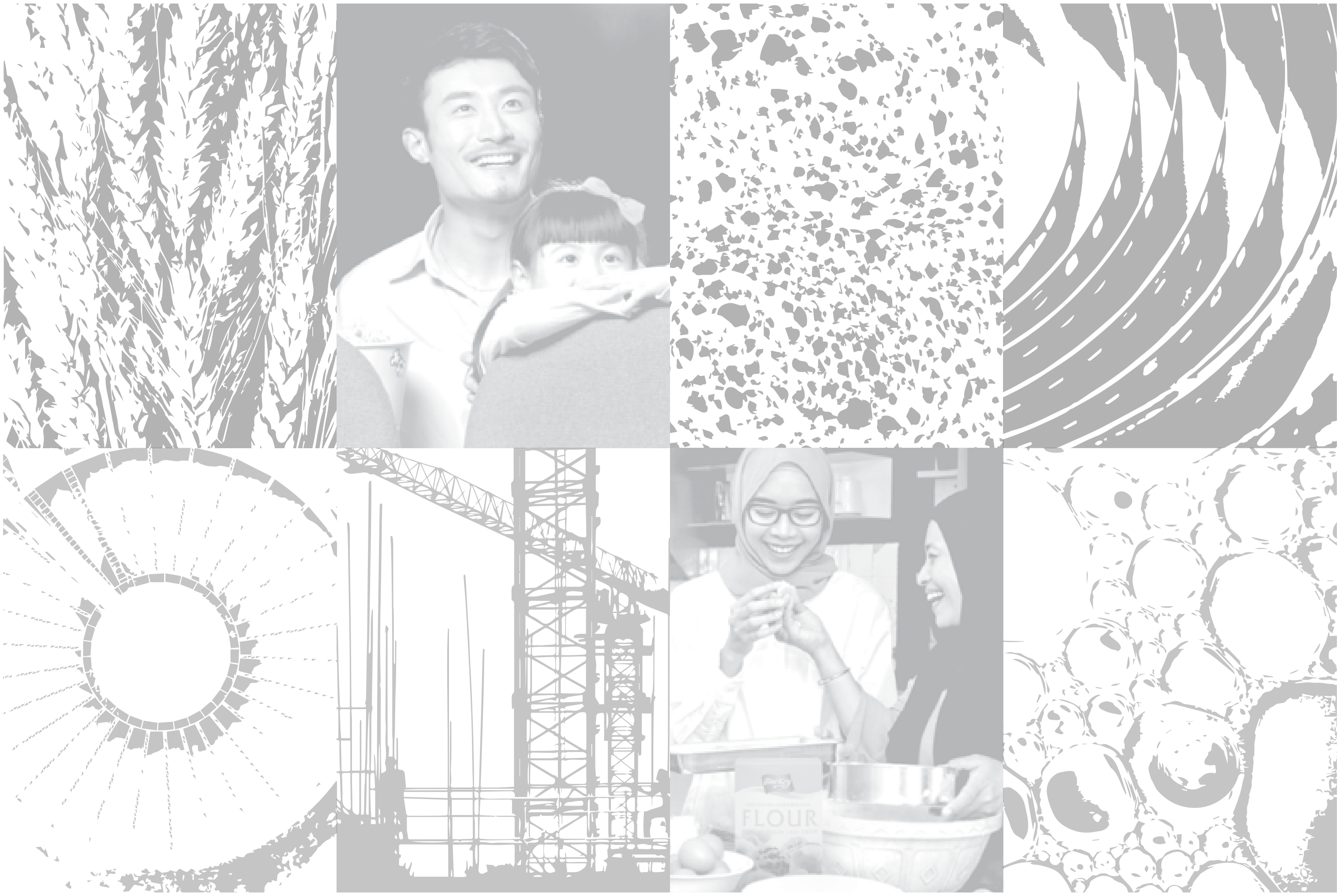


ANNUAL REPORT 2020

RESILIENCE THROUGH AGILITY AND DIVERSITY

PPB GROUP BERHAD

OUR MISSION

To strengthen our leadership position in our core businesses in Malaysia, expand regionally for further growth, invest in related activities for greater synergy and increase shareholder value, in a socially and environmentally responsible manner through management excellence.

OUR VISION

To be a market leader in our core businesses reputed for our sustainable quality products and services.

RESILIENCE THROUGH AGILITY AND DIVERSITY

PPB Group's ability to navigate an unprecedented market landscape is a result of its diverse business operations. This is further aided by our agility and resolve to respond with strategies to strengthen our resilience. It is this 'Resilience Through Agility and Diversity' that has enabled the Group to continue creating value for our stakeholders, and we remain committed to forging ahead towards a better future.

NAVIGATION ICON IN THIS REPORT

00 This icon with the page number(s) refers you to the related information in our Annual Report.

OTHER COMMUNICATION TOOLS

Corporate Website
For more information on PPB Group, please visit our corporate website.
https://www.ppbgroup.com/

Online Report
Scan this QR code for a direct link to our Annual Report online.

Or log on to
https://www.ppbgroup.com/images/pages/investor-relations/annual_report/2020-2017/ppb-annual-report-2020.pdf


Pg. 18 *Managing Director's Review*

Pg. 32 *Sustainability Statement*

CONTRIBUTION OF GRAINS AND AGRIBUSINESS IN 2020

Roller mills for wheat grinding in FFM's flour mill in Pulau Indah, Selangor

TOTAL SEGMENT REVENUE

76%

RM3.3 billion

TOTAL SEGMENT PROFIT

19%

RM271.7 million

Chicks brooding within its first 28 days at FFM Farms' layer farm in Trong, Perak

FFM's animal feed warehouse

GRAINS AND AGRIBUSINESS

FLOUR MILLING

FFM Group operates five flour mills in Malaysia with a total milling capacity of 2,820 mt/day. Overseas, FFM Group operates two flour mills in Vietnam, and one each in Thailand and Indonesia. FFM Group also has 20% interest in eight associates in China engaged in flour milling.

ANIMAL FEED MILLING

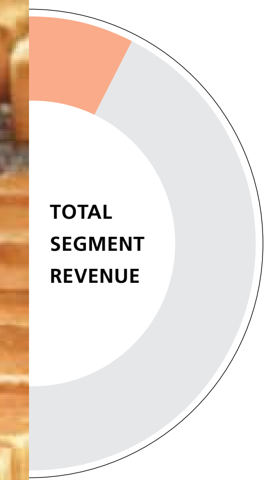
FFM Group is one of the key feed millers in Malaysia and operates five feed mills in Peninsular and East Malaysia with a total production capacity of 67,200 mt/month.

LIVESTOCK FARMING

FFM Farms Sdn Bhd (FFM Farms) operates 2 broiler breeder farms with a combined estimated production capacity of 3 million broiler chicks per month, and a layer farm with an estimated monthly production capacity of 21 million eggs to complement the Group's animal feed milling operations.

Massimo's bread loaves production line in Pulau Indah

CONTRIBUTION OF CONSUMER PRODUCTS IN 2020



15%

RM628.3 million

2%

RM31.5 million

Marina frozen food, one of the popular products distributed by FFM Marketing Sdn Bhd

On 24 June 2020, FFM acquired the remaining 70% equity interest in FFM Further Processing Sdn Bhd, making it a wholly-owned subsidiary

CONSUMER PRODUCTS

CONSUMER PRODUCTS DISTRIBUTION

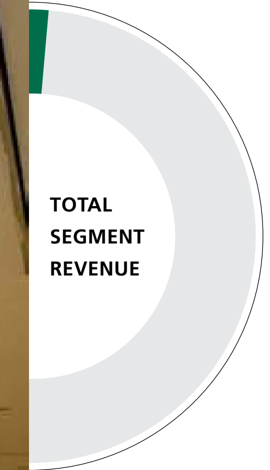
FFM Marketing Sdn Bhd (FMSB) has established a strong distribution network and currently distributes a wide range of fast-moving consumer goods under its own brands as well as other international and local brands. FMSB has 13 warehouses with a total warehousing capacity of more than 300,000 sq ft.

BAKERY

The Italian Baker Sdn Bhd operates a state-of-the art baking plant in Pulau Indah with five fully automated production lines using the latest American and European technology. The production lines comprise 10,000 loaves-per-hour and 6,000 loaves-per-hour bread lines; a 24,000 rolls-per-hour line; a 15,000 cake-per-hour line; and a 6,000 buns-per-hour line.

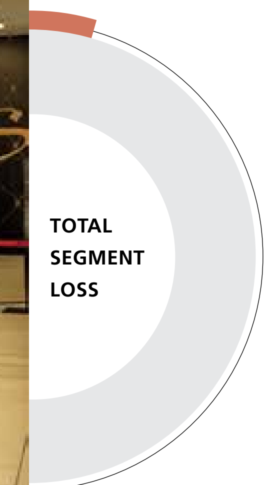
The lobby of the newly-renovated GSC 3 Damansara, which has been redesigned to feature an open, walk-in concept with ample seating for movie-goers

CONTRIBUTION OF FILM EXHIBITION AND DISTRIBUTION IN 2020



3%

RM114.3 million



9%

RM135.6 million

GSC 3 Damansara features PlayPlus, GSC's family-friendly hall with an indoor play area and slide for kids to play while enjoying their favourite movie

GSC 3 Damansara's PlayPlus comes with an adjoining lounge and reading corner

FILM EXHIBITION AND DISTRIBUTION

FILM EXHIBITION

Golden Screen Cinemas Sdn Bhd is the leading cinema exhibitor in Malaysia and operates the largest cinema chain in the country with 339 screens totaling 52,260 seats at 33 locations in major cities nationwide. In Vietnam, the Group operates at 18 locations with a total of 108 screens and 16,555 seats.

FILM DISTRIBUTION

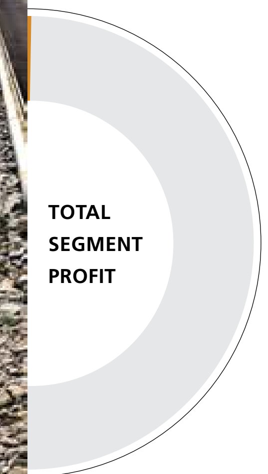
GSC Movies Sdn Bhd acquires and distributes films to cinemas and sub-licences movie content to television (pay TV & free TV), over-the-top (OTT) platform and hotel operators. It is the largest local distributor of Chinese, independent English and foreign language films, and distributes films to cinemas throughout Malaysia, Brunei, Vietnam, Myanmar and Cambodia. GSC Movies distributed a total of 53 films in 2020.

Off River Storage in Sg Labu, Sepang

CONTRIBUTION OF ENVIRONMENTAL ENGINEERING AND UTILITIES IN 2020

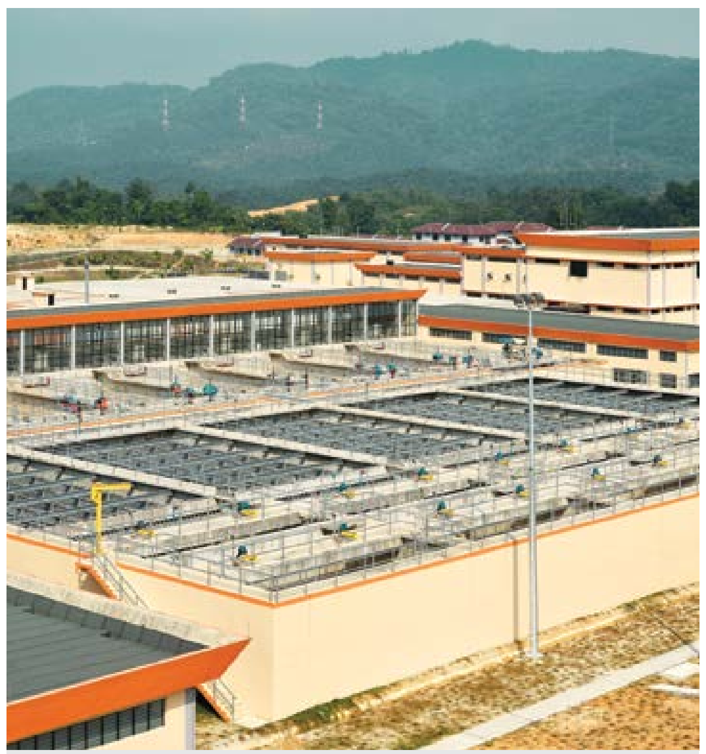
4%

RM189.5 million



1%

RM14.4 million



Ngoi-Ngoi Water Treatment Plant in Negeri Sembilan

Serian Raw Water Intake in Sarawak

ENVIRONMENTAL ENGINEERING AND UTILITIES

CWM GROUP PROVIDES HOLISTIC SOLUTIONS, ADVANCED TECHNOLOGIES AND PROFESSIONAL MANAGEMENT SERVICES IN WATER, SEWAGE, SOLID WASTE AND DRAINAGE SECTORS AND HAS A TRACK RECORD OF MORE THAN 140 WATER AND SEWAGE PROJECTS WITH A COMBINED CONTRACT VALUE IN EXCESS OF RM3.3 BILLION. ITS SERVICES INCLUDE THE FOLLOWING:

WATER ENGINEERING

Design, construct, operate and maintain municipal water supply facilities covering intake, pumping stations, treatment, delivery and supply network.

SEWAGE TREATMENT

Design, construct, operate and maintain centralised sewage treatment plants and sludge treatment plants for local authorities. Design and construct sewage network and network pumping stations.

SOLID WASTE MANAGEMENT

Collect and dispose large scale commercial, industrial and residential wastes for various corporate clients and municipalities. Member of the concessionaire operating sanitary landfills in Selangor.

FLOOD MITIGATION

Provide turnkey solutions for flood mitigation schemes.

Southern Marina Residences, Iskandar Puteri, Johor

CONTRIBUTION OF PROPERTY IN 2020

TOTAL SEGMENT REVENUE

1%

RM67.0 million

TOTAL SEGMENT PROFIT

0.3%

RM3.9 million

Artist impression of the entertainment lounge at Megah Rise, Petaling Jaya

Cheras LeisureMall, Kuala Lumpur

PROPERTY

PPB PROPERTIES, WHICH ENCOMPASSES THE PROPERTY-BASED ACTIVITIES OF PPB GROUP BERHAD, IS COMMITTED TO GIVING HOMEOWNERS, BUSINESS OPERATORS, AND INVESTORS A RANGE OF VALUE-CRAFTED RESIDENTIAL, RETAIL, AND COMMERCIAL SPACES DESIGNED TO MEET THE COMMUNITY'S NEEDS.

INVESTMENT PROPERTIES

PPB owns and manages four retail/commercial properties namely:

- Cheras LeisureMall in Taman Segar, Kuala Lumpur
- Cheras Plaza in Taman Segar, Kuala Lumpur
- New World Park in Lorong Swatow, Georgetown, Penang
- The Whiteaways Arcade, Beach Street, Penang

PROPERTY DEVELOPMENT

The Group's most recent property development project is Megah Rise, a mixed development in Taman Megah, Petaling Jaya which consists of 228 condominium units and a retail podium.

PROJECT MANAGEMENT

The Group also provides project management services for property development projects under various PPB Group companies and affiliates. The major projects include:

- Southern Marina Residences in Iskandar Puteri, Johor
- The Linc KL, Jalan Tun Razak, Kuala Lumpur

Corporate Profile

PPB GROUP BERHAD ("PPB") IS AN INVESTMENT HOLDING AND PROPERTY INVESTMENT COMPANY LISTED ON THE MAIN MARKET OF BURSA MALAYSIA SECURITIES BERHAD, THE MALAYSIAN STOCK EXCHANGE. INCORPORATED IN MALAYSIA IN 1968, THE PPB GROUP TODAY IS A CONGLOMERATE WITH TOTAL ASSETS AND MARKET CAPITALISATION OF RM24.9 BILLION AND RM26.4 BILLION RESPECTIVELY AS AT 31 DECEMBER 2020.

PPB is headquartered in Kuala Lumpur, Malaysia and has operations in China, Vietnam, Indonesia, Thailand and Singapore with about 4,800 employees in the Malaysian operations.

The Group's main contributor, *Grains & Agribusiness* segment, comprises flour and animal feed milling; grains trading and livestock farming. The FFM Group in which PPB has 80% equity interest, owns and operates a total of nine flour mills, five in the country, two in Vietnam and one each in Thailand and Indonesia. FFM Group also has 20% interest in eight associates in China with a combined flour milling capacity of 17,550 mt/day. Under the *Consumer Products* segment, the Group has moved into downstream activities including food processing, bakery, marketing and distribution of edible oils and consumer products.

In the *Film Exhibition & Distribution* segment, wholly-owned subsidiary, Golden Screen Cinemas Sdn Bhd is the largest film exhibitor in Malaysia with 339 screens in 33 locations nationwide, capturing more than 40% of domestic box office collections.

PPB's strategic acquisitions and business ventures over the years have enabled it to successfully diversify its businesses to include *Environmental Engineering & Utilities* led by the Chemquest Group in which PPB has 55% equity interest. This segment provides water engineering, sewage treatment, solid waste management and flood mitigation services.

PPB owns and manages several retail/commercial properties comprising a shopping centre, Cheras LeisureMall, and an office building, Cheras Plaza in Taman Segar, Kuala Lumpur as well as New World Park and the Whiteaways Arcade in Georgetown, Penang. Two wholly-owned subsidiaries of PPB, PPB Hartabina Sdn Bhd and PPB Property Development Sdn Bhd, carry out property development, and provide project and property management services, respectively, for projects undertaken and properties owned by PPB Group companies and affiliates.

PPB owns 18.6% equity interest in one of Asia's largest integrated agribusiness groups, Wilmar International Limited ("Wilmar"). Wilmar's business encompasses the entire value chain of the agricultural commodity business, from cultivation and milling of palm oil and sugar cane to processing, branding and distribution of a wide range of edible food products. It has over 500 manufacturing plants and an extensive distribution network covering China, India, Indonesia and some 50 other countries.

Corporate Objectives

Create Value for Shareholders
To reward shareholders with sustainable and attractive dividends.

Focus on Core Businesses
To enhance and expand our core operations and related businesses to capitalise on scale and integration for optimum cost-efficiency.

Strengthen Market Position
To further strengthen our leadership position in our core businesses.

Capitalise on Synergies
To synergise and leverage on the Group's individual operations to maximise overall output and strength.

Improve Efficiency and Productivity
To leverage on technology and embrace innovation to further drive operational efficiency to ensure best-of-class operating standards.

Secure Future Growth
To create new business opportunities through prudent and forward looking investment strategies in new and emerging areas, as well as market segments both locally and regionally.

Commit to Corporate Social Responsibility
To embrace responsible corporate citizenship focused on generating economic returns with positive contributions to society.

Care for the Environment
To practise sensible and proper environment-friendly standards in our business operations in accordance with legal and regulatory requirements.

Practise Good Corporate Governance
To observe optimum standards of transparency, accountability and integrity in our business practices and corporate performance.

Group Corporate Structure as at 15 March 2021

PPB GROUP BERHAD

GRAINS & AGRIBUSINESS

CONSUMER PRODUCTS

FILM EXHIBITION & DISTRIBUTION

ENVIRONMENTAL ENGINEERING & UTILITIES

PROPERTY

INVESTMENTS & OTHER OPERATIONS

Notes:
1. *This chart features the main operating companies and does not include dormant and inactive companies.*
2. *Percentages shown indicate the Group's direct equity interest held.*

GRAINS & AGRIBUSINESS

Investment holding, grains trading, flour & feed milling

- FFM Berhad — 80%
  - **Flour milling**
    - Johor Bahru Flour Mill Sdn Bhd — 100%
    - FFM Grains & Mills Sdn Bhd — 100%
    - Vietnam Flour Mills Limited — 100%
    - VFM-Wilmar Flour Mills Co Limited — 51%
    - PT Pundi Kencana — 51%
    - Kerry Flour Mills Limited — 43.4%
  - **Animal feed milling**
    - Johor Bahru Flour Mill Sdn Bhd — 100%
    - FFM Grains & Mills Sdn Bhd — 100%
    - FFM (Sabah) Sdn Bhd — 100%
    - FFM Feedmills (Sarawak) Sdn Bhd — 100%
  - **Livestock farming**
    - FFM Farms Sdn Bhd — 100%
  - **Investment holding**
    - Waikari Sdn Bhd — 100%
      - **Flour milling**
        - Yihai Kerry (Quanzhou) Oils, Grains & Foodstuffs Industries Co., Ltd — 20%
        - Yihai Kerry (Anyang) Foodstuffs Industries Co., Ltd — 20%
        - Yihai Kerry (Beijing) Oils, Grains & Foodstuffs Industries Co., Ltd — 20%
        - Yihai Kerry (Shenyang) Oils, Grains & Foodstuffs Industries Co., Ltd — 20%
        - Dongguan Yihai Kerry Oils, Grains & Foodstuffs Industries Co., Ltd — 20%
        - Yihai (Zhoukou) Wheat Industries Co., Ltd — 20%
        - Yihai Kerry (Zhengzhou) Foodstuffs Industries Co., Ltd — 20%
        - Yihai Kerry (Kunshan) Foodstuffs Industries Co., Ltd — 20%

CONSUMER PRODUCTS

Consumer products distribution
- FFM Marketing Sdn Bhd — 100%

Bakery
- The Italian Baker Sdn Bhd — 100%

Food processing
- Meizan CLV Corporation — 50%
- Kart Food Industries Sdn Bhd — 45%
- FFM Further Processing Sdn Bhd — 100%

Group Corporate Structure as at 15 March 2021

FILM EXHIBITION & DISTRIBUTION

Investment holding
- PPB Leisure Holdings Sdn Bhd — 100%
  - **Exhibition of movies and content**
    - Golden Screen Cinemas Sdn Bhd — 100%
      - **Distribution of movies and content**
        - GSC Movies Sdn Bhd — 100%
      - **Screen advertising**
        - Cinead Sdn Bhd — 100%
      - **Exhibition and distribution of movies and content**
        - Galaxy Studio Joint Stock Company — 40%

ENVIRONMENTAL ENGINEERING & UTILITIES

Waste management and environmental engineering
- CWM Group Sdn Bhd — 100%
  - **Environmental engineering and utilities**
    - Cipta Wawasan Maju Engineering Sdn Bhd — 100%
  - **Waste management**
    - Sitamas Environmental Systems Sdn Bhd — 100%
    - Worldwide Landfills Sdn Bhd — 40%
  - **Investment holding**
- Chemquest (Overseas) Limited — 100%
  - Beijing KVW Wastewater Technology Company Ltd — 51%
    - **Utilities**
      - Beijing Drainage Group Co Ltd Veolia Kerry Wastewater Treatment Plant — 42%

INVESTMENTS & OTHER OPERATIONS

Investment holding & trading
- Chemquest Sdn Bhd — 55%
  - **Chemicals manufacturing**
    - Malayan Adhesives and Chemicals Sdn Bhd — 99.6%

Investment holding
- Masuma Trading Company Limited — 100%
- Hexarich Sdn Bhd — 100%
- Orion Fund Pte Ltd — 40%
- Orion Fund II Pte Ltd — 40%

IT services
- Easi (M) Sdn Bhd — 60%
- Enterprise Advanced System Intelligence Pte Ltd — 60%
- Easi Ticketing Sdn Bhd — 100%

Integrated agribusiness
- Wilmar International Limited — 18.6%

PROPERTY

Project and property management and other related services
- PPB Property Development Sdn Bhd — 100%

Property development, project and property management and other related services
- PPB Hartabina Sdn Bhd — 100%
  - **Investment holding and oil palm cultivation**
    - South Island Mining Company Sdn Bhd — 100%
  - **Property development**
    - Seletar Sdn Bhd — 100%

Property investment
- Cathay Screen Cinemas Sdn Bhd — 100%
  - Cathay Theatres Sdn Bhd — 100%
- Shaw Brothers (M) Sdn Bhd — 34%

Investment holding
- Huge Quest Realty Sdn Bhd — 40%
  - **Property development**
    - Southern Marina Development Sdn Bhd — 70%

Property development
- Hillcrest Gardens Sdn Bhd — 16.8%

Chairman's Statement

DEAR SHAREHOLDERS,

PPB GROUP BERHAD ("PPB" OR "THE COMPANY") FACED AN UNPRECEDENTED YEAR IN 2020 CAUSED BY THE COVID-19 PANDEMIC AND SUBSEQUENT MOVEMENT CONTROL ORDER ("MCO") IMPOSED BY THE GOVERNMENT IN MARCH 2020. AS IN PREVIOUS YEARS, THE GROUP'S DIVERSIFIED STABLE OF BUSINESSES HAS HELPED US WEATHER THE STORM AND CONTINUE TO CREATE VALUE FOR SHAREHOLDERS AND OTHER STAKEHOLDERS. NOTWITHSTANDING THE CHALLENGING OPERATING ENVIRONMENT, WE REMAIN FOCUSED ON SAFEGUARDING THE HEALTH & SAFETY OF OUR EMPLOYEES, GROWING OUR BUSINESS SUSTAINABLY WITH GOOD GOVERNANCE WHILST STRENGTHENING THE LONG-TERM PROSPECTS OF PPB AND ITS SUBSIDIARIES ("THE GROUP").

Group Results

Revenue for the Group decreased by 11% to RM4.19 billion for the financial year ("FY") ended 31 December 2020. This was largely attributable to the revenue decline in our *Film Exhibition and Distribution* segment from RM556 million in 2019 to RM114 million in 2020; a result of the prolonged total and partial closure of cinemas, and deferment of major movie releases. However revenue recorded in our other businesses was mostly unchanged.

Group profit however increased by 12% for FY2020, supported largely by a 29% increase in contribution from our 18.6%-owned associate, Wilmar International Limited ("Wilmar"), and higher profitability in our *Grains and Agribusiness*, and *Consumer Products* segments. Profit attributable to shareholders totalled RM1.32 billion with earnings per share amounting to 92.57 sen, a 14.3% increase from the previous year.

