



# CHIN TECK PLANTATIONS BERHAD

(Company No. 3250-V)  
(Incorporated in Malaysia)

ANNUAL  
REPORT  
2015

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**FINANCIAL HIGHLIGHTS AND FINANCIAL CALENDAR****FINANCIAL HIGHLIGHTS - GROUP**

	<b>2015 RM'000</b>	<b>2014 RM'000</b>
Revenue	104,007	118,874
Profit before tax	36,366	47,147
Income tax expense	(5,895)	(11,124)
Profit net of tax	30,471	36,023
Dividends	14,618	31,520
Issued and paid-up share capital	91,363	91,363
Equity attributable to owners of the Company	645,088	617,847
Earnings per stock unit		
- Basic	33.35 sen	39.43 sen
- Diluted	33.35 sen	39.43 sen
Dividends		
- First interim dividend	8% single tier	13% less 25% taxation
- Special dividend	-	17% less 25% taxation
- Second interim dividend	8% single tier	12% single tier
Dividend cover (times)	2.08	1.14
Net assets per stock unit	RM7.06	RM6.76

**FINANCIAL CALENDAR**

Financial year	1 September 2014 to 31 August 2015
Announcement of results	
First financial quarter ended 30 November 2014	28 January 2015
Second financial quarter ended 28 February 2015	29 April 2015
Third financial quarter ended 31 May 2015	30 July 2015
Fourth financial quarter ended 31 August 2015	29 October 2015
Dividends payment	
First interim	30 January 2015
Second interim	28 August 2015
Despatch of 2015 Annual Report	31 December 2015
Fifty Seventh Annual General Meeting	28 January 2016

**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the Fifty Seventh Annual General Meeting of the Company will be held at the Conference Room, Suite 2B-3A-3, Block 2B, Level 3A, Plaza Sentral, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur on Thursday, 28 January 2016 at 10.30 am for the following purposes: -

1. To receive the Directors' Report and the Financial Statements for the financial year ended 31 August 2015 and the Independent Auditors' Report thereon. (Resolution 1)
2. To approve the directors' fees for the financial year ended 31 August 2015 and to authorise the directors to divide such fees in the proportions and manner to be determined by them. (Resolution 2)
3. To re-elect the following directors retiring under Article 94 of the Articles of Association of the Company: -
  - (i) Mr Goh Wei Lei (Resolution 3)
  - (ii) Mr Goh Tju Kiang @ Gho Tju Kiang @ Gho Tju Kiong (Resolution 4)
4. To re-elect the following director retiring under Article 97 of the Articles of Association of the Company:
  - (i) Mr Gho Eng Liong (Resolution 5)
5. To consider and if thought fit, pass the following resolutions pursuant to Section 129(6) of the Companies Act, 1965: -
  - (i) "That Mr Goh Eng Chew, who retires pursuant to Section 129 of the Companies Act, 1965 be re-appointed a director of the Company to hold office until the next Annual General Meeting of the Company." (Resolution 6)
  - (ii) "That Mr Wong Aun Phui, who retires pursuant to Section 129 of the Companies Act, 1965 be re-appointed a director of the Company to hold office until the next Annual General Meeting of the Company." (Resolution 7)
  - (iii) "That Mr Goh Pock Ai, who retires pursuant to Section 129 of the Companies Act, 1965 be re-appointed a director of the Company to hold office until the next Annual General Meeting of the Company." (Resolution 8)
  - (iv) "That Dr Gan Kim Leng, who retires pursuant to Section 129 of the Companies Act, 1965 be re-appointed a director of the Company to hold office until the next Annual General Meeting of the Company." (Resolution 9)
  - (v) "That Mr Keong Choon Keat, who retires pursuant to Section 129 of the Companies Act, 1965 be re-appointed a director of the Company to hold office until the next Annual General Meeting of the Company." (Resolution 10)
6. To re-appoint auditors and authorise the directors to fix their remuneration. (Resolution 11)
7. As special business, to consider and if thought fit, pass the following resolutions: -

To retain the following directors as Independent Non-Executive Directors of the Company: -

  - (i) Mr Sio Sit Po (Resolution 12)
  - (ii) Dr Gan Kim Leng (Resolution 13)
  - (iii) Mr Keong Choon Keat (Resolution 14)
8. To transact any other ordinary business of the Company of which proper notice shall have been given to the Company.

By Order of the Board

Gan Kok Tiong  
Company Secretary

Kuala Lumpur  
31 December 2015

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**NOTICE OF ANNUAL GENERAL MEETING****NOTES:**

1. A depositor shall not be regarded as a member entitled to attend this Meeting and to speak and vote thereat unless his/her name appears in the Record of Depositors as at 21 January 2016 issued by Bursa Malaysia Depository Sdn Bhd ("Bursa Depository") upon request by the Company in accordance with the rules of the Bursa Depository.
2. A member entitled to attend and vote at this Meeting may appoint a proxy to attend and vote in his stead. A proxy need not be a member of the Company.
3. If the member is a corporation, the Form of Proxy must be executed under its common seal or under the hand of a person duly authorised in writing.
4. The Form of Proxy must be deposited at the Registered Office, Suite 2B-3A-2, Block 2B, Level 3A, Plaza Sentral, Jalan Stesen Sentral 5, Kuala Lumpur Sentral, 50470 Kuala Lumpur not less than 48 hours before the time fixed for the Meeting or any adjournment thereof.
5. For Item 7, further information are set out in Statement Accompanying Notice of Annual General Meeting.



## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Further details of directors who are standing for re-election and re-appointment at the Fifty Seventh Annual General Meeting.

- |   |   |
|---|---|
| (a) Goh Wei Lei   | - Retiring pursuant to Article 94 of the Articles of Association.<br>His profile is set out on page 6 and his shareholding in the Company and subsidiary is set out on page 86. |
| (b) Goh Tju Kiang @<br>Gho Tju Kiang @<br>Gho Tju Kiong | - Retiring pursuant to Article 94 of the Articles of Association.<br>His profile is set out on page 8 and his shareholding in the Company and subsidiary is set out on page 86. |
| (c) Gho Eng Liong                                       | - Retiring pursuant to Article 97 of the Articles of Association.<br>His profile is set out on page 7 and his shareholding in the Company and subsidiary is set out on page 86. |
| (d) Goh Eng Chew  | - Retiring pursuant to Section 129 of the Companies Act, 1965.<br>His profile is set out on page 6 and his shareholding in the Company and subsidiary is set out on page 86.    |
| (e) Wong Aun Phui                                       | - Retiring pursuant to Section 129 of the Companies Act, 1965.<br>His profile is set out on page 6 and his shareholding in the Company and subsidiary is set out on page 86.    |
| (f) Goh Pock Ai   | - Retiring pursuant to Section 129 of the Companies Act, 1965.<br>His profile is set out on page 6 and his shareholding in the Company and subsidiary is set out on page 86.    |
| (g) Gan Kim Leng  | - Retiring pursuant to Section 129 of the Companies Act, 1965.<br>His profile is set out on page 7 and his shareholding in the Company and subsidiary is set out on page 86.    |
| (h) Keong Choon Keat                                    | - Retiring pursuant to Section 129 of the Companies Act, 1965.<br>His profile is set out on page 7 and his shareholding in the Company and subsidiary is set out on page 86.    |

At the annual general meeting ('AGM') held on 29 January 2015, the Company had obtained the respective approval of shareholders to retain Sio Sit Po, Gan Kim Leng and Keong Choon Keat (who have served as Independent Directors of the Company for more than nine years), on the Board as Independent Non-Executive Directors and to hold office until the conclusion of the forthcoming AGM. The Board would like to continue to retain Sio Sit Po, Gan Kim Leng and Keong Choon Keat on the Board as Independent Non-Executive Directors and to hold office for another one year term with effect from the passing of the resolutions proposed at the forthcoming AGM until the conclusion of the next AGM. The Nomination Committee and the Board have determined that Sio Sit Po, Gan Kim Leng and Keong Choon Keat remain objective and independent-minded in Board deliberations. Their vast experience enable them to provide the Board and the various Board Committees on which they serve, with pertinent experience and competence to facilitate sound decision-making and that their length of service does not in any way interfere with their exercise of independent judgment nor hinder their ability to act in the best interest of the Company. Additionally, they fulfil the definition of independent directors of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

