



KIM LOONG
RESOURCES BERHAD

錦隆資源有限公司
197501000991(22703-K)

20
ANNUAL REPORT
23

CHARTING THE
WAY FORWARD





The principal activities of the KLR Group are divided into two main areas: plantation operations and milling operations.

Years of experience and expertise of the board and the management have propelled the KLR Group to mature and excel in both activities.



Plantation Operations



Milling Operations



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• Form Of Proxy

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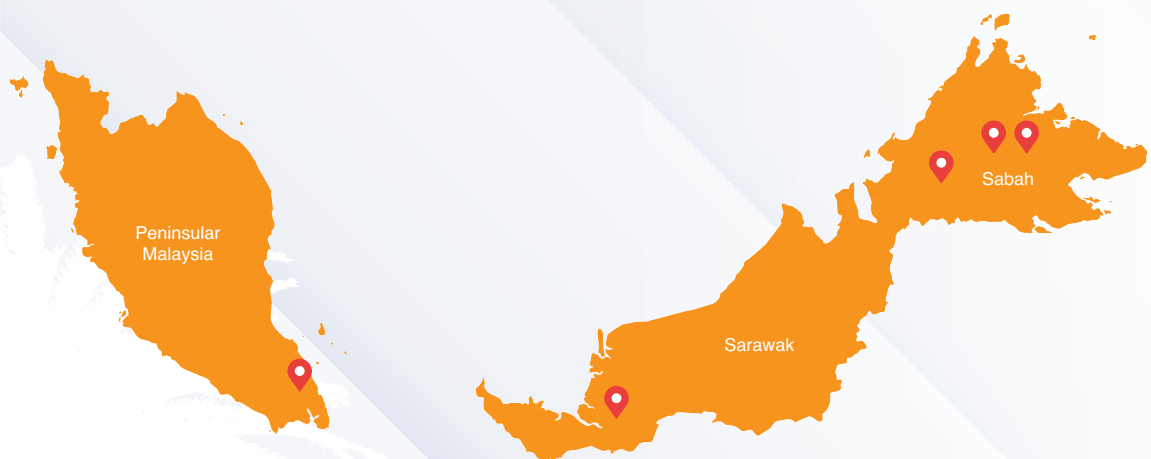
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KIM LOONG ANNUAL REPORT 2023

All information provided is correct at time of print,
and subject to changes

CORPORATE MILESTONES

KLR PRODUCTION

Total KLR Production grew by 7.6% to 786,104 tons in 2023.



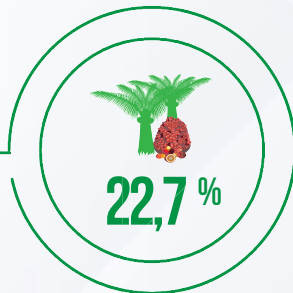
The Supervisory Board is committed to carrying out its supervisory duties and providing advice better and invites all related parties to continue contribute to supporting a better BPDPKS sustainability performance in the future.

CORPORATE MILESTONES



TOTAL CPO PRODUCTION

Total CPO production grew by 18.3% to 248,694 tons in 2023.



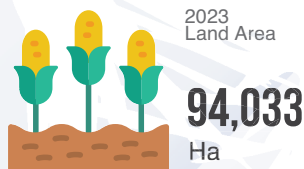
PRODUCTION

Total Production grew by 22.7% to 54,033 tons in 2023.



TOTAL CPO SALES VOLUME

The total sales volume of CPO experienced a significant increase of 17.8% to 246,138 tons in 2023.



Total Land Area and Number of Planters

CORPORATE MILESTONES

1967

Sharikat Kim Loong Sendirian Berhad ("SKL"), holding company of Kim Loong Resources Berhad, commenced business with 1,000 acre rubber plantation at Ulu Tiram, Johor. (The first planting of oil palm started in 1968).

1977

Incorporation of Kim Loong Palm Oil Sdn. Bhd. (currently a subsidiary of Kim Loong Resources Berhad) by SKL to undertake the milling operation and relocation of palm oil mill to Kota Tinggi, Johor under Kim Loong Palm Oil Mills Sdn. Bhd. which commenced operations in 1996.

1981

SKL expanded into Sabah by acquiring 1,000 acres of land in Sandakan, Sabah. Cocoa was first planted on the land followed by oil palm.



1997

Incorporation of Desa Kim Loong Plantations Sdn. Bhd. (currently known as Kim Loong - KPD Plantations Sdn. Bhd.) to enter into a JV with Korporasi Pembangunan Desa to develop 4,000 acres of land in Telupid, Sandakan, Sabah into an oil palm plantation.

Restructuring exercise to transfer all Sabah plantation operations to Kim Loong Resources Berhad.

2003

Kim Loong Resources Berhad expanded its downstream diversification by entering into a Supply and Installation Contract and a Joint Venture Agreement in 2004 to undertake projects to extract CPO from wet palm fibre and to extract tocotrienol concentrates from CPO under Kim Loong Technologies Sdn. Bhd. and Palm Nutraceuticals Sdn. Bhd. respectively.

2004

The Group entered into a Development cum Joint Venture with AI-Yatama Berhad to develop 2,702 acres of land in Kota Tinggi, Johor.

Capacity of our Keningau Mill was successfully expanded to 45 MT of FFB per hour.

2005

Keningau Mill was awarded by MPOB for achieving OER exceeding 25%.

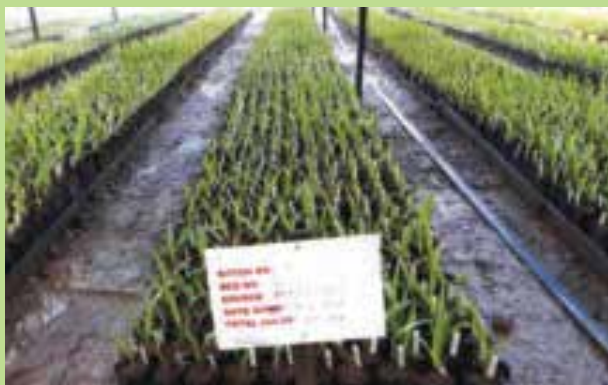
2006

The Group undertook a biogas plant in our Kota Tinggi mill as a Clean Development Mechanism ("CDM") project under the Kyoto Protocol to the United Nations Framework Convention on Climate Change ("UNFCCC").



2007

Keningau Mill was awarded by MPOB as the highest OER mill in Malaysia in year 2007. The Group undertook another CDM project in our Keningau mill.



2008

Commissioned the 3rd palm oil mill at Telupid, Sabah. Commissioned our first CDM project at Kota Tinggi in August 2008. Kim Loong Resources Berhad received an award from Malaysia Cocoa Board under cocoa estate category.



CORPORATE MILESTONES

(cont'd)

1998

Incorporation of Kim Loong Corporation Sdn. Bhd. ("KLC") by SKL to enter into a JV with Desa Cattle (S) Sdn. Bhd. to develop 17,731 acres of land into oil palm plantation and to erect new palm oil mill in Sook, Keningau, Sabah.

Kota Tinggi Mill was ranked the largest commercial mill in Malaysia in terms of its CPO Production.

1999

As part of the listing restructuring exercise, KLPO group (milling operations at Kota Tinggi, Johor) and KLC (the plantation and milling operations at Sook, Keningau, Sabah) were transferred to Kim Loong Resources Berhad.



2000

Kim Loong Resources Berhad was listed on the Main Board of the Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Securities Berhad).



2002

Construction of the Keningau Mill which commenced operations in February 2003. Kota Tinggi Mill won the most innovative mill award by MPOB.

2010

Kim Loong Resources Berhad received the shareholder value award (Agriculture & Fisheries sector) from KPMG.

Commissioned the second palm pressed fibre oil extraction plant.

The Group expanded into Sarawak by acquiring Tetangga Akrab Pelita (Pantu) Sdn Bhd (currently known as Winsome Pelita (Pantu) Sdn. Bhd.), a joint venture company with Pelita Holdings Sdn. Bhd. to develop Native Customary Rights Land ("NCR Land") with estimated plantable area of 6,300 Ha in Sri Aman Division.

2013/2014

Telupid Mill was awarded by MPOB for achieving the highest OER (External FFB Source) in Malaysia.

2016/2017

Kim Loong Resources Berhad was awarded by The Edge in year 2016 as the highest returns to shareholders over three years in Malaysia (Plantation).



2018

Kim Loong Resources Berhad was awarded by The Edge in year 2018 as the highest returns to shareholders over three years in Malaysia (Plantation).

The Company had successfully implemented Corporate Exercises involving Share Split (1 existing ordinary share to 3 Subdivided Shares) and Bonus Issue of Warrants (1 Warrant for every 20 Subdivided Shares) in April 2018.

Keningau mill was awarded by MPOB as the best palm oil mill (External FFB source in Sabah/Sarawak).

2019

Biogas plant at Kota Tinggi mill commenced supplying power up to 1.8 MW per hour to grid.

All the plantations and mills under the Group have passed the Malaysian Sustainable Palm Oil ("MSPO") audit and have obtained MSPO certification.

2020/2021

On 19 February 2020, the Company entered into Sale and Purchase Agreements to acquire oil palm plantation land in Sabah with a total gross land area of approximately 2,862 acres. In February 2021, the Group took possession of 2,708 acres (1,096 hectares).

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-eighth Annual General Meeting of Kim Loong Resources Berhad will be held at the Lido Room, Level 6, Amari Johor Bahru, No. 82C, Jalan Trus, 80000 Johor Bahru, Johor Darul Takzim on Tuesday, 28 July 2023 at 11.00 a.m. for the following purposes:-

AGENDA

As Ordinary Business

1. To receive the Directors' Report and the Audited Financial Statements for the financial year ended 31 January 2023 together with the Auditors' Report thereon.
2. To approve the following payment to Directors:-
 - (a) Fees totalling RM288,000 for the financial year ended 31 January 2023.
 - (b) Benefits of up to RM40,000 from this Annual General Meeting until the next annual general meeting of the Company.
3. To re-elect the following Directors retiring in accordance with Clause 88 of the Constitution of the Company:-
 - (a) Mr. Gooi Seong Heen
 - (b) Mr. Gan Kim Guan
 - (c) Mr. Chan Weng Hoong
4. To re-appoint M/s. Ernst & Young PLT (converted from a conventional partnership, M/s. Ernst & Young) as Auditors of the Company and to authorise the Directors to fix their remuneration.

(Ordinary Resolution 1)

(Ordinary Resolution 2)

(Ordinary Resolution 3)

(Ordinary Resolution 4)

(Ordinary Resolution 5)

(Ordinary Resolution 6)

As Special Business, to consider and if thought fit, to pass the following resolutions:-

5. **AUTHORITY TO ALLOT AND ISSUE SHARES**

"THAT subject always to the Companies Act, 2016, the Constitution of the Company and the approval of the relevant governmental/regulatory bodies, the Directors be and are hereby authorised pursuant to Sections 75 and 76 of the Companies Act, 2016, to allot and issue shares in the Company at any time and upon such terms and conditions and for such purposes as they may deem fit and that the Directors be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad provided always that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being and that such authority shall continue in force until the conclusion of the next annual general meeting of the Company."

(Ordinary Resolution 7)

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

6. PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

“THAT subject to compliance with all applicable rules, regulations and orders made pursuant to the Companies Act, 2016 (“the Act”), the provisions of the Company’s Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other relevant authority, approval be and is hereby given to renew the authority for the Company to purchase its own shares through Bursa Securities, subject to the following:-

- (a) the maximum number of shares which may be purchased by the Company (which includes the shares already purchased and held as treasury shares) shall be 93,541,333 representing 10% of the total number of issued shares of the Company as at 22 May 2023;
- (b) the maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the audited retained profits of the Company as at 31 January 2023 of RM107,838,682;
- (c) the authority conferred by this Ordinary Resolution will be effective immediately upon the passing of this Ordinary Resolution and will expire at the conclusion of the next annual general meeting or the expiry of the period within which the next annual general meeting is required by law to be held, whichever occurs first (unless earlier revoked or varied by ordinary resolution of the shareholders of the Company in a general meeting) but not so as to prejudice the completion of purchase(s) by the Company or any person before the aforesaid expiry date and in any event, in accordance with the provisions of the requirements issued by Bursa Securities or any other relevant authorities;
- (d) upon completion of the purchase by the Company of its own shares, the shares shall be dealt with in the following manner:-
 - (i) to cancel the shares so purchased; or
 - (ii) to retain the shares so purchased in treasury for distribution as dividend to the shareholders of the Company and/or resell through Bursa Securities and/or subsequently cancel the treasury shares and/or transfer the treasury shares for the purposes of or under an employees’ share scheme or as purchase consideration; or
 - (iii) to retain part of the shares so purchased as treasury shares and cancel the remainder;

and in any other manner as prescribed by Section 127 of the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force;

AND THAT the Directors of the Company be and are hereby authorised to take all steps as are necessary or expedient to implement or to effect the purchase(s) of the shares with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments as may be imposed by the relevant authorities from time to time and to do all such acts and things as the Directors may deem fit and expedient in the best interest of the Company.”