Despite the current very challenging economic conditions, we are confident of the future of the Group and have continued to invest in our diverse business segments to further drive our growth. The Group has planned capital commitments amounting to RM930 million over the next four years, keeping in mind the present Covid-19 challenges. While we are concerned about the economic impact of the pandemic, we will continue to manage our assets efficiently and strengthen the Group's prospects by strategically taking advantage of opportunities in the market.

18-28 *Please refer to the Managing Director's Review in this Annual Report for a more detailed management discussion and analysis of our businesses, operations, and performance for FY2020.*

TAN SRI DATUK OH SIEW NAM
Chairman

Dividends

I am pleased to report that the Board has recommended the payment of a final dividend of 22 sen and a special dividend of 16 sen per share. The special dividend was recommended following the announcement by Wilmar of a proposed special dividend of SGD0.065 per share. Subject to approval by PPB shareholders at the 52nd Annual General Meeting to be held on 11 May 2021, both the final and special dividends are payable on 1 June 2021.

Together with the 8 sen per share interim dividend which was paid in September 2020, this brings the total dividends for FY2020 to 46 sen per share (FY2019: 31 sen per share) and total dividend payout of RM654 million.

The Board's Commitment to Corporate Governance

The Board is committed to upholding and ensuring the high standards of corporate governance. We continually strengthen our governance and internal controls that play a pivotal role in helping safeguard the integrity of the Group. Our corporate governance initiatives and internal control measures are detailed in the relevant sections of this Annual Report.

During the year, our Anti-Bribery and Corruption (ABAC) Framework encompassing the ABAC Policy and ABAC Manual was rolled out throughout the Group. A mandatory three-step ABAC training programme for all employees in the Group comprised the training session itself, a quiz and signing of an integrity pledge.

Sustainability

The Group will ensure that sustainability is incorporated in its business operations, for the overall benefit of its stakeholders.

Our Sustainability Statement on pages 32 to 60 of this Annual Report details the initiatives taken by the Group to achieve tangible outcomes in mitigating environmental impact, ensuring employee safety and wellbeing, increased marketplace engagement and investment back into the community. The Statement also continues to track our progress against our sustainability targets.

With the Group's commitment to good governance, sustainability practices, and investment in human capital, we are confident the Group is well-positioned to weather the uncertainty and economic headwinds as we continue to be market leaders reputed for our quality products and services.

Prospects and Challenges For 2021

Malaysia's economic growth is expected to rebound in 2021, as the economy recovers from the contraction in 2020. While the impact of the Covid-19 pandemic both locally and globally has not yet fully abated, there are promising and optimistic signs on the horizon. As it progresses, the vaccination initiative here in Malaysia would allow the domestic economy to function more normally and restore consumer confidence. Global vaccination efforts will also benefit our domestic economy and help restore our *Film Exhibition and Distribution* business. Our *Grains and Agribusiness*; *Consumer Products*; and *Environmental Engineering and Utilities* segments are expected to continue to generate stable revenues for the Group.

While the longer-term impact of the pandemic on our *Film Exhibition and Distribution* and *Property* businesses will continue to weigh down their performance, we are confident that the Group will be able to remain resilient amidst the volatility, and capitalize on growth opportunities. Our market exposure is limited as most of our goods and services comprise essentials and basic food products. We expect that the Group's financial performance will depend on and be significantly bolstered by Wilmar's business performance.

COVID-19 INITIATIVES

To support the community during the Covid-19 pandemic, the Group undertook various initiatives in 2020 and spent a total of RM2.6 million in food products; personal protective equipment (PPE) (coveralls; facemasks; sanitising and cleaning products etc). In addition, the Group distributed 1.5 million pieces of Massimo Primo sandwich rolls and assisted welfare homes and needy families in paying electricity bills that were in arrears.

56-57 *Detailed information on the Group's Covid-19 initiatives are set out in the Sustainability Statement.*

Acknowledgements

On behalf of the Board and management, I would like to sincerely thank all our employees across the entire Group for their continued dedication and support, without which we would not have been able to deliver strong results amidst one of the most challenging economic and business conditions.

My sincere appreciation extends to our shareholders, customers, business partners, and other stakeholders; I thank you on behalf of the Board for your continued trust in the Group.

25 March 2021

Managing Director's Review

DEAR SHAREHOLDERS,

PPB GROUP BERHAD FACED AN UNPRECEDENTED YEAR IN 2020 BROUGHT ABOUT BY THE COVID-19 PANDEMIC. DESPITE THE CHALLENGING BUSINESS AND OPERATING ENVIRONMENT, WE REMAINED RESILIENT AND DELIVERED SUSTAINABLE PROFITS SUPPORTED BY OUR DIVERSE PORTFOLIO OF BUSINESSES, AND OUR 18.6% STAKE IN WILMAR INTERNATIONAL LIMITED ("WILMAR").

GROUP REVENUE WAS 11% LOWER AT RM4.19 BILLION (2019: RM4.68 BILLION), LARGELY DUE TO A REVENUE DECLINE IN THE *FILM EXHIBITION AND DISTRIBUTION* SEGMENT. HOWEVER GROUP PROFIT BEFORE TAXATION WAS 12% HIGHER AT RM1.42 BILLION (2019: RM1.27 BILLION), MAINLY DUE TO HIGHER CONTRIBUTION FROM WILMAR OF RM1.24 BILLION (2019: RM960 MILLION).

LIM SOON HUAT
Managing Director

Economic and Operating Environment in 2020

The Malaysian economy contracted by 5.6% in 2020. The impact on consumer and business sentiment was particularly pronounced in the first half of the year when the Movement Control Order ("MCO") was in effect, although there were indications of recovery towards the fourth quarter of 2020.

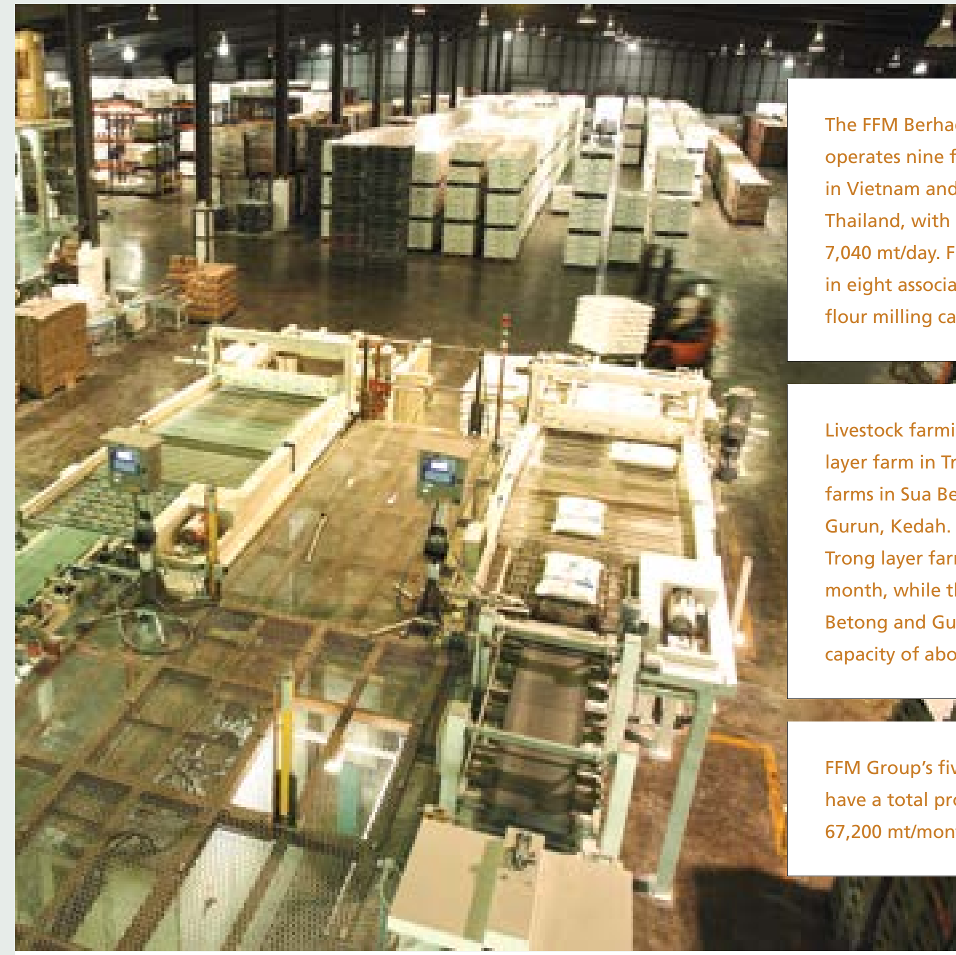
The Group generally performed well despite challenges from supply chain disruptions and new health standard operating procedures ("SOPs") that impacted production capability, increased costs, and affected consumer demand. Our *Film Exhibition and Distribution* segment was the most affected with cinema closures during the MCO period, and we take cognisance of the continuing uncertainty surrounding the reopening of cinemas operating in reduced capacity.

Our businesses responded by optimising and managing costs, focusing on operational excellence and introducing new business initiatives for additional revenue streams.

GRAINS AND AGRIBUSINESS SEGMENT

The *Grains and Agribusiness* segment is one of our core businesses and the largest contributor to Group revenue and profits. The segment comprises Flour Milling, Feed Milling and Livestock Farming, and contributed 76% of Group revenue and 19% of profit in 2020.

Managing Director's Review



FFM's storage warehouse in Pulau Indah, Selangor

The FFM Berhad ("FFM") Group owns and operates nine flour mills, five in Malaysia, two in Vietnam and one each in Indonesia and Thailand, with a total flour milling capacity of 7,040 mt/day. FFM Group also has 20% interest in eight associates in China with a combined flour milling capacity of 17,550 mt/day.

Livestock farming operations consist of a layer farm in Trong, Perak, and two breeder farms in Sua Betong, Negeri Sembilan and Gurun, Kedah. The production capacity of the Trong layer farm is about 21 million eggs per month, while the two breeder farms in Sua Betong and Gurun have a combined production capacity of about 3 million chicks per month.

FFM Group's five feed mills in Malaysia have a total production capacity of 67,200 mt/month.

Flour Milling

FFM Group's revenues for the year 2020 were slightly lower due to lower flour sales volumes in Malaysia and Indonesia. Vietnam recorded higher sales volume; however selling prices were lower in the midst of challenging conditions.

While the cost of wheat was marginally lower year-on-year, our price competitiveness was affected by price volatility and the weak Malaysian Ringgit. We have however existing mechanisms in place to mitigate the impact of this uncertainty through hedging of both our wheat and foreign currency requirements.

FFM invested further in the expansion of two of its associates in China by contributing additional proportionate equity share capital and shareholders' loans.

Going forward, consumption of flour is expected to sustain, notwithstanding challenging conditions due to the disruptions caused by the pandemic. There are growth opportunities in institutional buyers and developing export markets.

Increasing capacity in Vietnam

Our 51%-subsidiary, VFM-Wilmar Flour Mills Limited, in Quang Ninh Province in northern Vietnam, is expanding its current 500 mt/day capacity to 1,000 mt/day by constructing a new 500 mt/day wheat flour mill at an estimated cost of USD19.7 million. The expected date of completion is in the third quarter of 2021.

Managing Director's Review

Livestock Farming

The pandemic had affected livestock farming as consumption of chicken dropped, resulting in lower demand for day-old-chicks ("DOC"), broilers and eggs. There was a glut in the industry production and a change in Singapore's food import policy, impacted the export of eggs to the city-state.

The Livestock division explored new markets, and created more selling channels by focusing on areas where there is a logistical advantage, offering more product varieties, and branding its products like pasteurised liquid eggs and washed eggs, to deal with industry challenges.

Looking ahead, while Malaysia's per capita poultry meat and egg consumption is historically among the highest in the world, assuring us of a solid recovery once the pandemic subsides, structural issues in the industry still persist. The livestock farming business landscape continues to be challenged by over-production, price controls during festive seasons and import of frozen chicken from neighbouring countries. Stringent Government and environmental regulations, and independent farmers joining contract farming schemes, also add pressure on the industry.

The division believes market sentiment to remain weak until the second quarter of 2021, although some recovery can be expected as the pandemic situation improves and the Government rolls out the Covid-19 vaccination programme.

FFM Farms' layer farm in Trong, Perak

Animal Feed Milling

The lower demand for poultry products affected the livestock farming business which led to lower feed sales. With the uncertain economic environment and weaker consumer demand, broiler producers were also either forced to downsize or delay expansion plans, limiting growth prospects for this segment of our business.

Nonetheless, we have benefited from the actions taken long before the pandemic began to reduce costs, particularly in actively sourcing for alternative lower cost feed ingredients, which has enabled us to remain profitable despite the challenging operating environment. As part of our strategy to mitigate the supply chain disruption risk, the division activated alternative sources of supply and maintained higher buffer stocks whenever possible.

Going forward, the industry landscape continues to consolidate as more farmers either downsize, enter into coordinated production partnerships, or contract farming schemes. These will lead to the continued contraction of the commercial feed market, and thus serious consequences for standalone independent feed suppliers. However, we remain cautiously optimistic that 2021 will be a better year as business and economic conditions recover.

Managing Director's Review

CONSUMER PRODUCTS SEGMENT

The Group's *Consumer Products* segment under FFM Marketing Sdn Bhd ("FMSB") is engaged in the marketing and distribution of fast-moving consumer goods ("FMCG") comprising both in-house and agency products. Our businesses during the year covered bakery goods, edible oils, chilled and frozen foods.

FMSB has 13 fully integrated marketing and distribution warehouses nationwide, with more than 300,000 sq ft of storage space and reaches more than 42,000 retailers in Malaysia.

Our bakery business produces the Massimo brand of products which are recognised for their quality, taste and consistency, and continue to enjoy strong consumer demand. We are committed to ensuring that our breads reach our customers through over 20,000 outlets nationwide, supported by our direct distribution capabilities.

During the year, FFM acquired from BRF Foods GmbH its 70% interest in FFM Further Processing Sdn Bhd which manufactures processed food, for a total consideration of RM31.5 million, making FFP a wholly-owned subsidiary of FFM.

NAVIGATING THE PANDEMIC

The *Consumer Products* segment faced higher operating costs across all our businesses as a result of increased logistical requirements, and additional expenses on health and safety SOPs. Raw material and logistics costs increased due to a production capacity shortfall in the market. The bakery business was unable to operate at full capacity during the initial MCO stage, as our workforce was reduced to meet physical distancing guidelines.

To manage the impact, this division had accelerated the adoption of e-commerce to widen the sales and distribution channels. Brand awareness activities continued through digital channels, and stock and production levels were adjusted in view of the shifting trends in consumer demand.

On a positive note, there was higher demand for packaged/canned products such as flour and frozen food, and basic bread products during the MCO period as consumers stocked up on necessities. This has indirectly created a new group of consumers for our in-house FMCG brands and we note that demand has continued to be encouraging after the MCO.

For the bakery business, a unique set of factors during most of 2020, had a positive effect on the business. This included lower return of goods, lower distribution costs due to lower fuel costs, and lower advertising expenses.

Gearing up to take on the challenges

The FFM Group will continue to execute its strategic objectives to enable us to garner greater market share and achieve our long-term goals. We will continue to build our own brands and actively pursue new business opportunities to complement our current distribution reach.

The Group will also work closely within the brands it already represents to ensure better integration of the products we can showcase to the food service sector in particular, to unlock more value. Revenue can also be improved further by taking on lifestyle-related products such as health and functional foods, nutraceuticals and pharmaceutical products.

The FMCG business activities will focus on expanding the market share of our own brand of products such as canned food, edible oils and frozen foods, diversify to the food service sector and tap on opportunities in the e-commerce space. In 2020, the Group launched the new Marina Pasta Sauce with Tuna range of canned food products.

Our bakery business introduced two new products, the inexpensive Massimo Primo Sandwich Bun and Massimo Favorito Lemon Krunch Cream Roll during the year, to cater to demand for more basic bread products. It will be responsive to market trends and continue to drive improvement in quality and efficiency, as we gear up to face an increasingly competitive market in 2021. The business will continue to be impacted in 2021 by higher demand for basic bread products compared to more premium priced items. However, together with the reduction in our production and distribution costs, and introduction of new product variants, we remain cautiously optimistic of a better year ahead.

Managing Director's Review

FILM EXHIBITION AND DISTRIBUTION SEGMENT

Golden Screen Cinemas Sdn Bhd ("GSC") continues to be the leading exhibitor in the local cinema industry with 33 locations showing movies on 339 screens in Malaysia. In Vietnam, the Group owns 40% stake in Galaxy Studio Joint Stock Company, which extends our income stream beyond Malaysian shores. Galaxy Studio is the third largest exhibitor in Vietnam, operating in 18 locations with 108 screens nationwide.

An Unprecedented Market Landscape

The Covid-19 pandemic has taken an unprecedented toll on the global and local film industry as cinemas were forced to shut for prolonged periods, and film releases were deferred or diverted to other distribution channels. Cinemas in Malaysia have struggled to recover as operators were unable to reliably predict the timing and duration of government-mandated movement restrictions.

Malaysia's box office collections fell by 85% to RM138 million in 2020 (2019: RM905 million), largely mirroring the revenue performance of the global film industry, which dropped by 71%. Cinema closures which resulted in major box office releases being delayed, diverted or simultaneously released to streaming services during the pandemic, will put further pressure on box office collections.

NAVIGATING THE PANDEMIC

For GSC, the various movement restrictions meant that we were only open for about six months throughout 2020, and physical distancing requirements reduced available capacity by 50%. We also incurred higher operating costs on stringent health and safety SOPs. To mitigate the impact and preserve cashflow, GSC cut all non-essential spending and stopped all capital expenditure. Other measures included furloughing of contract workers and negotiating for rental waivers and reductions.

We refocused efforts to reach customers and maintain brand awareness with our strong presence on social media. This included the development of a line of GSC-branded merchandise on **'Keepsake'**, our own e-commerce platform; delivery of fresh cinema concessions/snacks, and cuisine from Jin Gastrobar; and maintaining a presence in malls with F&B and merchandise booths.

Managing Director's Review

Outlook and Prospects

GSC is confident of the longer-term prospects of the industry notwithstanding the present operating environment, and continues to prepare for the eventual recovery. In line with the above, we entered into an agreement in February 2021 to acquire cinema assets from the former operators of the MBO cinema circuit. The asset acquisition is targeted to complete by end-June 2021 and we expect this acquisition to accelerate our recovery when the operating environment returns to normalcy.

Plans are also underway to increase local content in our programming mix to reduce reliance on major Hollywood releases by co-producing more local movies. This includes titles such as "*Air Force The Movie*", "*Rasuk*", "*Wayang Puaka*", "*3 Janda*", and "*Biko*" which are targeted to be released in 2021. We have also formed strategic partnerships to enhance the cinematic experience and make better use of our assets, and will introduce **'Happy Food Co'**, a new food and beverage café brand at selected GSC cinemas.

Looking ahead, the industry's recovery will depend largely on the control of Covid-19 cases and the vaccine programme rollout. With this in mind, we expect a gradual but sustained recovery to take place from the third quarter of 2021 as consumer sentiment improves, in tandem with an anticipated surge in 'revenge spending' due to pent-up demand. GSC will however continue to be prudent and ensure stringent cash flow management, and explore other revenue sources.

Getha Lux Suite in Aurum Theatre, The Gardens

Managing Director's Review

ENVIRONMENTAL ENGINEERING AND UTILITIES SEGMENT

Chemquest Sdn Bhd ("CQ") Group is a leading engineering group for the water and sewage sectors. The CQ Group's utilities and environmental engineering, and waste management businesses are primarily undertaken by wholly-owned CWM Group Sdn Bhd ("CWM"). The CQ Group's innovative solutions powered by advanced technologies and a capable management team have enabled it to successfully complete more than 140 water and sewage projects with a combined contract value of about RM3.3 billion.

Another wholly-owned subsidiary, Sitamas Environmental Systems Sdn Bhd, is a leading provider of solid waste collection and disposal services for the industrial and commercial sectors in the central and southern regions of Peninsular Malaysia, while CQ's 40% associate, Worldwide Landfills Sdn Bhd, is the concessionaire for sanitary landfills in Selangor.

In 2020, CQ Group completed a water project in Sarawak and built a sewage network pump station in Kuala Lumpur, with a total contract value of RM33 million. The Group has secured two additional water-related projects in Johor and Sarawak with a total contract value of RM110 million, bringing the total order book to RM410 million as at 31 December 2020.

Moving into 2021, we continue to strive to add value for our customers by improving operational efficiency, augmenting our own process design technologies, and enhancing our project management and construction teams to undertake sizeable projects including those in the infrastructure sector.

Lugouqiao Sewage Treatment Plant in Beijing, China

NAVIGATING THE PANDEMIC

The imposition of the MCO in March 2020 significantly slowed project activities across the board, largely due to the new SOPs and project site restrictions. The additional compliance resulted in additional costs for the Group but we are committed to ensure worker safety and do our part to help break the Covid-19 transmission.

As part of our strategy to future-proof our businesses and deliver more bottom-line impact in the future, management is looking into the use of new and advanced technologies to further increase automation to extract efficiencies from the construction process.

Looking Ahead

The Group's order book will sustain it in the near-term. Although the national vaccination programme would gradually reduce the pandemic risk, the outlook for replenishing our order book is affected by uncertainties arising from fiscal constraints faced by the Federal Government, which is the main source of construction sector projects.

CQ Group is committed to growing the business sustainably with focus on long-term, above average value creation. Towards that end, we continuously enhance our capability and embrace technology to create competitive advantages, employ prudent financial management to bid competitively, and cultivate strong strategic partnerships to unlock new contract opportunities. Our industry focus remains in the water, sewage, flood mitigation and infrastructure sectors, both locally as well as regionally.

Managing Director's Review

PROPERTY SEGMENT

The Group's property segment is an established component of our business portfolio. Our long-term goal for the Property division is to uphold our reputation as a reliable, people-centric and community-driven developer which contributes, improves, and adds value to the local community and neighbourhood.

Our investment properties in Kuala Lumpur are the Cheras Leisure Mall and Cheras Plaza, and in Penang, the Group owns New World Park and The Whiteways Arcade. Our latest development is Megah Rise in Taman Megah, Petaling Jaya. This mixed-development project comprises 228 condominium units and a retail podium slated for completion in the second quarter of 2022. The Property segment also has a property management business with two properties in its portfolio—the Southern Marina Residences in Johor, and a nature-inspired retail mall, The Linc in Kuala Lumpur.

NAVIGATING THE PANDEMIC

The Group strives to continue innovating and staying abreast of current property industry trends. As part of efforts to enhance our business operations, the property activities were rebranded as PPB Properties in the fourth quarter of 2020 to strengthen its identity as a reliable property developer and property manager.

The weakened domestic and worldwide economies remain the main challenge for this segment. Although the soft property market sentiment and closed borders continue to dampen property sales, we will ride out this down-cycle with tactical marketing plans to engage with prospective buyers locally and internationally.

We take a proactive approach to sustain and grow our retail leasing business with the introduction of online shopping platforms to support tenants and increase shoppers' confidence.

Outlook and Prospects

We foresee that 2021 will continue to be challenging with the travel restrictions and decreased foot traffic at retail malls.

The primary focus for 2021 is to complete the Megah Rise construction. Management is also reviewing the proposed development of an 87-acre landed residential project in Bedong, Kedah; and the remaining phases of Taman Tanah Aman in Bukit Tengah, Seberang Perai, Penang.

The Group will continue to ensure our customer service standards remain high and deliver quality properties on time and within budget. About RM6.95 million of capital expenditure has been budgeted to upgrade and refurbish the investment properties to improve their value and rental yields.

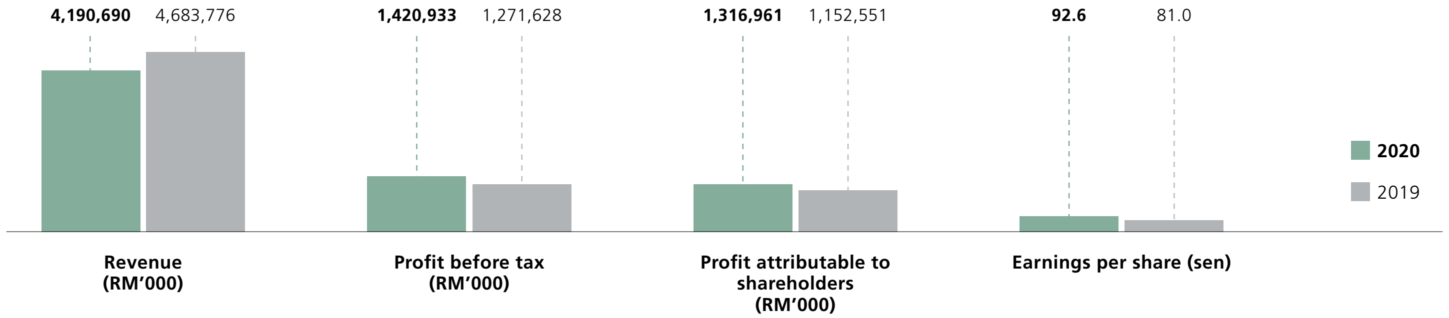
In the long term, the Group plans to acquire more strategic land banks, and develop commercial and residential properties with larger built-up areas and increased space functionality.

Megah Rise development in Taman Megah, Petaling Jaya

Managing Director's Review

Financial Review

Group financial performance



The Group achieved total revenue of RM4.19 billion, 11% lower than FY2019. This was mainly attributable to lower revenue from the *Film exhibition and distribution* segment. Group pre-tax profit was higher by 12% to RM1.42 billion for FY2020 (FY2019: RM1.27 billion), mainly due to higher contribution from Wilmar at RM1.24 billion (FY2019: RM960 million). Profit attributable to owners of the parent amounted to RM1.32 billion, and earnings per share was 14.3% higher at 92.6 sen (FY2019: 81.0 sen).