**CORPORATE INFORMATION****BOARD OF DIRECTORS**

<b>Executive Chairman (Non-Independent)</b>	Goh Eng Chew
<b>Executive Vice-Chairman (Non-Independent)</b>	Goh Wei Lei
<b>Senior Executive Director (Non-Independent)</b>	Goh Pock Ai
<b>Executive Director (Non-Independent)</b>	Wong Aun Phui
<b>Non-Executive Directors (Independent)</b>	Sio Sit Po Dr Gan Kim Leng Keong Choon Keat Gho Eng Liong
<b>Non-Executive Directors (Non-Independent)</b>	Gho Lian Chin Goh Yeok Beng Goh Tju Kiang @ Gho Tju Kiang @ Gho Tju Kiong
<b>Alternate Director</b>	Gho Bun Tjin (alternate to Gho Lian Chin)

**AUDIT COMMITTEE**

<b>Chairman Members</b>	Keong Choon Keat Dr Gan Kim Leng Sio Sit Po
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**NOMINATION COMMITTEE & REMUNERATION COMMITTEE**

<b>Chairman Members</b>	Gho Lian Chin Dr Gan Kim Leng Keong Choon Keat Goh Yeok Beng Gho Eng Liong
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**COMPANY SECRETARY**

Gan Kok Tiong B.Commerce (Accounting)(Hons.), CA(M), CPA

**REGISTERED OFFICE**

Suite 2B-3A-2  
Block 2B, Level 3A, Plaza Sentral  
Jalan Stesen Sentral 5, Kuala Lumpur Sentral  
50470 Kuala Lumpur, Malaysia  
Telephone: +603 2261 4633  
Fax: +603 2261 4733

**INDEPENDENT AUDITORS**

Ernst & Young  
Chartered Accountants  
Level 23A Menara Milenium  
Jalan Damanlela, Pusat Bandar Damansara  
50490 Kuala Lumpur, Malaysia

**SHARE REGISTRAR AND MANAGING AGENT**

Sin Thye Management Sdn Bhd  
Suite 2B-3A-2  
Block 2B, Level 3A, Plaza Sentral  
Jalan Stesen Sentral 5, Kuala Lumpur Sentral  
50470 Kuala Lumpur, Malaysia  
Telephone: +603 2261 4633  
Fax: +603 2261 4733

**LEGAL FORM AND DOMICILE**

Public Limited Liability Company  
Incorporated and Domiciled in Malaysia

**WEBSITE**

[www.chinteck.com.my](http://www.chinteck.com.my)

**STOCK EXCHANGE LISTING**

Main Market of Bursa Malaysia Securities Berhad

## PROFILE OF DIRECTORS

### Goh Eng Chew (Executive Chairman)

84-year-old Mr Goh, a Singaporean, has extensive plantation and financial experience. Appointed to the Board on 1 January 1971. He later served as Executive Director on 21 January 1984 and as Chairman from 17 December 1994. He was appointed as the Executive Chairman on 1 March 1996. He had been Chairman of a licensed commercial bank, a licensed finance company and a real estate company, all of which were formerly listed in Singapore. He is also the Executive Chairman of Negri Sembilan Oil Palms Berhad. Other public companies in which he heads the Board are Eng Thye Plantations Berhad and Timor Oil Palm Plantation Berhad. He is a director of Tiong Thye Company Sdn Bhd, a major shareholder of the Company. He is deemed interested in certain related party transactions as disclosed on page 90 of the Annual Report. He has had no convictions for any offences within the past ten years. He is the brother of Goh Pock Ai and Goh Tju Kiang @ Gho Tju Kiang @ Gho Tju Kiong and the father of Goh Wei Lei.

Number of Board meetings attended during the financial year ended 31 August 2015: 5/5

### Goh Wei Lei (Executive Vice-Chairman)

47 years of age, Singaporean. He was first appointed as alternate director of Goh Eng Chew on 29 March 1994. He resigned as alternate director on 29 July 2003 and appointed as director on the same day. He served as Executive Director on 1 May 2008 and was re-designated as Executive Vice-Chairman on 1 July 2015. Holds a Bachelor of Science from the Oregon State University, USA. He has vast experience and extensive knowledge in oil palm plantation and property development. He is also the Executive Vice-Chairman of Negri Sembilan Oil Palms Berhad. Other public companies in which he is a director are Eng Thye Plantations Berhad and Timor Oil Palm Plantation Berhad. He is a director of Tiong Thye Company Sdn Bhd, a major shareholder of the Company. He is deemed interested in certain related party transactions as disclosed on page 90 of the Annual Report. He has had no convictions for any offences within the past ten years. He is the son of Goh Eng Chew.

Number of Board meetings attended during the financial year ended 31 August 2015: 5/5

### Goh Pock Ai (Senior Executive Director)

75 years of age, Singaporean. Appointed to the Board on 2 June 1979. He later served as Executive Director on 23 April 1983 and as Senior Executive Director from 1 May 2008. He has vast experience and extensive knowledge in the oil palm plantation and property development. Other public companies in which he is a director are Negri Sembilan Oil Palms Berhad, Eng Thye Plantations Berhad and Timor Oil Palm Plantation Berhad. He is a director of Tiong Thye Company Sdn Bhd, a major shareholder of the Company. He is deemed interested in certain related party transactions as disclosed on page 90 of the Annual Report. He has had no convictions for any offences within the past ten years. He is the brother of Goh Eng Chew and Goh Tju Kiang @ Gho Tju Kiang @ Gho Tju Kiong.

Number of Board meetings attended during the financial year ended 31 August 2015: 5/5

### Wong Aun Phui (Executive Director)

94 years of age, Malaysian. Has extensive plantation and banking experience. Appointed to the Board on 29 January 1961 and as Executive Director on 23 April 1983. He was conferred Senior Cambridge Certificate by Cambridge University. He had served as Assistant Managing Director of Malayan Banking Berhad, Managing Director of Pan Malayan Finance Limited and Adviser of Bank Bumiputra Malaysia Berhad (now known as CIMB Bank Berhad). Formerly, Chairman of Bandar Raya Development Berhad. Other public companies in which he is a director are Negri Sembilan Oil Palms Berhad, Eng Thye Plantations Berhad and Timor Oil Palm Plantation Berhad. He does not have any family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past ten years.

Number of Board meetings attended during the financial year ended 31 August 2015: 5/5



## PROFILE OF DIRECTORS

### **Sio Sit Po (Independent Non-Executive Director)**

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

Number of Board meetings attended during the financial year ended 31 August 2015: 5/5

### **Dr Gan Kim Leng (Independent Non-Executive Director)**

73 years of age, Malaysian. Appointed to the Board on 29 October 1999. A retired dental surgeon. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee. He holds a Bachelor of Dental Surgery from the University of Sydney, Australia. He does not hold any directorship in other public companies. He does not have any family relationship with any director and/or major shareholder of the Company nor any conflict of interest with the Company. He has had no convictions for any offences within the past ten years.

Number of Board meetings attended during the financial year ended 31 August 2015: 5/5

### **Keong Choon Keat (Independent Non-Executive Director)**

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

Number of Board meetings attended during the financial year ended 31 August 2015: 5/5

### **Gho Eng Liong (Independent Non-Executive Director)**

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

Number of Board meetings attended during the financial year ended 31 August 2015: 3 out of 3  
(Three Board meetings were held during the period since the date of his appointment to 31 August 2015)

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## PROFILE OF DIRECTORS

### **Gho Lian Chin (Non-Independent Non-Executive Director)**

68 years of age, Singaporean. Appointed to the Board on 13 July 1995. Holds a Bachelor of Science from the University of Melbourne, Australia. He is the Chairman of the Nomination Committee and Remuneration Committee. He worked in a licensed commercial bank listed in Singapore as its representative in a foreign country. Subsequently, he was engaged to manage the property division of the bank. He was also formerly a director of a licensed finance company and a real estate company both of which were listed in Singapore. He has extensive experience and knowledge in the oil palm plantation and rubber industries. Other public companies in which he is a director are Negri Sembilan Oil Palms Berhad, Eng Thye Plantations Berhad and Timor Oil Palm Plantation Berhad. He is a director of Tiong Thye Company Sdn Bhd, a major shareholder of the Company. He is deemed interested in certain related party transactions as disclosed on page 90 of the Annual Report. He has had no convictions for any offences within the past ten years. He is the brother of Gho Bun Tjin.

Number of Board meetings attended during the financial year ended 31 August 2015: 5/5

### **Goh Yeok Beng (Non-Independent Non-Executive Director)**

67 years of age, Singaporean. Appointed to the Board on 23 December 1998. He is a member of the Nomination Committee and Remuneration Committee. He has vast experience and extensive knowledge in the oil palm plantation and rubber industries. Other public companies in which he is a director are Negri Sembilan Oil Palms Berhad and Timor Oil Palm Plantation Berhad. He is deemed interested in certain related party transactions as disclosed on page 90 of the Annual Report. He has had no convictions for any offences within the past ten years.