(Ordinary Resolution 8)

NOTICE OF ANNUAL GENERAL MEETING

(cont'd)

7. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

“**THAT** Mr. Gan Kim Guan, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 12 years, be retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017.”

(Ordinary Resolution 9)

8. RETENTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

“**THAT** Mr. Chan Weng Hoong, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than 9 years, be retained as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance 2017.”

(Ordinary Resolution 10)

9. PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

“**THAT** subject always to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the renewal of the Proposed Shareholders' Mandate for the Company and / or its subsidiaries to enter into and give effect to the category of the recurrent related party transactions of a revenue or trading nature with the related parties, as specified in Section 2.3 of the Circular to Shareholders dated 29 June 2020 provided that such transactions are made on an arm's length basis and on normal commercial terms and subject further to the following:-

- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and not to the detriment of the minority shareholders; and
- (b) disclosure is made in the Annual Report of the breakdown of the aggregate value of transactions conducted pursuant to the shareholders' mandate during the financial year based on the following information:-
 - (i) the type of the recurrent transactions made; and
 - (ii) the names of the related parties involved in each type of the recurrent transactions made and their relationship with the Company,

AND THAT the Directors and / or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and / or authorised by this Ordinary Resolution.”

(Ordinary Resolution 11)

10. To consider any other business for which due notice shall have been given.

By Order of the Board

CHONG FOOK SIN (CCM PC No. 202008000484) (MACS 00681)
KAN CHEE JING (CCM PC No. 202008000596) (MAICSA 7019764)
CHUA YOKE BEE (CCM PC No. 202008000604) (MAICSA 7014578)
 Company Secretaries

Petaling Jaya
 29 June 2023



**STATEMENT ACCOMPANYING
NOTICE OF ANNUAL GENERAL MEETING**
PURSUANT TO PARAGRAPH 8.27(2) OF THE MAIN MARKET LISTING REQUIREMENTS
OF BURSA MALAYSIA SECURITIES BERHAD

(1) The following Directors are standing for re-election pursuant to Clause 88 of the Constitution of the Company at the forty-eighth Annual General Meeting:-

- (a) Mr. Gooi Seong Heen
- (b) Mr. Gan Kim Guan
- (c) Mr. Chan Weng Hoong

The profiles of the Directors standing for re-election as mentioned in paragraph above at the forty-eighth Annual General Meeting are set out on pages 12 and 14 of this Annual Report.

(2) The statement relating to the general mandate for authority to allot and issue shares is set out in the Notes to the Notice of the Forty-fifth Annual General Meeting on page 7 of this Annual Report.

CORPORATE INFORMATION



GOOI SEONG LIM
Executive Chairman

GOOI KHAI CHIEN
*Alternate Director to
Mr Gooi Seong Lim*

GOOI SEONG HEEN
Managing Director

GOOI CHUEN KANG
*Alternate Director to
Mr Gooi Seong Heen*

GOOI SEONG CHNEH
Executive Director

GOOI SEONG GUM
Executive Director

GAN KIM GUAN
*Senior Independent
Non-Executive Director*

CHAN WENG HOONG
*Independent
Non-Executive Director*

CHEANG KWAN CHOW
*Independent
Non-Executive Director*

AUDIT COMMITTEE

Gan Kim Guan
Chairman
Chan Weng Hoong
Cheang Kwan Chow

COMPANY SECRETARIES

Chong Fook Sin
(CCM PC No. 202008000484)
(MACS 00681)
Kan Chee Jing
(CCM PC No. 202008000596)
(MAICSA 7019764)
Chua Yoke Bee
(CCM PC No. 202008000604)
(MAICSA 7014578)

REGISTERED OFFICE

Unit 203, 2nd Floor, Block C,
Damansara Intan,
No. 1, Jalan SS 20/27,
47400 Petaling Jaya,
Selangor Darul Ehsan.
Tel : 03 7118 2688
Fax : 03 7118 2693

REGISTRAR

Tacs Corporate Services Sdn. Bhd.
Unit No. 203, 2nd Floor, Block C,
Damansara Intan,
No. 1, Jalan SS20/27,
47400 Petaling Jaya,
Selangor Darul Ehsan.
Tel : 03 7118 2688
Fax : 03 7118 2693

AUDITORS

Ernst & Young PLT
B-15, Medini 9,
Persiaran Medini Sentral 1,
Bandar Medini Iskandar,
79250 Iskandar Puteri,
Johor.

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
AmBank (M) Berhad
Malayan Banking Berhad
Public Bank Berhad
HSBC Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad
Stock Short Name : KMLOONG
Stock Code : 5027

BOARD OF DIRECTORS



from left to right:

Gooi Seong Heen
Managing Director

Gooi Seong Lim
Executive Chairman

Gooi Seong Chneh
Executive Director



from left to right:

Chan Weng Hoong
Independent
Non-Executive Director

Gooi Seong Gum
Executive Director

Gan Kim Guan
Senior Independent
Non-Executive Director

BOARD OF DIRECTORS

(cont'd)



from left to right:

Gooi Chuen Kang
Alternate Director
To Mr Gooi Seong Heen

Cheang Kwan Chow
Independent
Non-Executive Director

Gooi Khai Chien
Alternate Director
To Mr Gooi Seong Lim



from left to right:

Kan Chee Jing
Company Secretary

Chong Fook Sin
Company Secretary

Chua Yoke Bee
Company Secretary

PROFILE OF DIRECTORS

GOOI SEONG LIM

Executive Chairman

Malaysian

Age 74

Male



Gooi Seong Lim, Male, aged 74, a Malaysian, was appointed to the Board of Kim Loong Resources Berhad (“KLR”) as an Executive Director on 28 February 1990. He was a Managing Director up to 30 March 2006 before redesignation as the Executive Chairman of KLR. He was also a member of the Remuneration Committee with effect from 27 March 2002 until 30 January 2018. He graduated from the University of Toronto, Canada, with a Bachelor of Applied Science degree in Mechanical Engineering in 1975. From 1975 until to-date, he has been the Managing Director of Sharikat Kim Loong Sendirian Berhad (“SKL”), a company which owns a controlling stake in KLR and Crescendo Corporation Berhad (“CCB”). CCB is a public company listed on the Main Board of Bursa Malaysia Securities Berhad (“Bursa Securities”). Since 1977, he has been a director of Kim Loong Palm Oil Sdn. Bhd. (“KLPO”) which is involved

in palm oil milling. The success of the Group owes much to his extensive involvement in plantation and milling operations. He also sits on the Board of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020. He attended all the five (5) Board meetings held during the financial year 2020.

GOOI SEONG HEEN

Managing Director

Malaysian

Age 72

Male



Gooi Seong Heen, Male, aged 72, a Malaysian, was appointed to the Board of KLR as an Executive Director on 28 February 1990. He was redesignated as Managing Director on 30 March 2006. He graduated with a Bachelor of Applied Science degree in Chemical Engineering from the University of Toronto in 1972 and obtained a Master’s degree in Business Administration from the University of Western Ontario, Canada in 1976. He served as an engineer with Esso Singapore Pte Ltd from 1973 to 1974. His experience embraces oil palm and rubber estate management, palm oil mill management and property development. From 1972, he has been a Director of SKL, a company which owns a controlling stake in KLR and CCB.

Since 1977, he has been a director of KLPO Group which is involved in palm oil milling. He is currently also a director of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020. He attended all the five (5) Board meetings held during the financial year 2020.

PROFILE OF DIRECTORS

(cont'd)



GOOI SEONG CHNEH

Executive Director

Malaysian

Age 68

Male

Gooi Seong Chneh, Male, aged 68, a Malaysian, was appointed to the Board of KLR on 28 February 1990. He is currently an Executive Director of KLR. He graduated with a Bachelor of Science degree from the University of Toronto, Canada in 1975 and obtained a Bachelor's degree in Civil Engineering from the University of Ottawa, Canada in 1980. He is a member of the Professional Engineers Association of Alberta, Canada. He was formerly a consultant with Campbell Engineering and Associates, Calgary, Canada for three (3) years from 1981 to 1983. He has extensive experience in construction site management and property development. His experience also includes oil palm and cocoa estate management. From 1976, he has been a Director of SKL, a company which owns a controlling stake in KLR and CCB. He has been responsible for the

development and management of oil palm and cocoa estates in Johor, Sabah and Sarawak since 1985. He is also a director of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020. He attended all the five (5) Board meetings held during the financial year 2020.



GOOI SEONG GUM

Executive Director

Malaysian

Age 67

Male

Gooi Seong Gum, Male, aged 67, a Malaysian, was appointed to the Board of KLR on 28 February 1990. He is currently an Executive Director of KLR. He graduated with a Bachelor's degree in Civil Engineering from the University of Ottawa, Canada in 1980. He was an engineering consultant for Bobrowski & Partners, Calgary, Canada for one (1) year from 1982 to 1983. His experience covers oil palm and rubber estate management, property development and construction site management. From 1980, he has been a Director of SKL, a company which owns a controlling stake in KLR and CCB. Since 1983, he has been a director of KLPO Group which is involved in palm oil milling. He currently sits on the Board of CCB and several other private companies.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of his directorship and shareholding in SKL. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020. He attended all the five (5) Board meetings held during the financial year 2020.

PROFILE OF DIRECTORS

(cont'd)

GAN KIM GUAN

Senior Independent Non-Executive Director

Malaysian

Age 60

Male



Gan Kim Guan, Male, aged 60, a Malaysian, was appointed to the Board of KLR as an Independent Non-Executive Director on 28 March 2001. He is currently the Senior Independent Non-Executive Director of KLR. He was appointed as a member of the Audit Committee on 28 March 2001 and currently, he is the Chairman of the Audit Committee. He also sits as a member of both the Nominating and Remuneration Committees with effect from 27 March 2002. He was appointed as the Chairman of the Nominating Committee and Remuneration Committee with effect from 31 December 2012 and 28 March 2013 respectively. He is a Chartered Accountant and has experience in accounting and financing related work. He is also a director of CCB.

Mr Gan is a Chartered Accountant of the Malaysian Institute of Accountants. He has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020. He attended four (4) out of five (5) Board meetings held during the financial year 2020.

CHAN WENG HOONG

Independent Non-Executive Director

Malaysian

Age 74

Male



Chan Weng Hoong, Male, aged 74, a Malaysian, was appointed to the Board of KLR as an Independent Non-Executive Director on 24 March 2011. He is a member of the Audit Committee of KLR with effect from 24 March 2011. He also sits as a member of both the Nominating and Remuneration Committees with effect from 24 March 2011. He graduated with a Bachelor of Agricultural Science (Hon) from the University of Malaya in 1973. Since graduation, he has worked as an agronomist throughout his career. He retired from Applied Agricultural Resources Sdn. Bhd. (AARSB) in 2004 as Principal Research Officer and Head of Oil Palm and Rubber Advisory Divisions and was on job extension as Agronomist/Consultant Agronomist until March 2015 when he fully retired from AARSB.

He is well versed in both rubber and oil palm and continues to work as a freelance Consultant Agronomist. He has presented or published numerous papers on rubber at national and international conferences and also some papers on oil palm at local conferences.

Mr Chan has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020. He attended all the five (5) Board meetings held during the financial year 2020.