Financial performance by business segments

Grains and agribusiness

	2020	2019
Segment revenue (RM'000)	3,291,130	3,304,147
Segment profit (RM'000)	271,682	213,010

Segment revenue remained relatively unchanged at RM3.29 billion (FY2019: RM3.30 billion). Segment profit increased by 28% to RM272 million (FY2019: RM213 million) mainly attributable to lower raw material costs and higher share of profit from associates.

Consumer products

	2020	2019
Segment revenue (RM'000)	628,275	627,440
Segment profit (RM'000)	31,548	647

Segment revenue was relatively unchanged at RM628 million (FY2019: RM627 million). Segment profit was higher at RM32 million (FY2019: RM647,000). The increase was mainly attributable to a one-off gain of RM21 million on step-acquisition of an associate and better performance at the bakery division.

Film exhibition and distribution

	2020	2019
Segment revenue (RM'000)	114,255	556,127
Segment (loss)/profit (RM'000)	(135,598)	66,838

Segment revenue was lower at RM114 million (FY2019: RM556 million). The segment recorded a loss of RM136 million (FY2019: profit of RM67 million). Segment results were significantly impacted by reduced admissions, intermittent closure of cinemas and deferment of movie titles during the year.

Environmental engineering and utilities

	2020	2019
Segment revenue (RM'000)	189,543	194,839
Segment profit (RM'000)	14,382	11,272

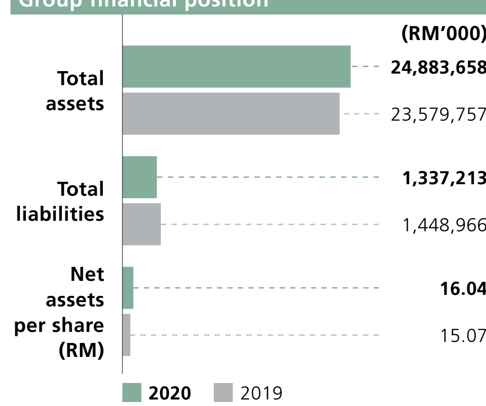
Segment revenue was lower by 3% at RM190 million (FY2019: RM195 million). Segment profit was 28% higher at RM14 million (FY2019: RM11 million), mainly attributable to share of profit from joint venture (a one-time impairment of RM8.9 million of an overseas joint venture was made in FY2019). Excluding that, segment performance was affected by slower project activities.

Property

	2020	2019
Segment revenue (RM'000)	67,046	64,635
Segment profit (RM'000)	3,940	13,891

Segment revenue and profit was at RM67 million (FY2019: RM65 million) and RM4 million (FY2019: RM14 million) respectively. The lower segment profit was mainly due to lower rental income and the absence of a one-time gain on disposal of property of RM4.7 million recorded in FY2019.

Group financial position



The Group's total assets increased by 5.5% to RM24.9 billion as at 31 December 2020. This was mainly attributable to the increase in share of net assets in Wilmar. Group total liabilities decreased by 7.7% to RM1.34 billion as at 31 December 2020. The decrease was mainly due to a decrease in trade and other payables by RM280 million to RM368 million, partially offset by an increase in borrowings by RM120 million to RM481 million.

Net assets per share stood at RM16.04 as at 31 December 2020.

Managing Director's Review

Group cash and cash equivalents

Group cash and cash equivalents remained strong at

RM1.42 billion
(FY2019: RM1.50 billion)

Group bank borrowings

Group bank borrowings increased by RM120 million to RM481 million as at 31 December 2020. About 94% of the Group's bank borrowings were trade finance facilities.

99% of the Group's bank borrowings are unsecured and bear variable interest rates.

84% or RM405 million are foreign currency denominated working capital loans for the foreign operations of the *Grains and Agribusiness* segment; these are mainly in Indonesian Rupiah, Vietnamese Dong and United States Dollars.

Group capital expenditure

The Group incurred total capital expenditure of RM109 million in FY2020.

Major areas of spend are as follows:

RM52 million in the *Grains and agribusiness* segment, mainly for the construction of new flour milling plants and upgrading of the flour and feed milling plants;

RM22 million in the *Film exhibition and distribution* segment for the opening of new cinemas, upgrading of existing cinemas and acquisition of film rights;

RM18 million in the *Property* segment, mainly for the construction of investment properties; and

RM15 million in the *Consumer products* segment, mainly for the construction of a frozen food production factory.

Managing Director's Review

ANALYSIS OF THE GROUP'S TOP RISKS

With the multitude of challenges in our various businesses, the identification and management of risks is important to ensure business sustainability. For a conglomerate like PPB Group, minimal disruption to the value creation process for stakeholders is imperative. The Group has identified the following top five risks that must be managed to ensure its continued long-term success:

- **Reliance on certain income streams**
  PPB Group is a conglomerate that also has an 18.6% stake in Wilmar. It currently relies to a large extent on contributions from Wilmar and FFM Group to meet one of its key objectives, which is to reward shareholders with sustainable and consistent dividends. The Group therefore invests in and expands its other business segments both domestically and overseas, while continually looking for investment opportunities to diversify its portfolio.

- **Compliance with regulatory requirements**
  PPB Group places high priority on compliance with relevant regulatory requirements. As such, the Group endeavours to create awareness and equip employees through relevant training and engagement of external advisers or consultants for advice on compliance matters.

- **Health and safety hazards**
  The nature of certain business segments in the Group may expose our employees to health and safety hazards. To foster a safe and healthy work environment, we take a range of actions including safety awareness and training sessions for employees and other stakeholders, the formation of OSHA committees and stringent enforcement of OSHA requirements.

- **Foreign exchange risk**
  The fluctuation of the Ringgit has presented challenges to PPB Group as most of the raw materials for the food processing and manufacturing segments, film rights purchases and overseas investments are denominated in foreign currencies. The Group monitors currency fluctuations closely and hedges part of its exposure; it also has a natural hedge in view that some of its income is generated in foreign currencies.

- **Fluctuation of commodity prices**
  Some of the raw materials used in the Group's production are traded in the commodities market, which is exposed to price fluctuation risk. Changes in consumer demand, extreme weather change, and unforeseen events are amongst some circumstances that can influence commodity prices. It is critical to secure raw materials at favourable prices for the Group to remain competitive and profitable. The Group closely monitors commodity price movements and hedges its exposure.

GROUP OUTLOOK & PROSPECTS FOR 2021

The Malaysian economy recorded negative growth of 3.4% in the fourth quarter of 2020, as economic recovery was affected by a resurgence in Covid-19 cases and the introduction of targeted containment measures in several states. Overall performance of the year was a negative of 5.6% following global restraint orders and border closures.

For 2021, we believe that the impact will be less severe than in 2020, although we expect near term growth to be affected by the re-introduction of stricter containment measures. The growth trajectory is projected to improve from the second quarter, driven by improvement in global demand, turnaround in public and private sector expenditure amidst continuing support from policy measures, and higher production in the manufacturing and mining sectors. The Covid-19 vaccine rollout from February 2021 is also expected to lift sentiment and dampen the spread of the virus.

The *Grains and Agribusiness* segment is expected to weather the volatile commodities market. The segment, which produces and distributes staple food items, is expected to perform satisfactorily, riding on its strong technical competency, extensive marketing and distribution network as well as in-depth procurement experience. The *Consumer Products* segment is expected to perform satisfactorily as the Group endeavours to expand sales into the food service channel and e-commerce marketplace.

The *Film Exhibition and Distribution* segment performance will be weighed down by intermittent cinema closures, reduced seating capacity, and possible deferment of major movie title releases. Management is confident that this sector will recover as Covid-19 cases are brought under control.

The *Environmental engineering and Utilities* segment will continue to focus on replenishing its order book and exploring new project opportunities. Performance of the *Property* segment remains challenging, both in the area of investment properties and property development. Management will continue to work on various initiatives to improve footfall in our malls as well as to increase sales of our development properties. Wilmar's performance will continue to contribute substantially to the overall profitability of the Group.

25 March 2021

Group Financial Highlights

		2020 RM Million	2019 RM Million	Change %
INCOME STATEMENT				
Revenue		**4,191**	4,684	(10.5)
Profit before taxation		**1,421**	1,272	11.7
Profit after taxation		**1,363**	1,199	13.7
Profit attributable to owners of the parent		**1,317**	1,153	14.2
STATEMENT OF FINANCIAL POSITION				
Equity attributable to owners of the parent		**22,818**	21,435	6.5
Total equity		**23,546**	22,131	6.4
RATIOS				
Return on equity attributable to owners of the parent	(%)	**5.77**	5.38	
Earnings per share	(sen)	**92.57**	81.02	
Debt to equity ratio	(times)	**0.02**	0.02	
Net assets per share	(RM)	**16.04**	15.07	
Dividend per share	(sen)	**46.00**	31.00	
Share price - 31 December	(RM)	**18.52**	18.84	

5-Year Group Financial Statistics

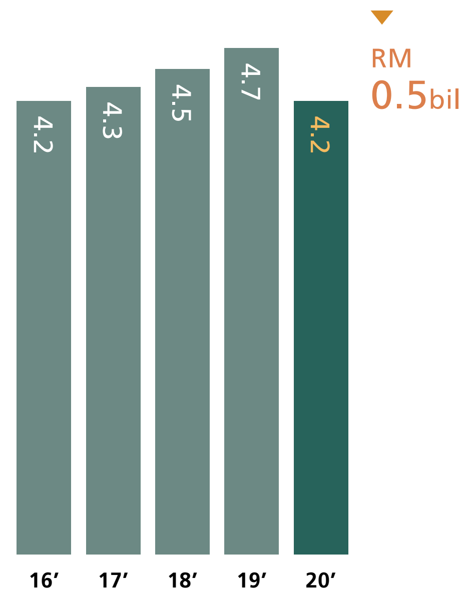
Year ended 31 December		2020	2019	2018	2017	2016
Revenue	RM Million	**4,191**	4,684	4,528	4,284	4,186
Share of results of associates	RM Million	**1,343**	1,040	920	1,032	830
Profit before taxation	RM Million	**1,421**	1,272	1,168	1,271	1,211
Profit for the year	RM Million	**1,363**	1,199	1,103	1,217	1,107
Dividend for the financial year	RM Million	**654**	441	398	356	296
Issued and paid up share capital	RM Million	**1,429**	1,429	1,429	1,192	1,186
Equity attributable to owners of the parent	RM Million	**22,818**	21,435	21,040	20,680	20,973
Total assets	RM Million	**24,884**	23,580	23,245	22,939	22,703
Total borrowings	RM Million	**481**	361	489	781	528
Earnings per share	Sen	**92.57**	81.02	75.57	83.20	73.46

FTSE BURSA KLCI QUOTES						
31 December closing price	RM	**18.52**	18.84	17.58	14.37	13.22
No. of shareholders		**9,080**	8,989	9,025	8,821	9,073

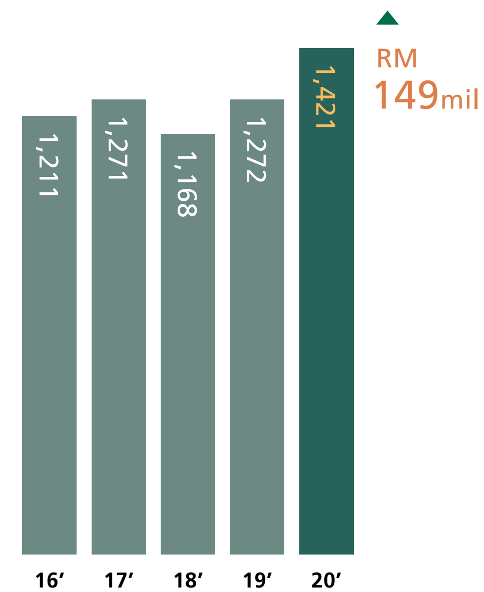
5-Year Group Financial Statistics

5-YEAR STATISTICS HIGHLIGHTS

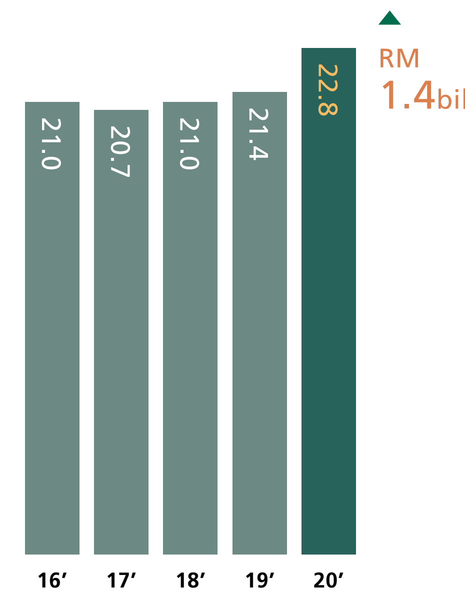
Revenue (*RM Billion*)



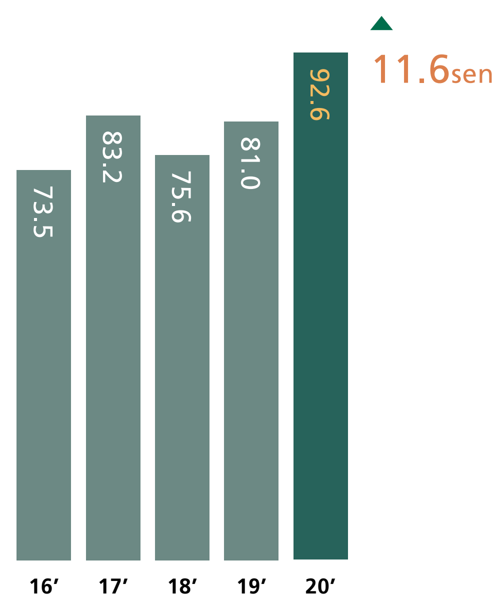
Profit before taxation (*RM Million*)



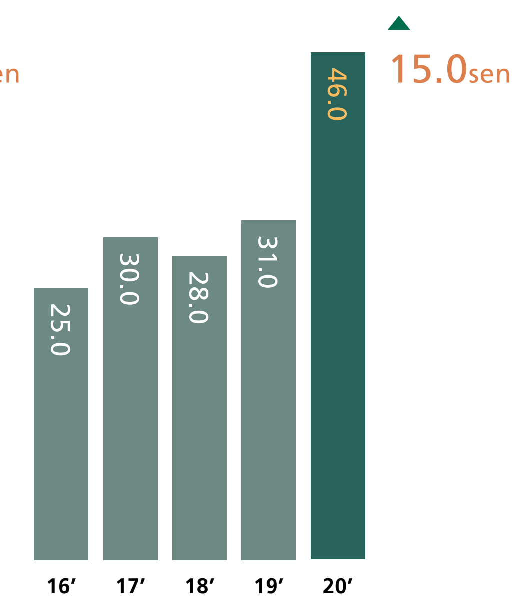
Equity attributable to owners of the parent (*RM Billion*)



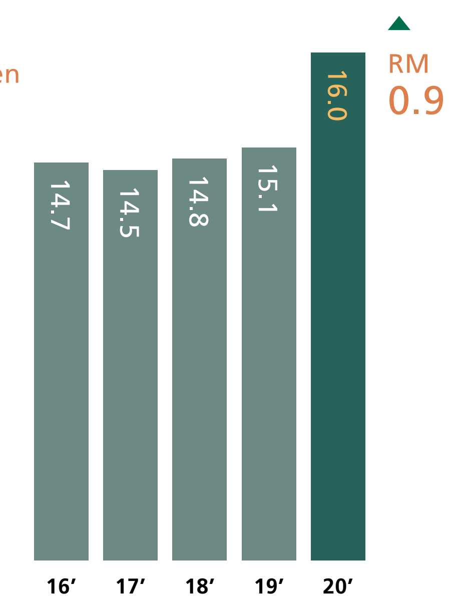
Earnings per share (*Sen*)



Dividend per share (*Sen*)



Net assets per share (*RM*)



Sustainability Statement

RESPONDING TO THE COVID-19 PANDEMIC

The Covid-19 outbreak was declared a pandemic by the World Health Organisation in March 2020 and the Malaysian government imposed a nationwide lockdown known as the Movement Control Order (MCO) to prevent the spread of the disease. As infections continued to fluctuate, varying degrees of the restrictions were enforced for the remainder of 2020.

The disruptions from the pandemic and prolonged MCO have caused unprecedented challenges to the economy, businesses and the community.

Two of our business segments were severely impacted by the pandemic disruptions. The impact was felt most by our film exhibition and distribution segment, which saw its cinemas closed for more than 6 months nationwide as mandated by the authorities. As a result, the segment had to temporarily furlough its contract workers. Permanent workers were not affected and continued to undergo training whilst working from home during the MCO. The segment had also exited five of its cinema sites, which leases ended in the reporting year in order to consolidate its position with upcoming new sites. All full-time employees from these sites were absorbed by its other cinemas. During the closure, the segment continued to engage its customers on social media platforms and offered its cinema snacks via GrabFood. A GSC Facebook post "Hello. Cannot." made in response to questions on cinema standard operating procedures (SOPs) resonated with many Malaysians, which lead to the offering of t-shirts with the popular "Hello. Cannot." tagline. This provided an opening to start a series of merchandise, as well as accelerated the launch of GSC's own e-commerce platform, Keepsake, which offers branded and movie-related collectibles.

Shopping malls saw significantly reduced foot traffic during the same period and our property division provided support to its tenants by offering rental reliefs and rental rebates to tenants who were prohibited to operate. The division additionally offered its tenants the flexibility to operate shorter hours to lower their operation cost, as well as allocated a designated pick-up point for customers to facilitate tenants who also operate their business online during the MCO.

Prior to the onset of the pandemic, the Group embarked on a Business Continuity Management (BCM) programme, which is being rolled out in phases. This programme equips the organisation with planning and execution capabilities to respond and continue to operate critical business functions across a wide range of interruptions arising from both internal and external events. One of the components of BCM is Business Continuity Plan, under which the Group has started practicing buffer stocks maintenance, alternate suppliers planning, ensuring technology readiness at all times, as well as drawing up emergency response plans for various scenarios, one of them being a pandemic outbreak involving segregation of work teams. As such, at the announcement of the MCO, we were able to respond quickly and switch to remote working efficiently, with minimal disruption to both the workplace and supply chain.

Ensuring the well-being of our people has always been one of our key priorities and the Group implemented stringent health and safety measures alongside the official standard operating procedures (SOPs) from the Ministry of Health to ensure the protection of our employees - please also see our 2020 Overview on Group Human Capital Management under the Working Environment section. Similar health and safety measures were also set up to protect the safety and wellbeing of our customers and other stakeholders, where enhanced cleaning and disinfection, and provision of sanitisers became part of the new norm.

Vulnerable communities and the frontline workers were not forgotten and the Group supported these communities with personal protective equipment (PPE) and other product contributions amounting to RM2.6 million – please see the Community Investment section.

(Note: The pandemic's impact on workplace and marketplace engagements is covered under this Sustainability Statement whilst the impact on the Group's businesses is captured in the Managing Director's Review.)

AS A DIVERSIFIED CONGLOMERATE, PPB GROUP BERHAD ("PPB") ASPIRES TO ACHIEVE EXCELLENCE IN SUSTAINABILITY BY INTEGRATING SUSTAINABLE PRACTICES INTO ITS BUSINESS ACTIVITIES IN LINE WITH THE GROUP'S VISION AND CORE VALUES.

The PPB Board ("the Board") has oversight responsibility to deliver sustainable value to stakeholders through the principles, policies, objectives and strategies of PPB and its subsidiaries in Malaysia ("the Group"). To assist the Board in fulfilling its responsibilities, a Sustainability Steering Committee ("SSC") was formed in 2017. The SSC is chaired by Mr Lim Soon Huat, PPB's Managing Director and comprises PPB's Head of Corporate Affairs as Group Chief Sustainability Officer, PPB's Department Heads and the Sustainability Officers from across the business segments.

The SSC which meets and reports twice yearly to the Board, is responsible for:

Developing and driving the implementation of sustainability policies and strategies, plans and project budgets	Identifying, communicating and promoting best sustainability practices in the Group	Reviewing and reporting on progress against sustainability strategies, targets, plans and budgets	Developing an annual Sustainability Statement

About this statement

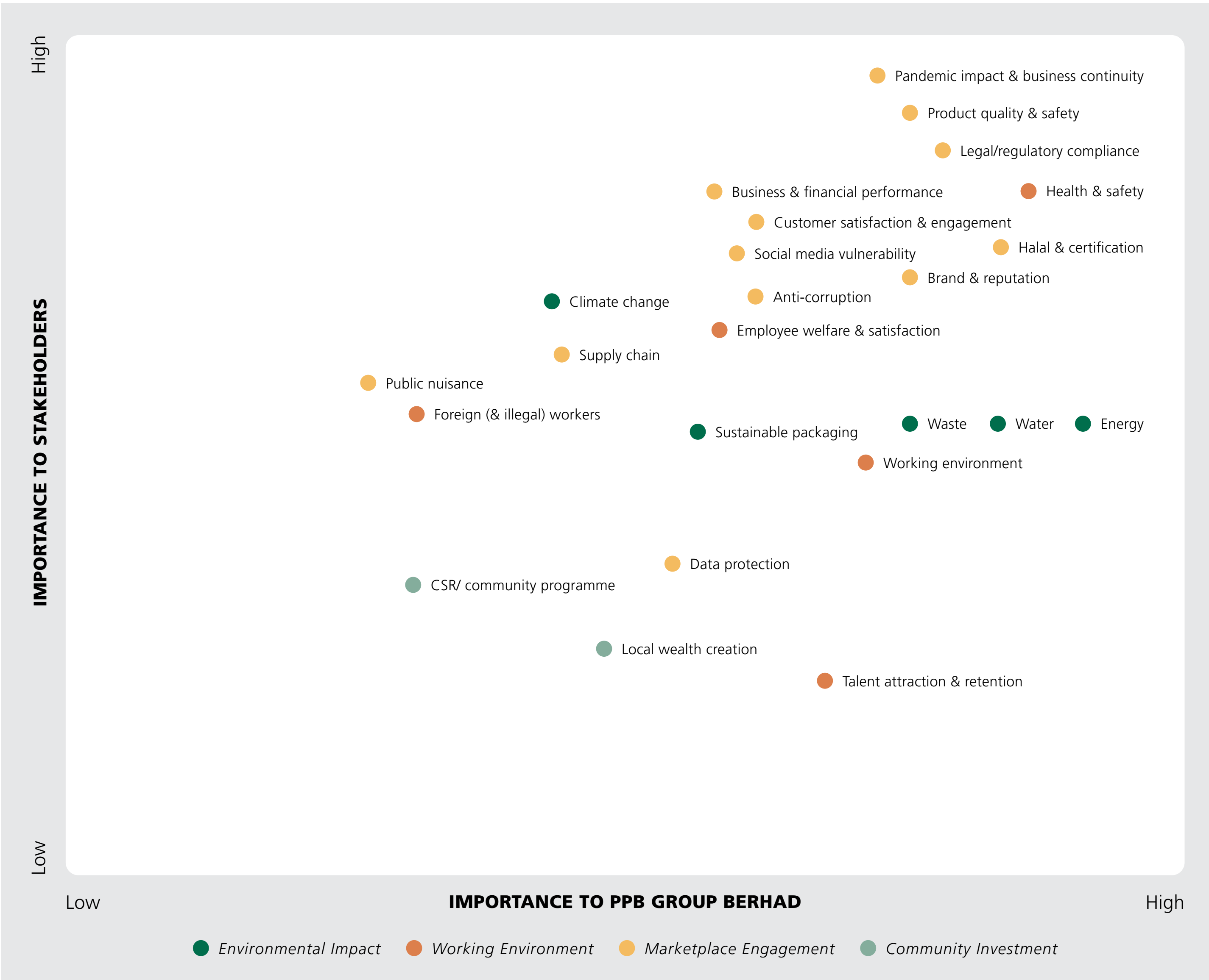
This is our fifth Sustainability Statement based on the Bursa Malaysia Securities Berhad listing requirements and sustainability parameters aligned to international reporting guidelines and frameworks, such as the Global Reporting Initiative (GRI).

We started on our reporting journey in 2016 with a Board approved consolidated matrix of issues relating to the activities of the Group. To ensure that new developments within our businesses are taken into consideration, as well as to reflect wider changes to the sustainability agenda, we undertook another benchmark study and materiality assessment in 2019 for our key business divisions – flour and animal feed milling, cinemas, and bakery - to further improve on industry-related disclosures and performance. An updated materiality matrix with 23 prioritised issues approved by the Board forms the basis of an agreed set of key performance indicators that will be used for reporting on our sustainability performance.

For 2020, we have added to our Group Materiality Matrix the material issue "Pandemic impact and business continuity" which covers Covid-19 and its impact on business continuity. This refers largely to our marketplace engagement but also has reference to both our working environment and community investment pillars.

Sustainability Statement

Group Materiality Matrix



Our Sustainability Statement describes our performance based on key non-financial metrics, highlights areas where our sustainability management and processes can be strengthened and provides a basis for us to continually improve our reporting to better meet our stakeholders' expectations.

Sustainability Statement

The Group is committed to focusing on the most material challenges identified and achieving set targets. An overview of our achievements and progress for 2020, as well as our targets for 2021, are presented below:

2020 Achievements and Progress

Group

- Commenced implementation of Group's Human Rights Policy in our supply chain.
- Implemented a Group Anti-Bribery and Corruption Framework and Policy.
- Zero fatalities* in all business divisions.