Number of Board meetings attended during the financial year ended 31 August 2015: 5/5

### **Goh Tju Kiang @ Gho Tju Kiang @ Gho Tju Kiong (Non-Independent Non-Executive Director)**

69 years of age, Singaporean. Appointed to the Board on 10 April 2006. Holds a Bachelor of Business from South Australian Institute of Technology. He has vast experience and extensive knowledge in banking and finance. Attached to DBS Bank Ltd as Senior Officer from 1973 to 1974 and left to join Tat Lee Bank Ltd from 1974 to 1998, during which time he held various positions; credit officer, sub-manager, manager, senior manager, executive director, deputy president and president (from 1995 to 1998). Other public companies in which he is a director are Negri Sembilan Oil Palms Berhad and Timor Oil Palm Plantation Berhad (alternate director). He is a director of Tiong Thye Company Sdn Bhd, a major shareholder of the Company. He is deemed interested in certain related party transactions as disclosed on page 90 of the Annual Report. He has had no convictions for any offences within the past ten years. He is the brother of Goh Eng Chew and Goh Pock Ai.

Number of Board meeting attended during the financial year ended 31 August 2015: 5/5

### **Gho Bun Tjin (alternate to Gho Lian Chin)**

65 years of age, Singaporean. He was first appointed as an alternate director on 18 February 1994 and ceased as alternate director on 21 June 1995. Subsequently, he was appointed as alternate director of Gho Lian Chin on 8 September 1995. Holds a Bachelor of Science from the University of Waterloo, Canada. He worked for a short period in a licensed commercial bank listed in Singapore. He is now working in a commercial company overseeing the general management. Other public companies in which he is an alternate director are Negri Sembilan Oil Palms Berhad, Eng Thye Plantations Berhad and Timor Oil Palm Plantation Berhad. He is an alternate director of Tiong Thye Company Sdn Bhd, a major shareholder of the Company. He is deemed interested in certain related party transactions as disclosed on page 90 of the Annual Report. He has had no convictions for any offences within the past ten years. He is the brother of Gho Lian Chin.

## CHAIRMAN'S STATEMENT

On behalf of the Board of Directors of Chin Teck Plantations Berhad, I take great pleasure in presenting the Annual Report and the Audited Financial Statements of the Group and of the Company for the financial year ended 31 August 2015.

The average selling prices of crude palm oil for the financial year under review decreased significantly due mainly to high levels of crude palm oil inventories and slower growth demand by major purchasing countries. Other factors such as fluctuating prices of crude oil and weakening of Ringgit also attributed to the volatility of the selling prices of crude palm oil.

Crude palm oil prices are expected to benefit from the weak Ringgit. Furthermore, the impact of El Nino weather phenomenon is expected to adversely affect production of fresh fruit bunches and this could also have a positive impact on crude palm oil prices.

### Financial and operations review of the Group

Revenue of the Group for financial year 2015 decreased by 12.51% to RM104,007,196 from RM118,873,686 a year ago mainly due to decreases in the average selling prices of ffb, crude palm oil and palm kernel.

Other income was substantially higher due mainly to an amount of unrealised gain on foreign exchange of RM7,309,594 (in the financial year 2014, there was an amount of unrealised loss on foreign exchange of RM1,244,935) and an increase in net fair value gain on available-for-sale investment securities transferred from equity upon disposal to profit or loss to RM1,590,402 from RM510,138.

Overall profit from share of results of associates increased to RM2,370,600 from RM1,427,066 due mainly to lesser amount of loss suffered by its investment in oil palm plantations in Indonesia.

As reported previously, the oil palm plantations in Lampung Province, Indonesia encountered a suspension in routine harvesting due to unrest in the villages located in the vicinity of the plantations. The oil palm plantations have commenced harvesting activities in several areas measuring approximately 13% of the total planted area during the financial year. Repair works on the mill are at final stage and mill operation is scheduled to be resumed in the last quarter of year 2015. Harvesting of newly mature fields in the oil palm plantation of the joint venture located in South Sumatera Province, Indonesia has been delayed due to the unrest in the villages neighbouring the estate. Commencement of harvesting is pending the clearance from the relevant authorities. The management of the oil palm plantation is planning to commence harvesting in certain areas in 2016. The Group suffered an overall loss of RM1,405,624 from its share of results of the investments in oil palm plantations in Indonesia.

Overall, profit after tax of the Group decreased by 15.41% to RM30,470,907 from RM36,023,474 and correspondingly, earnings per stock unit decreased to 33.35 sen.

Production of ffb decreased by 9.30% to 172,624 m/t. However, purchases of ffb increased by 88.51% to 38,427 m/t. Overall, production of crude palm oil increased by 4.23% to 35,615 m/t and production of palm kernel also increased by 1.72% to 9,589 m/t.

### Dividends

Total dividends of 16% in respect of the financial year ended 31 August 2015 were paid during the financial year. i.e. a first interim single tier dividend of 8% and a second interim single tier dividend of 8%.

In view of the payment of the interim dividends, the Board do not recommend a final dividend in respect of the financial year ended 31 August 2015.



**CHAIRMAN'S STATEMENT****Directorships**

Goh Beng Hwa @ Gho Bin Hoa retired as a director upon the conclusion of the annual general meeting of the Company held on 29 January 2015 and accordingly, he ceased as a member of the Nomination Committee and Remuneration Committee. The Board of Directors would like to record its utmost appreciation for his contribution to the Group during his tenure as a director since his appointment on 16 November 1969.

Gho Eng Liong was appointed as a director with effect immediately after the conclusion of the annual general meeting of the Company held on 29 January 2015. He was also appointed as a member of the Nomination Committee and Remuneration Committee on the same day.

**Outlook for financial year 2016**

The financial performance for the financial year ending 31 August 2016 would be affected by the current volatility of the selling prices of ffb, crude palm oil and palm kernel.

**Appreciation**

On behalf of the Board of Directors, I would like to thank the management and staff for their diligence and commitment. Our suppliers and customers also deserve our thanks for their understanding and support. Lastly, I would like to thank our shareholders for their patience and support.

Goh Eng Chew  
Executive Chairman

11 December 2015



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Description of business

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

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

The Company currently has three estates, namely, Jemima and Sungei Sendayan Estate, Gua Musang Estate and Keratong Estate with a total land bank of approximately 11,327 hectares.

The Company also owns three mills with a total milling capacity of 70 m/t per hour.

The Group also has interests in oil palm plantations in Indonesia and property development in Malaysia.

### Group financial review

Revenue of the Group for financial year 2015 decreased by 12.51% to RM104,007,196 from RM118,873,686 a year ago.

This was mainly due to decreases in the average selling prices of ffb, crude palm oil and palm kernel.

Average selling prices per tonne:-

	Financial year		
	2015	2014	+/-
	RM	RM	%
ffb	464	541	-14.23
Crude palm oil	2,175	2,487	-12.55
Palm kernel	1,576	1,690	-6.75

Overall operating expenses were higher mainly due to increase in the purchase of ffb, administrative expenses and replanting and immature expenses. .

Interest income increased marginally by 0.56% to RM5,747,827 from RM5,715,878.

Dividend income increased by 30.20% to RM3,325,113 from RM2,553,812.

Other income was substantially higher due mainly to an amount of unrealised gain on foreign exchange of RM7,309,594 (in the financial year 2014, there was an amount of unrealised loss on foreign exchange of RM1,244,935) and an increase in net fair value gain on available-for-sale investment securities transferred from equity upon disposal to profit or loss to RM1,590,402 from RM510,138.

Overall profit from share of results of associates increased to RM2,370,600 from RM1,427,066 due mainly to lesser amount of loss suffered by its investment in oil palm plantations in Indonesia.

The effective tax rate is 16.21% which is lower than the statutory tax rate of 25% due mainly to certain income which are not assessable for income tax purposes and the effect of share of results of associates.

Overall, profit after tax of the Group decreased by 15.41% to RM30,470,907 from RM36,023,474 and correspondingly, earnings per stock unit decreased to 33.35 sen.

Cash and bank balances increased by 1.49% to RM220,549,317 from RM217,318,975 mainly due to net cash flows generated from operating and investing activities and favourable exchange rate changes on cash and cash equivalents even though there was net cash flows used in financing activity.

During the financial year under review, the Company paid a total dividend of 16%, comprising a first interim single tier dividend of 8% and a second interim single tier dividend of 8%. The total dividend payments were RM14,618,120, i.e. a decrease of 53.62% compared with that of the previous financial year. The dividend pay-out ratio decreased to 47.97% from 87.50%. In financial year 2014, total dividend payments were RM31,520,320 or a total net dividend of 34.50%, comprising a first interim net dividend of 9.75%, a special net dividend of 12.75% and a second interim single tier dividend of 12%.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Group financial review (cont'd.)