PROFILE OF DIRECTORS

(cont'd)



CHEANG KWAN CHOW

Independent Non-Executive Director

Malaysian

Age 70

Male

Cheang Kwan Chow, Male, aged 70, a Malaysian, was appointed to the Board of KLR as an Independent Non-Executive Director on 20 October 2011. He is a member of the Audit Committee of KLR with effect from 20 October 2011. He also sits as a member of both the Nominating and Remuneration Committees with effect from 20 October 2011. He has a Diploma in Marketing from Redditch College, Worcestershire, England and a Postgraduate Diploma in Export Marketing and Diploma in Export from Buckinghamshire College, Buckinghamshire, England. He graduated with a Master of Arts Communications Management from University of South Australia and a Master of Leadership in Organisational Learning from Monash University. He joined the Kuok Group of companies in 1980 and had over the years, held various senior management positions in various companies within the

Kuok Group. He was appointed as Deputy Managing Director of PGEO Group Sdn. Bhd. and PGEO Marketing Sdn. Bhd in July 2002, the position which he held until December 2007. He also sat on the board of PPB Group Berhad until May 2011. He is currently a Member of the Chartered Institute of Arbitrators, London, United Kingdom and sits on the Panel of Arbitrators of the Palm Oil Refiners Association of Malaysia.

Mr Cheang has no personal interest in any business arrangement involving KLR. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020. He attended all the five (5) Board meetings held during the financial year 2020.



GOOI KHAI CHIEN

Alternate Director to Mr Gooi Seong Lim

Malaysian

Age 31

Male

Gooi Khai Chien, Male, aged 31, a Malaysian, was appointed to the Board of KLR as Alternate Director to Mr. Gooi Seong Lim on 31 March 2016. He graduated with a Bachelor's Degree in Chemical Engineering in 2014 and a Master's Degree in Investments and Wealth Management in 2015. Since 2016, he has been involved in the business operations of KLR Group.

He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020.

Mr Gooi has no personal interest in any business arrangement involving KLR except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of being a person connected to Mr Gooi Seong Lim.

PROFILE OF DIRECTORS

(cont'd)

GOOI CHUEN KANG

Alternate Director to Mr Gooi Seong Heen

Malaysian

Age 37

Male



Gooi Chuen Kang, Male, aged 37, a Malaysian, was appointed to the Board of KLR as Alternate Director to Mr. Gooi Seong Heen on 31 March 2016. He graduated with a Bachelor of Engineering (Chemical and Biomolecular Engineering) from the University of Melbourne in 2008. He worked as an analyst attached with Accenture Kuala Lumpur from 2010 to 2014. Since then, he has been involved in the business operations of KLR Group.

Mr Gooi has no personal interest in any business arrangement involving KLR except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of being a person connected to Mr Gooi Seong Heen. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2020.

Family Relationships

Gooi Seong Lim, Gooi Seong Heen, Gooi Seong Chneh and Gooi Seong Gum are brothers.

Gooi Seong Lim is father of Gooi Khai Chien.

Gooi Seong Heen is father of Gooi Chuen Kang.

Save for the above, none of the other Directors are related.

PROFILE OF KEY SENIOR MANAGEMENT

The executive function in the Group is spearheaded by the Executive Chairman and Managing Director, namely Mr Gooi Seong Lim and Mr Gooi Seong Heen, whose profiles are included under the section on Directors' profile on pages 12 of this Annual Report. The following Directors assist them with day to day running of the various operations of the Group.

1

Mr Gooi Seong Chneh
Executive Director
(Profile on Page 13 of this
Annual Report)

2

Mr Gooi Seong Gum
Executive Director
(Profile on Page 13 of this
Annual Report)

3

Mr Gooi Chuen Kang
Plantation Director
(Profile on Page 16 of this
Annual Report)

The profiles of the other Key Senior Management members are set out below:



CHOW KOK HIANG

Finance Director

Chow Kok Hiang, male, aged 55, a Malaysian, is currently the Finance Director of KLR and has vast experience in the Audit and Business Advisory Services, having served as Assistant Manager of Price Waterhouse (Currently known as PricewaterhouseCoopers) before joining Crescendo Corporation Berhad in 1997 as Group Accountant. He was transferred to KLR in 1999 to head the Finance Department of KLR Group. Mr Chow is a Chartered Accountant with the Malaysian Institute of Accountants and a member of the Malaysian Institute of Certified Public Accountants. He also sits on the board of several private companies involved in property development, construction, educational services, trading and manufacturing.

Mr Chow has no family relationship with any Director and/or major shareholder of the Company. He does not hold any directorship in public companies. He has no conflict of interest with the Company. He has no conviction for any offences within the past 5 years and has no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year 2022.



GOOI CHUEN HOWE

Marketing & Mill Director

Gooi Chuen Howe, male, aged 38, a Malaysian, was appointed as Marketing Director in March 2019 and is currently the Marketing & Mill Director of KLR. He holds a Master of Business Administration from London Business School and a Master of Science degree in Applied Finance from the Singapore Management University. He started his career as an investment analyst in asset management companies from 2008 to 2009. Subsequently, he worked as an investment manager in Primevest Holdings Private Limited from 2010 to 2015. He has been the alternate director to Mr Gooi Seong Heen in CCB since 31 March 2016.

Mr Gooi has no personal interest in any business arrangement involving KLR, except that he is deemed interested in the transactions entered into with SKL Group (excluding KLR) which are carried out in the ordinary course of business, by virtue of being a person connected to Mr Gooi Seong Heen. He has not been convicted of any offences within the past 5 years and has not been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year 2022.

PROFILE OF KEY SENIOR MANAGEMENT

(cont'd)



CHANG CHOW SWAN

General Manager

Chang Chow Swan, male, aged 68, a Malaysian, is currently the General Manager of Kim Loong Palm Oil Mills Sdn. Bhd. ("KLPOM"), a subsidiary of KLR. He graduated with a Bachelor degree in Chemical Engineering from National Taiwan University in 1978. A First Grade Steam Engineer with more than 40 years of hands-on experience for multiple breakthroughs in palm oil milling waste, biogas, biomass and downstream treatment. He is currently leading a group of engineers to initiate ideas to convert mill waste into higher value products, bring up KLPOM Complex as a pioneer of waste minimization in palm oil industry in Malaysia, and benefiting the milling operation of KLR Group. He is currently a Committee Member of Malaysia Palm Oil Millers Association ("POMA"). He also sits on the board of one subsidiary company of KLR Group involved in palm oil milling business.

Mr Chang has no family relationship with any Director and/or major shareholder of the Company. He does not hold any directorship in public companies. He has no conflict of interest with the Company. He has no conviction for any offences within the past 5 years and has no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year 2022.



CHANG CHEE CHIONG

General Manager

Chang Chee Chiong, male, aged 60, a Malaysian, is currently the General Manager of KLR in charge of the Group's estates in Sabah and Sarawak. He obtained the Licentiate Diploma from the Incorporated of Society Planters and with more than 30 years of working experience, he has vast experience in oil palm cultivation and plantation management. He was in the position of Deputy General Manager since 2010 before being promoted to the position of General Manager in 2014.

Mr Chang has no family relationship with any Director and/or major shareholder of the Company. He does not hold any directorship in public companies. He has no conflict of interest with the Company. He has no conviction for any offences within the past 5 years and has no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year 2022.



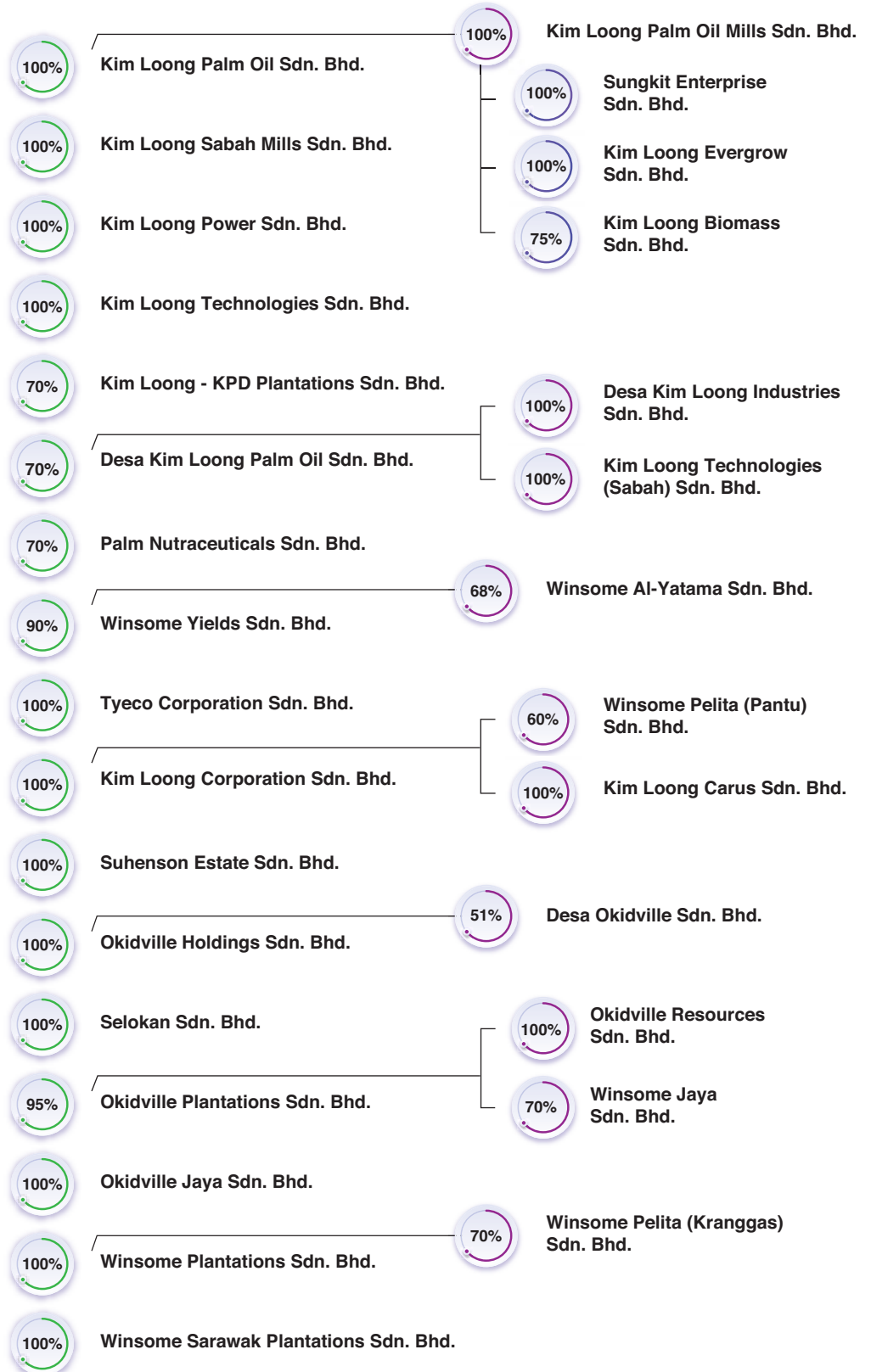
GAN LIONG HOE

Deputy General Manager

Gan Liong Hoe, male, aged 46, a Malaysian, is currently the Deputy General Manager of KLR. He graduated with a Bachelor of Engineering (Mechanical) from Queensland University of Technology in 1997. Mr Gan started his career as an engineer in IOI Corporation Berhad in 1998 and later joined TSH Resources Berhad in 2001 as engineer until 2007 before joining Desa Kim Loong Palm Oil Sdn. Bhd. ("DKLPO"), a subsidiary of KLR as a Senior Mill Manager, in November 2007. He was transferred to KLR and promoted to the position of Deputy General Manager in 2013 for Group's milling operations in Sabah. Mr Gan is a First Grade Steam Engineer and Second Grade Internal Combustion Engine Engineer with the Department of Occupational Safety and Health. He also sits on the board of two subsidiary companies of KLR Group involved in palm oil milling business.

Mr Gan has no family relationship with any Director and/or major shareholder of the Company. He does not hold any directorship in public companies. He has no conflict of interest with the Company. He has no conviction for any offences within the past 5 years and has no public sanction or penalty imposed on him by the relevant regulatory bodies during the financial year 2020.