Grains & Agribusiness

- Feed & flour milling: Energy use intensity target was not achieved. Basis of measurement to be reviewed for more efficient tracking of energy usage.
- Johor Bahru Flour Mill Sdn Bhd in Kota Kinabalu is the last of our mills to be FSSC22000 certified. Due to the pandemic, its application for certification has been postponed to 2022.
- Breeder farm: Energy use intensity target of at least 16.21 parent stock/kWh was not met due to higher parent stock losses and lower parent stock intake to optimise parent stock performance, while water use intensity target to achieve at least 725 parent stock/m^3 was not met due to leakages which have since been fixed.
- Layer farm**: Energy use intensity target of at least 69.96 commercial layers/kWh was achieved, while water use intensity target of at least 3,430 commercial layers/m^3 was not met due to leakages which have since been fixed.
- Livestock farming: Conversion of all applicable chicken houses from fluorescent to energy-saving LED bulbs will be achieved when the fluorescent lamps in the remaining sections are replaced by Q2 2021.

Film Exhibition & Distribution

- As the cinemas were closed for more than half the reporting year, measurement of energy use intensity by screen was no longer an accurate reflection of energy usage. Therefore, the measurement has been revised to kWh/show to be more reflective of the cinema business environment in 2020 - please see "Cinemas division" on page 42.
- To continue progressively converting its cinemas to full LED lights.
- Achieved target to obtain HACCP certification for 7 cinema concessions.
- Established food product traceability list for items prepared in-house for cinema concessions.
- Converted the majority of its cinema concessions' plastic packaging to biodegradable options.

Property

- Achieved energy and water use intensities of 6.8 kWh psf (exceeding target of 7.28 kWh psf by 6.9%) and 0.32 m^3 psf respectively for all buildings under management and office spaces.
- The Group's oil palm entities have been certified MS2530-3:2013 by the Malaysian Sustainable Palm Oil in April 2020.

* *Covers all fatalities (employees and non-employees) which occurs on the divisions' premises.*
** *Targets for layer farm's energy and water use intensities were restated in April 2020 due to a data error.*

Sustainability Statement

ALL SEGMENTS	
2021 TARGETS	**Material Issues**
Zero fatalities* in all business divisions.	• Pandemic impact & business continuity • Health & safety • Working environment • Employee welfare & satisfaction

GRAINS & AGRIBUSINESS	
2021 TARGETS	**Material Issues**
Flour & animal feed milling division Energy use intensity (short-term reduction targets) - Flour mills: reduce energy use intensity in kWh/MT Wheat by 5% by 2025 based on 2020 baseline figures. - Feed mills: reduce energy use intensity in kWh/MT Feed by 5% by 2025 based on 2020 baseline figures.	• Pandemic impact & business continuity • Climate change • Energy
Carbon emissions (short- & long-term reduction targets) Feed & flour mills: - Short term: reduce 3% GHG by 2025 based on 2020 baseline figures. - Long term: reduce 5% GHG by 2031 based on 2020 baseline figures.	• Pandemic impact & business continuity • Climate change • Energy
Livestock farming division Breeder farms Energy and water use intensity to achieve at least 15.41 parent stock/kWh and at least 709 parent stock/m^3 respectively.	• Pandemic impact & business continuity • Climate change • Energy
Layer farm Energy and water use intensity to achieve at least 69.96 commercial layers/kWh and at least 3,430 commercial layers/m^3 respectively.	• Pandemic impact & business continuity • Climate change • Energy

FILM EXHIBITION & DISTRIBUTION	
2021 TARGETS	**Material Issues**
Cinemas division Energy use intensity to not exceed 55 kWh/show.	• Pandemic impact & business continuity • Climate change • Energy
Implement Annual Vendor Performance Evaluation.	• Product quality & safety • Supply chain • Brand & reputation

PROPERTY	
2021 TARGETS	**Material Issues**
Energy and water use intensities to not exceed 6.8 kWh psf and 0.32 m^3 respectively for all buildings under management and office spaces.	• Pandemic impact & business continuity • Climate change • Energy

** Covers all fatalities (employees and non-employees) which occurs on the divisions' premises.*
Note: Energy & water use intensities are calculated by dividing absolute use over an organisation-specific metric.

Sustainability Statement

SCOPE OF REPORT

Our sustainability reporting covers only our Malaysian operations from our main segments:

- Grains & Agribusiness
- Consumer Products
- Film Exhibition & Distribution
- Environmental Engineering & Utilities
- Property

Products Manufacturing Sdn Bhd ("PM"), our contract manufacturing entity, ceased[i] operations in November 2020. Our reporting on PM will only cover up to the same period and the entity will be excluded from our next report.

In June 2020, FFM Berhad ("FFM") acquired from BRF Foods GMBH its entire 70% shareholding in FFM Further Processing Sdn Bhd ("FFP"), a manufacturer of processed food. Following the acquisition, FFP is now a wholly owned subsidiary of FFM. FFP has been excluded from this reporting but will be included in our next report when their data is more complete and robust.

In the following sections, we report on our performance in greater detail based on the four pillars of our approach to sustainability - environmental impact, working environment, marketplace engagement and community investment.

Sustainability Statement

ENVIRONMENTAL IMPACT

We recognise the importance of environmental protection for the long-term sustainability of our business. Our latest materiality assessment in 2019 showed that the most immediate issues within our own operations continue to relate to resource use and the impact of this use – particularly energy and water, and the waste generated from our operations. We mainly operate in industrialised zones and urban areas, primarily in the Klang Valley, Malaysia, have had no conversion[ii] of category of land use for land to "agriculture" in more than 5 years and our activities have relatively little direct impact on biodiversity, as there are no adjacent critical biodiversity ecosystems. Our most significant action points therefore target the reduction of our climate impacts through minimising our carbon footprint and energy consumption, reducing our water impact and improving waste management.

CARBON FOOTPRINT AND ENERGY CONSUMPTION

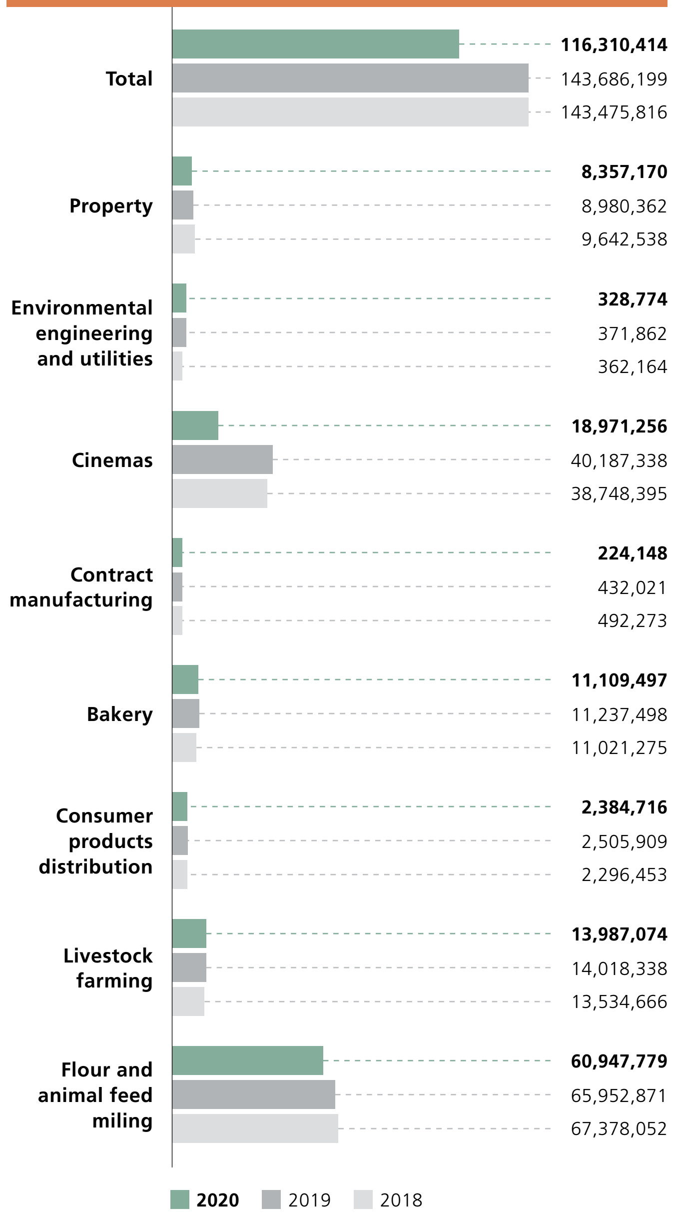
We recognise climate change to be a relevant risk to our businesses in particular to our flour and animal feed milling division where a shortage of supply of raw materials could result in not only higher costs but also in possible supply chain disruption. To mitigate the risks associated with changing weather patterns and the impact on crops, we have in place alternative sources of raw materials.

As far as our own footprint is concerned, we have identified electricity consumption as the largest source of carbon emissions by the Group and we are committed to managing and reducing our energy usage, as well as to lowering the impact of our operations on climate change.

As a first step to address our impact on climate change, we commissioned a carbon footprint assessment in 2017 of our most energy-consuming divisions – flour and animal feed milling, and cinemas – which helped establish a baseline for future reporting. In 2018, we commissioned and completed an energy audit/reduction plan for all our flour and animal feed mills, and four of our cinemas in the Klang Valley, which is representative of cinema types in the GSC circuit. In 2019, we implemented the recommendations where applicable and practicable. We continue to monitor conservation of energy and reduction of carbon footprints of these same divisions, as well as, to map our energy use across all business divisions.

Energy usage in kWh by business unit

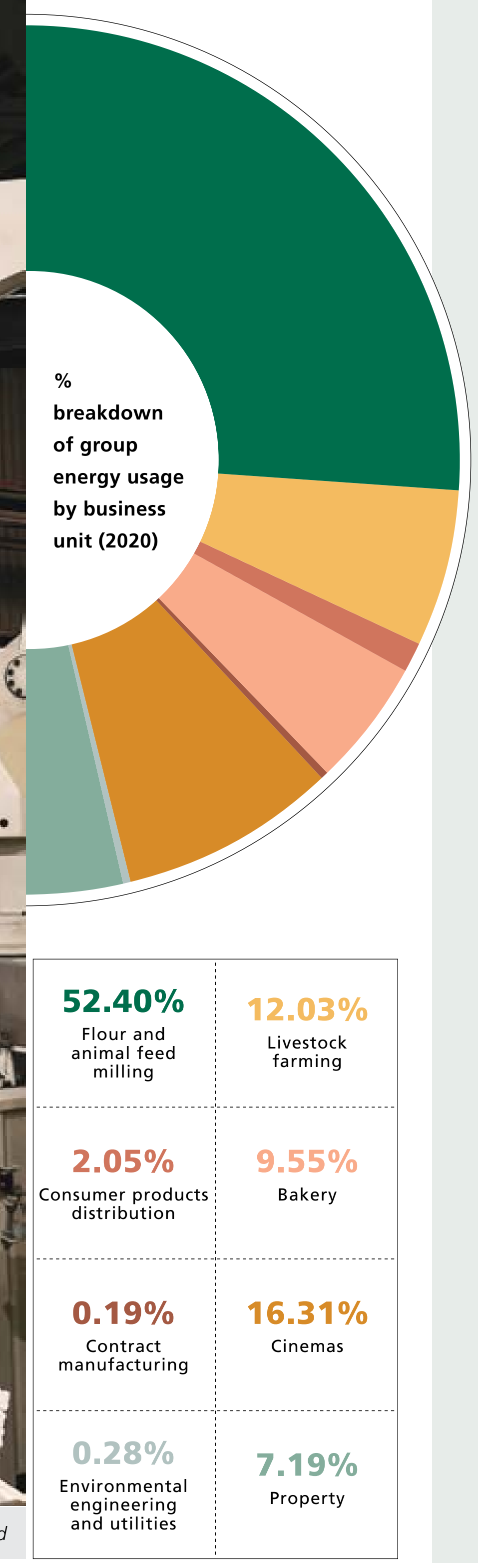
2018-2020



Notes:

1. *Energy usage does not include PPB Head Office or operations outside Malaysia.*
2. *Energy use reporting for Contract Manufacturing is only up to end November 2020.*

Automated palletising of animal feed



Sustainability Statement

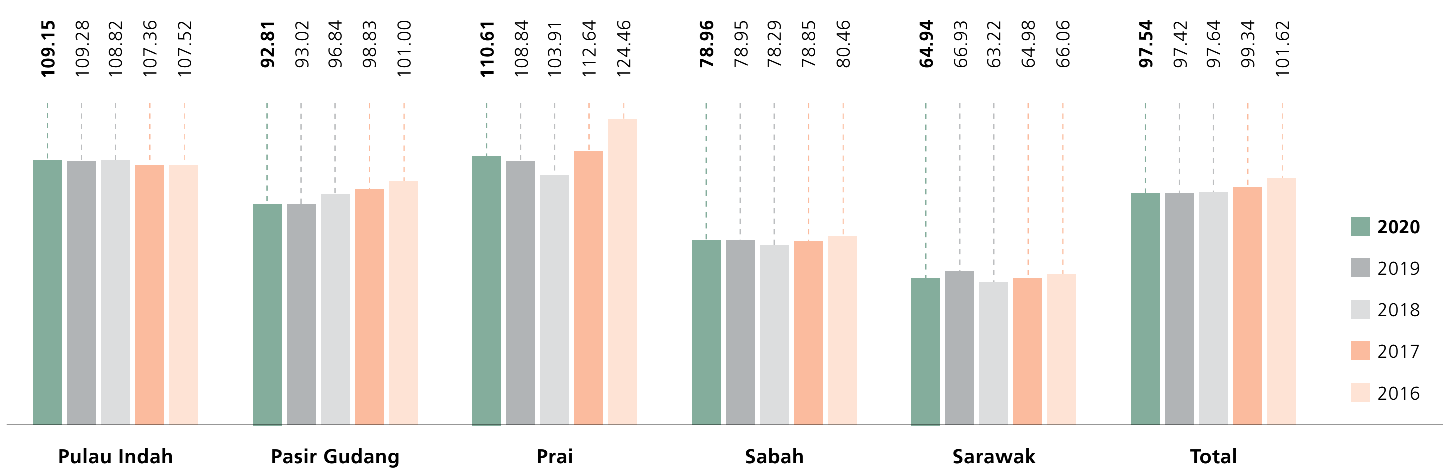
Flour and animal feed milling

Milling is an energy-intensive activity and our flour and animal feed milling division accounted for almost 52.4% of total Group energy usage in 2020. We strive to achieve optimum mill energy efficiency and energy use intensity in this division, which is measured in kilowatt-hours per tonne of milled product (kWh/MT).

Total energy usage in 2020 for the division reduced by 7.6% compared to 2019 due to lower production volume. Accordingly, the energy use intensity of flour and feed milling operations increased slightly by 0.125% and 1.788% respectively. For flour milling operations, the increase in energy use intensity was mainly contributed by Prai flour mill as shown below.

Flour energy use intensity in kWh/tonne by mill

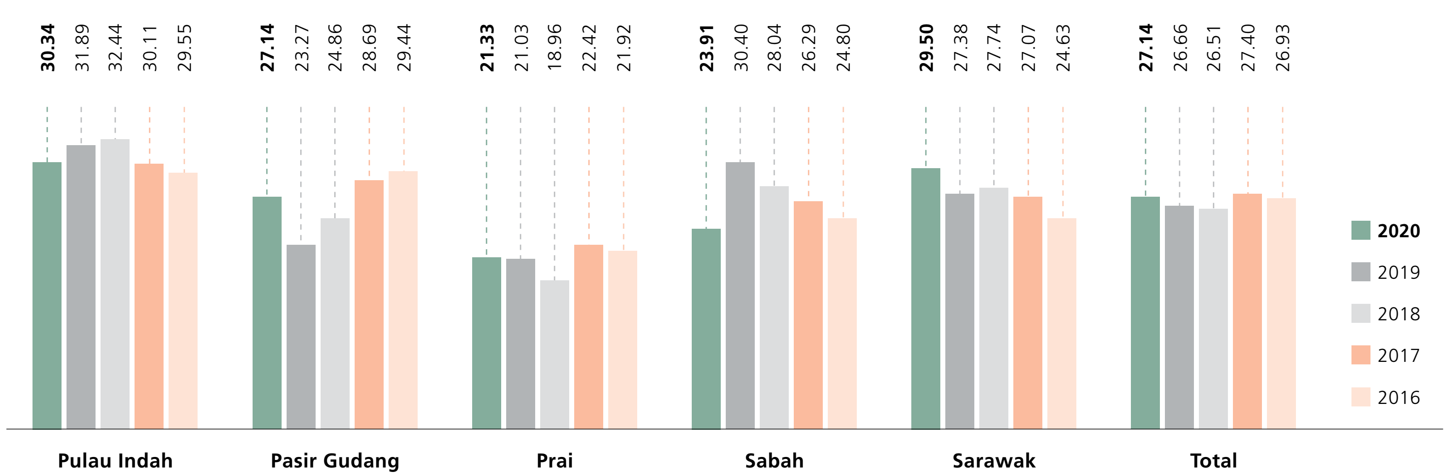
2016-2020 (Malaysian operations only)



In the case of feed milling operations, both the feed mills in Pasir Gudang and Sarawak have shown increases of 16.6% and 7.7% respectively in energy use intensity. For Pasir Gudang, the increase is due to a drop in production volume in 2020, hence lowering the mill's overall energy efficiency. Conversely, for the Sarawak feed mill which is relatively old, the increase in energy intensity is due to higher production volume and increased hours of operation in second half of 2020.

Feed energy use intensity in kWh/tonne by mill

2016-2020 (Malaysian operations only)



Note:
Drop of 21.3% in energy use intensity at Sabah's feed milling operations in 2020 is due to a change in the method of calculation based on improvement made in operational boundary settings.

Sustainability Statement

Initiatives established by the division to conserve energy and mitigate the impact of its energy usage include preventive maintenance, conversion to energy-saving LED lights, installing solar panels for street lighting and other spaces, energy-efficient start-up procedures for main motors, replacing old roller mills with those of higher capacity but lower energy consumption, installation of inverters and soft starter system to large-power equipment, and continuous campaign to create awareness and educate employees on energy-saving habits.

Flour and animal feed milling - greenhouse gas (GHG) emissions

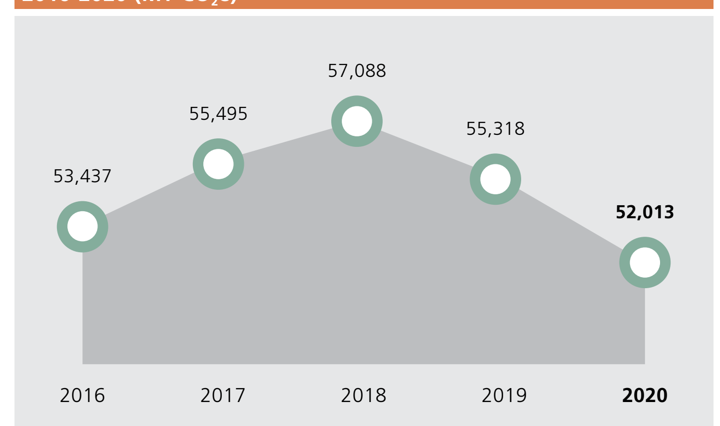
As part of our materiality assessment and sustainability roadmap, we identified carbon emissions from our flour and animal feed milling as a priority area for the Group. We completed a carbon assessment (Scopes 1 and 2) of our Malaysian operations in 2017, and added Scope 3 (land and air travel by employees) to our emissions reporting for the division in 2018.

The carbon calculations were undertaken on a gate-to-gate basis. This means they exclude emissions from all external sources attributed to the production and transport of raw materials into the division's operational sites, the transport of products out of the sites, as well as emissions from downstream processing and consumption.

Overall, there has been a decrease of 5.97% in total GHG emissions between 2019 and 2020. This data is consistent with the corresponding drop in energy usage due to lower production volume.

Total GHG emissions

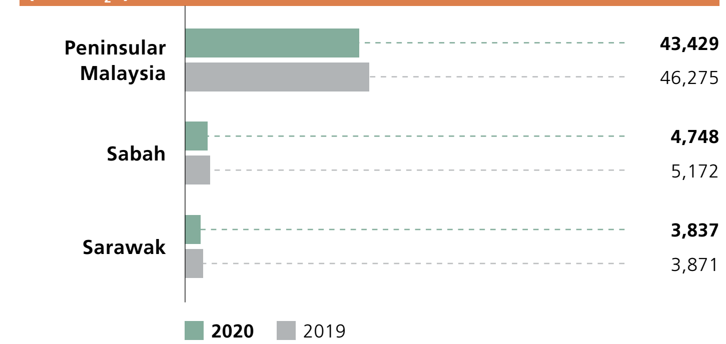
2016-2020 (MT CO_2e)



For 2020, the division's operations in Peninsular Malaysia, Sabah and Sarawak have shown reduction in emissions of 6.15%, 8.20% and 0.90% respectively.

Total emissions

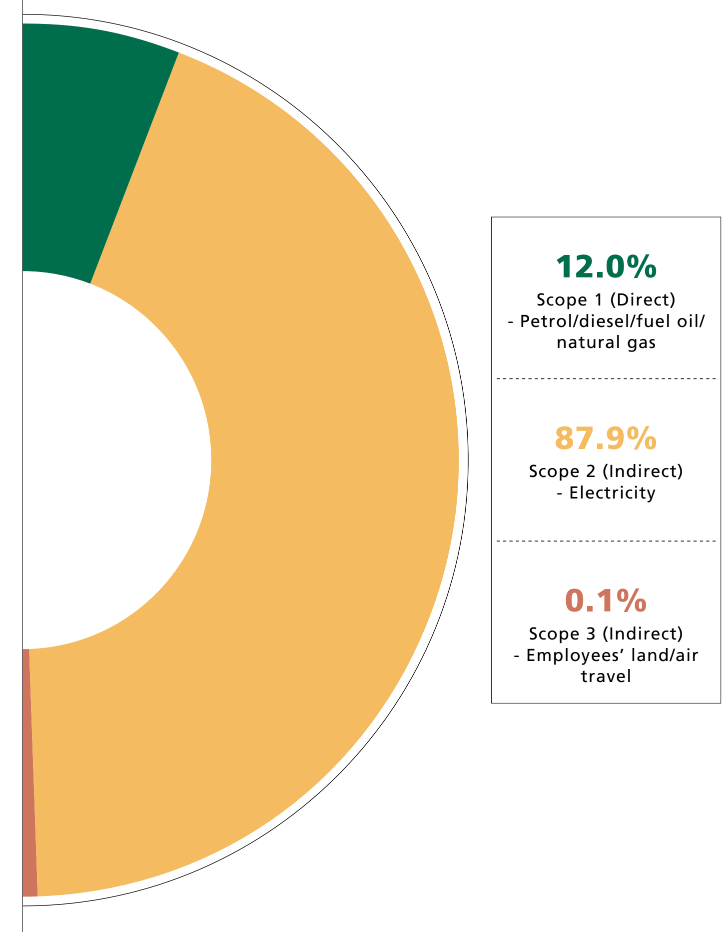
(MT CO_2e)



In terms of emissions type, indirect emissions under Scope 2 (i.e. grid electricity) remain the largest contributor to the overall emissions at 87.9%, while direct emissions under Scope 1 (derived from diesel, petrol, natural gas and fuel oil used at the mills) constituted only 12%. Indirect emissions under Scope 3 (for land and air travel by our employees) are negligible, at only 0.1%.

GHG emissions for 2020

(52,013 MT CO_2e)

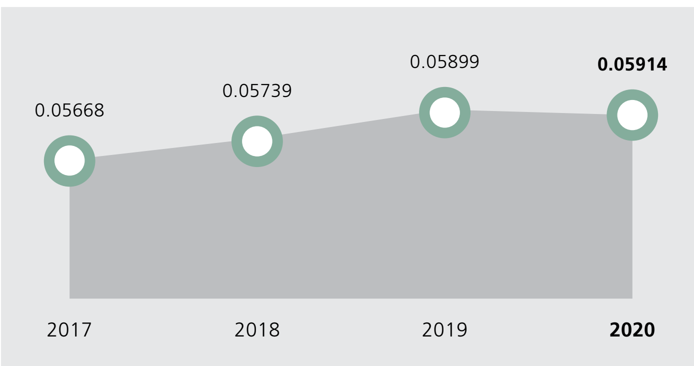


Sustainability Statement

In order to quantify emissions per unit of production, the product carbon footprint of the output of the flour and animal feed mills has to be calculated. This metric is important to external buyers and end-users who require the information for incorporation into the calculation of their own product footprint. The product carbon footprint per tonne of our flour and feed in 2020 is at 0.0591 MT CO_2e, a slight increase of 0.26% as compared to 2019, due to the lower production output.

Product carbon footprint

2017-2020 (tCO_2/t.product)



Cinemas division

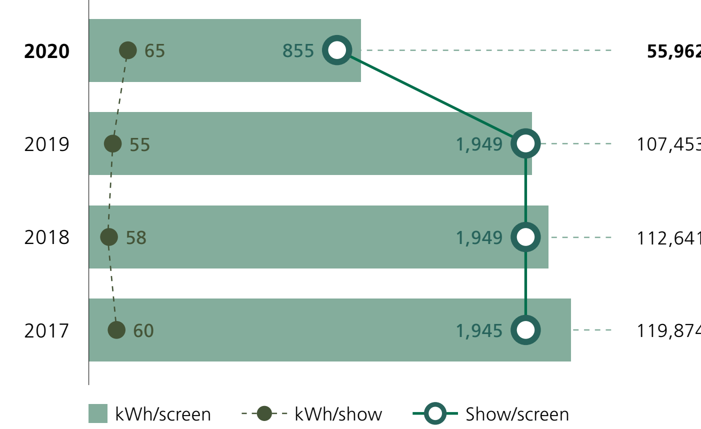
Energy consumption is a material sustainability issue for our cinemas division as energy usage is a significant cost to the business. Electricity is used most of the day for the operation of air-conditioning and ventilation, projectors, sound systems, and food and beverage equipment.