The Group did not have any borrowings in the financial year 2015 and its strategy in the current financial year, which was unchanged from previous financial year, was to maintain a debt free capital structure and to pay steady amount of dividends to shareholders.

Shareholders' equity increased by 4.41% to RM645,088,354 from RM617,846,143 or RM7.06 per stock unit.

### Operational review

During the financial year 2015, the total average planted area was 10,925 hectares of which 91.80% or 10,029 hectares are mature and 8.20% or 896 hectares are immature.

	Hectares	
Age in years		
Mature area		
Above 25	322	2.95%
21 – 25	3,934	36.01%
16 – 20	1,153	10.55%
11 – 15	455	4.16%
6 – 10	2,555	23.39%
Below 6	1,610	14.74%
	10,029	91.80%
Immature	896	8.20%
	10,925	100.00%

During the financial year 2015, an additional 846 hectares of old and low yield palms were replanted.

Replanting of approximately 960 hectares of old and low yield palms will take place during the financial year 2016.

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

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

Production of ffb decreased by 9.30% to 172,624 m/t. However, purchases of ffb increased by 88.51% to 38,427 m/t. Overall, production of crude palm oil increased by 4.23% to 35,615 m/t and production of palm kernel also increased by 1.72% to 9,589 m/t.

Annual ffb yield per hectare is 17.21 m/t.

The mills processed 182,816 m/t of ffb during the financial year 2015. The overall average oil and kernel extraction rates of the mills are 19.48% and 5.25% respectively.

Good agriculture and milling practices are constantly being implemented with the aim to improve productivity and efficiency.

In an effort to optimise the utilisation of land, the Group is continuously studying the possibility and feasibility of planting other crops in areas that are not suitable for planting of oil palms. An area of approximately 83 hectares are planted with rubber.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Investments in oil palm plantations in Indonesia

Since the previous financial year, the unrest in the surrounding villages located in the vicinity of the plantations in Lampung Province, Indonesia has caused the suspension of routine harvesting of fresh fruit bunches. The oil palm plantation has commenced harvesting activities in several areas measuring approximately 13% of the total planted area during the financial year. Repair works on the mill are at final stage and mill operation is scheduled to be resumed in the last quarter of year 2015. Harvesting of newly mature fields in the oil palm plantation of the joint venture located in South Sumatera Province, Indonesia has been delayed due to the unrest in the villages neighbouring the estate. Commencement of harvesting is pending the clearance from the relevant authorities. The management of the oil palm plantation is planning to commence harvesting in certain areas in 2016. The Group suffered an overall loss of RM1,405,624 from its share of results of the investments in oil palm plantations in Indonesia.

As at 31 August 2015, a total area of 21,224 hectares have been planted.

	Hectares	
Age in years		
Mature		
16 – 20	5,219	24.59%
11 – 15	5,845	27.54%
6 – 10	6,772	31.91%
Below 6	3,388	15.96%
	<u>21,224</u>	<u>100.00%</u>
Production – m/t		
ffb	90,651	
Crude palm oil	18,425	
Palm kernel	4,223	

The low production is due to the reasons as mentioned above.

The overall average oil and kernel extraction rates of the mills are 22.51% and 5.16% respectively.

### Investment in property development

The Bandar Springhill township, a 1990-acre development by West Synergy Sdn Bhd, the Group's 40% owned associate has progressed well and Bandar Springhill has performed satisfactory with a profit contribution of RM1,804,019 towards the Group's profit before tax.

### Prospects

The financial performance for the financial year ending 31 August 2016 would be affected by the current volatility of the selling prices of ffb, crude palm oil and palm kernel.

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

## STATEMENT ON CORPORATE GOVERNANCE

The Board is committed to ensure that good corporate governance is practised throughout the Group in discharging its responsibilities to protect and enhance shareholders' value and the financial performance of the Group.

The Board is mindful of the principles and recommendations of the Malaysian Code of Corporate Governance 2012 ('MCCG 2012'). The Board will continuously evaluate the status of the Group's corporate governance practices and procedures with a view to adopt and implement the principles and recommendations as set out in MCCG 2012 wherever applicable in the best interests of the shareholders of the Company.

The Board considers that it has generally applied the principles and recommendation of the MCCG 2012 to the extent described in this statement.

### 1. Board of Directors

#### Board Charter

The Board has formulated and adopted a charter ('Board Charter') which set out its functions inter-alia the following:-

- Board composition
- Duties and responsibilities of the Board
- Duties and responsibilities of the management
- Board committees – Audit Committee, Nomination Committee and Remuneration Committee
- Board meetings
- Supply of information
- Code of conduct
- Directors' training
- Directors' remuneration
- Shareholders and other communication
- Financial reporting
- Social responsibilities

The Board Charter is reviewed periodically to ensure its relevance and compliance and is accessible through the Company's website.

#### Board responsibilities

The Board retains full and effective control of the Company and is responsible for the overall performance of the Company. It focuses mainly on strategies, performance and critical business issues and is responsible for the following: -

- Group's strategic plans
- Conduct of the Group's business
- Principal risks identification and their management
- Succession planning for senior management
- Shareholders communication policy
- Group's internal control system and management information system

#### Composition of the Board

The Board currently consists of eleven directors: -

- An Executive Chairman
- An Executive Vice-Chairman
- Two Executive Directors
- Four Independent Non-Executive Directors
- Three Non-Independent Non-Executive Directors

There is an alternate director on the Board.



## STATEMENT ON CORPORATE GOVERNANCE

### 1. Board of Directors (cont'd.)

#### Composition of the Board (cont'd.)

The Executive Chairman, Executive Vice-Chairman and Executive Directors have vast experience and extensive knowledge in managing the Group's core business, plantations. The Non-Executive Directors have broad business and commercial experience. The Independent Directors are actively involved in various Board Committees and they provide independent assessments and opinions.

The Executive Chairman functions both as Chairman of the Board and Executive Director. The Board is mindful of the combined roles but is comfortable that there is no undue risk involved as the Executive Vice-Chairman and Executive Directors will be informed and consulted before the Executive Chairman makes any significant decision and all major matters and issues are referred to the Board for considerations and approvals. The roles and contributions of Independent Directors also provide an element of objectivity, independent judgement and check and balance on the Board. Furthermore, all related party transactions are dealt with in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Board considers that its complement of the Independent Non-Executive Directors and Non-Independent Non-Executive Directors provides an effective Board with a mix of general management, accounting and finance and business experience and fairly reflects the investment in the Company by shareholders. The Board complies with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad that requires at least two or one third of the Board, whichever is higher, to be independent directors.

Besides, the Board believes that the interests of shareholders are best served by the Executive Chairman, who will act in the best interests of the shareholders as a whole since he is representing a major shareholder who has substantial interest in the Company, he is well placed to act on behalf of the shareholders and in their best interests.

All concerns regarding the Company can be conveyed to any one of the directors. As such, the Board has not appointed a senior Independent Non-Executive Director to whom concerns regarding the Company may be conveyed.

The Board acknowledges the importance of board diversity, including gender diversity. The Board believes that for it to function effectively, the requisite skills, experience, knowledge and independence needed is vital, regardless of gender. Therefore, female representation will be considered when vacancies arise and suitable candidates are indentified.

The Board has established Board committees, which operate within the defined terms of reference. These committees are: -

- Audit Committee
- Nomination Committee
- Remuneration Committee

The Report on Audit Committee for the financial year ended 31 August 2015 is set out on pages 24 to 26 of the Annual Report.

Details of the Nomination Committee and Remuneration Committee are set out on pages 16 to 19 of the Annual Report.

The Board of Directors met five times during the financial year ended 31 August 2015. The Executive Chairman, Executive Vice-Chairman and the Executive Directors explained to the Board the rationale of the matters discussed and the implications on the Company. The directors participated in the discussion and comments were considered before a decision was made.

## STATEMENT ON CORPORATE GOVERNANCE

## 1. Board of Directors (cont'd.)

## Composition of the Board (cont'd.)

The attendances of the directors were as follows: -

Name	Number of meetings attended
Goh Eng Chew	5
Goh Wei Lei	5
Goh Pock Ai	5
Wong Aun Phui	5
Sio Sit Po	5
Dr Gan Kim Leng	5
Keong Choon Keat	5
Gho Eng Liong	3*
Gho Lian Chin	5
Goh Yeok Beng	5
Goh Tju Kiang @ Gho Tju Kiang @ Gho Tju Kiong	5

\* Three meetings were held during the period since the date of his appointment to 31 August 2015.

## Supply of information

Each director receives monthly financial statements, which contain information on financial performance and plantation statistics.