GROUP STRUCTURE




GROUP FINANCIAL HIGHLIGHTS

STATEMENT OF COMPREHENSIVE INCOME

Revenue






2023		679,625
2022		872,937
2021		1,075,33
2020		892,593
2019		757,730

Profit Before Tax






2023		60,389
2022		88,234
2021		158,221
2020		111,165
2019		107,579

STATEMENT OF COMPREHENSIVE INCOME

Equity attributable to owners of the Company






2023		719,732
2022		734,789
2021		738,679
2020		593,349
2019		579,963

Total Assets



2023		975,006
2022		983,984
2021		1,039,548 ~
2020		848,960
2019		805,054

STATEMENT OF COMPREHENSIVE INCOME

Earnings

2023		0.04
2022		0.06
2021		0.10 * ~
2020		0.08
2019		0.08

Net Assets

2023		0.77
2022		0.79
2021		0.79 * ~
2020		0.64 *
2019		0.62 *

GROUP FINANCIAL HIGHLIGHTS

(cont'd)

	2019	2020	2021	2022	2023
STATEMENT OF COMPREHENSIVE INCOME (RM'000)					
Revenue	757,730	892,593	1,075,332	872,937	679,625
EBITDA	137,778	143,431	193,270 ~	123,495	95,249
Profit before tax	107,579	111,165	158,221 ~	88,234	60,389
Profit after tax	85,664	85,688	121,785 ~	59,690	44,989
Net profit attributable to owners of the Company	73,783	71,118	96,545 ~	52,123	41,061

STATEMENT OF FINANCIAL POSITION (RM'000)

Paid-up share capital	311,804	311,804	318,430	318,433	318,433
Total shareholders' equity	654,213	673,446	829,975 ~	825,852	807,026
Equity attributable to owners of the Company	579,963	593,349	738,679 ~	734,789	719,732
Total Assets	805,054	848,960	1,039,548 ~	983,984	975,006

PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY (RM)

Earnings	0.08 *	0.08 *	0.10 * ~	0.06	0.04
Net Assets	0.62 *	0.64 *	0.79 * ~	0.79	0.77
Gross Dividend	0.08 *	0.07 *	0.08 *	0.06	0.03
Share Price at Year End	1.01 *	1.14 *	1.39 *	1.25	1.26
Weighted Average Number of Share in Issue ('000)	933,482 *	933,605 *	933,605 *	933,606	933,607

FINANCIAL INDICATORS

Return on Equity (%)	13.09	12.72	14.67 ~	7.23	5.57
Return on Total Assets(%)	10.64	10.09	11.72 ~	6.07	4.61
Gearing Ratio (times)	0.07	0.05	0.03 ~	0.02	0.02
Price-Earnings Ratio (times)	12.67	14.91	13.48 ~	22.40	28.64
Interest Coverage Ratio (times)	47.88	60.75	113.45 ~	83.00	86.17
Gross Dividend Yield (%)	7.57	5.83	5.74	4.80	2.38

* Adjusted for subdivision of every 1 existing ordinary share into 3 ordinary shares ("Share Split") completed in April 2018.

~ Adjusted for effects of transition to MFRS.

STATISTICS

PLANTATIONS

Plantation Area (Ha)					
Oil palm					
Mature	13,794	14,256	14,255	13,943	12,874
Immature	1,172	700	691	1,003	1,635
Under development	-	-	-	-	438
Unplanted land	411	408	448	328	328
<hr/>					
Total plantable area	15,377	15,364	15,394	15,274	15,275
Infrastructure and unplanted land	528	555	552	552	551
<hr/>					
Total land area	15,905	15,919	15,946	15,826	15,826

MANAGEMENT DISCUSSION AND ANALYSIS



ON BEHALF OF THE BOARD OF DIRECTORS OF KIM LOONG RESOURCES BERHAD (“KLR”), I AM PLEASSED TO PRESENT TO YOU THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023.

GOOI SEONG LIM

Executive Chairman

FINANCIAL HIGHLIGHTS

RESULTS

The revenue and profit before tax (“PBT”) of the Group were RM679.63 million and RM60.39 million respectively for the financial year 2020 (“FY2020”) compared to RM872.94 million and RM88.23 million respectively for the financial year 2023 (“FY2023”).

The drop in performance was mainly due to lower FFB and CPO production. The average selling prices for FFB and CPO for the current financial year have recorded a marginal drop of 6% and 2% respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

THE RECENT DEVELOPMENT ON RELAXATION OF COVID-19 SOP TRANSITING TO ENDEMIC PHASE AND VACCINATION PROGRESS WORLDWIDE AS WELL AS IN THE COUNTRY IS EXPECTED TO MOVE THE BUSINESS ENVIRONMENT BACK TO NORMALCY. NEVERTHELESS, THE MANAGEMENT WILL REMAIN VIGILANT AND RESILIENT ON DEALING WITH CHALLENGES.

The production of FFB had further dropped by 16% or 49,600 MT to 260,500 MT in FY2020. The lower FFB production for the current financial year was mainly attributable to the Group's estates in Sabah which suffered severe drop in production, especially in the fourth quarter. The drop was partly due to our replanting programme in the Keningau region and was also likely due to the consequential effects on cropping trend after the strong recovery and high yield performance in the period from November 2018 to April 2019.

Nevertheless, the Group's average FFB yield performance was still better than the average National FFB yield as published by Malaysian Palm Oil Board ("MPOB").

During the FY2020, the Group has carried out replanting of about 1,400 hectares.

As a result of significant drop in production, the revenue from plantation dropped by 21% to RM101.9 million whilst the profit dropped by 39% to RM26.5 million.

The performance of milling operations was also affected by the lower FFB production of the oil palm plantations in the vicinity of the operations of the Group's mills. During the year, the processing capacity utilisation was below expectation and the Group's mills processed only 1.14 million MT of FFB which was 23% lower than 1.48 million MT in FY2019. As a result, total CPO production for FY2020 recorded a drop of 22% to 247,700 MT. On the positive side, the Group's average CPO extraction rate has improved from 21.35% to 21.72%.

The performance of milling operations was also affected by the fire incident at our mill at Kota Tinggi, Johor in June 2019 causing disruption to operations for about 1 month. The mill had resumed its full processing capacity in August 2019.

As a result of the unexpected low CPO production at the two mills in Sabah, the Group had faced challenges in meeting contracted schedule for delivery of committed sales to customers.

Lower production and sales quantity of palm oil milling products had resulted a 22% drop in revenue to RM662.9 million.

The profit from milling operations for the current financial year dropped by 26% or RM11.2 million to RM32.2 million. The performance was adversely affected by lower FFB intake as a result of low FFB production suffered by plantations. Shortage of crop supply had led to stiff competitive and more aggressive pricing strategy which had caused impact on processing margin.

On the other hand, our Kota Tinggi milling operations had commenced supply of power to grid since June 2019 and had contributed revenue of approximately RM1.8 million.

DIVIDEND

With the recent volatile movements in crude oil commodity price and global outbreak of the COVID-19 health crisis, the Board has adopted a prudent and strategic approach to conserve the cash reserve of the Group for the upcoming replanting programme as well as any potential financial turbulence in near future, therefore the Board has not recommended any final dividend for the FY2020 (FY2019: 3 sen per share). Consequentially, the total single tier dividend for FY2020 is 3 sen per share (FY2019: 6 sen per share).

Nevertheless, the dividend payout represents approximately 68% of the annual profit attributable to owners of the Company.

DEVELOPMENT AND PROSPECTS

All the plantations and mills under the Group have passed the Malaysian Sustainable Palm Oil ("MSPO") audit and have obtained MSPO certification.

On 19 February 2020, the Company announced that it entered into four (4) separate conditional Sale and Purchase Agreements with (1) Greenfingers Sdn. Bhd.; (2) R & H Sdn. Bhd.; (3) Bakti Perusahaan Sdn. Bhd.; and (4) Sri Handal Sdn. Bhd. (collectively referred to as "the Vendors") to acquire oil palm plantation lands in Sabah with a total gross land area of approximately 2,862 acres ("the Acquisitions"). The total cash purchase consideration is RM92,538,290 which is approximately RM32,500 per acre.

MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

The Acquisitions are not subject to the shareholders' approval. However, the Acquisitions are subject to the relevant authorities' approvals such as the Sabah's Ministry of Agriculture and Fisheries. Barring any unforeseen circumstances, the Acquisitions are expected to be completed by the third quarter of the year 2020.

The Acquisitions will increase the supply of FFB produce to the Group's palm oil mill at Telupid, Sabah so as to contribute towards optimising utilisation of the mill's processing capacity as well as to reduce dependence on FFB supply from third parties especially during a seasonal low crop period. The Acquisitions will increase the land bank of the KLR Group for oil palm plantations and will contribute positively towards the Group's long-term growth in profitability.

The Group will continue its replanting programme to replant the old palms which are unable to meet the expectation of FFB yield. We expect to replant about 1,000 Ha in the financial year 2021. Moving forward, the Group will continue its prudent approach in sourcing for additional suitable plantation land in Johor, Pahang, Sabah and Sarawak.

However, Roundtable on Sustainable Palm Oil ("RSPO") restriction is a major constraint. To support our plantation operations in Sarawak, we have been actively looking into the possibility of setting up a palm oil mill in Sarawak.

For the financial year 2021, we forecast the FFB production to be about 10% higher than the quantity achieved in the financial year 2020 after taking into consideration of the impending completion of the recent acquisition of landbank and the impact of on-going replanting programme.

For the palm oil milling operations, the management expects to achieve a similar processing quantity in the financial year 2021 as compared with the FY2020.

On the projects to supply power to the grid using biogas engine, the plant at Kota Tinggi mill has commenced supplying power up to 1.8 megawatt per hour to grid since June 2019 and has contributed revenue of approximately RM1.8 million for the current financial year. We expect the annual revenue contribution would be about RM6 million from the financial year 2021 onwards.

We have also started implementation and installation of the plant at our Keningau mill for supplying power up to 2.0 megawatt per hour to grid and expect to commence operation in the first half of year 2021.

As for our mill at Telupid, Sabah, we have obtained approval for net export capacity of 1.5 megawatt per hour from Sustainable Energy Development Authority ("SEDA") in September 2019 and now pending finalisation of Renewable Energy Power Purchase Agreement ("REPPA") with Sabah Electricity Sdn. Bhd. ("SESB").

We foresee the CPO inventory level to remain at low level amid higher usage from implementation of biodiesel mandates in Indonesia and Malaysia. This would cushion the decline from exports across other countries, particularly India and China, stemmed from the COVID-19 outbreak. At the same time, we see the FFB and palm oil production has not been significantly impacted under the Movement Control Order implemented by the Malaysia government since 18 March 2020.

In view of the CPO price is generally perceived to be correlated with crude oil price, we reckon that the CPO price may trade in a volatile manner following OPEC and its allies disagreement to curb their crude oil production and the unprecedented abnormality and large scale volatility in crude oil commodity markets recently. Nevertheless, the prospects of demand for biodiesel may provide some cushion to the CPO price.

APPRECIATION

I would like to take this opportunity to express my appreciation to the management and staff for their loyal and dedicated services to the Group, and to various government authorities and agencies, bankers, valued customers, suppliers and business associates for their co-operation and continued support.

Finally, I wish to thank my fellow Board members for their support and the shareholders for their confidence in the Board and Management of the Group.

Gooi Seong Lim
Executive Chairman
Johor Bahru, Johor
Date: 5 June 2023

MANAGEMENT DISCUSSION AND ANALYSIS

DESCRIPTION OF OUR GROUP'S BUSINESS AND STRATEGIES

Kim Loong Resources Berhad and its subsidiaries (the "Group" or "KLR Group") are principally involved in investment holding, cultivation of oil palm, processing of oil palm fresh fruit bunches and marketing of oil palm products, processing of oil palm fibre and biogas and power generation.

The principal activities of the Group can be divided into two main segments, namely plantation operations and palm oil milling operations.