The division operates 339 digital screens in 33 locations in Malaysia and accounts for 16.3% of the Group's total energy footprint. The division's energy consumption in 2020 was less than half of its usage in 2019, mainly due to the closure of its cinemas for more than half a year because of pandemic restrictions. The division also exited five of its sites, which leases ended in the reporting year in order to consolidate its position with upcoming new sites.

For 2020, the division saw an 18.2% increase in kWh/show as compared to 2019. This is due to the fewer shows screened and the stringent set of guidelines observed by the cinemas division during the MCO. Although the cinemas were closed to the public, the division followed a strict schedule to warm-up and run the projectors to maintain the equipment, as well as to ventilate its cinemas by switching on the air-conditioning to circulate the air and to prevent mold and fungal from forming on the seats and carpets.

Cinema energy use intensity in kWh per show

2020 (Malaysian operations only)



The division strives to establish energy-saving best practices to reduce consumption where possible and is committed to progressively converting its cinemas to LED lights by replacing halogen and fluorescent lightings with LED when they become spoiled/damaged. Other energy-saving practices in place include the adoption of energy efficient laser projectors, air-conditioning management, improved programming of show times and concession workflow processes.

Cinemas - GHG emissions

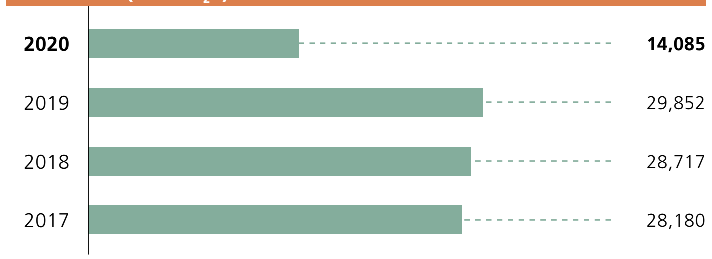
Our emissions report covers all GSC cinemas, as well as GSC's Head Office in Damansara Jaya, Selangor in Scopes 1, 2 and 3 under the GHG Protocol.

Due to the prolonged cinemas closure, both the GHG emissions and specific emissions for cinemas division have dropped by 52.82% and 49.78% respectively between 2019 and 2020.

The trend of GHG emissions from 2017-2020 is presented below:

Total GHG emissions

2017-2020 (MT CO_2e)



Scope 2 (electricity and chilled water) remains the largest contributor at 13,942 MT CO_2e or 99.7% of total emissions, while Scope 1 (petrol and diesel) and Scope 3 (air and land travel) were at about 0.15% each.

Sustainability Statement

Cinemas - emissions intensity

Since 2017, we have been benchmarking the emissions of cinemas division in MT CO_2e/sq. ft. against the Malaysian building average of 0.01721 MT CO_2e/sq. ft. In view of the anomaly in GHG emissions of cinemas division due to the prolonged closure, the established benchmarking against the Malaysian building average does not provide meaningful comparison. As such, we will only resume reporting on emissions intensity with benchmarking when the cinema operations have returned to some level of normalcy.

Livestock farming division

Our livestock farming division consumed 13,987,074 kWh of energy in 2020, which is about the same as the previous year. Electricity is used for ventilation, water chillers, incubators, feeding and manure removal in chicken houses, as well as heating and air-conditioning at hatcheries. Almost all the equipment operate daily on a 24-hour basis. While we believe our energy consumption is on par with peers in the industry, the division nonetheless continues striving to reduce usage where possible, such as replacing older equipment with energy-efficient models. The division's target to convert all its chicken houses from fluorescent to energy-saving LED bulbs will be achieved when the fluorescent lamps in the remaining sections are replaced by Q2 2021. The division will next explore dimmable LED bulbs for its Pullet Section[iii].

PPB Properties provides property management services to The LINC KL

WATER USAGE

Water is an essential and increasingly scarce resource, and the Group views water use management and conservation as important issues, particularly for divisions with high water consumption. The Group is committed to managing and reducing its water usage, as well as the water impact of our operations.

In 2018, we commissioned and completed a water footprint assessment of our top water-consuming divisions – property and cinemas - as a first step in addressing our water impact, as well as to establish a baseline for future reporting. We have since implemented the recommendations made in the water reduction plan where applicable and practicable, and we continue to map and monitor our water use across all business divisions.

As a Group, we consumed 993,812 m^3 of water in 2020, a drop of 6.2% from 2019. The reduction was mainly from our cinemas division, which saw its consumption reduced to about 40% of the previous year. This is reflective of the cinemas being closed for more than half of the reporting year.

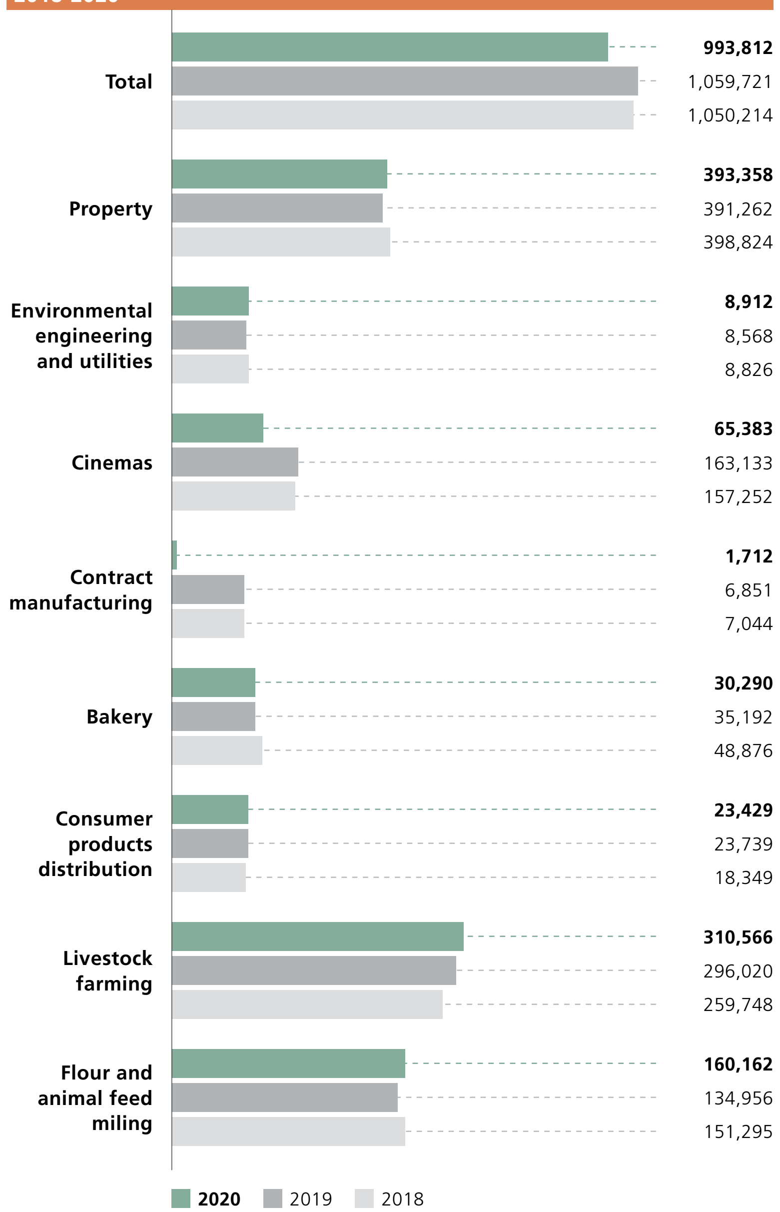
Our property division accounts for about 40% of our total combined water consumption. Consumption include usage by tenants (often food and beverage outlets) and lavatory use. For 2020, the division achieved a water use intensity target of 0.32m^3 psf for all buildings under management and office spaces, and will continue to focus its efforts on water use reduction.

Livestock farming[iv] used 310,566 m^3 of water in 2020, an increase of 4.9% from 2019. This was mainly due to wastage caused by leakages which have since been fixed. Almost half of the division's water use was consumed by poultry, while the other half was mainly used for cleaning hatcheries. To reduce water consumption, the division uses high-pressure pumps to wash the chicken housing. Water is also recycled for the cooling pad and washing of hatchery baskets. The division carries out regular maintenance and supply line checks to both prevent and fix any leakage in a timely manner.

Sustainability Statement

Water usage in m³ by business unit

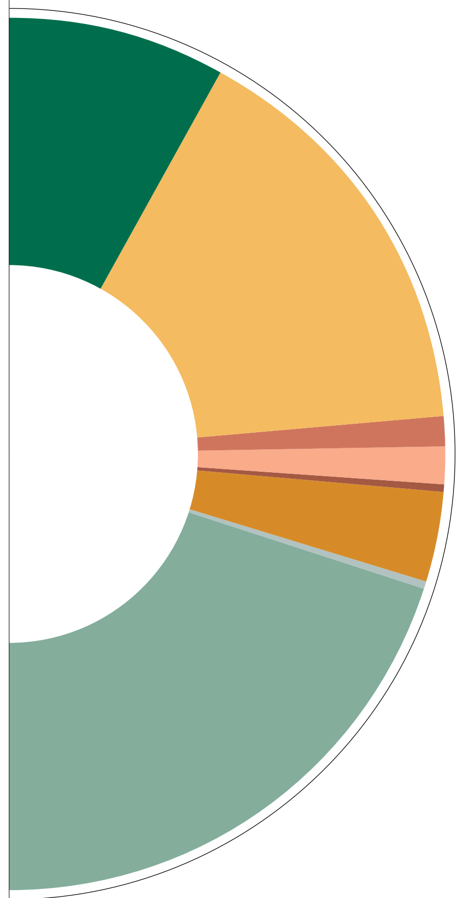
2018-2020



Notes:
1. *Water usage figures do not include PPB Head Office or operations outside Malaysia*
2. *Water use for Contract Manufacturing is only up to end November 2020.*

% breakdown of water use in m³ by business unit

2020



16.12% Flour and animal feed milling	**31.25%** Livestock farming	**2.36%** Consumer products distribution	**3.05%** Bakery
0.17% Contract manufacturing	**6.58%** Cinemas	**0.90%** Environmental engineering and utilities	**39.58%** Property

All our business divisions use only municipal water with the exception of our livestock farming division, which also uses surface and ground water mainly for washing of the chicken houses and as drinking water (treated) for the birds. The Group's water usage by source for 2020 is presented below:

Water withdrawal by source in m³

2020

82% 814,796 Municipal water	**4%** 44,285 Surface water	**14%** 134,731 Ground water

There were no incidents of non-compliance with water related permits, standards and regulations in the Group for the reporting year.

WASTE MANAGEMENT

Proper waste management is vital for the protection of the environment and for human health. Packaging use and waste have become an increasingly important issue to both consumers and business-to-business customers. To meet these marketplace demands, our business units are implementing strategies to reduce, reuse and recycle packaging.

Our environmental engineering and utilities division contributes to the preservation of the environment through its expertise and resources in the construction of sewage and water treatment plants across the nation, as well as ensuring that solid waste, both council and commercial, is properly disposed in compliance with all regulatory requirements.

Our livestock farming division produces biological waste, layer raw and dry manure, and breeder raw manure – which are classified as non-hazardous. A large percentage of the layer raw manure is repurposed into organic and semi-compost fertiliser for use in vegetable farms.

Cinemas are associated with high-volume waste such as discarded ticket stubs, plastic bottles and food packaging and are seeking to reduce the volume and nature of associated consumer waste. To make cinema-going more sustainable, GSC has introduced a mobile app that enables moviegoers to go ticketless. Having purchased tickets online, customers at selected cinema checkpoints simply scan the QR code sent to their smartphones.

The division also rolled-out a single-use plastic bottle recycling programme to ten cinemas in the Klang Valley. A further expansion of this initiative, as well as reward-based reverse vending machine were planned by end of 2020. Due to the pandemic, which resulted in cinemas closing for more than six months, the plans have been deferred until the industry returns to normalcy. The division has also converted the majority of its cinemas' plastic packaging to biodegradable options.

Seluyut Dam in Kota Tinggi, Johor

WORKING ENVIRONMENT

GROUP HUMAN CAPITAL MANAGEMENT: 2020 OVERVIEW

The Group values its people as one of its key assets as people are the main pillar that drives the progress of organisational performance. We believe that highly engaged employees will deliver to the best of their ability and potential, which in turn results in greater business achievements. Accordingly, the Group has deployed various engagement efforts in addressing the needs of our diverse workforce.

We are grateful to have no casualties from the viral outbreak in 2020 – however, the pandemic presented challenges that affected every individual, both in their personal lives and at the workplace.

To safeguard our employees' health and safety, and to ensure business continuity, we have implemented all national guidelines and mandatory standard operating procedures (SOPs), as well as introduced measures such as team segregation, staggered hours and work-from-home in business segments which allowed such flexibility.

We have also set up a country-wide support system for employees as a precautionary measure. This system integrates mandatory compliance with the government's SOPs, individual responsibility, leadership accountability and external resources, including a dedicated hotline to assist employees in need of support.

The mental health of our workforce has been one of our key focus areas and drives our continued promotion of mental health awareness, complemented by the introduction of the Mental Health First Aid programme at the workplace. We recognise the growing needs for further intervention in the area of employee's mental wellbeing; hence more efforts are targeted to unfold in the coming year.

Despite the challenges presented by the pandemic, we have continued to invest in our people engagement, in preparation for a sustainable future. The related initiatives have included but are not limited to the following:

- We believe in creating career growth opportunities for talent who have demonstrated potential capability to deliver beyond their existing scope of duties. Transparency of job opportunities across the Group has provided the employees an alternative avenue to meet their career aspiration, as well as made available a pool of potential talents to the management. Succession planning has also enabled identification of potential talents for targeted development to succeed critical roles in time to come.
- We have embarked on a journey of market benchmarking to ensure our compensation strategies remunerate employees according to varying levels of job responsibilities. We recognize the related industry uniqueness across the various business operations of the Group. Market-competitive compensation is targeted to attract and retain talents.
- We aspire to drive high performance culture. Enhancements were and will continue to be introduced to reinforce practice of recognition for performance and merit-based reward strategy. In this regard, performance management will continue to evolve for a more rounded approach with emphasis on impact and consistency.
- Continuous learning is critical to upskill and prepare our employees to cope with evolving work requirements and maintain personal wellbeing particularly in light of the new norms. Digital learning has been the main delivery platform for ease of access by employees.

The overall recollection of experiences in 2020 has witnessed the demonstration of a united spirit in our people, in balancing the efforts of embracing and countering the challenges presented by the pandemic. The status quo was tested in multiple aspects with new perspectives that have given rise to the Group deploying new ways of doing things for greater effectiveness and efficiency. These concerted efforts will continue in the coming year under the leadership that drives organisational sustainability and further focus will be placed on constructing a more sustainable framework in the areas of employee mental well-being, resource capability enhancement, reward strategies, employees' experience, and process-digitalisation.

Covid-19 health & safety measures in the Workplace

- Work-from-home
- Team segregation & staggered hours to prevent cross infection
- Employees' Guide on Covid-19
- Travel restrictions/advisory
- Virtual meetings and visitors' guidelines
- Consistent and effective communication
- Contact tracing & quarantine procedures
- Mental Health First Aid programme
- Online webinars (skills enhancement)
- IT support and remote access to servers
- Daily health declaration
- Swab test for staff of applicable sectors (MKN & MITI requirement)
- Enhanced cleaning and disinfecting of business operations, offices and high touch points
- Provision of face masks and hand sanitisers
- Temperature scans
- Check-in via MySejahtera app to facilitate contact tracing

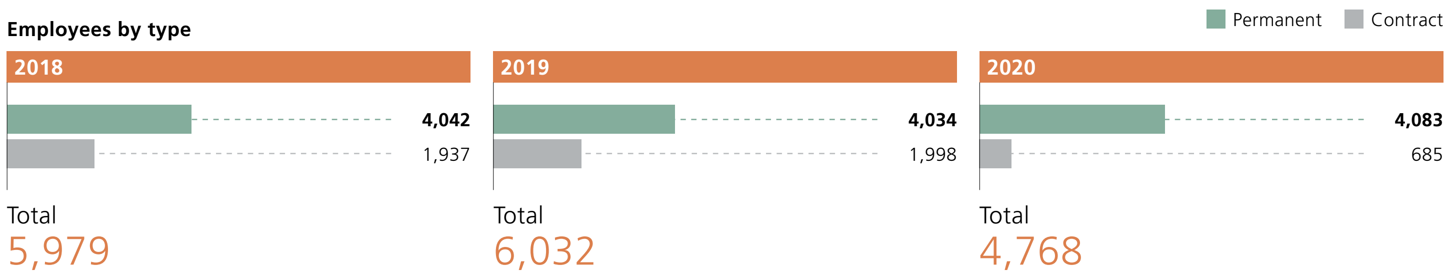
“All foreign workers have undergone mandatory Covid-19 screening, and are required to adhere strictly to the pandemic health and safety SOPs in place.”

Sustainability Statement

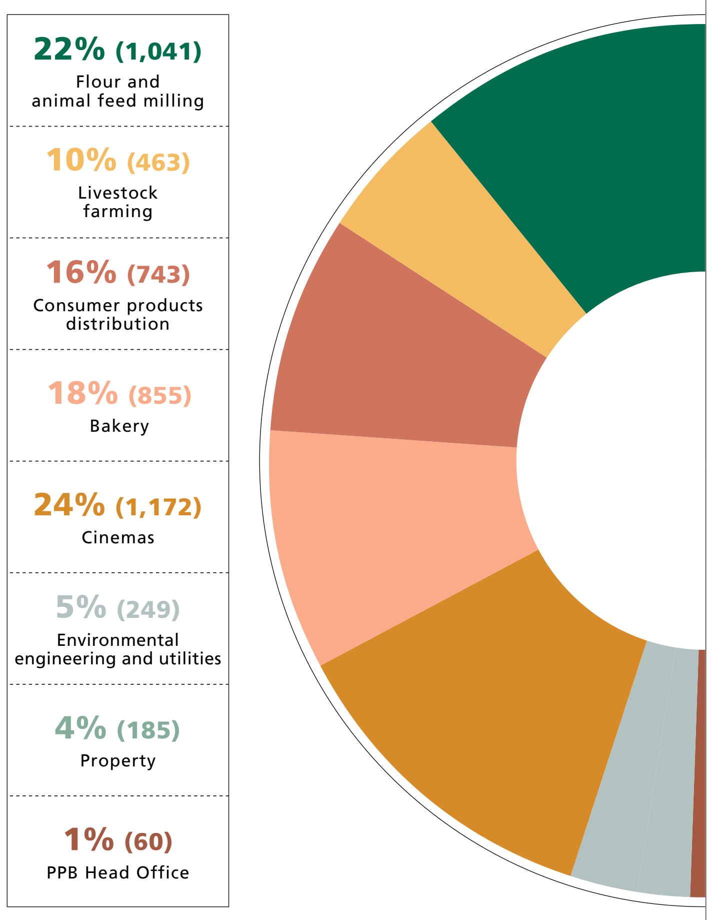
One of the major sustainability issues faced by all industry sectors in Malaysia today is the recruitment and retention of employees – from unskilled workers to highly skilled professionals. Our approach to this challenge includes focusing on creating and maintaining safe and enjoyable workplaces, and an engaging and supportive culture to empower talented individuals to succeed.

The Group employs 4,786 people, of whom more than 85% are permanent full-time employees. Contract workers were reduced by about 65% from the previous year as cinemas division had to temporarily furlough its contract workers due to the mandatory closure during the prolonged MCO.

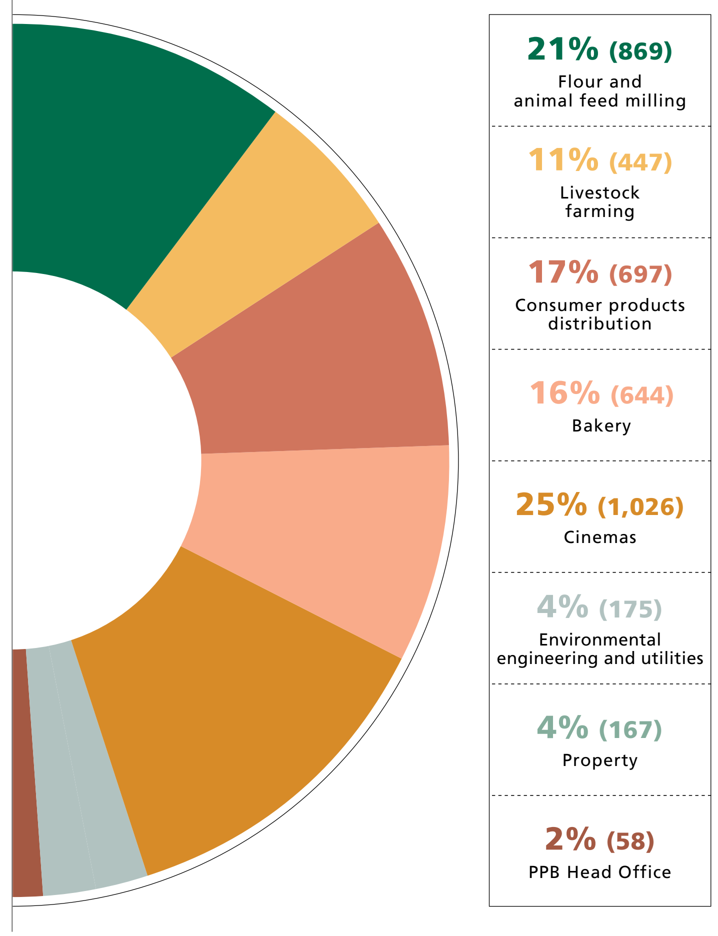
Employees by type



All employees by business unit



Permanent employees by business unit



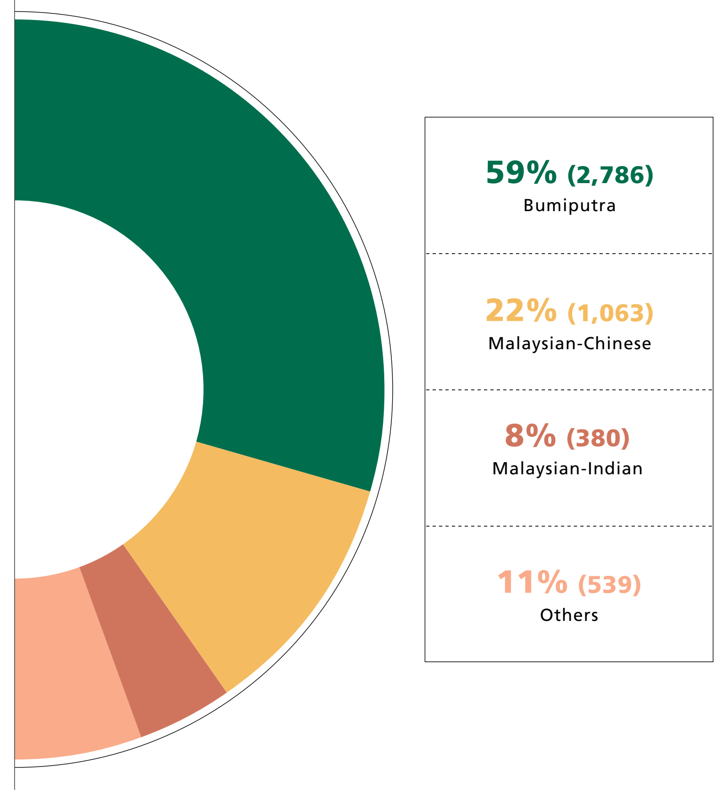
The full-time staff voluntary turnover rate at Group level for 2020 is at 13.4%.

Sustainability Statement

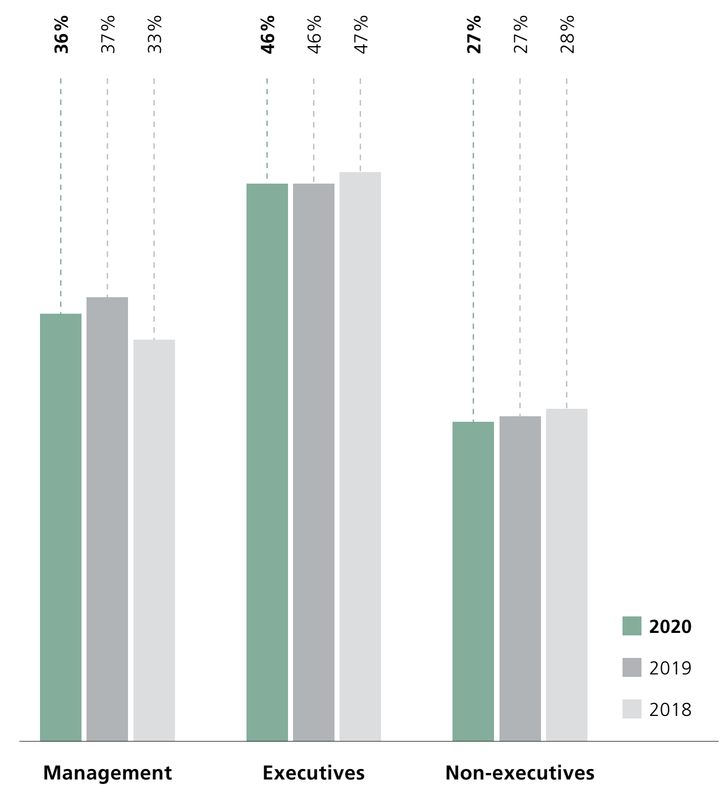
We seek to promote diversity and inclusion. Our workforce is relatively diverse, with women well represented at management level, and the diverse nature of Malaysian society reflected.

