnered substantial interest, with sales achieving a steady take up rate within a mere five months of its launch.

ACCOLADES

The Edge Property Excellence Awards 2023

KLK Land has emerged as a winner of The Edge Malaysia Property Excellence Awards ("TEPEA") 2023 in the Affordable Urban Housing category for its Hibiscus 3 project, which is a Rumah Selangorku development located in Bandar Seri Coalfields.

This Award is to recognise outstanding affordable housing projects for the urban middle-income group undertaken by private sector property developers in Malaysia.

OUTLOOK

In the coming year, global uncertainty is set to persist with inflation, geopolitical instability and slow demand. The team is focused on providing the right set of products to meet the market demand while increasing amenities within Bandar Seri Coalfields and Caledonia. We will closely monitor cost and avenues to create cost optimisation strategies.