Plantation Operations

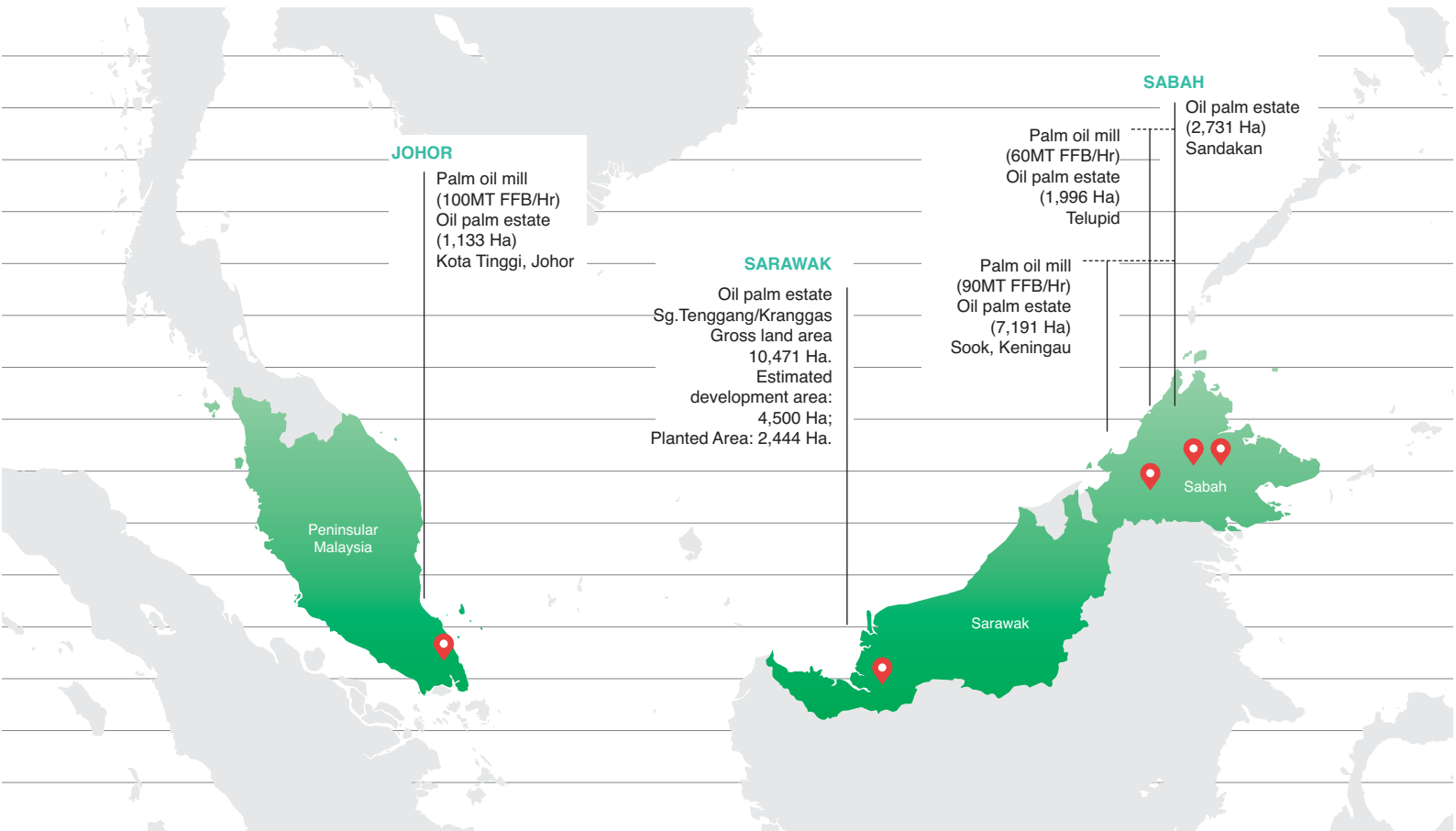


Palm Oil Milling

As at 31 January 2020, the Group's total plantation land holdings stood at 15,826 hectares ("Ha") of which 92% are fully planted with oil palms. Out of the total planted area, approximately 83% are mature above 6 years old, 6% are young mature below 6 years old while the remaining 11% are at immature stage. Our plantations are located in the states of Johor, Sabah and Sarawak.

The Group also owns and operates three (3) palm oil mills which are strategically located within the vicinity of our plantations in Kota Tinggi, Johor and in Keningau and Telupid, Sabah. Our palm oil mills have a total FFB processing capacity of 1.5 million MT per annum.

LOCATIONS OF OPERATIONS



MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

FINANCIAL REVIEW

Revenue

The revenue of the Group was RM679.63 million for the financial year 2020 ("FY2020") compared to RM872.94 million recorded for the financial year 2019 ("FY2019").

The drop of 22% in revenue was primarily attributable to lower FFB and CPO production as compared to the last financial year. Before inter-segments adjustments and eliminations, revenue from plantation operations has dropped by 21% whilst the revenue from milling operations also dropped by 22% compared to the last financial year.

The average selling prices and production of Crude Palm Oil ("CPO"), Palm Kernel ("PK") and Fresh Fruit Bunches ("FFB") for FY2020 and FY2019 of the Group are as follows:

Average selling price per metric ton ("MT"):-

	FY2023 (RM)	FY2022 (RM)	Change (%)
CPO	2,118	2,169	(2.35%)
PK	1,228	1,656	(25.85%)
FFB	391	416	(6.01%)

Sales quantity:-

	FY2023 (MT)	FY2022 (MT)	Change (%)
Main palm oil milling products:			
CPO	268,070	329,489	(18.64%)
PK	60,704	74,257	(18.25%)
Plantation produce:			
FFB : to own mills	215,765	259,690	(16.91%)
to external parties	44,747	50,392	(11.20%)
Total	260,512	310,082	(15.99%)

Other Income

Other income for the year was RM16.54 million which was RM4.34 million higher as compared to FY2019. It consisted mainly of interest income which was 51% (2019: 72%). In the current financial year, the other income also included recognition of net gain on compulsory acquisition and derivatives of RM2.98 million (2019: Nil) and RM1.24 million (2019: Nil) respectively. The net gain on compulsory recognition was arising from compulsory land acquisition in year 2013 and has been recognised pursuant to the judgment of the Court of Appeal in May 2019.

Cost of Sales

Generally, the production of CPO and PK, the major palm oil milling products, by the Group during the year has decreased by more than 20%. The summary of production of major products by the Group is tabulated below:-

	FY2023 (MT)	FY2022 (MT)	Change (%)
CPO	247,659	316,268	(21.69%)
PK	60,119	75,336	(20.20%)
FFB	260,512	310,082	(15.99%)

In order to meet sales contracts committed, the Group has purchased 3,600 MT (2019: 14,400 MT) of CPO from external parties at prevailing market price during the year.

In view of lower production from both plantation and milling operations, the cost of sales decreased by 21% or RM156.69 million to RM585.63 million, mainly due to lower cost of FFB purchased in milling operations resulted from lower volume of FFB intake.

Unit Cost of Production of CPO

The unit cost of production (excluding raw materials) of CPO has increased by 29% to RM270 per MT of CPO. The total unit cost of production of CPO has also increased by 16% to RM1,540 per MT of CPO. The increase in unit cost of production was mainly caused by:

- lower production throughput of mills as well as lower FFB production yield at plantations;
- increase in upkeep and maintenance for buildings and machineries, especially substantial repair cost resulted from the fire incident at Kota Tinggi mill; and
- increase in labour cost partly caused by shortage of workers in plantation industry.

Finance Cost

Finance cost recognised in profit or loss has decreased by 34% or RM0.37 million to RM0.71 million as compared to FY2019 due to repayment of bank borrowings.

Profit before Tax ("PBT")

The Group's PBT of RM60.39 million for the FY2020 was lower than RM88.23 million for the FY2019. The average selling prices and production of Crude Palm Oil ("CPO"), Palm Kernel ("PK") and Fresh Fruit Bunches ("FFB") for FY2020 and FY2019 of the Group are as follows:

MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

Out of the drop in the Group's PBT by nearly RM28 million or 32%, approximately RM17 million was attributable to the plantation operations. The drop in PBT was mainly due to lower FFB and CPO production. On the other hand, the average selling prices for FFB and CPO for the current financial year have recorded marginal drop of 6% and 2% respectively.

Taxation

The effective tax rate for FY2020 of 24.56% was slightly higher than statutory tax rate. This was mainly due to certain expenses were not deductible for tax purpose and deferred tax assets for unabsorbed losses brought forward were partially derecognised in view of the uncertainty that sufficient taxable profit will be generated within the maximum 7-year period for utilisation.

Profit Attributable to Equity Holders of the Company

Profit attributable to equity holders of the Company and earnings per share of the Group decreased significantly by 21% year-on-year to RM41.06 million and 4.40 sen respectively as compared to RM52.12 million and 5.58 sen recorded for the preceding financial year.

Share Price Performance

Our Company's share price performance for the period from February 2019 till 13 May 2023:



Source: Bursa Malaysia

During the financial year, the share price was traded between the range of RM1.08 to RM1.64 and closed at RM1.26 at end of the financial year.

Cash Flows

The Group's cash and cash equivalents (excluding short term funds) decreased by 24% or RM45.96 million to RM145.88 million mainly due to the following:

- (i) more capital expenditure incurred in respect of acquisition of land, replanting programme, purchase of biogas engines and upgrading plan.
- (ii) more investment in short term funds with expectation of higher tax-exempt return as compared to conventional deposits with bank.

Despite the drop in revenue, the Group's cash flows from operating activities has increased by over RM10 million which was benefited from realisation of inventories.

The Group's investment in short term funds has increased by 20% or RM16.04 million to RM94.48 million as compared to FY2019.

It is the Group's practice to include short term funds as an important instrument in its cash flows and liquidity management. As at the end of the financial year, total short term funds and cash and cash equivalents was RM240.36 million.

MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

Our average oil yield per Ha for Sabah estates has decreased to 4.53 MT per Ha in FY2020 compared to 5.13 MT per Ha in FY2019 mainly due to the estates in Sabah had recorded a lower production over the relatively high production records in the preceding year. Our overall Group average oil yield has also decreased to 4.23 MT per Ha as compared to 4.77 MT per Ha in FY2019.

The yield per Ha analysis for FY2020 and FY 2019 can be analysed as follows:

(%)	FY2023	FY2022	Change
FFB Yield:			
KLR Group FFB Yield (MT per Ha) (11.85%)	19.20	21.78	
Malaysia National FFB Yield* (MT per Ha) 0.17%	17.19	17.16	

* The statistics for Malaysia National CPO and PK extraction rates are extracted from MPOB web-site based on calendar year 2019 and 2018 whilst the figures from KLR Group are based on its financial year (Feb - Jan).

REVIEW OF OPERATING ACTIVITIES

PALM OIL MILLING OPERATIONS

The profit from the palm oil milling operations recorded a drop of 26% or RM11.16 million to RM32.21 million as compared to RM43.37 million recorded for the last financial year. The lower profit was due to substantial drop in CPO production.

Despite a marginal increase in the CPO extraction rate to 21.72%, the operations have achieved lower processing margin which was due to lower processing volume as well as competitions for crops in Sandakan region resulting a squeeze in processing margin. During the year, the Group's mills processed a total FFB quantity of 1.14 million MT, representing a 23% drop as compared with last financial of 1.48 million MT.

In addition, the performance of milling operations was also affected by the fire incident at our mill at Kota Tinggi, Johor in June 2019 causing disruption to operations for about 1 month. The mill resumed its full processing capacity in August 2019. Cost of repair and write-off of assets of nearly RM3.5 million had been recognised accordingly in the income statement but the relevant insurance compensation had not been accrued for at the reporting date pending confirmation from insurance company. Nevertheless, we expect the loss would be substantially covered by insurance.

Total CPO production for the year under review was 247,659 MT, which was about 22% lower than 316,268 MT recorded in the last financial year. The market condition and demand for the Group's main milling products has been good and steady during the financial year.

As a result of unexpected low CPO production at the two mills in Sabah, the Group had faced challenges in meeting contracted schedule for delivery of committed sales to customers. The Group also purchased 3,600 MT of CPO from external parties in order to meet sales contracts committed. Consequentially, the sale of CPO, the main product, dropped by 19% to 268,070 MT compared to 329,489 MT in the last financial year. As of the year end, the CPO inventory level has reduced significantly to 5,500 MT as compared to the 22,000 MT at preceding financial year end. The average selling price of CPO of the Group for the current financial year was RM2,118 per MT which was marginally lower than RM2,169 per MT in the last financial year.