Agenda of Board meeting and Board papers for each agenda item are sent to the directors prior to Board meeting. The Board papers include amongst others, quarterly financial results, performance of the estates, financial position of the Group and of the Company, the sales of crude palm oil and palm kernel, the market value of quoted investments, summary of budget and capital expenditure, proposals for major acquisitions and disposals and corporate issues, if any.

Directors have access to information within the Group. Any comments and suggestions for improvements are directed to the Executive Chairman and/or Executive Vice-Chairman and/or Executive Directors. Directors may also obtain independent professional advice when necessary.

Directors also have direct access to the services of the Company Secretary.

## Appointments to the Board

The Nomination Committee was established on 26 April 2001. The members of the Nomination Committee are as follows: -

Chairman	Gho Lian Chin	- Non-Independent Non-Executive Director
Members	Dr Gan Kim Leng	- Independent Non-Executive Director
	Keong Choon Keat	- Independent Non-Executive Director
	Goh Yeok Beng	- Non-Independent Non-Executive Director
	Gho Eng Liong	- Independent Non-Executive Director

Goh Beng Hwa @ Gho Bin Hoa retired as a director upon the conclusion of the annual general meeting of the Company held on 29 January 2015 and accordingly, he ceased as a member of the Nomination Committee and Remuneration Committee.

Gho Eng Liong was appointed as a director with effect immediately after the conclusion of the annual general meeting of the Company held on 29 January 2015. He was also appointed as a member of the Nomination Committee and Remuneration Committee on the same day.

## STATEMENT ON CORPORATE GOVERNANCE

### 1. Board of Directors (cont'd.)

#### Appointments to the Board (cont'd)

The duties and functions of the Nomination Committee are: -

- To propose new nominees for the Board and Board Committees
  - Recommend to the Board, candidates for directorships to be filled by the shareholders or the Board;
  - Consider, in making its recommendations, candidates for directorships proposed by the executive directors and, within the bounds of practicability, by any other senior executive or any director or shareholder;
  - Recommend to the Board, directors to fill the seats on Board Committees
- to assess directors, including executive directors, on an on-going basis
- to annually review the required mix of skills and experience and core competencies of non-executive directors, effectiveness of the Board as a whole and the Board Committees

The directors have direct access to the services of the Company Secretary who is responsible for ensuring that all appointments are properly made and all necessary information is obtained from directors, both for the Company's own records and for the purposes of meeting the requirements of the Companies Act, 1965, Main Market Listing Requirements of Bursa Malaysia Securities Berhad and other regulatory requirements.

Three meetings of the Nomination Committee was held during the financial year ended 31 August 2015. All members attended all the meetings, other than Gho Eng Liong, who attended two meetings as two meetings were held during the period since the date of his appointment to 31 August 2015.

#### Directors' training

The Board recognises the importance of continuous training for its members. The directors are encouraged to attend various training programmes and seminars.

All directors are required to attend the training programmes that are prescribed by Bursa Malaysia Securities Berhad from time to time.

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

During the financial year ended 31 August 2015, the directors and alternate director attended the following programmes: -

Name	Programme	Duration
Goh Eng Chew	Building Effective IR for Greater Shareholder Value	1/2 day
Goh Wei Lei	Building Effective IR for Greater Shareholder Value	1/2 day
Goh Pock Ai	Building Effective IR for Greater Shareholder Value	1/2 day
Wong Aun Phui	Building Effective IR for Greater Shareholder Value	1/2 day
Sio Sit Po	Building Effective IR for Greater Shareholder Value	1/2 day
Dr Gan Kim Leng	Building Effective IR for Greater Shareholder Value	1/2 day
Keong Choon Keat	Share Capital at No Par Value, Share Buybacks and Redeemable Preference Shares: Accounting Implications	1 day
Gho Eng Liong	Building Effective IR for Greater Shareholder Value	1/2 day
Goh Yeok Beng	Building Effective IR for Greater Shareholder Value	1/2 day
Gho Lian Chin	Building Effective IR for Greater Shareholder Value	1/2 day
Goh Tju Kiang @	Building Effective IR for Greater Shareholder Value	1/2 day
Gho Tju Kiang @		
Gho Tju Kiong		
Gho Bun Tjin	Building Effective IR for Greater Shareholder Value	1/2 day



## STATEMENT ON CORPORATE GOVERNANCE

## 1. Board of Directors (cont'd.)

**Re-election of directors**

In accordance with the Articles of Association of the Company, all directors who are appointed by the Board are subject to re-election by shareholders at the first Annual General Meeting after their appointment.

The Articles of Association of the Company provides that one-third of the directors, or if their number is not three or a multiple of three, then the number nearest to one third shall retire from office once at least three years but shall be eligible for re-election.

Directors who are of or over the age of seventy years shall retire pursuant to Section 129 of the Companies Act, 1965 and shall be re-appointed under the provision of Section 129(6) of the said Act annually.

The Board would like to continue to retain Sio Sit Po, Dr Gan Kim Leng and Keong Choon Keat on the Board as Independent Non-Executive Directors and to hold office for another one year term with effect from the passing of the resolutions proposed at the forthcoming AGM until the conclusion of the next AGM. The Nomination Committee and the Board have determined that Sio Sit Po, Dr Gan Kim Leng and Keong Choon Keat remain objective and independent-minded in Board deliberations. Their vast experience enable them to provide the Board and the various Board Committees on which they serve, with pertinent experience and competence to facilitate sound decision-making and that their length of service does not in any way interfere with their exercise of independent judgment nor hinder their ability to act in the best interest of the Company. Additionally, they fulfill the definition of independent directors of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

Sio Sit Po, Dr Gan Kim Leng and Keong Choon Keat have offered themselves for election to act as Independent Non-Executive Directors at the forthcoming Annual General Meeting.

**Directors' remuneration**

It is the Company's policy that the level of directors' remuneration is sufficient to attract and retain the directors of the calibre needed to run the Group successfully. In the case of Executive Directors, the component parts of the remuneration are structured to link rewards to corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors concerned.

The Remuneration Committee was established on 26 April 2001. The members of the Remuneration Committee are as follows: -

Chairman	Gho Lian Chin	- Non-Independent Non-Executive Director
Members	Dr Gan Kim Leng	- Independent Non-Executive Director
	Keong Choon Keat	- Independent Non-Executive Director
	Goh Yeok Beng	- Non-Independent Non-Executive Director
	Gho Eng Liong	- Independent Non-Executive Director

The primary duty and responsibility of the Remuneration Committee is to recommend to the Board the remuneration of the Executive Directors and Non-Executive Directors. However, the determination of remuneration packages of directors is a matter for the Board as a whole and individual directors are required to abstain from discussion of their own remuneration.

Two meetings of the Remuneration Committee was held during the financial year ended 31 August 2015. All members attended all the meetings, other than Gho Eng Liong, who attended one meeting as one meeting was held during the period since the date of his appointment to 31 August 2015.

The shareholders at the annual general meeting approve the annual fees payable to the directors. To commensurate with the increased responsibilities, directors who serve as Chairman and/or members of Board committees are remunerated with additional fees. The basic salary for Executive Directors takes into account the compensation practices of other comparable companies and the performance of each individual director. Salary will be reviewed annually (although not necessary increased). Appropriate adjustments will be made to reflect performance and increased responsibilities. Executive Directors are entitled to commission, which is dependent on the financial performance of the Company based on an established formula.



## STATEMENT ON CORPORATE GOVERNANCE

## 1. Board of Directors (cont'd.)

## Directors' remuneration (cont'd)

The details of the total remuneration of the Executive Directors and Non-Executive Directors for the financial year ended 31 August 2015 are as follows:-

	No. of Directors	Fees RM	Salaries RM	Commission RM	Other RM	Total RM
Executive Directors						
	1	41,000	360,000	193,263	15,000	609,263
	1	31,000	264,000	140,555	15,000	450,555
	1	31,000	234,000	122,986	15,000	402,986
	1	31,000	224,000	122,986	15,000	392,986
	4	134,000	1,082,000	579,790	60,000	1,855,790
Non-Executive Directors						
	1	61,000	-	-	42,000	103,000
	1	49,000	-	-	42,000	91,000
	1	43,000	-	-	30,000	73,000
	1	43,000	-	-	27,000	70,000
	1	37,000	-	-	30,000	67,000
	1	31,000	-	-	15,000	46,000
	1	24,218	-	-	21,000	45,218
	1	12,782	-	-	3,000	15,782
	8	301,000	-	-	210,000	511,000
	12	435,000	1,082,000	579,790	270,000	2,366,790

## 2. Shareholders

## Dialogue between the Company and investors

The annual and quarterly reports and the various mandatory announcements are the primary modes of communication to report on the Group's financial performance and operations and corporate developments. The annual reports are despatched to shareholders. Shareholders and the members of the public can also obtain information on the annual and quarterly reports and the announcements made by accessing the websites of the Company and Bursa Malaysia Securities Berhad. It is not the practice of the Company to organise briefings sessions or investors forums for analysts and fund managers.