We also have a zero-tolerance policy against discrimination in any form and our employees are provided with equal career opportunities regardless of race, religion or gender.

PPB Group employee distribution



PPB Group female employees



Well-being in our work places

We believe that employees are the driving force of a strong business and that an engaged workforce contributes to our growth and long-term value. We drive employee engagement through various touchpoints, which include leadership by example, a positive and conducive work environment, bonding opportunities, fair and consistent performance assessment, role and performance-based rewards, career development opportunities and employee welfare.

Fitness activities improve health and well-being, foster teamwork and create a culture of wellness in the workplace. The Group promotes a healthy lifestyle with regular exercise and encourages employees to participate in organised runs by sponsoring the registration fees. Due to the pandemic restrictions, physical runs were not allowed to be held in 2020. We however continued to encourage employees' physical wellbeing by organising a fun 7km virtual run challenge where participating staff were required to complete the distance within a specified timeframe and submit their photo as proof. Meanwhile, staff at FFM Berhad's Head Office were encouraged to maintain their fitness at a fully equipped onsite gym with strict adherence to the physical distancing SOPs in place.

Divisions within the Group which traditionally organise festive luncheons, annual dinners, company trips, as well as family days to provide opportunities for employees and their families to gather in the spirit of community, had to defer such activities in 2020. The month of Ramadan fell during the MCO period and to brighten up the spirits of employees who were fasting, the Group delivered two kgs of dates to each of our Muslim staff throughout Malaysia for sharing with their families.

Sustainability Statement

Training

Employees in all divisions receive training in areas relevant to their function. For the food-related and manufacturing segments, extensive training is provided on hygiene, food safety and handling (including HACCP), occupational health standard enhancement and workplace safety. Practical on-the-job learning is supplemented with segment-specific training, such as chemical handling and biosecurity for the livestock farming division, and effluent treatment and food allergen awareness training for the bakery division. Relevant employees also received ongoing training on the latest legal and regulatory requirements, such as updates to the Employment Act 1955 (Rev.1981), the Malaysian Anti-Corruption Commission (Amendment) Act 2018, the Malaysian Code on Corporate Governance and tax laws. Some divisions have also developed specific leadership and coaching programmes to strengthen management skills.

For 2020, the Group recorded a total of 43,601 training hours on employee development to enhance knowledge and skills, averaging 9.52 hours per employee - an increase of 50.7% and 53.8% respectively as compared to 2019. As staff were largely working from home during the MCO, e-learning formed 55.4% of the total training hours recorded. E-learning platforms such as LinkedIn Learning, Udemy and Coursera were made available to employees while the cinemas division also developed industry specific e-learning modules for its staff. For the same year, 501 employees equivalent to 11% of the Group's full-time workforce, received training specifically on health and safety standards.

Upholding labour practices and employee rights

The Group is committed to treating our employees fairly, with dignity and respect, and has zero-tolerance against discrimination in any form. Our Group-wide human rights policy, adopted and published in March 2018, is guided by the principles expressed in the Universal Declaration of Human Rights. We comply with all applicable labour laws, rules and regulations in the countries the Group operates, including the Malaysian Employment Act 1955 (Rev. 1981), Industrial Relations Act 1967 (Rev. 1976) on freedom of association, collective bargaining, and regulations governing key issues such as child labour and forced labour. Employees also have access to a grievance mechanism to raise concerns related to workplace practices. There were no instances of child labour, forced labour or human rights violations reported during the year. All our employees have legal contracts and we do not employ any person below the age of 16.

Foreign workers and illegal labour

The Group is committed to local employment where practical. We employ relatively few foreign workers – only 9.3% of our total workforce are non-Malaysians. Most of them are employed in the bakery and livestock farming divisions due to severe labour shortages in both sectors. All foreign workers directly employed by the Group have legal contracts and are accorded similar working conditions as local workers. Benefits vary across divisions, but generally exceed legal requirements and include access to incentive schemes, medical care and participation in company social and recreational events. In addition, foreign workers are provided with housing and transportation.

Ensuring safe working environments

The Group is committed to protecting the health and safety of its employees. We aim to foster a risk-averse working environment, eliminate safety hazards and target zero fatalities across all our divisions. As successful management of health and safety requires commitment, consultation and cooperation, we strive to ensure our employees understand that they share in this responsibility, and that everyone is accountable for both their personal and colleagues' health and safety.

The Group recorded a total of 30 accidents in 2020 compared to 29 in 2019. This is relatively low given the size of the Group and the diverse range of its activities.

No accidents were recorded at PPB Head Office, and contract manufacturing division. Our livestock division reduced its recordable accidents by eight in 2020, while cinemas and environmental engineering and utilities divisions each saw two reductions for the same year. Our flour and animal feed milling, and consumer products divisions recorded an increase of four and one accidents respectively from 2019, while our bakery and property divisions had their first accidents in two years. There was no major injury and the accidents were mainly sprains, falls and fractures. The relevant divisions have carried out appropriate investigations, reviewed the findings and strengthened measures to prevent future occurrence.

Recordable accidents by business unit

2018-2020

	Flour & animal feed milling	Livestock farming	Consumer products distribution	Bakery	Contract manufacturing	Cinemas	Environmental engineering & utilities	Property	PPB Head Office	Total
2018	13	9	7	5	0	2	0	0	0	36
2019	6	11	1	0	2	4	5	0	0	29
2020	10	3	2	8	0	2	3	2	0	30

Sustainability Statement

Average no. of lost days per accident by business unit

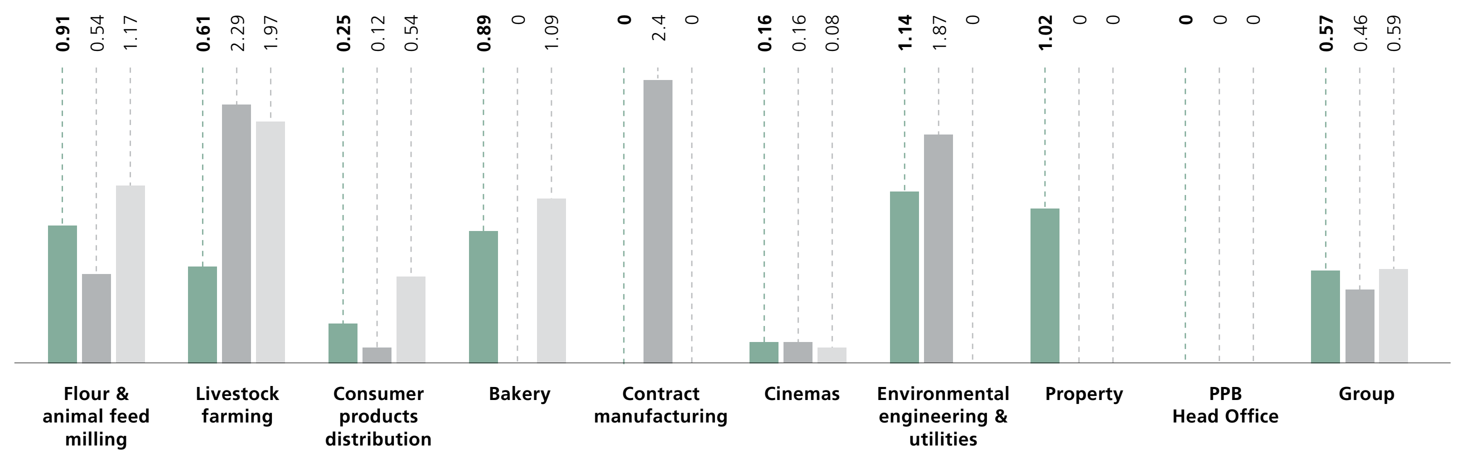
2018-2020

	Flour & animal feed milling	Livestock farming	Consumer products distribution	Bakery	Contract manufacturing	Cinemas	Environmental engineering & utilities	Property	PPB Head Office	Group
2018	12.23	12.11	58.14	18.20	0.00	12.50	0.00	0.00	0.00	21.97
2019	27.67	23.64	5.00	0.00	5.00	11.50	25.20	0.00	0.00	21.14
2020	25.50	8.67	26.00	36.00	0.00	17.00	8.67	87.50	0.00	24.73

Lost time accident rate by business unit & group

2020 2019 2018

Number of accidents per 100 employees (full-time equivalents)



Note:
Lost time accident (LTA) rate measures the productivity loss due to accidents and is calculated as follows:
Total number of accidents x 200,000 man-hours divided by total working hours.*
(*) represents 100 employees x 40 hours per week x 50 weeks per year

There were no workplace fatalities in the Group over the past three years.

Dust explosions

Dust explosions can be a major hazard in mills and bakeries and typically occur where high concentrations of suspended combustible materials ignite due to friction, electrical discharge or surface heat. When occurring in confined spaces, dust explosions can cause injury, and major damage to structures and equipment.

Our food production operations have a division-specific statement of compliance with Standard C stipulated under the Environment Quality (Clean Air) Regulations 2014, which sets a standard dust concentration limit of 0.4 g/Nm^3. The Group's flour and animal feed milling division is covered by its respective Occupational Health and Safety Policies, and has a target of zero industrial accidents.

Hazardous chemicals

The handling of hazardous chemicals is a prominent workplace issue identified in our food production and contract manufacturing divisions. These divisions have specific statements of compliance and detailed standard operating procedures, which include wearing personal protective equipment (PPE) when working on the factory floor. Specific training on chemical handling is provided to relevant personnel across the Group's business divisions annually.

Noise pollution

Long-term hearing loss is linked to occupational noise, especially where employees are exposed to continuous and intermittent noise from processes and machinery. This makes noise a significant material issue for our property, food and manufacturing divisions where specific policies are in place to protect workers from damaging noise levels. We have also implemented a system to mitigate noise pollution as far as possible at facilities in these divisions.

A KPI based on the total area exposed to noise levels above 85 dB has been established at our flour and animal feed milling plant in Pulau Indah, and we continually work towards reducing this space. At our other flour and animal feed milling operations, employees are provided with PPE and hearing protection, with appropriate signage placed in high noise level areas. Regular awareness and training programmes are organised to enhance occupational health standards in the workplace.

Sustainability Statement

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MARKETPLACE ENGAGEMENT

Covid-19 health & safety measures in the Marketplace

- Check-in via MySejahtera app to facilitate contact tracing
- Temperature scans
- Hand sanitisers are placed at strategic locations
- Ensure SOPs on face mask & distancing are observed
- Frequent cleaning and disinfection of common areas and high touch points etc.
- Cleaning and disinfection of cinema hall seats after each show (cinemas)
- One-seat gap arrangements in cinema halls (cinema)
- Placement of distance markers at box-office, concessions, lifts etc.
- Installation of antimicrobial films on lift/ carpark pushbutton panels (malls)
- Regular public service announcement on SOPs (malls)
- Patrolling security officers to ensure compliance with SOPs (malls)

Marketplace impacts, including governance and ethics, are of material importance to both the Group and its stakeholders.

The Group is committed to conducting its businesses in compliance with local laws and regulations, with utmost integrity, ethics, transparency, accountability and is against corruption in all its forms.

Code of Conduct and Ethics

A code of conduct and ethics, which is included in both our Group employee handbook and on our website - www.ppbgroup.com - sets out the standards of conduct and personal behaviour our directors and employees are required to observe to ensure that the Group's commitment is upheld.

Anti-bribery and corruption

Pursuant to Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and Guidelines on Adequate Procedures, the Group has in 2020 developed and implemented a Group Anti-Bribery and Corruption ("ABAC") Policy, which can be viewed on our website www.ppbgroup.com, as well as ABAC Framework and ABAC Manual. The ABAC Policy, which sets out the Group's zero-tolerance stance on all forms of bribery and corruption, has been communicated to all our employees and business associates, while ABAC awareness training for employees has been rolled out and incorporated into the staff induction process. We have updated and included on our website, our Whistleblowing Policy and Procedures, which have mechanisms to enable employees, business associates and stakeholders to confidentially report any breach or suspected breach, of any law or of our policies and practices. The Group conducts periodic risk assessments, which include reviewing the nature and extent of the Group's exposure to potential internal and external risks of bribery, and designs controls accordingly to mitigate the risks.

The Board, which has oversight responsibility of the anti-bribery and corruption policy and integrity programme, has delegated the authority and the day-to-day decisions to the Group Integrity Steering Committee (GISC). The Risk Management & Integrity Department (RMID), which has the overall responsibility of implementing and coordinating the management of risk and anti-bribery and corruption across the Group, reports to GISC for their deliberation and necessary action before presenting it to the Board.

Business Continuity Management

The Group has embarked on Business Continuity Management (BCM) programme, which is being rolled out in phases. This programme equips the organisation with planning and execution capabilities to respond and continue to operate critical business functions across a wide range of interruptions arising from both internal and external events. The components of BCM includes Emergency Response Plan, Disaster Recovery Plan, Crisis Communications Plan, Crisis Management Plan and Business Continuity Plan.

Human Rights Policy

To formalise its commitment to protecting human rights, the Group adopted a Human Rights Policy ("HRP") which is guided by the principles expressed in the Universal Declaration of Human Rights in March 2018. The HRP, which can be viewed on PPB's website at www.ppbgroup.com, sets our standards for fair employment, dignity, respect, zero-tolerance against all forms of discrimination and full compliance with all applicable labour laws, rules and regulations. In July 2020, the Group commenced implementation of the HRP in the supply chain of its Malaysian operations.

Group Sustainability Policy

Our first Group Sustainability Policy ("Policy") was approved by the Board in 2018 and communicated to the subsidiaries. The Policy covers three aspects – Environment, People/Human Rights, and Ethics & Marketplace – and provides a framework within which the Group strives to achieve excellence in sustainability. The Policy, which is reviewed periodically by the SSC for approval by the Board, can be viewed at www.ppbgroup.com.

Reporting

Accuracy, timeliness and transparency in financial reporting are of paramount importance for the Group and its stakeholders. PPB reports its financial performance on a consolidated basis and engages its stakeholders regularly through quarterly results announcements and e-investor updates. We conduct two press and analyst briefings each year to keep our shareholders and the investment community updated. PPB's financial and operational information can be found on our website – www.ppbgroup.com – where stakeholders may also direct enquiries and provide feedback.

Quality and safety first

Product and service quality and safety are of the highest importance to the Group's operations. In the food production division, companies must adhere to specific quality policies and are covered by division-specific statements on food safety and halal compliance.

All relevant business operations comply with applicable food regulations and standards, including HACCP Certification (MS1480:2007), HACCP Codex Alimentarius Certification, GMP Certification (MS1514:2009), FSSC22000 and ISO 22000 Food Safety Management System and halal certification.

Our flour mills division is committed to upholding the globally recognised Food Safety Management System (FSMS) (FSSC 22000, HACCP, ISO 22000). Our continued compliance and renewal of the certifications via external audits are testament to our efforts to ensure our food products are safe to the public. As the requirements of FSSC evolve over time, it is our responsibility as a food producer to ensure that we adapt and comply with the latest version of FSMS. We strive to maintain a clean record on non-compliance with regulations (Malaysian Food Act 1983 and Feed Act 2009) or product recall incident. We have dedicated Quality Assurance (QA) and R&D teams in all regions to ensure that the products are compliant with specifications and we take the feedback of our customers seriously, with a constant goal of continuous improvement, driven by our technical teams.

Specific measures have been implemented to enforce our standards in sector-specific contexts. Our livestock farming division collects data on the mortality rate, body weight, uniformity and egg production rate of parent stocks and commercial layers. The number of antibiotic treatments administered is also monitored. Both our breeder and layer farms are certified under myGAP, a voluntary comprehensive certification scheme for the agricultural, aquaculture and livestock sectors, while our layer farm is also ISO9001 certified.

Our plan to obtain 100% FSSC22000 certification for all our flour mills in 2020 has been delayed as the application by Johor Bahru Flour Mill Sdn Bhd for its Kota Kinabalu mill has been postponed to 2022 due to the Covid-19 pandemic restrictions.

The cinemas division has in place a 5-year plan to obtain HACCP certification for seven cinema concessions each year starting from 2018. The division achieved its target for 2020, bringing total HACCP certified sites to 22, while another 11 are fully HACCP-compliant. As the pandemic shows no sign of abating at the time of reporting, the annual target will be postponed for 2021, with only renewals of certified concessions to be carried out for the year.

For 2021, the cinemas division will implement an annual Vendor Performance Evaluation covering price competitiveness, quality, delivery as well as response time among others. All approved vendors of the division must agree to abide by both the Group's HRP and ABAC policies.

Our target to obtain the Malaysian Sustainable Palm Oil (MSPO) certification[v] for the Group's oil palm entities in 2020 was achieved when the entities were certified MSPO MS2530-3:2013 in April 2020. Our oil palm entities cultivate oil palm trees and harvest fresh fruit bunches (FFB) which are then sold to external parties. For 2020, the plantations produced a total of 7,251 MT FFB of which 5,004 MT are MSPO certified.

The Group utilised a total of 21,823 MT palm oil in 2020, of which about 25 MT or 0.12% is RSPO-certified palm oil. Our animal feed milling operations, which use crude palm oil and palm kernel expeller for its products, account for 92.3% of the Group's total combined usage. The balance was utilised by our bakery, cinemas and contract manufacturing divisions.

Nutrition

Obesity is becoming an increasing concern in Malaysia and we want to support consumers in making informed choices through more transparent information. An information board with nutritional facts and allergen alerts of hot foods prepared by GSC is displayed at all its cinema concession counters nationwide. This is to enable customers who are health-conscious or have food intolerance to make better-informed choices. Pre-packed items, which contain nutritional information on their packaging, are not included in the list.

Our current consumer-packed products such as Blue Key self-raising flour, superfine superwhite flour, Cap Sauh flour are all enriched with vitamins and minerals which offer consumers a choice to bake or produce wholesome, nutritious products on their own at home (especially in times of restricted movements). Apart from the enriched consumer-packed flour, we also offer healthier alternatives such as whole wheat flour, atta flour and also the nutritious stabilized wheat germ. Besides being sold to downstream users, these healthy wheat-derived products are being converted to healthy bread products via our Massimo bakery in their range of wheat germ and whole wheat loaves.

Customer satisfaction and engagement

Customer focus is vital to the continuing growth and success of the Group's businesses. The Group understands that customer satisfaction and engagement are material issues that have an impact on its reputation and brands. We enhance our customers' experience in their dealings with our divisions through various digital and non-digital media. We also incorporate customer feedback in our businesses to enable us to better identify and serve our customers' needs and concerns.

Regular customer satisfaction surveys are conducted in our flour and animal feed milling, livestock farming, and environmental engineering and utilities divisions, covering areas such as product quality, timeliness, service levels and staff competence. In addition, our flour milling division engages extensively with customers on sustainability-related topics through participation in the Supplier Ethical Data Exchange (Sedex), and provides updated information on labour standards, as well as ethical and environmental practices.

In our cinemas division, customer feedback grew from 231 in 2019 to 712 in 2020 (per 100,000 admissions) due to the change in business environment arising from the pandemic. The enquiries were mainly on Covid-19 SOPs, cinema re-opening dates and GSC's online e-commerce store, Keepsake. Complaints received by the division dropped to 27 (per 100,000 admissions) in 2020 from 39 in 2019. The division also uses mystery customers regularly to assess the quality of its services and products to better meet expectations of its patrons.

Inclusivity and diversity

GSC provides wheelchair-accessible facilities including lifts and wheelchair spaces in all its new, and majority of existing cinemas to facilitate cinema-going for people living with disabilities. The division also hosts annual international film festivals to help drive cultural awareness in our communities.

FTSE4Good Index Series

PPB Group Berhad has been on the FTSE4Good Bursa Malaysia, FTSE4Good Emerging Markets and the FTSE4Good Asean5 indices since 2018. The FTSE4Good Index Series, which are reviewed twice annually, identify companies that demonstrate strong environmental, social and governance (ESG) practices measured against globally recognised standards. The FTSE4Good Bursa Malaysia Index comprises constituents, which are drawn from the companies on the FTSE Bursa Malaysia EMAS Index. PPB's inclusion in the indices demonstrates a leading approach within the Malaysian market to address relevant sustainability or ESG risks and our commitment to responsible business practices and deliver value to our stakeholders.

Awards and accolades

In 2020, GSC once again attained the Platinum Brand Award (Entertainment category) from the Putra Brand Awards, which showcases its strong brand equity amongst consumers as the country's most preferred cinema chain. GSC was also recognised as one of Malaysia's 100 Leading Graduate Employers with two awards - Top 100 category and 2nd runner-up in the Media & Entertainment sector.

Privacy and personal data protection

We take our responsibility to protect the individual privacy and personal data of our customers and our employees seriously. The Group is compliant with the Personal Data Protection Act 2010 and the relevant divisions have formal customer privacy policies.

Sustainability Statement

COMMUNITY INVESTMENT

GROUP COVID-19 INITIATIVES

2020 has been an extremely challenging year for many, more so for the vulnerable and B40[vi] communities whose livelihoods have been impacted by the pandemic, as well as welfare homes that faced a decline in donations.

Since the implementation of the MCO in March until end-2020, the Group has worked with NGOs and food banks like Food Aid Foundation, Yayasan Food Bank Malaysia, Kechara Soup Kitchen, Grace Food Bank, PERTIWI Soup Kitchen and Sunway Food Bank, to provide humanitarian aid comprising more than 1.6 million food and beverage items to communities in need.

The frontline workers who put their lives at risk to keep the rest of us safe were not forgotten. At the height of a PPE shortage, we contributed N95 face masks, coveralls and disposable surgical gowns to government hospitals/clinics/health office and prisons to enable frontline workers to carry out their duties safely and effectively. Food and beverage items were also distributed to frontline workers at government hospitals, as well as to the Royal Malaysian Police and the Malaysian Armed Forces in Kuala Lumpur. We also contributed Powered Air Purifying Respirators (PAPR) to a government hospital for its ICU section.

Apart from the above, the Group donated hand sanitisers and cleaning products to government hospitals/clinic/prison, orang asli communities and welfare homes, as well as reusable fabric facemasks to NGOs/welfare homes. We also assisted families in need and welfare homes to pay their outstanding electricity bills.

For 2020, the Group spent a total of RM2.6 million on Covid-19 initiatives. In 2021, we will continue to support the vulnerable communities and those in need.

2020 GROUP COVID-19 INITIATIVES TOTALLING RM2.6 MILLION

Food Projects

7,136 ITEMS (canned food, soyabean milk drink & flour) → 2 Foodbanks

5,504 ITEMS (canned food, soyabean milk drink & cereals) → 128 Institutions of higher learning (for students stranded in campus during the MCO)

4,088 ITEMS (food & beverages) → 6 Government hospitals and police & armed forces personnel working in COVID-19 red zones

FOOD AID

3,113 Families

4 Foodbanks

1 Orang asli community

132,888 ITEMS (frozen food, biscuits & beverages)

10 Foodbanks

3 NGOs

31 Welfare homes

1.515 MIL PCS Massimo Primo

50,000 Recipients

2 Foodbanks

60,000 PCS N95 MASKS

14 Government hospitals

10 Government clinics

1 Fire department

3 Prisons

3,500L hand sanitisers

16,648 bottles cleaning products

10 Government hospitals

2 Government clinics

7 Orang asli communities

1 Prison

127 Welfare homes

Personal protective equipment (PPE)

7,760 PCS COVERALLS

9 Government hospitals

2 Prisons

1 KLIA health office

5,000 PCS REUSABLE FACE MASKS

60 Welfare homes/NGOs

ELECTRICITY BILLS

64 Families | 20 Welfare homes

2 UNITS powered air purifying respirators

1 Government hospital

Sustainability Statement

"We want to be a force for good in the communities where we operate. Local wealth creation is identified as a material issue for the Group, and we are committed to balancing our business needs with support for community growth and well-being. In this, we have taken a more strategic approach to planning and delivering community investment programmes that are closely linked to our businesses and areas of operation."

PPB Welfare Funds

PPB has established two funds to benefit those in need for which Kuok Foundation Berhad ("KF") has been appointed to manage:

1.

PPB-KF Welfare Fund for Perlis, a RM10 million endowment fund was established in 2010 to benefit the poor and underprivileged in Perlis. For 2020, the fund disbursed RM285,513/- to provide vouchers for school items to 1,300 students, 2 study grants and a donation to 1 welfare home. A cumulative total of RM2.17 million has so far been spent on school uniforms and shoes for more than 9,000 primary and secondary school children in need under the PFP-KF's annual Educare Project, as well as 87 study grants, 199 scholarships and cash donations to welfare homes.

2.

PPB50 Fund, a RM20 million fund was set up in 2019 to commemorate PPB's 50th anniversary. For 2020, it disbursed a total of RM449,023/- for a Food Program in which 716 students in need from 35 secondary schools in Sungei Petani, Kedah were provided meal vouchers of RM3/- per day, as well as the Back To School Program where 2,472 students in need from Sungei Petani, Kedah and Kemaman, Terengganu were provided essential school items. A cumulative total of RM1.3 million has been disbursed since the Fund's inception.

CSR Task Force

A CSR Task Force headed by PPB's Head of Corporate Affairs/ Group Chief Sustainability Officer and comprising members from PPB's Head Office and its business segments was set up in 2017 to assist the Sustainability Steering Committee ("SSC") in devising strategies and reviewing, managing, implementing and tracking the Group's community investment programmes. Our Group community investment strategy comprises three pillars – Social, Environmental, and Arts & Culture – and supports youth education and development, living skills and standards enhancement, environmental awareness and health activities, amongst others. The Task Force meets at least twice a year and reports to the SSC.

The Group spent a total of RM3.015 million on community investments in 2020, of which RM2.6 million (86.2%) was on Covid-19 initiatives. Contributions to registered NGOs for the same period amounted to RM1.176 million (39.0%). Some of our key projects are presented below.