The extraction rate for CPO and recovery rate for PK for FY2020 and FY2019 can be analysed as follows:

	FY2023	FY2022	Change (%)
CPO:			
KLR Group CPO extraction rate (%)	21.72	21.35	1.73%
Malaysia National CPO extraction rate* (%)	20.21	19.95	1.30%
PK:			
KLR Group PK recovery rate (%)	5.27	5.08	3.74%
Malaysia National PK recovery rate* (%)	4.98	4.97	0.20%

* The statistics for Malaysia National CPO extraction and PK recovery rates are extracted from MPOB web-site based on calendar year 2019 and 2018 whilst the figures from KLR Group are based on its financial year (Feb - Jan).

MANAGEMENT DISCUSSION AND ANALYSIS

(cont'd)

RISKS EXPOSURE AND MITIGATION

The Group's business operations are within the plantation industry that is generally subject to the following major risks that may have a material effect on the Group's operations, performance, financial condition and liquidity:

- Volatility in palm oil commodity prices as well as foreign currency exchange rate;
- Fluctuation in production of FFB due to seasonal cyclical as well as weather factors such as El Nino phenomenon.
- Demand in palm oil products that may be adversely affected by alternative supply of oils and fats worldwide;
- Import policies of major importing countries;
- Shortage in skilled labour in plantation sector; and
- Increase in operation cost partly caused by up-going trend of minimum wages as well as increased recruitment cost for foreign workers.

There have been no significant changes in the above-mentioned risks since the previous financial year.

The Management constantly monitors the movements in palm oil commodity prices and may take steps to mitigate unfavourable movement in commodity prices, where necessary, to reduce impact on the Group's financial performance. To achieve this, the Group may use derivatives such as Futures and Swap contract to hedge against cash flow risks faced by the Group arising from its forecasted probable production.

Considering plantation is still a labour intensive industry, it is unlikely to operate without manual labour, therefore the Group has been putting its best efforts to manage its operations with limited labour force and where possible, to invest in mechanization and automation in its plantations as well as palm oil milling operations to reduce dependency on labour.

The Group also observes best practices in managing its plantation and milling operations such as adhering to manuring programmes recommended by Agronomists, strict control to minimize oil loss, so as to achieve optimal operation efficiency in terms of both production quantity and quality.

DEVELOPMENT AND PROSPECTS

Plantation operations:

On 19 February 2020, the Company announced that it entered into four (4) separate conditional Sale and Purchase Agreements with (1) Greenfingers Sdn. Bhd.; (2) R & H Sdn. Bhd.; (3) Bakti Perusahaan Sdn. Bhd.; and (4) Sri Handal Sdn. Bhd. (collectively referred to as "the Vendors") to

acquire oil palm plantation lands in Sabah with a total gross land area of approximately 2,862 acres ("the Acquisitions"). The total cash purchase consideration is RM92,538,290 which is approximately RM32,500 per acre.

The Acquisitions are not subject to the shareholders' approval. However, the Acquisitions are subject to the relevant authorities' approvals such as the Sabah's Ministry of Agriculture and Fisheries. Barring any unforeseen circumstances, the Acquisitions are expected to be completed by the third quarter of the year 2020.

The Acquisitions will increase the supply of FFB produce to the Group's palm oil mill at Telupid, Sabah so as to contribute towards optimising utilisation of the mill's processing capacity as well as to reduce dependence on FFB supply from third parties especially during a seasonal low crop period. The Acquisitions will increase the land bank of the KLR Group for oil palm plantations and will contribute positively towards the Group's long-term growth in profitability.

The Group will continue its replanting programme to replant the old palms which are unable to meet the expectation of FFB yield. We expect to replant about 1,000 Ha in the financial year 2021.

Moving forward, the Group will continue its prudent approach in sourcing for additional suitable plantation land in Johor, Pahang, Sabah and Sarawak. However, Roundtable on Sustainable Palm Oil ("RSPO") restriction is a major constraint. To support our plantation operations in Sarawak, we have been actively looking into the possibility of setting up a palm oil mill in Sarawak.

For the financial year ending 31 January 2021, we forecast the FFB production to be about 10% higher than the quantity achieved in the financial year 2020 after taking into consideration of the impending completion of the recent acquisition of landbank and the impact of on-going replanting programme.

Milling operations:

The management expects the milling operations to achieve similar processing quantity as recorded in the financial year 2020.

On the projects to supply power to the grid using biogas engine, the plant at Kota Tinggi mill has commenced supplying power up to 1.8 megawatt per hour to grid since June 2019. We expect the annual revenue contribution would be about RM6 million from the financial year 2021

SUSTAINABILITY STATEMENT

The Group's principal activities, which remained largely unchanged during the financial year ended 31 January 2023, comprise investment holding, cultivation of oil palm, processing of oil palm fresh fruit bunches and marketing of oil palm products, processing of oil palm fibre and biogas and power generation. These businesses are streamlined into two (2) main segments, namely plantation operations and palm oil milling operations. As a responsible corporate citizen, the Company, via its Board of Directors ("Board"), is mindful of the need to have, and supports a growth strategy that incorporates sustainable development and management of economic, environmental and social risks and opportunities, based on a foundation of considering the impact of the Group's business endeavours on the economic conditions of its stakeholders ("Economic"), on living and non-living natural systems ("Environmental") and on the social system ("Social"), taking into consideration the salient concerns of the Group's key stakeholders.

Our Sustainability Governance Structure

The Group has established a Risk Management and Sustainability Committee ("RMSC"), helmed by the Board Chairman with the Managing Director and other Executive Directors of the Company as well as Heads of Business Unit of the Group as Committee members. The RMSC, which assists and reports directly to the Board on risk management and sustainability matters faced by the Group, is supported by a working group comprising the Managing Director and other Executive Directors, Heads of Business Unit and key Management staff. The working group is involved in the identification of MSMs, including how MSMs are managed, which are deliberated at the RMSC, monitored and the outcome thereof disseminated to the Board for notification and comments, as the case may be.



The roles of each team in the Sustainability Governance Structure are as follows:

Board of Directors	<ul style="list-style-type: none"> Approves the overall strategies, direction of Kim Loong Resources Berhad and agenda for implementation towards sustainability. Assesses the sustainability of Kim Loong Resources Berhad's operations.
Executive Chairman	<ul style="list-style-type: none"> Monitor to ensure the strategies, direction of Kim Loong Resources and agenda for implementation towards sustainability. Drives the Group's sustainability agendas. Approves the sustainability strategy and framework.

SUSTAINABILITY STATEMENT

(cont'd)

Risk Management & Sustainability Committee ("RMSC")	<ul style="list-style-type: none"> • Evaluates overall sustainability risks and opportunities and develops the sustainability strategies with agenda for implementation and submits to the Board for approval. • Monitors sustainability implementation to ensure compliance from all departments at operational level. • Resolves critical or major sustainability issues that may impact Kim Loong Resources Berhad. • Periodically reviews the progress of sustainability implementation and reports to the Board. • Reports to the Board of any unresolved critical sustainability issues.
Working Groups (Plantation)	<ul style="list-style-type: none"> • Promotes effective implementation of the sustainability strategies through regular monitoring, reviewing and improving sustainability practices in all plantations. • Ensuring resources and procedures are in place to achieve its sustainability commitments and targets. • Continuously improves the management system to meet Malaysian Sustainable Palm Oil ("MSPO") Standard. • Periodically reports to RMSC on the progress of sustainability implementation in plantation. • Reports to RMSC of any critical or major sustainability issues in plantation.
Working Groups (Milling)	<ul style="list-style-type: none"> • Promotes effective implementation of the sustainability strategies through regular monitoring, reviewing and improving sustainability practices in mills. • Ensuring resources and procedures are in place to achieve its sustainability commitments and targets. • Continuously improves the management system to meet MSPO and other Quality Management Systems requirements. • Periodically reports to RMSC on the progress of sustainability implementation in mills. • Reports to RMSC of any critical or major sustainability issues in mills.

Our Stakeholder Engagement and Prioritisation

The Group's stakeholder identification process is based on an exercise of identifying key external and internal groups which have a substantial impact on the Group or upon which the Group has a substantial impact. The Group's businesses have a relatively wide reach and affect not only commercial stakeholders but also communities and other entities who have non-financial interest in the impact of the Group's activities.

Continuous and meaningful engagement with our key stakeholders is integral towards understanding and fulfilling their expectation. This ensure the Group's business continuity and sustainability. The stakeholder identification and prioritisation process were carried out by the RMSC and key Management personnel.

The Group utilises different approaches to engage with our key stakeholders. Outlined below is an overview of the Group's engagement with key stakeholders as well as concerns raised throughout FY2020 and our response to these concerns.

SUSTAINABILITY STATEMENT

(cont'd)

Stakeholder group	Method of	Key topics and	Group's response
Employees (including field workers)	<ul style="list-style-type: none"> • Roll call/daily muster • Annual appraisal • Circular of internal policies • Sports and recreation activities • Committee meetings (Gender, Occupational, Safety and Health ("OSH") etc) • Informal gathering to enhance bonding • Internal training • Stakeholder meetings 	<ul style="list-style-type: none"> • Operational concerns • OSH issues • Other organisation wide issues 	<ul style="list-style-type: none"> • Enhance better understanding and awareness among employees on Group Policies, sustainability requirements and compliance • Improve mechanism for complaints and grievances • Stricter enforcement on Safety Policy and more OSH and relevant Safe Operating Procedures training
Board of Directors	<ul style="list-style-type: none"> • Board meetings • Site visits 	<ul style="list-style-type: none"> • Progress of sustainability matters • Group's performance • Strategic planning 	<ul style="list-style-type: none"> • Better understanding of Group's sustainability progress and initiatives
Customers	<ul style="list-style-type: none"> • Meetings with the management • Site visits • One-to-one meeting • Contract negotiation 	<ul style="list-style-type: none"> • Greenhouse gas ("GHG") emissions, discharges and waste management, high carbon stock, peat development • Human and workers rights, social welfare, and OSH • Sustainability certifications 	<ul style="list-style-type: none"> • Create awareness of the Group's commitment to sustainability and better understanding of our policies, cultures and values.
Suppliers and Contractors	<ul style="list-style-type: none"> • Meeting with the management • Visits to estates and mills • Contract negotiation • One-to-one meeting • Stakeholders meeting 	<ul style="list-style-type: none"> • Biodiversity & conservation, GHG emissions, discharges and waste management • Deforestation, high carbon stock, peat development • Workers rights, social welfare and OSH • Product quality 	<ul style="list-style-type: none"> • Raised awareness of the Group's commitment to sustainability • Better understanding of the Group's business activities • Payment terms and timeliness • Work ethics
Shareholders and Investors	<ul style="list-style-type: none"> • Meetings with shareholders (Annual General Meetings) • Announcements to Bursa Securities, details of which may be accessed by shareholders • Company's corporate website 	<ul style="list-style-type: none"> • Free, Prior Informed Consent ("FPIC") • Product quality 	<ul style="list-style-type: none"> • Maintain good relationship and positive reputation amongst investors constructive feedback

SUSTAINABILITY STATEMENT

(cont'd)

Stakeholder group	Method of engagement	Key topics and concerns raised	Group's response
Government agencies, regulatory / bodies and certification bodies	<ul style="list-style-type: none"> • Inspections by the agencies • Attends workshops and trainings • Meeting with the regulators • Correspondences with regulators on requirements • Stakeholders meeting 	<ul style="list-style-type: none"> • Compliance with legal requirements • Human and workers' rights, social welfare, OSH, equal treatment, code of ethics and governance • Product quality, supply chain and evaluation of supplier / contractors' sustainability commitment 	<ul style="list-style-type: none"> • Support and contribute to the development of national sustainability standards
Small holders and local communities	<ul style="list-style-type: none"> • Awareness briefing • Meetings • Circulars/Notices • Dialogue session • One-to-one communications • Stakeholders meeting • Community out-reach activities and development program 	<ul style="list-style-type: none"> • Job opportunities in KLR for the locals • Donations to local schools • Road maintenance for local accessibility 	<ul style="list-style-type: none"> • Conduct social impact assessment • Established human rights policy • Amicable solutions on conflicts and grievances • Give priority to employing qualified and eligible local • Contribute to community development

The feedback from engagement with key stakeholders is considered in evaluating whether a sustainability risk and opportunity is considered material to enable pertinent responses to be factored in the Group's strategies.