## Annual general meeting

The annual general meeting is the principal forum for dialogue with shareholders. Notice of the annual general meeting and the annual report are despatched to shareholders. Notice of the annual general meeting is also published in a leading English newspaper. At the annual general meeting, shareholders have direct access to the Directors and are given the opportunity to ask questions during the question and answer session prior to the resolution to receive and adopt the audited annual financial statements and directors' report. Suggestions and comments by shareholders are noted by directors for consideration. As a good corporate governance practice, resolutions tabled at annual general meetings are voted by poll.

## Dividend payment

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

## STATEMENT ON CORPORATE GOVERNANCE

### 3. Accountability and audit

#### Financial reporting

In presenting the annual and quarterly financial statements to shareholders, the directors aim to present a balanced and understandable assessment of the Group's position and prospects. The Audit Committee assists the Board in ensuring accuracy, adequacy and completeness of information for disclosure.

The Statement by Directors pursuant to Section 169(15) of the Companies Act, 1965 is set out on page 35 of the annual report and the statement explaining the directors' responsibility for preparing the annual audited financial statements pursuant to paragraph 15.27 (a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is set out on page 28 of the annual report.

#### Internal control

The directors acknowledge their responsibilities for the Group's system of internal control, which has been designed to meet the Group's particular needs. The system of internal control is designed to manage risks to which the business of the Group is exposed rather than eliminate the risk of failure to achieve business objectives.

The directors continue to maintain a sound system of internal control to safeguard shareholders' investment and Group's assets.

#### Internal audit

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

#### Relationship with the independent auditors

The Company has always maintained a formal and transparent relationship with its independent auditors.

The role of the Audit Committee in relation to the independent auditors is set out in the report on Audit Committee on pages 24 to 26 of the annual report.

### 4. Code of Conduct

The Board has established a code of business conduct ('Code of Conduct') to be complied with by the directors and members of the management. The Code of Conduct is in addition to any other obligations that are imposed on the directors by any applicable rules, laws and regulations.

The Code of Conduct covers the following:-

- Honesty and integrity
- Compliance with laws
- Conflict of interests
- Confidentiality

The Code of Conduct will be reviewed by the Board periodically.

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## STATEMENT ON CORPORATE GOVERNANCE

### 5. Strategies for Sustainability

It is the aspiration of the Board to manage its plantation operations in a socially and environmentally responsible manner.

Sustainable strategies and practices have been outlined for implementation:-

- Zero burning policy
- Effective water management
- Soil enrichment and conservation
- Pest management
- Health and safety at work place
- Human resource development
- Maintaining a debt free capital structure and to pay steady amount of dividends to shareholders

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors has pleasure in presenting the statement on the risk management and internal control of the Group comprising the Company and its subsidiary.

### Responsibility

The Board has overall responsibility for maintaining an effective and sound system of risk management and internal control and for reviewing its adequacy. The Board recognises that there are inherent limitations to any system of risk management and internal control.

The system of risk management and internal control has been designed to meet the particular needs of the Group and to manage risks which the Group is exposed to rather than eliminating the risk of failure in achieving business objectives.

In pursuing these objectives, risk management and internal control can only provide reasonable and not absolute assurance against material misstatement or loss. The Group's concept of reasonable assurance also recognises that the cost of managing risk and control procedures should not exceed the expected benefits.

### Risk management

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

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

### Key elements of internal control

- **Organisational structure**

The Group is headed by the Executive Chairman and assisted by Executive Vice-Chairman and two Executive Directors. The Executive Chairman, Executive Vice Chairman and Executive Directors have many years of experience in managing the Group's core business i.e. plantations.

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

- **Policies manual**

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

- **Audit committee and internal audit**

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

The internal auditors report directly to the Audit Committee. An internal audit report is prepared by J. S. Lim & Co., chartered accountants (Malaysia), and presented to the Audit Committee. The internal audit report summarises the audit approach, scope, significant audit findings, the overall opinion for the internal control review, management comments on the audit findings and recommendations. The internal audit report also covers the follow-up by the management on implementation of recommendations in their earlier reports.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### Key elements of internal control (cont'd.)

- **Financial report**

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

Periodical meetings of the Board and Audit Committee are held. Quarterly financial results, performance of the estates, financial position of the Company, the market value of its quoted investments, the sales of fresh fruits bunches, crude palm oil and palm kernel, summary of budgets and capital expenditure, plantations statistics and financial performances of the investments in oil palm plantation in Indonesia and investment in property development are presented to the Board at the Board meetings.

- **Estates visits**

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

- **Review of recurrent related party transactions**

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

### Conclusion

Based on the foregoing as well as the inquiries and information provided, the Board is assured that the risk management process and system of internal control is operating adequately and satisfactory in all material aspects to meet the business objectives of the Group for the financial year under review and up to the date of approval of this statement.

### Review of the statement by external auditors

The External Auditors, Messrs. Ernst & Young, have performed limited assurance procedures on the Statement in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000, 'Assurance Engagement Other Than Audits or Reviews of Historical Financial Information' and Recommended Practice Guide 5 (Revised), 'Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report'.

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

## REPORT ON AUDIT COMMITTEE

The Board of Directors of Chin Teck Plantations Berhad is pleased to present the report on the Audit Committee for the financial year ended 31 August 2015.

### Members of the Audit Committee

The members of the Audit Committee during the financial year ended 31 August 2015 are as follows: -

Chairman	Keong Choon Keat	- Independent Non-Executive Director
Members	Dr Gan Kim Leng	- Independent Non-Executive Director
	Sio Sit Po	- Independent Non-Executive Director

### Terms of reference

The Terms of Reference of the Audit Committee are as follows: -

#### 1. Formation

1.1 The Board pursuant to its resolution formed the Audit Committee on 25 June 1994.

#### 2. Membership

2.1 The members of the Audit Committee shall be appointed by the Board from amongst their number and shall consist of not fewer than three (3) members all of whom shall be independent directors.

2.2 At least one (1) member of the Audit Committee: -

- (i) must be a member of the Malaysian Institute of Accountants; or
- (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least three (3) years' working experience and: -
- (iii) (a) he must have passed the examinations specified in Part 1 of the 1st Schedule of the Accountants Act 1967; or
- (b) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

2.3 No alternate director can be appointed as a member of the Audit Committee.

2.4 The members of the Audit Committee shall elect a Chairman from amongst their number who shall be an independent director.

2.5 If a member of the Audit Committee retires, resigns, dies or for any reason ceases to be a member resulting in the non-compliance of paragraph 2.1 and 2.2 above, the Board shall within three (3) months of that event, fill the vacancy.

2.6 The Company Secretary or such other person as the Audit Committee may determine shall be the Secretary of the Audit Committee.

#### 3. Meeting

3.1 Meetings of Audit Committee shall be held at least four (4) times a year.

3.2 In order to form a quorum in respect of a meeting of an Audit Committee, the majority of members present must be independent directors.

3.3 Upon the request of the external auditors, the Chairman of the Audit Committee shall convene a meeting of the Audit Committee to consider any matter the external auditors believes should be brought to the attention of the Board or shareholders.

3.4 The Audit Committee shall meet with the external auditors without the presence of the executive directors at least twice a year.

3.5 At least 5 calendar days' notice should be given to members of the Audit Committee before a meeting is held. In an emergency meeting, the notice can be shortened provided majority of members agree.

3.6 Each member is entitled to one vote. Decision arising from any meeting shall be by majority of votes. The Chairman has no casting vote.

3.7 Other directors and employees may attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.

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## REPORT ON AUDIT COMMITTEE

### Terms of reference (cont'd.)

#### 4. Authority

4.1 The Audit Committee is authorised to investigate any activity within its term of reference.

4.2 The Audit Committee shall have the resources, which are required to perform its duties.

4.3 The Audit Committee shall have full and unrestricted access to any information pertaining to the Group and is authorised to seek any information it requires from any employees and all employees are directed to co-operate with any request made by the Audit Committee and is free to summon any employee to appear before the meeting of the Audit Committee.

4.4 The Audit Committee is authorised to communicate directly with the external auditors and person(s) carrying out the internal audit function.

4.5 The Audit Committee is authorised to obtain independent professional service or other service and to secure the attendance of persons with relevant experience and expertise at the meeting of the Audit Committee, if it considers necessary.