Improving the lives of orang asli communities

Since 2015, PPB has been engaging with Malaysia's indigenous communities, the orang asli, and we remain committed in addressing their need for basic amenities and improving their living conditions. We have identified the most pressing needs – clean water supply, sanitation facilities, electricity and proper shelter – and have continued to focus our efforts in these areas. We believe that the communities that benefit from this programme should be fully involved and encouraged to take ownership of their own well-being and living conditions. Under the terms of our sponsorship, PPB purchases all materials whilst the communities supply the labour.

For the Jakun orang asli communities in Simpai and Tasik Cini in Pahang who had to travel long distances to get water for their daily needs, we started by sponsoring the construction of wells to supply clean water. The completed wells attracted more orang asli to build their homes nearby and as usage of the wells increased, bathing in open areas became inconvenient. To safeguard their privacy and promote hygiene, we progressed to sponsoring a bathroom and two toilets complete with septic tanks for each well recipient.

In Gerik, Perak, where clean water can be readily obtained from nearby streams, we sponsored the building of higher dams and piping systems to provide convenient access. We also sponsored the installation of solar panels for electricity supply, as well as saplings and farming tools for their farming activities.

In 2019, we sponsored zinc roofs and wood panels to enable recipients in Simpai to upgrade their housing. In 2020, we sponsored similar building materials to recipients in Tasik Chini, as well as eight units of 600-gallon water tanks, piping connection and saplings to support the farming activities of two villages in the same location.

Sustainability Statement

Year	Sponsored	Serves	Location
2015	10 wells	158 individuals	Simpai, Pekan
2016	10 wells	244 individuals	Tanjong Gong, Tasik Cini
2017/2018	8 sets of toilets & bathrooms	123 individuals	Simpai, Pekan
	7 sets of toilets & bathrooms	208 individuals	Tanjong Gong, Tasik Cini
	Dam with piping system & solar panels	3 villages	Gerik, Perak
2018	Cleanliness campaign	192 individuals	Simpai, Pekan
	Saplings & farming tools	3 villages	Gerik, Perak
2019	Zinc roofs, bricks & wood panels	7 families	Simpai, Pekan
2020	Zinc roofs & wood panels	5 families	Tanjong Gong, Tasik Cini
	Water tanks, piping connection, saplings	2 villages	Tanjong Gong, Tasik Cini

Empowering single mothers

The Supermum Project is a collaboration between PPB, the Rotary Club of Petaling Jaya (RCPJ) and Beutifood, a member of the Fantastic Food Factory, to empower single mothers to bake and sell their products for a living. PPB contributed the baking equipment, renovation cost of the baking studio at the Majlis Bandaraya Petaling Jaya premises in Taman Megah, Petaling Jaya, and transport allowances to successful trainees. The 10-week 10-module programme facilitated by a chef lecturer hired by Beutifood, also equips the trainees with entrepreneurial knowledge. The first batch of 10 single mothers completed the programme in September 2020, with PPB organising the last module on business training covering basic accounting, branding, e-commerce and in-depth information on flour, facilitated by staff from PPB Head Office, GSC and FFM. Single mothers who have completed the training are encouraged to bake and sell, with RCPJ and PPB assisting in marketing their products. The interview and selection process for the second batch of single mothers has been completed and start date of training is pending due to the MCO.

Bridging cultures through film

Our cinemas division plays a role in stimulating greater awareness of the arts, and bridging cultures. Since 1999, GSC International Screens has regularly offered local audiences alternative content comprising foreign language and award-winning films, anime, concerts, as well as other non-mainstream fare. Film festivals hosted in partnership with foreign embassies were included in 2001 to bring the diverse cultures of international cinema to Malaysians. Some of these film festivals have since grown into annual events much anticipated by an increasing number of followers. Eight film festivals were originally planned to be showcased in 2020. However, due to the pandemic restrictions, only the China Film Week was held in January while the other seven festivals were either cancelled, moved online, or deferred to 2021.

Development of youth skills

In 2019, PPB and FFM jointly completed the set up of a baking studio "bake X dignity" ("bake X") for the Dignity for Children Foundation ("Dignity"), an organisation that provides quality education for the underprivileged and marginalised with the aim of eradicating poverty. The first batch of 10 students completed a 162-hours' baking course and were awarded Baking Certificates on passing an assessment test. In 2020, bake X started training sessions for 37 students (second highest enrolment of 12 skills class offered) from January until classes were disrupted in March by the implementation of the MCO. Although bake X was unable to carry out the full training, they did fully utilise the baking studio to carry out activities to raise funds to sustain its operations:

1. produced bulk corporate orders for baked products for Hari Raya and Christmas;
2. ran a Mother's Day Campaign;
3. produced 1,600 kg of brownie chips for a local granola company; and
4. sold some of their popular baked products online.

In carrying out these activities, bake X also provided part time baking jobs to seven refugees during the MCO period.

Sustainability Statement

Giving back to the community

- Cheras LeisureMall (CLM) hosted its annual Chinese New Year luncheon at the Mall for 100 senior citizens from five welfare homes.
- The annual "Toy Bank, A Gift of Love" was started by CLM in 1999, where the public are invited to fulfil the Christmas wishes of underprivileged children. This year, 300 children from three orphanages were selected to submit their wish list and more than 800 gifts were collected.
- CLM launched its "Give. Share. Love." campaigns for those in need through two programmes in February 2020. The "Food for Love" programme provides a platform for public donation of non-perishable food items via a collection box in the Mall to be channelled to selected charity homes on a monthly basis. In 2020, a total of 1.24 tonne of food products and 844 kgs of cleaning products have been collected and distributed to eight homes benefitting 365 residents. The "Eye Care for You" programme is a joint CSR activity with CLM's optical care tenants to provide spectacles to children at charity homes on a quarterly basis.
- CLM held two blood donation drives in 2020 in response to the National Blood Bank's call to the public to donate blood as its stock had been impacted by the MCO. A total of 190 pints of blood were collected during the sessions where physical distancing and safety measures were strictly adhered to.

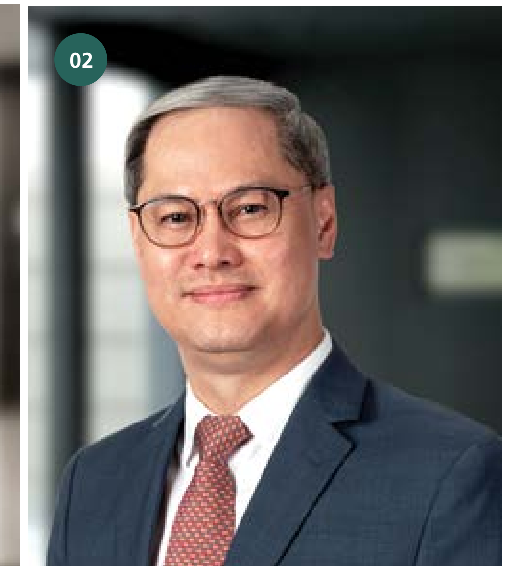
Other key 2020 community projects

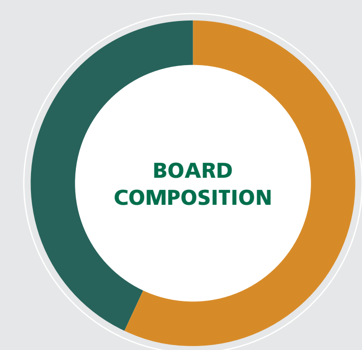
- GSC champions autism awareness and in September 2020, GSC launched an integrated campaign centred around the French film "The Specials", supported by an arts exhibition featuring works of four artists with autism, a charity bazaar, and sale of t-shirt merchandise.
- CWM Group Sdn Bhd contributed towards the food, transportation and accommodation for 41 participants of a 3-phase workshop "Programme to Enhance the Digital Marketing Skills of the Orang Asli" which was jointly organised by Universiti Kebangsaan Malaysia and Jabatan Kemajuan Orang Asli. The objective of the workshop was to provide orang asli youths with entrepreneurial and digital marketing skills, and a digital platform to help market their products.
- Malayan Adhesives and Chemicals Sdn Bhd collaborated with Jabatan Perhutanan Daerah Pantai Klang, Universiti Putra Malaysia and Paya Bakau Sijangkang Recreational Park to repair and upgrade facilities at the Mangrove Swamp Recreation Park in Sijangkang, Kuala Langat in February 2020.
- As physical festive celebrations could not be organised in 2020 due to the pandemic restrictions, we chose to support some of the B40 community by purchasing electrical appliances such as freezers, refrigerators and oven to help boost their cottage businesses.

25 March 2021

Notes to data:
i. Sixty-three employees were retrenched due to the cessation of operations.
ii. No forests have been cleared for agricultural purposes.
iii. The section where young birds of less than 16 weeks old are housed before they become layers.
iv. Figures for Livestock farming's water usage in m^3 for 2019 has been restated to include final reporting data.
v. The Malaysian Sustainable Palm Oil (MSPO) Certification scheme is the national scheme for oil palm plantations, independent and organized smallholdings and palm oil processing facilities to be certified against the requirements of the MSPO standards.
vi. Malaysians are categorized into three different household income groups: Top 20% (T20), Middle 40% (M40), and Bottom 40% (B40).

Board of Directors





57%
Independent Directors

43%
Non-independent Directors

Directors' Profiles

Directors' Profiles

01

TAN SRI DATUK OH SIEW NAM

Chairman
Non-independent Non-executive Director
Member of Remuneration Committee

Gender: Male
Age: 82
Date of Appointment:
Director - 2 March 1988
Executive Chairman - 1 July 2004
Chairman - 1 February 2008

Qualifications and Experience

- Bachelor of Engineering (Honours) degree in Electrical Engineering from the University of Canterbury, New Zealand.
- Assistant Controller of Telecom Malaysia for five years before joining FFM Berhad ("FFM") Group in 1968.
- Managing Director of FFM from 1982 to 2002, and Executive Chairman from 2002 to 2006.
- Board member of Bank Negara Malaysia from 1989 to 2015.
- Served as a member of the Capital Issues Committee and the National Economic Consultative Council II (MAPEN II).
- Chairman of PPB Oil Palms Berhad from 2004 to 2007.

Other Directorships in Public Companies and Listed Issuers

- Kuok Foundation Berhad

02

MR LIM SOON HUAT

Managing Director
Non-independent Executive Director

Gender: Male
Age: 56
Date of Appointment:
Director - 29 May 2008
Managing Director - 1 July 2012

Qualifications and Experience

- Bachelor of Science (Honours) degree in Statistics from Universiti Kebangsaan Malaysia.
- Many years of management experience in the field of finance, commodities trading, consumer goods manufacturing and marketing, hotel investments, sugar cane plantation and sugar milling operation.
- Held various senior executive positions in the Kuok group of companies in Singapore, Thailand, Hong Kong, China and Indonesia.

Other Directorships in Public Companies and Listed Issuers

- Malaysian Bulk Carriers Berhad
- Ponderosa Golf & Country Resort Berhad

03

DATO' CAPT AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID

Independent Non-executive Director
Chairman of Remuneration Committee
Member of Audit Committee

Gender: Male
Age: 71
Date of Appointment:
22 June 2009

Qualifications and Experience

- Qualified as a Master Mariner with a Masters Foreign-going Certificate of Competency from the United Kingdom in 1974.
- Diploma in Applied International Management from the Swedish Institute of Management.
- Attended the Advanced Management Program at Harvard University.
- Fellow of the Chartered Institute of Logistics and Transport and the Institut Kelautan Malaysia.
- Has over 45 years experience in the international maritime industry.

Other Directorships in Public Companies and Listed Issuers

Nil

04

DATUK ONG HUNG HOCK

Non-independent Non-executive Director
Member of Nomination Committee

Gender: Male
Age: 67
Date of Appointment:
1 July 2012

Qualifications and Experience

- Bachelor of Arts (Honours), University of Malaya.
- Held executive positions in marketing in various companies before joining FFM Berhad ("FFM") Group in 1980.
- Held various senior positions in FFM Marketing Sdn Bhd from 1998 to 2019, including Managing Director and Chairman.
- Director of FFM from 2004 to 2019 and Managing Director of FFM from 2011 to 2019.

Other Directorships in Public Companies and Listed Issuers

Nil

Directors' Profiles

Directors' Profiles

05

MR SOH CHIN TECK

- Independent Non-executive Director
  Chairman of Audit Committee
  Member of Nomination Committee

Gender: Male
Age: 63
Date of Appointment:
8 October 2012

Qualifications and Experience

- Bachelor of Economics, Monash University, Melbourne, Australia.
- Masters in Business Administration – International Management, RMIT University, Australia.
- Fellow member of the Institute of Chartered Accountants Australia.
- Member of the Malaysian Institute of Accountants.
- Member of the Australian Institute of Company Directors.
- More than 13 years audit experience and held various senior positions in member firms of Deloitte in Singapore, Sydney and Kuala Lumpur.
- Former Executive Director and General Manager of CSR Building Materials (M) Sdn Bhd.
- Former Business Director and board member of Rockwool Malaysia Sdn Bhd.
- Former Chairman of FMM-Malaysian Insulation Manufacturers Group.
- Former Deputy Managing Director of Saint-Gobain Malaysia Sdn Bhd.

Other Directorships in Public Companies and Listed Issuers

- Freight Management Holdings Berhad

06

ENCIK AHMAD RIZA BIN BASIR

- Independent Non-executive Director
  Chairman of Nomination Committee

Gender: Male
Age: 60
Date of Appointment:
25 July 2013

Qualifications and Experience

- Bachelor of Law (Honours), University of Hertfordshire, United Kingdom.
- Barrister-at-Law (Lincoln's Inn), London.
- Called to the Malaysian Bar in 1986.
- Former partner of the law firm, Riza, Leong & Partners.
- Former Managing Director of Kumpulan FIMA Berhad.
- Former director of Jerneh Asia Berhad (now known as JAB Capital Berhad) from 1996 to 2012.
- Independent director of United Plantations Berhad since 2000.

Other Directorships in Public Companies and Listed Issuers

- United Plantations Berhad

07

MADAM TAM CHIEW LIN

- Independent Non-executive Director
  Member of Audit Committee
  Member of Remuneration Committee

Gender: Female
Age: 70
Date of Appointment:
25 July 2013

Qualifications and Experience

- Fellow member of the Institute of Chartered Accountants in England and Wales (1975).
- Chartered Accountant – Malaysian Institute of Accountants.
- Public Accountant – Malaysian Institute of Certified Public Accountants.
- Diploma in Applied International Management – Swedish Institute of Management.
- Postgraduate Certificate in Banking and Finance – University of Wales, Bangor.
- Appointed as director of Jerneh Asia Berhad (now known as JAB Capital Berhad ("JAB")) in 1996; and subsequently appointed as Executive Director in 2000.
- Appointed as Managing Director of JAB group of companies from 2005 until her retirement at end-2012.
- Held various positions in the IMC group of companies from 1991 to 2000.

Other Directorships in Public Companies and Listed Issuers

- JAB Capital Berhad
- FWD Takaful Berhad

Notes:
1. *All the Directors are Malaysians.*
2. *None of the Directors has any family relationship with any other Director and/or major shareholder of the Company, nor any conflict of interest with the Company.*
3. *Other than traffic offences, none of the Directors had any convictions for any offences within the past five years, or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

Key Senior Management Team

Key Senior Management Team

01

MR LIM SOON HUAT

- Managing Director of PPB Group Berhad

62

Mr Lim's profile is set out on page 62.

02

MR JEREMY GOON KIN WAI @ JEREMY RUAN JIANWEI

- Director and General Manager of FFM Berhad

Year of joining PPB Group: 2019
Gender: Male
Age: 49
Date Appointed to the Key Senior Management Position: 1 October 2019

Qualifications and Experience

- Bachelor of Arts (Honours) degree in Management Science & Law from Keele University, United Kingdom.
- Currently the Chief Sustainability Officer of Wilmar International Limited ("Wilmar") and Executive Director of Wilmar's Plantation Operations, and also heads the Corporate Communications and Investor Relations functions of Wilmar.
- Held several senior positions in the Kuok Group of Companies since 2002 and has management experience in edible oils processing operations, trading, brand management, marketing and sustainability.
- Serves on the boards of several local and overseas entities amongst them, PT Gunung Madu Plantations (Indonesia) and Palmci, Group SIFCA (Ivory Coast).
- Serves in various capacities in trade organisations such as the Malaysian Palm Oil Association, Malaysian Palm Oil Council and Tropical Forest Alliance 2020.

Directorship in Public Companies and Listed Issuers

- FFM Berhad
- PPB Oil Palms Berhad
- Rainbow Ridge Berhad

Key Senior Management Team

03

IR LEONG YEW WENG

- Managing Director of Chemquest Sdn Bhd

Year of joining PPB Group: 1993
Gender: Male
Age: 61
Date Appointed to the Key Senior Management Position: 7 June 2005

Qualifications and Experience

- Bachelor of Engineering (Honours) degree in Electrical Engineering from the University of Liverpool.
- Masters of Business Administration from Brunel, University of London.
- Registered Professional Engineer with Practising Certificate (PE) with Board of Engineers.
- Member of the Malaysian Institute of Engineers.
- Attached with Behn Meyer and Esso Production Malaysia Inc in the early 1980s. Held numerous management positions and served overseas assignments in Europe and Asia.
- Joined the Group as CEO of CWM Group Sdn Bhd in 1993. Appointed as Managing Director of Chemquest Sdn Bhd since 2005.
- Has accumulated more than 30 years of experience in engineering, procurement and construction, business development and corporate management in the Power, Oil & Gas, Infrastructure, Utilities and Environmental Engineering industries.

Directorship in Public Companies and Listed Issuers

None

04

MS KOH MEI LEE

- Chief Executive Officer of Golden Screen Cinemas (GSC) Group & Head of Corporate Affairs of PPB Group Berhad

Year of joining PPB Group: 1990
Gender: Female
Age: 55
Date Appointed to the Key Senior Management Position: 1 January 2002

Qualifications and Experience

- Bachelor of Business Administration degree (Summa Cum Laude) in Finance from the University of Montevallo, USA.
- Oversees the corporate affairs, sustainability and investor relations of PPB Group as well as the Group's leisure operations.
- Appointed as Director of GSC Group since February 2001 and has been Chief Executive Officer of GSC Group since January 2002.

Directorship in Public Companies and Listed Issuers

None

Key Senior Management Team

05

MR LOW ENG HOOI

- Chief Executive Officer of PPB Properties

Year of joining PPB Group: 2019
Gender: Male
Age: 56
Date Appointed to the Key Senior Management Position: 3 July 2019

Qualifications and Experience

- Bachelor of Science (Honours) degree in Housing, Building & Planning and Bachelor of Architecture (Honours) degree from University of Science Malaysia.
- Registered architect with Board of Architects Malaysia; and corporate member of Pertubuhan Akitek Malaysia.
- Has more than 30 years working experience in property development.
- Held executive positions in major conglomerates namely Keppel Land, Boustead Holdings, Khazanah Group and Shangri-La Group of companies.

Directorship in Public Companies and Listed Issuers

None

06

MS YAP CHOI FOONG

- Chief Financial Officer of PPB Group Berhad

Year of joining PPB Group: 2017
Gender: Female
Age: 56
Date Appointed to the Key Senior Management Position: 1 November 2017

Qualifications and Experience

- Fellow member of the Association of Chartered Certified Accountants, United Kingdom.
- Prior to joining PPB Group Berhad as Head of Corporate Strategy and Planning in March 2017, she was the Group Chief Financial Officer of RHB Banking Group.
- Has over 30 years working experience in auditing; finance and accounting; corporate finance; corporate & strategic planning; and merger, acquisition & integration.

Directorship in Public Companies and Listed Issuers

None

Key Senior Management Team

07

MR MAH TECK KEONG

- Company Secretary of PPB Group Berhad

Year of joining PPB Group: 1989
Gender: Male
Age: 58
Date Appointed to the Key Senior Management Position: 27 November 2008

Qualifications and Experience

- Associate member of The Malaysian Institute of Chartered Secretaries and Administrators.
- Oversees the corporate secretarial and legal matters of PPB and various subsidiaries, and other affiliated companies.

Directorship in Public Companies and Listed Issuers

None

08

MS OH SOK TUAN, AMANDA

- Chief Human Resources Officer of PPB Group Berhad

Year of joining PPB Group: 2019
Gender: Female
Age: 48
Date Appointed to the Key Senior Management Position: 15 May 2019

Qualifications and Experience

- Bachelor of Arts (Honours) degree in Business Administration in Human Resources Management from University of Wales.
- 18 years of leadership experience in multinational settings, operating in diverse industries such as shipping, insurance and chemical manufacturing prior to joining PPB Group Berhad.
- Experience includes leading change for operational efficiency, resource optimisation, leadership and talent development, cultural transformation and enhancing employer value proposition.

Directorship in Public Companies and Listed Issuers

None

Notes:

1. *All the members of the key senior management team are Malaysians.*
2. *None of the key senior management team has any relationship with any director and/or major shareholder of PPB, nor any conflict of interest with the Company.*
3. *Other than traffic offences (if any), none of the key senior management team had any convictions for any offences within the past five years, or any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

Corporate Governance Overview Statement

This Corporate Governance Overview Statement ("CGS") provides a summary of the corporate governance practices of PPB Group Berhad ("PPB") and its subsidiaries ("Group") during the financial year ended 31 December 2020 ("FY2020") with reference to the three Principles in the Malaysian Code on Corporate Governance ("MCCG"), viz:

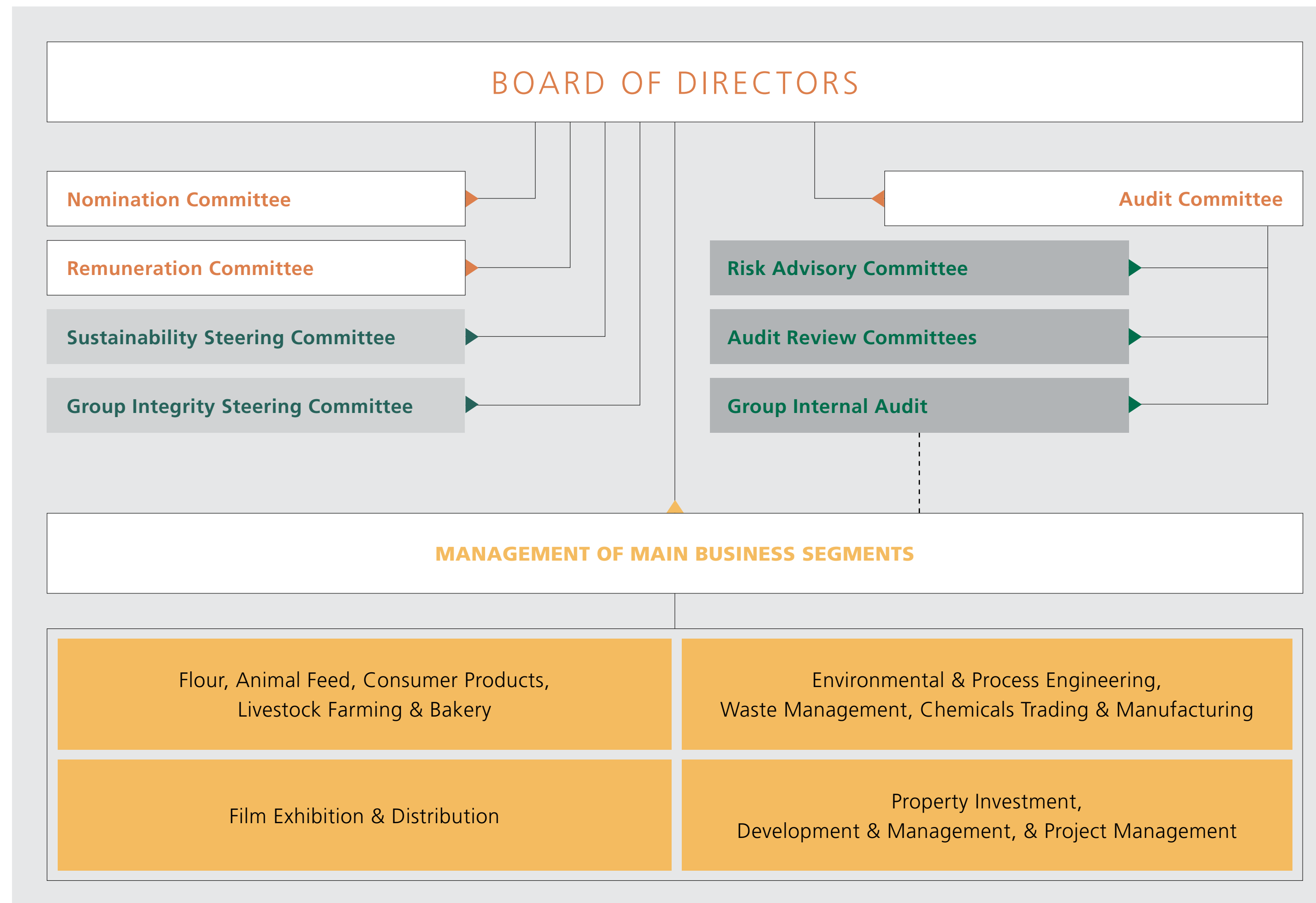
Principle A	Principle B	Principle C
Board leadership and effectiveness	**Effective audit and risk management**	**Integrity in corporate reporting and meaningful relationship with stakeholders**

It also highlights key focus areas and future priorities in relation to our corporate governance practices.

This statement should be read together with the Company's Corporate Governance Report ("CGR") for FY2020 which is based on a prescribed format to provide a more detailed description of the Group's corporate governance practices vis-à-vis the MCCG. The CGR is available on the websites of Bursa Malaysia (http://www.bursamalaysia.com) and PPB (https://www.ppbgroup.com). The CGS should also be read in tandem with other statements in the 2020 Annual Report, viz the Audit Committee Report, Statement on Risk Management and Internal Control, and the Sustainability Statement.