Our Materiality Assessment Process

Materiality, in sustainability terms, is not limited to matters that may have a significant financial impact on our Group but also includes matters that may impinge on our ability to meet present and future needs. Our definition of materiality is drawn from the Sustainability Reporting Guide provided by Bursa Securities, where material issues are defined as such if they:

- reflect an organisation's significant Economic, Environmental and Social impacts; or
- substantively influence the assessment and decisions of stakeholders.

Accordingly, we believe that the results for FY2020 stemmed largely from, inter-alia, the Group's continuing emphasis on human capital development and retention, sustainable environmental practices and focus on community development, which have been identified as the Group's Material Sustainability Matters.

ECONOMIC

Performance and achievement

On the back of a revenue amounting to RM679.63 million for the financial year 2020 as compared to RM872.94 million recorded in the preceding financial year, the Group recorded a pre-tax profit of RM60.39 million for FY2020, which was 32% lower than RM88.23 million for FY2019.

The Group recognises the importance of and is committed to provide quality products and services in meeting prevailing standards and expectations of the market and our customers through our available resources.

SUSTAINABILITY STATEMENT

(cont'd)



Malaysian Sustainable Palm Oil (“MSPO”) Certification

MSPO is a mandatory national sustainability certification scheme for the oil palm industry in Malaysia, covering the whole supply chain from oil palm plantations to downstream facilities. All oil palm industry players in Malaysia are mandated to be certified under the MSPO certification scheme by the end of 2019.

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

- Principle 1 - Management commitment and responsibility
- Principle 2 - Transparency
- Principle 3 - Compliance to legal requirements
- Principle 4 - Social responsibility, health, safety and employment conditions
- Principle 5 - Environment, natural resources, biodiversity and ecosystem services
- Principle 6 - Best practices
- Principle 7 - Development of new plantings

The new addition to the MSPO scheme is the MSPO Supply Chain Certification Standard (“MSPO SCCS”), which was launched on the 1 October 2018. The standard which is applicable to the oil palm downstream industry covers management requirements and traceability of the production throughout the supply chain from the raw materials to processing and manufacturing of palm and palm oil-based products. The mandatory timeline is by 1 January 2020. All the three mills in the Group have successfully passed the audit under this scheme.

All our operations (estates and mills) are certified by leading local certification bodies such as SIRIM QAS International and NIOSH Certification Sdn Bhd.

ENVIRONMENTAL

Being cognizant of the impact its operations may have on the environment, the Group has undertaken the following salient sustainable practices throughout the financial year under review.

Water Management

Water management centered on the optimisation on water usage and reduction on water wastage. The Group recognises that maintaining good water quality is vital for safeguarding the health of our employees as well as of the local communities.

Measures taken included setting up water treatment plant to process and supplying clean water safe for human consumption. Collection of water sample is carried out at least once a year for testing of water quality to ensure that it is safe for drinking and other daily usage.

The milling operations reduce water consumption by using technology as well as recycling of water to reduce the amount of effluent discharge.

Zero burning in land clearing

The Group adheres strictly to the policy of zero burning in both new planting and replanting of oil palm. Zero burning not only keeps the air smoke-free but yields several benefits as well. The remnant debris, comprising bushes or small trees which are felled, are shredded and spread in the field to biodegrade, releasing nutrients slowly, adds valuable organic matter to the soils, reducing the use of fertilisers during the immature period. This policy is incorporated in the land clearing contract in which external contractors are engaged.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

This Statement is prepared in compliance with Bursa Malaysia Securities Berhad (“Bursa Securities”) Main Market Listing Requirements (“MMLR”) and it is to be read together with the Corporate Governance Report 2020 of the Company (“CG Report”) which is available on the Company’s website: www.kimloong.com.my. The explanation for departure is further disclosed in the CG Report.

The Board of Directors of Kim Loong Resources Berhad acknowledges the importance of good corporate governance (“CG”) in protecting and enhancing the interest of shareholders. As such the Board is committed towards adherence to the principles, intended outcomes and best practices set out in the Malaysian Code on Corporate Governance (“MCCG” or the “Code”) issued by the Securities Commission Malaysia.

The Board recognises the importance of CG and conscientiously strives to attain high business ethics and governance in conducting the day-to-day business affairs of the Company and its Group of Companies (“Group”), so as to safeguard and enhance shareholder’s value, which includes protecting the interests of all stakeholders.

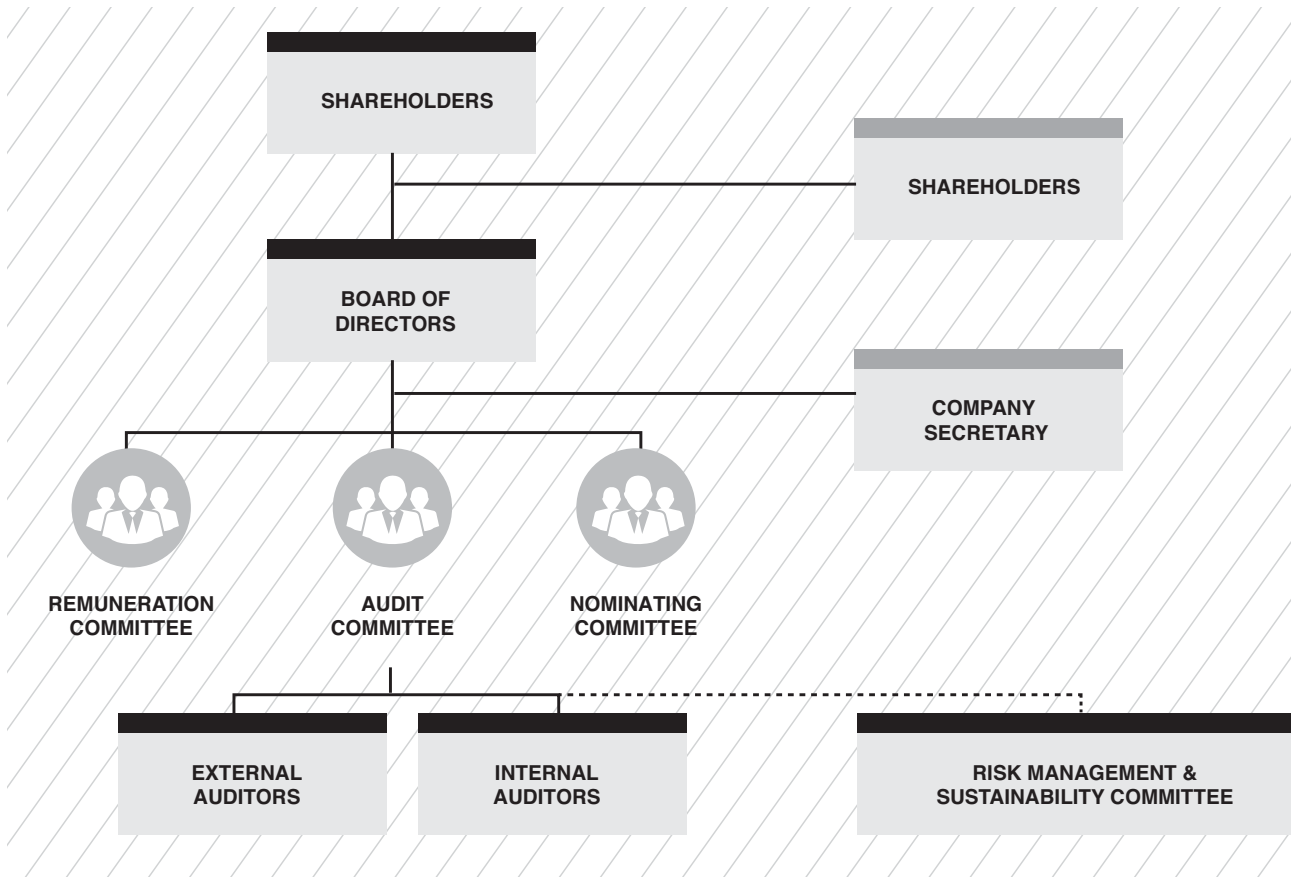
The Board believes that good CG adds value to the business of the Group and will ensure that this practice continues. The Board of Directors believes in playing an active role in guiding the Management through its oversight review while at the same time steer the Group’s business direction and strategy.

The Board is pleased to disclose the manner and the extent in which the principles and practices set out in the MCCG and governance standards in accordance with the MMLR of Bursa Securities that have been adopted by the Company and the Group for all its business dealings and affairs throughout the financial year ended 31 January 2020.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

Our Corporate Governance Framework, which is set out below, is vital in contributing towards our growth and long-term sustainability.



The Board is pleased to provide an overview of the CG practices, which made reference to the three (3) key CG principles as set out in the MCCG throughout FY 2020, which are as follows:

- Principle A : Board Leadership and Effectiveness.
 Principle B : Effective Audit and Risk Management.
 Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

1.1 Roles of the Board

The Board's pivotal role is to lead and establish the Group's vision, strategic direction, key policies and framework, including the management of the succession planning process of the Group and the appointment of key senior management. In view thereof, the Board's roles and responsibilities include but are not limited to the following:

- Reviewing and approving the strategic business plan developed by Management for the Group;
- Overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

1.2 Qualified and Competent Company Secretaries

The Board is supported by three (3) qualified Company Secretaries who are members of professional bodies such as the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) or the Malaysian Association of Company Secretaries (MACS) and are qualified to act as company secretary under Section 235(2)(a) of the Companies Act, 2016.

The Company Secretaries are external Company Secretary from Tacs Corporate Services Sdn. Bhd. with vast knowledge and experience from being in public practice and is supported by a dedicated team of company secretarial personnel.

The Company Secretaries are entrusted to record the Board's and their Committees deliberations, in terms of issues discussed, and the conclusions and the minutes of the previous Board meeting are distributed to the Directors prior to the Board meeting for their perusal before confirmation of the minutes at the commencement of the following Board meeting. The Directors may comment or request clarification before the minutes are tabled for confirmation and signed by the Chairman of the meeting as a correct record of the proceedings of the meeting.

All Directors have direct access to the advice and services of the Company Secretaries whether as a full Board or in their individual capacity, in discharging their duties.

The Board is regularly updated and advised by the Company Secretaries on new changes to the legislations and Listing Requirements and the resultant implications to the Company and the Board in discharging their duties and responsibilities.

The appointment and removal of the Company Secretaries is a matter for the Board as a whole. The Board is satisfied with the performance and support rendered by the Company Secretaries to the Board in the discharge of their functions.

1.3 Access to Information and Advice

The Executive Chairman and the Managing Director have the primary responsibility for organising information necessary for the Board to deal with the agenda and ensuring all Directors have full and timely access to the information relevant to matters that will be deliberated at Board meetings.

In exercising their duties, all Directors have the same right of access to all information within the Group and they have a duty to make further enquiries which they may require in discharging their duties. The Directors also have access to advice and services of the Company Secretaries, who are available to provide them with appropriate advice and services to ensure that Board meeting procedures are followed and all applicable rules and regulations are complied with. If necessary, the services of other senior management will be arranged to brief and help the Directors to clear any doubt or concern to further facilitate the decision-making process.

All Directors are provided with an agenda and a set of comprehensive Board papers, issued within sufficient time prior to Board meetings to ensure that the Directors can appreciate the issues to be deliberated on, and where necessary, to obtain further explanation. The Board papers include updates on financial, operational and corporate developments of the Group. Board papers are also presented with details on other issues that may require the Board's deliberation or decisions, policies, strategic issues which may affect the Group's businesses and factors imposing potential risks affecting the performance of the Group. Senior management staff and external advisors may be invited to attend Board meetings, to advise and provide the Board with detailed explanations and clarifications whenever necessary on matters that are tabled.