#### 5. Duties and functions

5.1 The duties and functions of the Audit Committee shall be: -

- (a) to review with the external auditors, the audit plan.
- (b) to review with the external auditors, their evaluation of the system of internal controls.
- (c) to review with the external auditors, their audit report.
- (d) to review the assistance given by the employees to the external auditors.
- (e) to review the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work.
- (f) to review the internal audit programme, processes, the results of the internal audit programme, process or investigation and consider the findings and recommendations of the internal audit and management's response.
- (g) to review any appraisal or assessment of the performance of members of the internal audit function and approve any appointment or termination of senior staff members of the internal audit function and take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reasons for resigning.
- (h) to review the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on: -
  - any change in or implementation of accounting policies and practices
  - the going concern assumption
  - significant and unusual events
  - significant adjustments arising from the audit
  - compliance with accounting standards and other legal requirements
- (i) to review any related party transaction and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity.
- (j) to discuss problems and reservations arising from the interim and final audits, and any matter the auditor may wish to discuss (in the absence of management where necessary)
- (k) to consider the appointment of the external auditors, audit fee and any questions of resignation or dismissal.

5.2 To consider other topics as defined by the Board.

#### 6. Minutes

6.1 The Audit Committee shall cause minutes to be duly entered in books provided for the purpose of all proceedings of meetings of Audit Committee.

6.2 Such minutes shall be signed by the Chairman of the meeting at which the proceedings were held or the Chairman of the next succeeding meeting and if so signed, shall be conclusive evidence without any further proof of the facts thereon stated.

6.3 The Secretary shall circulate the minutes of meetings of Audit Committee to all members of the Board.



## REPORT ON AUDIT COMMITTEE

### Terms of reference (cont'd.)

#### 7. Reporting of breaches to Bursa Malaysia Securities Berhad

7.1 Where the Audit Committee is of the view that a matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Audit Committee must promptly report such matter to Bursa Malaysia Securities Berhad.

#### 8. Review of the Audit Committee

8.1 The Board must review the terms of office and performance of the Audit Committee and each of its members at least once every three (3) years to determine whether the Audit Committee and the members have carried out their duties in accordance with the terms of reference.

### Number of meetings of Audit Committee held during the financial year ended 31 August 2015 and attendance of each member of Audit Committee

During the financial year ended 31 August 2015, a total of four meetings were held.

The attendance of each member is as follows: -

	<u>Number of meetings attended</u>
Keong Choon Keat	4
Dr Gan Kim Leng	4
Sio Sit Po	4

### Summary of the activities of the Audit Committee during the financial year ended 31 August 2015

The Audit Committee met at scheduled times. Agendas were planned and itemised so that matters were deliberated and discussed in a focused and detailed manner.

The Audit Committee carried out the following activities during the financial year ended 31 August 2015:-

- (a) Meeting with the external auditors twice without the executive directors being present.
- (b) Review of the quarterly and annual financial statements prior to submission to the Board of Directors for consideration and approval.
- (c) Review of the audit report and any internal control weaknesses report and recommendations made by the external auditors as well as internal audit report and recommendations made by the internal auditors.
- (d) Review of the audit plans for the financial year prepared by the external and internal auditors as well as the recommendation of their respective fees to the Board.
- (e) Consider and recommend to the Board of Directors the re-appointment of external auditors.
- (f) Review the transactions with related parties as disclosed in the annual financial statements.

### Internal audit functions

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

The internal auditors report directly to the Audit Committee.

During the financial year under review, the internal auditors visited the estates of the Company. The internal auditors presented their report to the Audit Committee at a meeting of the Audit Committee. The internal audit report summarises the audit approach, scope, significant audit findings, the overall opinion for the internal control review, management comments on the audit findings and recommendations. The internal audit report also covers the follow-up by the management on implementation of recommendations in their earlier reports. The total cost of internal audit for the financial year under review amounted to RM64,342.



## CORPORATE SOCIAL RESPONSIBILITY

### Health and safety

The Company is committed to provide a safe and healthy working environment for all employees. Health and safety consideration will not be compromised in all processes and activities. Relevant health and safety programmes will be implemented with the ultimate objective of achieving "Zero Accident" at work place. To achieve this objective, the Company has established a Health and Safety Committee which is entrusted with the functions of cultivating safe working practices and behaviour at the work place.

Workers at work place are provided with safety equipment and working procedures. They are provided with regular training and briefing on health and safety matters.

Injury investigations are conducted and analysis reports are prepared to determine the root cause for preventing or reducing accidents in the future.

Approved codes of health and safety practices are to be strictly adhered to by all parties concerned.

To further improve safe and healthy working conditions, existing health and safety procedures and measures are regularly being reviewed and additional procedures and measures are being introduced, workers at work place are also regularly being briefed on the importance of health and safety procedures and measures.

### Environmental management

Our palm oil mills adhere to strict compliance with the environmental laws governing mill operations, maintenance and improvements in areas relating to environmental standards, emission standards, noise level management and treatment of effluents and waste disposal.

The chief engineer and visiting engineer review environmental issues and compliance. Appropriate recommendations are made and necessary actions are taken for further improvement in compliance with environmental and related standards.

### Human resource development

The Company believes that proper training and development programme is necessary in developing and upgrading workers' skills and knowledge to achieve an optimal performance. Workers are encouraged to attend relevant external trainings and seminars. In-house trainings are also conducted for workers.

Recognising the social needs, quarters are provided to staff and workers in the estates. Furthermore, the estates provide facilities to take care of the young children of the workers. Sports facilities such as football fields, badminton courts and table tennis tables, are provided for workers to engage in healthy activities during their free time. The estates also provide transportation for workers' school going children.

To foster a better rapport among the workforce, the estates organise social events on festive and cultural occasions.

### Community

Additionally, the Company also makes monetary donations and contributions to charitable organisations from time to time.

**STATEMENT ON DIRECTORS' RESPONSIBILITY  
FOR THE PREPARATION OF ANNUAL AUDITED FINANCIAL STATEMENTS**

The Directors are required by the Companies Act, 1965 ('Act') to prepare financial statements for each financial year that give a true and fair view of the financial position of the Company and of the Group as at the end of the financial year and their financial performance and cash flows for the financial year.

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

The Directors consider that the financial statements set out on pages 38 to 84 have been prepared using appropriate accounting policies, which are consistently applied and are in accordance with the Financial Reporting Standards and the requirements of the Act in Malaysia.

The Directors have engaged independent auditors who are required to undertake inspection and make enquiries they consider to be appropriate for the purpose of enabling them to give their audit report set out on pages 36 and 37.

This statement is made in accordance with a resolution of the Board of Directors dated 26 November 2015.

## GROUP FINANCIAL PROFILE

	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000
Revenue	143,343	119,224	102,508	118,874	104,007
Cost of sales	(50,359)	(39,279)	(43,442)	(51,429)	(54,716)
Gross profit	92,984	79,945	59,066	67,445	49,291
Interest income	4,444	5,356	5,746	5,716	5,748
Dividend income	1,768	2,059	2,149	2,554	3,325
Other income	3,932	1,952	2,121	984	9,298
Selling expenses	(2,247)	(2,089)	(2,403)	(2,972)	(3,010)
Administrative expenses	(12,238)	(15,302)	(18,582)	(20,700)	(22,842)
Replanting expenses	(6,290)	(5,850)	(6,683)	(4,011)	(6,655)
Other expense	-	(158)	(57)	(1,314)	(4)
Share of results of associates	15,199	3,468	(5,637)	1,427	2,371
Share of results of a joint venture	(1,780)	(982)	(1,290)	(1,982)	(1,156)
Profit before tax	95,772	68,399	34,430	47,147	36,366
Income tax expense	(19,758)	(15,724)	(9,519)	(11,124)	(5,895)
Profit net of tax	76,014	52,675	24,911	36,023	30,471
Dividends	32,890	27,409	17,816	31,520	14,618
Analysis of share of results of associates and joint venture :					
Plantations	10,404	(247)	(10,301)	(4,052)	(1,405)
Property development	3,023	2,773	3,350	3,564	1,804
Management and advisory services and insurance agent	(8)	(40)	24	(67)	816
	13,419	2,486	(6,927)	(555)	1,215
Earnings per stock unit (sen)					
Basic	83.20	57.65	27.27	39.43	33.35
Diluted	83.20	57.65	27.27	39.43	33.35
Net dividend (%)					
First interim	13.50	12.00	9.75	9.75	8.00
Special	-	-	-	12.75	-
Second interim	22.50	18.00	9.75	12.00	8.00
	36.00	30.00	19.50	34.50	16.00
Dividend cover (times)	2.31	1.92	1.40	1.14	2.08
	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000
Net cash flows from operating activities	57,597	39,443	25,648	35,168	8,817
Net cash flows (used in)/from investing activities	(1,921)	5,222	(1,461)	(8,673)	1,695
Net cash flows used in financing activity	(32,890)	(27,409)	(17,816)	(31,520)	(14,618)
Net increase/(decrease) in cash and cash equivalents	22,785	17,256	6,371	(5,025)	(4,106)
Effects of exchange rate changes on cash and cash equivalents	2,215	145	1,504	(1,245)	7,310
Cash and cash equivalents at 1 September	172,142	197,142	214,543	222,418	216,148
Cash and cash equivalents at 31 August	197,142	214,543	222,418	216,148	219,352
Deposits pledged for bank guarantee facilities	1,074	1,104	1,137	1,171	1,197
Cash and bank balances	198,216	215,647	223,555	217,319	220,549

## GROUP FINANCIAL PROFILE

	2011 RM'000	2012 RM'000	2013 RM'000	2014 RM'000	2015 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	40,559	41,445	42,602	45,893	47,579
Biological assets	74,225	74,225	74,225	74,934	76,325
Investments in associates	210,093	207,690	192,398	186,755	195,554
Investment in a joint venture	22,523	20,675	19,534	15,833	17,026
Investment securities	55,912	58,736	72,716	85,200	90,451
	<u>403,312</u>	<u>402,771</u>	<u>401,475</u>	<u>408,615</u>	<u>426,935</u>
<b>Current assets</b>					
Inventories	2,572	2,676	2,823	2,531	4,530
Receivables	7,625	7,798	9,354	7,028	8,564
Tax receivable	-	174	-	5	727
Cash and bank balances	198,216	215,647	223,555	217,319	220,549
	<u>208,413</u>	<u>226,295</u>	<u>235,732</u>	<u>226,883</u>	<u>234,370</u>
<b>Total assets</b>	<u>611,725</u>	<u>629,066</u>	<u>637,207</u>	<u>635,498</u>	<u>661,305</u>
<b>Current liabilities</b>					
Payables	6,999	6,872	8,058	9,701	8,950
Income tax payable	2,674	-	1,391	758	-
	<u>9,673</u>	<u>6,872</u>	<u>9,449</u>	<u>10,459</u>	<u>8,950</u>
<b>Non-current liabilities</b>					
Deferred tax liabilities	6,373	6,207	6,360	7,192	7,267
<b>Total liabilities</b>	<u>16,046</u>	<u>13,079</u>	<u>15,809</u>	<u>17,651</u>	<u>16,217</u>
<b>Equity attributable to owners of the Company</b>					
Share capital	91,363	91,363	91,363	91,363	91,363
Share premium	19,654	19,654	19,654	19,654	19,654
Other reserves	18,149	13,171	11,467	3,393	14,763
Retained profits	466,513	491,799	498,914	503,437	519,308
<b>Total equity</b>	<u>595,679</u>	<u>615,987</u>	<u>621,398</u>	<u>617,847</u>	<u>645,088</u>
<b>Total equity and liabilities</b>	<u>611,725</u>	<u>629,066</u>	<u>637,207</u>	<u>635,498</u>	<u>661,305</u>
Net assets per stock unit (RM)	6.52	6.74	6.80	6.76	7.06



## PLANTATIONS STATISTICS

	2011	2012	2013	2014	2015
<b>Malaysia</b>					
Planted Area (Hectares)					
Oil palm	10,960	10,925	10,925	10,925	10,925
Rubber	-	-	-	83	83
Oil palm					
Age in years					
Mature					
Above 25	10.57%	8.66%	6.30%	4.61%	3.21%
21 – 25	1.93%	37.05%	37.68%	37.68%	39.22%
16 – 20	38.39%	4.65%	6.89%	11.08%	11.50%
11 – 15	9.84%	7.06%	4.19%	0.29%	4.54%
6 – 10	11.34%	13.46%	16.34%	16.69%	25.48%
Below 6	27.93%	29.12%	28.60%	29.65%	16.05%
	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Production (m/t)</b>					
ffb					
- own estates	160,146	157,647	177,240	190,322	172,624
- purchased	28,679	11,962	13,619	20,385	38,427
	188,825	169,609	190,859	210,707	211,051
Crude palm oil	30,160	25,773	30,298	34,168	35,615
Palm kernel	8,591	7,263	8,358	9,427	9,589
<b>Extraction Rate (%)</b>					
Crude palm oil	19.57	19.37	19.30	19.15	19.48
Palm kernel	5.57	5.46	5.32	5.28	5.25
<b>Joint Ventures In Indonesia</b>					
Planted Area (Hectares)	20,641	21,122	21,224	21,224	21,224
Age in years					
Above 25	-	-	-	-	-
21 – 25	-	-	-	-	-
16 – 20	-	4.32%	4.30%	9.65%	24.59%
11 – 15	21.65%	34.17%	34.01%	41.29%	27.54%
6 – 10	34.40%	30.85%	30.70%	33.10%	31.91%
Below 6	43.95%	30.66%	30.99%	15.96%	15.96%
	100.00%	100.00%	100.00%	100.00%	100.00%
<b>Production (m/t)</b>					
ffb					
- own estates	127,835	77,556	66,045	80,190	90,652
- purchased	57,449	6,317	4,677	4,584	5,120
	185,284	83,873	70,722	84,774	95,772
Crude palm oil	40,046	19,094	15,353	16,859	18,425
Palm kernel	8,315	3,593	3,682	4,065	4,223
Palm kernel oil	2,243	-	-	-	-
Kernel cake	2,827	-	-	-	-
<b>Extraction Rate (%)</b>					
Crude palm oil	21.61	22.77	21.71	21.74	22.51
Palm kernel	4.49	4.28	5.21	5.24	5.16
Palm kernel oil	40.90	-	-	-	-
Kernel cake	51.55	-	-	-	-

## DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 August 2015.

### Principal activities

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

The principal activity of the subsidiary is that of investment holding.

There have been no significant changes in the nature of the principal activities during the financial year.

### Results

	Group RM	Company RM
Profit net of tax	30,470,907	29,248,000

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 August 2014 were as follows:

	RM
In respect of the financial year ended 31 August 2015:	
First interim single tier dividend of 8% declared on 31 December 2014 and paid on 30 January 2015	7,309,060
Second interim single tier dividend of 8% declared on 30 July 2015 and paid on 28 August 2015	7,309,060
	<u>14,618,120</u>

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

### Directors

The names of directors of the Company in office since the date of the last report and at the date of this report are:

Goh Eng Chew  
 Goh Wei Lei  
 Goh Pock Ai  
 Wong Aun Phui  
 Sio Sit Po  
 Gan Kim Leng  
 Keong Choon Keat  
 Gho Lian Chin  
 Goh Yeok Beng  
 Goh Tju Kiang @ Gho Tju Kiang @ Gho Tju Kiong  
 Gho Bun Tjin (alternate to Gho Lian Chin)  
 Gho Eng Liong (appointed with effect immediately after the conclusion of the annual general meeting of the Company held on 29 January 2015)  
 Goh Beng Hwa @ Gho Bin Hoa (retired upon the conclusion of the annual general meeting of the Company held on 29 January 2015)

## DIRECTORS' REPORT

### Directors' benefits

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 28 to the financial statements.

### Directors' interests

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

	<----- Number of ordinary stock units of RM1 each ----->			
	1 September 2014	Bought	Sold	31 August 2015
<b>The Company</b>				
<b>Direct interest:</b>				
Goh Pock Ai	500,000	-	-	500,000
Wong Aun Phui	1,030,250	-	-	1,030,250
Sio Sit Po	851,376	-	-	851,376
Gan Kim Leng	68,812	-	-	68,812
Goh Yeok Beng	24,000	-	-	24,000
Gho Eng Liong	797,625	-	-	797,625
<b>Indirect interest:</b>				
Goh Eng Chew	34,020,968	-	-	34,020,968
Wong Aun Phui #	2,951,905	-	-	2,951,905
Gho Lian Chin	33,562,968	-	-	33,562,968
Sio Sit Po	1,293,750	-	-	1,293,750
Gan Kim Leng	2,152,875	-	-	2,152,875

# Interest by virtue of the interests of children

Goh Eng Chew and Gho Lian Chin by virtue of their interests in the Company, are also deemed interested in the shares of the subsidiary to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in stock units in the Company and shares of its related corporation during the financial year.

**DIRECTORS' REPORT****Other statutory information**

- (a) Before the statements of profit or loss, statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; and
  - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; and
  - (ii) the values attributed to current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

**Auditors**

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

Signed on behalf of the Board in accordance with a resolution of the directors dated 26 November 2015.

Goh Eng Chew

Wong Aun Phui