The Board papers prepared for the quarterly scheduled meetings include, among others, the following:

- Minutes of previous Board meeting
- Minutes of the Board Committee's meeting
- Reports on matters arising
- Quarterly financial report
- Report on operations

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

1.4 Independent Professional Advice

The Directors, whether acting as a full Board member or in their individual capacity, in the furtherance of their duties, may obtain independent professional advice at the Company's expense, in the event that circumstances warrant the same. The Company has placed internal procedures for the application and appointment process for the services.

1.5 Conflict of Interest and Related Party Transactions

The Directors are responsible at all times to determine whether they have a potential or actual conflict of interest in relation to any matter, which comes before the Board. All Directors are required to make declarations on whether they have any interest in transactions tabled at Board meetings. The Directors acknowledged that they have to declare any interest they have in the Company and its subsidiaries and abstained from the deliberation and voting on the related resolutions at the Board or any general meetings convened to consider the matter. In the event that a corporate proposal is required to be approved by shareholders, interested directors will abstain from voting in respect of their shareholdings in Kim Loong Resources Berhad on the resolution related to the corporate proposal, and will further ensure that persons related to them also refrain from voting on the resolution.

II. BOARD COMPOSITION

2.1 Board Composition

The Board composition is in compliance with Paragraph 15.02(1) of the MMLR of Bursa Securities which stipulates that at least two Directors or 1/3 of the Board, whichever is higher, must be independent directors.

As of now, the Board does not believe that it should urgently increase independent directors to form at least half of the Board composition to comply with the recommendation by the MCCG because the current number of independent directors is sufficient to ensure effective check and balance in the Board. However, the Board will continuously review and evaluate such recommendation.

Details of the current individual director's qualifications and experiences are presented in the Board of Directors' Profile from page 12 to 16 of this Annual Report.

2.2 Independent Non-Executive Directors

The presence of Independent Non-Executive Directors provides a pivotal role in corporate accountability. The role of the Independent Non-Executive Directors is particularly important as they provide independent and objective views, advice and judgement and ensure strategies proposed by the management are thoroughly discussed and evaluated, and that the long-term interests of stakeholders are considered. The Independent Non-Executive Directors do not participate in the operation of the Group in order to uphold their objectivity and fulfil their responsibility to provide check and balance to the Board.

i. Annual Assessment of Independent Directors

The Board recognises the importance of independence and objectivity in its decision-making process. The Independent Directors who are professionals of high calibre and integrity and possess in-depth knowledge of the Group's business, bring their independent and objective views and judgement to Board deliberations.

During the financial year, the Board through the Nominating Committee performs an evaluation of all Directors including the Independent Directors and was satisfied that the Independent Directors continued to exercise independent and objective judgement and acted in the interest of the Company and its stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

The Board of Directors of Kim Loong Resources Berhad is pleased to present the Report of the Audit Committee which lays out the activities held throughout the financial year ended 31 January 2020 and in compliance with Paragraph 15.15 (1) of the MMLR.

MEMBERS OF THE AUDIT COMMITTEE

The Audit Committee presently comprises three (3) Directors of the Board, all of whom are Independent Non-Executive Directors. The members are:

Chairman	:	Gan Kim Guan
Members	:	Chan Weng Hoong Cheang Kwan Chow
Secretaries	:	Chong Fook Sin, Kan Chee Jing, Chua Yoke Bee

MEMBERSHIP

The Audit Committee is appointed by the Board of Directors from amongst the Non-Executive Directors and consists of three (3) members, all of whom are Independent Non-Executive Directors.

The Chairman of the Audit Committee, Mr Gan Kim Guan, is a member of the Malaysian Institute of Accountants (MIA) and has therefore complied with Paragraph 15.09(1)(c)(i) of the Listing Requirements.

MEETINGS

During the financial year 2020, the Audit Committee held a total of five (5) meetings with the attendance of the Finance Director, Group Financial Controller, Head of Internal Audit, senior representative of the External Auditors and the Company Secretaries.

A quorum consists of two (2) members present and both of whom must be Independent Directors. Other Board members and Senior Management may attend meetings upon the invitation of the Audit Committee. Both the Internal and External Auditors, too, may request a meeting if they consider that one is necessary.

During the financial year, the Chairman of the Audit Committee had engaged on a continuous basis with Senior Management, Head of Internal Audit and the External Auditors, in order to keep abreast of matters and issues affecting the Group.

The Company Secretary acts as the secretary to the Audit Committee. Minutes of each meeting are distributed electronically to each Board member, and the Chairman of the Audit Committee reports on key issues discussed at each meeting to the Board.

Details of the Audit Committee members' attendance are tabled below:

Member	Total number of meetings held in the financial year during Member's tenure in Office	Meeting attended by member
Gan Kim Guan	5	4
Chan Weng Hoong	5	5
Cheang Kwan Chow	5	5

TERMS OF REFERENCE

The details of the Terms of Reference of the Audit Committee are available at www.kimloong.com.my

CORPORATE GOVERNANCE OVERVIEW STATEMENT

(cont'd)

SUMMARY OF WORKS OF THE AUDIT COMMITTEE

The Audit Committee met at scheduled times with due notices of meetings issued, and with agenda planned and itemised so that issues raised were deliberated and discussed in a focussed and detailed manner.

During the financial year 2020, the Audit Committee discharged its duties and responsibilities in accordance with its Terms of Reference.

The Chairman of the Audit Committee reported on each meeting to the Board. Detailed audit reports by the External Auditors, Internal Auditors and the respective Management response were circulated to members of the Committee before each meeting.

The main works undertaken by the Audit Committee were as follows:

Financial and Operations Review

- Reviewed and recommended for the Board's approval the quarterly reports for announcement to Bursa Securities in compliance with the Malaysian Financial Reporting Standards and adhered to other legal and regulatory requirements;
- Reviewed the annual audited financial statements of the Group and of the Company. The Audit Committee discussed with the management and the External Auditors the accounting principles and standards that were applied and their judgement of the items that may affect the financial statements;
- Reviewed the impact of new or proposed changes in accounting standards and regulatory requirements on the Group; and
- Reviewed the application of the corporate governance principles and the extent of the Group's compliance with the Code in conjunction with the preparation of the Corporate Governance Overview Statement and Statement on Risk Management & Internal Control.

External Audit

- Reviewed the External Auditors' annual audit plan and audit strategy for the financial year ended 31 January 2020 to ensure their scope of work adequately covered the activities of the Group and of the Company;
- Discussed with the management and the External Auditors the Malaysian Financial Reporting Standards applicable to the financial statements of the Group and of the Company that were applied and their judgement of the items that may affect the financial statements;
- Reviewed with the External Auditors, the result of the audit, the audit report and internal control recommendations in respect of control weaknesses noted in the course of the audit that required appropriate actions and the Management's responses thereon;
- Inquired of the External Auditors whether they have become aware of any items relating to the detection of material illegal acts or material related party transactions during the course of their procedures;
- Reviewed and evaluated the External Auditors' performance, objectivity and independence during the year before recommending to the Board for reappointment and remuneration;
- Held independent meeting (without the presence of Management) with the External Auditors; and
- Reviewed and approved the provision of non-audit services by the External Auditors that were agreed to prior to their commencement of such work and confirmed as permissible for them to undertake, as provided under the By-Laws of the Malaysian Institute of Accountants.

The amount of audit and non-audit fee incurred for the financial year ended 31 January 2020 were as follows:

REPORT OF THE NOMINATING COMMITTEE

COMPOSITION OF MEMBERS

Members

The Committee comprises the following members:

Chairman	:	Gan Kim Guan
Members	:	Chan Weng Hoong Cheang Kwan Chow
Secretaries	:	Chong Fook Sin, Kan Chee Jing, Chua Yoke Bee

TERMS OF REFERENCE

The details of the Terms of Reference of the Nominating Committee are available on the Company's website at www.kimloong.com.my

SUMMARY OF ACTIVITIES OF THE COMMITTEE

The Committee met once during the financial year 2023.

The attendance of the members of the Committee of the meetings is as follows:

Member	Total number of meetings held in the financial year during Member's tenure in Office	Meeting attended by member
Gan Kim Guan	1	1
Chan Weng Hoong	1	1
Cheang Kwan Chow	1	1

The main activities undertaken by the Committee during the year under review were as follows:

- Reviewed the re-election of Directors retiring at the AGM as provided in the Constitution of the Company;
- Assessed the independence of Independent Directors;
- Reviewed the composition and the required mix of skills, experience and other qualities of the Board and gender diversity;
- Reviewed the effectiveness of the Board as a whole and the Board Committees and performance of each of the Board members and the Audit Committee members; and
- Reviewed and recommended retention of Independent Director.

This Report is made in accordance with a resolution of the Board of Directors dated 5 June 2020.

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DIRECTORS' REPORT

The Directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2023.

Principal activities

The principal activities of the Company are those of cultivation of oil palm and investment holding.

The principal activities and other information relating to the subsidiaries are disclosed in Note 18 to the financial statements.

Results

	Group RM	Company RM
Profit net of tax	44,989,326	49,045,637
Profit net of tax attributable to:		
Owners of the Company	41,061,432	49,045,637
Non-controlling interests	3,927,894	-
	44,989,326	49,045,637

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividends

The amount of dividends paid by the Company since 31 January 2019 were as follows:

	RM
In respect of the financial year ended 31 January 2019 as reported in the directors' report of that year:	
- Final single-tier dividend of 3 sen per share on 933,607,332 ordinary shares, approved on 25 July 2019 and paid on 29 August 2019	28,008,220
In respect of the financial year ended 31 January 2020:	
- Interim single-tier dividend of 3 sen per share on 933,607,332 ordinary shares, declared on 27 September 2019 and paid on 21 November 2019	28,008,220
	56,016,440

The Directors do not recommend the payment of any final dividend for the current financial year.

DIRECTORS' REPORT

(cont'd)

Directors

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

Gooi Seong Lim *
 Gooi Seong Heen *
 Gooi Seong Chneh *
 Gooi Seong Gum *
 Gan Kim Guan
 Chan Weng Hoong
 Cheang Kwan Chow
 Gooi Khai Chien * (Alternate Director to Gooi Seong Lim)
 Gooi Chuen Kang (Alternate Director to Gooi Seong Heen)

* These directors are also directors of the Company's subsidiaries.

The names of the Directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Dato' Tan Sui Hou
 Soh Geok Toh (f)
 Datuk Yusoff @ Hunter Bin Mohamed Kasim
 Gan Liong Hoe @ Zephyrinus
 Datuk Honorius Bosuin
 Abdul Rashid Bin Abdul Kassim
 Zainah Binte Ibrahim (f)
 Quek Sai Luang (f)
 Chang Chow Swan
 Subramaniam A/L V.V. Chellam
 Rizal Shah Bin Abdullah @ Mahadevan A/L Chellam
 Yeo Jon Tian @ Eeyo Jon Thiam
 Datuk Tuan Hj Mohamed Bin Mahmood
 Ahmad Bin Abu Bakar
 Gee Ping Tou
 Lim Chor Lan (f)
 Yap Chee Chin
 George Lentton Anak Indang (Appointed on 11 June 2019)
 Gooi Tsih Ern (f) (Appointed on 1 July 2019)
 Lee Nyuk Choon @ Jamilah Ariffin (f) (Appointed on 19 July 2019)
 Tuan Hj Ramley Bin Othman (Appointed on 5 September 2019)
 Andree Alexander Funk (Appointed on 16 October 2019)
 Mohd Shah bin Kardi (Appointed on 1 November 2019)
 Mohd Faiz bin Md Yasin (Appointed on 1 November 2019)
 Monaliza Binti Zaidel (f) (Appointed on 1 January 2020)
 Goh Kee Seng (Resigned on 29 March 2019)
 Atan Bin Ibrahim (Resigned on 31 March 2019)
 Razali Bin Zainudin (Resigned on 11 June 2019)
 Kalimin Bin Sahadi (Resigned on 15 July 2019)
 Dato' Hj Mohd Salleh Bin Hj Tahir (Deceased on 30 August 2019)
 Michael Baduk (Resigned on 16 October 2019)
 Ahmad Khaizurin Bin Shario (Resigned on 1 November 2019)
 Datu Sajeli Bin Kipli (Resigned on 31 December 2019)