The Group's governance structure during the year was as follows:

Governance structure



Corporate Governance Overview Statement

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Board responsibilities

The board charter sets out matters reserved for the Board's decision and outlines the Board's roles and responsibilities; it will be reviewed to align with the updated PPB Group Strategic Plan and other frameworks; and to include environmental, sustainability and governance ("ESG") considerations. The schedule of matters for the Board's decision includes amongst others, the overall Group strategy and direction; major policies, board and board committee appointments; approval of financial statements, corporate plans and budgets, material acquisitions and disposals of assets, and major investments.

The Board has oversight of the overall performance and control of the Group, setting and reviewing the strategic direction of the Group, and monitoring the implementation by management of that strategy. Specific responsibilities are delegated to the three main Board committees, namely the Audit, Nomination and Remuneration Committees. These committees operate within Board-approved terms of reference, and have authority to examine issues and report to the Board with their findings and recommendations.

The roles of the Chairman and Managing Director are separate. The non-executive Chairman's responsibilities include overseeing the governance process, as well as represent the Board to shareholders. The Managing Director is responsible for overseeing the development and operations of the Group's businesses, and implementing corporate strategies and objectives adopted by the Board.

The Board sets the minimum standards of conduct and personal behaviour; to maintain a uniform set of values and ethics within the Group, a Group-wide code of ethics and code of conduct has been adopted, and embedded in the respective Group employee handbooks. A whistle-blower policy adopted by the Company in 2015 is incorporated in the employee handbook, and has also been adopted by the respective business units throughout the Group.

Anti-bribery and corruption

The directors of PPB are committed to complying with anti-bribery and corruption laws in Malaysia and other countries in which the Group operates. The Group Anti-Bribery and Corruption ("ABAC") Policy is applicable to all directors and employees of PPB Group as well as the Group's business associates. The ABAC Policy was also communicated to all parties with whom the Group has business dealings, and is accessible to the public via publication on the Group entities' corporate websites. The Group ABAC Policy may be viewed at the Company's website: https://www.ppbgroup.com/index.php/governance-sustainability/code-policies/group-anti-bribery-and-corruption-policy

The ABAC Policy sets out PPB's stance against bribery and corruption, managing conflicts of interest, policy on gifts, hospitality and entertainment, donations and sponsorship, handling facilitation payment requests and whistleblowing. There is also an ABAC manual to provide more detailed guidance to employees.

The Board is responsible for the oversight of the ABAC/Integrity programme, and has delegated authority and day-to-day decisions to the Group Integrity Steering Committee.

Board and Committee meetings

The meetings of the Board and Board Committees held in FY2020 and attendance record are set out below:

Board of Directors

100% **Tan Sri Datuk Oh Siew Nam**
Number of meetings attended: 6/6

100% **Mr Lim Soon Huat**
Number of meetings attended: 6/6

100% **Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid**
Number of meetings attended: 6/6

100% **Datuk Ong Hung Hock**
Number of meetings attended: 6/6

100% **Mr Soh Chin Teck**
Number of meetings attended: 6/6

100% **En Ahmad Riza bin Basir**
Number of meetings attended: 6/6

100% **Madam Tam Chiew Lin**
Number of meetings attended: 6/6

Audit Committee

100% **Mr Soh Chin Teck**
Number of meetings attended: 5/5

100% **Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid**
Number of meetings attended: 5/5

100% **Madam Tam Chiew Lin**
Number of meetings attended: 5/5

Corporate Governance Overview Statement

Nomination Comittee

100% **En Ahmad Riza bin Basir**
Number of meetings attended: 2/2

100% **Datuk Ong Hung Hock**
Number of meetings attended: 2/2

100% **Mr Soh Chin Teck**
Number of meetings attended: 2/2

Remuneration Comittee

100% **Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid**
Number of meetings attended: 1/1

100% **Tan Sri Datuk Oh Siew Nam**
Number of meetings attended: 1/1

100% **Madam Tam Chiew Lin**
Number of meetings attended: 1/1

In exercising their duties, directors have access to information within the Company and the support of the company secretary. The company secretary also updates directors on statutory, regulatory and related governance requirements relating to the discharge of their duties and responsibilities.

Board composition

The Board comprises a majority of independent directors; of the seven Board members, four are independent. The remainder of the Board comprises two non-independent non-executive directors, and the Managing Director.

The independent directors are able to carry out their duties and express their views unfettered by familiarity, or business or other relationships. They provide skills, competencies as well as broader views to enhance the Board's effectiveness.

The Board has agreed that annual shareholders' approval be sought to extend the tenure of any director who has served for more than nine years as an independent director. Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid's tenure as an independent director was further extended at the 51st Annual General Meeting ("AGM") of the Company in 2020 until the conclusion of the next AGM, pursuant to the recommendation in the MCCG. The Nomination Committee ("NC") and the Board are satisfied that Dato' Sufian is able to exercise independent judgment and act in the best interests of the Company, and recommended the continuation of Dato' Sufian's term as an independent director beyond 12 years, for shareholders' approval at the 52nd AGM of the Company.

The Board strives to achieve a balance and mix of skills, experience and perspectives amongst its directors, to collectively bring a range of experience, business, financial and technical expertise for effective oversight of the Group's diversified businesses, and fulfill the Board's duties and responsibilities.

Annual (re)election of directors

In accordance with the Company's Constitution, one third of the directors retire by rotation at the AGM every year, and are subject to re-election by members.

The NC also reviews annually the training undertaken by Directors and recommends topics which are relevant or of interest to the Board to keep abreast with business and regulatory developments. In 2020, the Directors attended PPB's annual in-house training session for directors and senior management, and the topics selected included the following:

- Harnessing Recovery Path to the Next Normal (update on economic and business conditions).
- An introduction to integrated reporting.
- Applied Resilience – Mental health and emotional capacity building for the future.

All Directors also attended an ABAC training session conducted by the Company's Risk Management and Integrity Department.

In addition to the above, the following Directors attended other training sessions during the year, and the topics included:

Name of Director	Title/Subject
Mr Lim Soon Huat	• Mental Health First Aid introduction and training course
Madam Tam Chiew Lin	• Understanding the Evolving Cybersecurity Landscape • Shariah Training: Takaful Terminologies • Banking on Governance, Insuring Sustainability • Staying ahead with Data Analytics • Refresher – Understanding Fintech and its implications for banks • Code of Conduct and Anti Money Laundering • Managing Cyber Security Risk • Climate Action: The Board's Leadership in Greening the Financial Sector • Gift, Entertainment & Anti-Bribery, Information Security and Data Protection, and Conduct Risk • Green Fintech: Ping An's journey to become a top ESG-performing Financial Institution.

Corporate Governance Overview Statement

The criteria for evaluation of candidates for appointment as directors (and senior management positions) include their qualification, occupation, professional and business experience, and is subject to the Company/Group's requirements and operating environment. Prospective candidates are not discriminated based on gender, age, cultural background etc.

The Group recognises the importance of identifying and developing potential leaders and managers to fill key positions (whether on the board or senior management) in the Company and Group, from both internal and external sources. This is an on-going process based on the Group's short and longer term needs in terms of skills, expertise, knowledge and experience.

Board evaluation

Candidates for board appointments are reviewed by the NC before recommendation to the Board. The NC is chaired by Encik Ahmad Riza bin Basir, an independent director.

The NC reviews annually the Board size and composition, as well as the mix of Directors necessary for the successful direction of the Company and Group's businesses. This includes an annual Board assessment, an assessment of the independent directors, as well as an annual review of the Audit Committee. For the year under review, the Board is satisfied with the present number and composition of its members and is of the view that the Board had discharged its duties and responsibilities effectively. The Board assessment for 2020 covered their experience and expertise/knowledge in the following areas:

- Business knowledge
- Accounting and financials
- Corporate governance, risk management and internal controls
- Legal and regulatory
- Human capital
- Information technology knowledge
- Stakeholder engagement
- Sustainability

Gender diversity

There is presently no formal gender diversity policy. The Board is of the opinion that it is important to recruit and retain the best available talent, taking into account the mix of skills, experience, knowledge and independence, and based on the Group's needs and operating environment. Nonetheless, the Board will endeavour to increase board gender diversity, and it will be one of the factors to be considered in evaluating prospective candidates when a board vacancy arises.

Remuneration

The Board reviews the overall remuneration of executive and non-executive directors at regular intervals to attract and retain directors with the relevant experience and expertise.

The Managing Director's remuneration is determined after taking into account his duties and responsibilities as Managing Director of PPB, his roles in various capacities in the main business units, and the Group's performance for the year. For non-executive directors, the remuneration reflects their roles and responsibilities, and the recommendation thereof is a matter for the Board as a whole subject to shareholders' approval.

Corporate Governance Overview Statement

The details of the individual directors' remuneration paid/payable for FY2020 on a Group and Company basis are set out below:

Group							
Figures in RM'000	**Fees**	**Salary**	**Bonus**	**Meeting allowances**	**Benefits-in-kind**	**EPF***	**Total**
Executive Director							
Lim Soon Huat	17	1,000	1,800	-	39	449	3,305
Non-executive Directors							
Tan Sri Datuk Oh Siew Nam	506	-	-	9	34	-	549
Datuk Ong Hung Hock	86	-	-	10	-	-	96
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	109	-	-	15	-	-	124
Soh Chin Teck	121	-	-	21	-	-	142
Ahmad Riza bin Basir	88	-	-	15	-	-	103
Tam Chiew Lin	106	-	-	14	-	-	120

Company							
Figures in RM'000	**Fees**	**Salary**	**Bonus**	**Meeting allowances**	**Benefits-in-kind**	**EPF***	**Total**
Executive Director							
Lim Soon Huat	-	1,000	1,800	-	39	449	3,288
Non-executive Directors							
Tan Sri Datuk Oh Siew Nam	506	-	-	9	34	-	549
Datuk Ong Hung Hock	86	-	-	10	-	-	96
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	109	-	-	15	-	-	124
Soh Chin Teck	121	-	-	18	-	-	139
Ahmad Riza bin Basir	88	-	-	15	-	-	103
Tam Chiew Lin	106	-	-	14	-	-	120

* *Employees Provident Fund*

The remuneration of the top five senior management of the PPB Group (excluding those who are also Directors of PPB) paid/payable for FY2020 on an aggregated basis in RM50,000 bands is as follows:

Remuneration bands	Number of senior management staff
RM1,100,001 – RM1,150,000	1
RM1,200,001 – RM1,250,000	1
RM1,500,001 – RM1,550,000	1
RM1,700,001 – RM1,750,000	1
RM2,800,001 – RM2,850,000	1

The Group senior management remuneration is commensurate with their duties and responsibilities, the performance of the respective company or business entity, and the operating environment. The Board is of the opinion that the disclosure of the senior management's names and remuneration components would not be in the best interest of the Group due to confidentiality, business and personal security concerns. The above disclosure is deemed sufficient to enable stakeholders to assess senior management remuneration vis a vis the Group's performance.

Corporate Governance Overview Statement

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

The Audit Committee ("AC") comprises entirely of independent directors; the AC Chairman is also separate from the Chairman of the Board.

The principal functions of the AC include the following:

- Ensure that the financial statements comply with applicable financial reporting standards, and assess the suitability and independence of external auditors.
- Assess the adequacy and effectiveness of the Group's enterprise-wide risk management and internal control framework.

The members of the AC possess a mix of skills, knowledge and experience to enable them to discharge their duties and responsibilities pursuant to the AC's terms of reference, which are available on the Company's website. An annual self and peer evaluation of the AC is carried out and reviewed by the NC. The Audit Committee Report on pages 78 to 80 of the annual report provides more details on the AC's functions during the year.

Risk management and internal control framework

Responsibility for ensuring a sound internal control system and reviewing the effectiveness of the system lies with the Board. The Group's system of risk management and internal control is designed to manage, rather than eliminate, the risk of failure to achieve the Company's corporate objectives and safeguard the Group's assets. It therefore provides reasonable but not absolute assurance against material misstatement, fraud or loss.

A risk management and internal control framework has been established which covers the Group's risk assessment process and internal controls, with oversight and reporting on the effectiveness of this function. There were no significant risk management and internal control failings or weaknesses which resulted in material losses or contingencies during the financial year.

The Statement on Risk Management and Internal Control set out on pages 81 and 82 of the 2020 Annual Report provides a more detailed description of the state of risk management and internal controls.

Corporate Governance Overview Statement

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

Communication with stakeholders

PPB's Corporate Disclosure Policy ("CDP") sets out the disclosure policies and procedures, and provides a framework to communicate effectively with stakeholders and the public generally. The policy may be viewed at the Company's website: https://www.ppbgroup.com/index.php/governance-sustainability/code-policies/corporate-disclosure-policy

The Company seeks to provide stakeholders with timely, accurate, clear and equal access to material information on the Company's performance and operations. The principal sources of information disseminated by the Company during the year include the annual report, quarterly investor updates, news releases and company website.

PPB's investor relations programme is directed at both individual and institutional investors, with the objective to maintain ongoing awareness of the Company's performance amongst shareholders, media and the investing community. Normally twice-yearly analyst briefings are held after the release of the half-yearly and final results together with media conferences. In 2020, only one session was held in view of the then Movement Control Order ("MCO") imposed by the government arising from the Covid-19 pandemic. The Company makes every attempt to meet requests for meetings or information from the investing community.

In respect of integrated reporting <IR>, the Board has agreed to consider its adoption subject to a study by management on the feasibility, requirements etc.

Conduct of general meetings

The 51st Annual General Meeting ("AGM") held on 12 June 2020 was conducted for the first time entirely via live streaming and online remote poll voting. This enabled shareholders to participate and vote remotely, notwithstanding the imposition of the MCO and observance of safety requirements.

The Company endeavours to issue the notice of AGM not later than 28 days before the meeting. However due to the MCO restrictions, the AGM notice in 2020 was issued 24 days before the meeting; this was above the minimum notice period (21 days) prescribed in both the Companies Act 2016 and Bursa Securities Main Market Listing Requirements.

The AGM notice sets out the resolutions to be tabled and includes explanatory notes and other relevant information on the matters to be discussed and decided at the AGM. Shareholders were able to exercise their votes either in person, or appoint a representative or proxy to attend and vote on their behalf using remote participation and voting facilities. Voting was by poll, conducted electronically and verified by an independent scrutineer.

It is the Company's practice that all Board members including the respective chairs of the various committees attend AGMs and are available to deal with any questions on matters under their purview. At the meetings, shareholders can express their views or raise questions relating to the Group's financial performance and business operations.

Focus Areas on Corporate Governance

The updated Group Strategic Plan covers the four main business segments, and aims to:

- align the Group's business activities towards the achievement of its vision and objectives;
- provide a framework within which the businesses can operate and develop;
- help management monitor and actualise investments, project development plans and prospects; and
- facilitate discussion with stakeholders on the Group's businesses.

The Board approved the updated Group Strategic Plan in 2020, which includes the 5-year strategic plans of the various business units. The strategic plans of various business units align with the Group's objectives in response to a dynamic environment; and include ESG considerations.

This statement is made in accordance with a resolution of the Board of Directors dated 25 March 2021.

Audit Committee Report

COMPOSITION

The members of the Audit Committee ("AC") of PPB Group Berhad ("PPB") during the financial year ended ("FYE") 31 December 2020 comprised the following Directors:

Name of AC member	Membership	Directorship
Mr Soh Chin Teck	Chairman	Independent Non-executive
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	Member	Independent Non-executive
Madam Tam Chiew Lin	Member	Independent Non-executive

MEETINGS

The number of AC meetings held in 2020 and details of attendance of each committee member are as follows:

	No. of Audit Committee meetings	
Name of AC member	Held	Attended
Mr Soh Chin Teck	5	5
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	5	5
Madam Tam Chiew Lin	5	5

The AC performed the duties specified in its terms of reference in FYE 31 December 2020 as follows:

External audit

1. For the annual statutory audit, the AC together with the Chief Financial Officer ("CFO") of PPB and the respective Heads of Finance of the main subsidiary business units, reviewed the external auditors' audit plan and scope of work for FYE 31 December 2020. The AC was also briefed on the status of the audit and resolution of areas of audit emphasis which the external auditors noted during the course of the audit. Other observations and opportunities for improvement, together with management's responses, were also highlighted to the AC.

2. At the close of each quarter, the AC reviewed the quarterly financial statements of PPB with the CFO and the respective Heads of Finance of the main subsidiary business units, prior to approval by the Board, to ensure that the condensed financial statements are in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the applicable financial reporting standards. Questions and/or concerns raised by the AC on the financial statements are addressed accordingly.

3. The AC reviewed with the CFO, the audited financial statements for the year under review prior to approval by the Board, to ensure that they were prepared in accordance with the provisions of the Companies Act 2016 and the applicable financial reporting standards. The CFO addressed all concerns from the AC accordingly.

4. The AC reviewed non-audit services provided by the external auditors and its affiliates to PPB Group and is satisfied that the provision of the non-audit services did not impair their independence as external auditors.

5. The AC reviewed the annual assessment conducted on the effectiveness, suitability and independence of the external auditors.

6. The AC met twice with the external auditors without the presence of management. At these meetings, the external auditors informed the AC that they are satisfied with the co-operation and support given by management and staff of the group in the course of their audit.

Internal audit

7. Four Audit Review Committees ("ARC") have been established for each of the main business divisions in the Group. ARC meetings are usually held quarterly before the scheduled AC meetings, and chaired by PPB's CFO. The ARC meetings serve as an avenue for more in-depth discussion of issues raised in the internal audit reports.

   Senior management of the subject entity are invited to ARC meetings to facilitate discussions and provide further explanation, feedback, updates and action plans on internal audit issues raised. AC members may attend selected ARC meetings to seek explanations or participate in deliberations between management and ARC members.

8. Significant audit issues raised in ARC meetings are further discussed at AC meetings and where necessary, the chief executives of the subsidiaries may be invited to attend AC meetings to provide further information and explanation.

9. The AC reviewed the findings of PPB Internal Audit Department ("PPBIAD") reports and noted the discussions at ARC meetings. All outstanding audit issues are tracked monthly by PPBIAD until they are satisfactorily resolved. A status report on the follow-up audit issues together with management's explanations on outstanding items that are overdue, is tabled to the AC at the quarterly meetings.

10. The AC reviewed and approved PPBIAD's 2020 audit plan, scope and audit approach which is guided by the risk-based assessment approved by the AC.

11. At the AC meeting held on 25 November 2020, the AC assessed the performance and competency of PPBIAD including assessing the adequacy of their manpower and other resources, and is satisfied with PPBIAD's performance and adequacy of its resources.

Related party transactions ("RPT") and conflict of interest ("COI") situations

12. The AC noted the methods and procedures (which are reviewed by PPBIAD) by which prices and other terms of recurrent related party transactions ("RRPT") are determined, and inter-alia covers PPB Group's procedures and processes to identify, track and monitor RRPTs.

13. The AC reviewed RPT issues including any COI situations as and when highlighted in internal audit reports.

14. The AC noted the RPTs and RRPTs entered into by the Group in FYE 2020.

Risk management

15. The AC provided oversight, direction and resources for the implementation of the risk management framework in the following key areas:
    a) assessing the effectiveness of the Group's enterprise-wide risk management framework.
    b) reviewing the risk reports of the Group on a quarterly basis.
    c) ensuring the risk management activities of risk identification, assessment, action plans and monitoring of key risks are implemented throughout the organisation.
    d) ensuring key risks of the Group are managed appropriately in order to assure the Board that the residual risk ratings meet the Group's risk appetite.

Others

16. The AC reviewed the Audit Committee Report and the Statement on Risk Management and Internal Control for inclusion in the 2020 Annual Report.

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is performed in-house by staff of PPBIAD. PPBIAD reports directly to the AC and all its internal auditors are free from any relationships or conflict of interest, which could impair their objectivity and independence.

The total cost incurred by PPBIAD for the internal audit function of the Group for FYE 31 December 2020 was about RM2.5 million.

Audit Committee Report

SUMMARY OF THE WORK OF PPBIAD

The activities and processes of PPBIAD are guided by its charter and conform to the 'International Standards for the Professional Practice of Internal Auditing' issued by the Institute of Internal Auditors ("IIA"), as well as the annual audit plan approved by the AC. PPBIAD adopts a risk-based approach in the development of its audit plans.

During FYE 31 December 2020, PPBIAD:

Key audit areas

1. Reviewed the top risks identified by management of PPB and its subsidiaries, including additional risk areas identified by PPBIAD and tested the adequacy and effectiveness of the key internal controls to manage those risks.

2. Reviewed the systems in place to ensure compliance with policies, plans, rules and regulations which may have significant impact on PPB Group.

3. Reviewed controls to safeguard assets and where appropriate, verified the existence of such assets.

4. Reviewed the effectiveness and efficiency of operations and ascertained whether results are consistent with PPB's objectives and goals.

5. Followed up on the Company's application of the relevant principles and recommendations in the Malaysian Code on Corporate Governance.

6. Reviewed RPTs and RRPTs and reported on any COI situations identified during the course of audit which did not adhere to relevant policies, rules and regulations.

Reporting and communication flow

7. PPBIAD staff attended a total of 10 ARC meetings held to discuss their audit reports.

8. The Head of Internal Audit ("HIA") met on a one-on-one basis with the AC Chairman on two occasions to review key audit issues prior to scheduled AC meetings. At these discussions, the AC Chairman provided guidance and support to further improve the efficiency and effectiveness of PPBIAD.

9. The HIA highlights at each AC meeting, critical and important audit issues in the internal audit reports with particular emphasis on any key unresolved issues.

Resources

10. PPBIAD's head count as at 31 December 2020 was 11. All PPBIAD auditors have at least a relevant tertiary education. The incumbent HIA, Mr Lim Thiam Beng is a member of IIA Malaysia, the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. Mr Lim will retire at the end of March 2021, and Mr Seng Kian Aik, who joined the Company in January 2021, will take over as HIA. Mr Seng is a member of IIA Malaysia, Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, and Chartered Accountants Australia and New Zealand.

11. Staff attended relevant courses and seminars organized by IIA Malaysia and other professional/ regulatory bodies to keep abreast with the latest auditing techniques and regulatory requirements.

(The terms of reference of the AC can be viewed on PPB's website at www.ppbgroup.com)

Soh Chin Teck
Audit Committee Chairman
25 March 2021

Statement on Risk Management and Internal Control

PPB Board acknowledges its responsibility for establishing a sound risk management and internal control system to safeguard shareholders' investments and the Group's assets.

There is an ongoing review process by the Board to ensure the adequacy and effectiveness of the system to meet the Group's objectives and strategies. The risk management framework and internal control system are designed to identify, evaluate and manage risks that may prevent the achievement of the business objectives and strategies within the Group's risk appetite, rather than to eliminate risks. Therefore, it provides reasonable but not absolute assurance against material misstatement, fraud or loss.

The main features of the Group's risk management framework and internal control system are summarised as follows:

1. Control environment

The Group considers the integrity of staff at all levels to be of utmost importance, and this is pursued through comprehensive recruitment, appraisal and reward programmes. There is a Group organisation structure within which business activities are planned, controlled and monitored.

The Group's culture and values, and the standard of conduct and discipline it expects from employees are communicated to them via the employee handbook or letters of appointment.

2. Risk management

A formal Group-wide enterprise risk management ("ERM") framework has been established, which is aligned to ISO31000: Risk Management, covering the Group's core business activities to identify, evaluate and manage significant business risks faced by the Group.

This process was in place throughout the year and is regularly reviewed and monitored by the Audit Committee ("AC") for its adequacy and effectiveness, and reported accordingly to the Board.

The key features of the Group's risk management framework are:

- A formal set of risk policy and guidelines has been established and approved by the Board and communicated to employees throughout the Group through risk awareness sessions and workshops;

- A risk reporting structure which outlines the lines of reporting and responsibilities of the Board, AC, Risk Advisory Committee ("RAC") and the various subsidiary risk committees, has been established and approved;

- The RAC reports on the Group risk profile for review by the AC, and the AC reports on the significant risks and controls available to mitigate those risks to the Board for its consideration;

- The appointment of a Group Chief Risk Officer ("GCRO") at the holding company (PPB Group Berhad) and risk officers at the subsidiaries to ensure leadership, direction and coordination of the Group-wide application of risk management;

- The scope of the Group-wide risk assessment process encompasses strategic, governance, legal and compliance, operations, cyber, financial, asset security, health, safety, and environment. The key risks identified in these areas are deliberated and assessed during the risk assessment workshops;

- The risk assessment sessions which include corruption risk assessment, are mainly carried out through meetings or facilitated workshops by the ERM team or the subsidiaries' risk officers. They provide independent assessment of new/existing risks identified, and risk ratings determined by the respective risk owners based on the risk appetite set by the Board;

- The risk officers also provide guidance to the risk owners on the development and adoption of appropriate management action plans to mitigate the risks, should the control effectiveness of the existing controls be assessed to require further improvements;

- The heads of the strategic business units, with assistance from their risk officers are responsible for identifying, analysing and evaluating risks, as well as developing, implementing and monitoring management action plans and reporting all risks to the GCRO, who will subsequently table the Group's key risks to the RAC, AC and Board;

- The identification and monitoring of key risk indicators ("KRIs") have been rolled out to the Group, which assist risk owners to assess the risk ratings and the need for further management action plans to mitigate the risks should the KRIs indicate an adverse trend; and

Statement on Risk Management and Internal Control

- Ongoing risk management education and training is provided at management and staff levels.

As part of the Group's effort to remain resilient in times of crisis, a Group-wide business continuity management ("BCM") framework has been established. This is to provide a structured approach to assist management to respond, recover and resume normal operations in a more efficient and effective manner, in the event of a crisis. A Group BCM Strategic Roadmap has been developed to implement the BCM programme throughout the group in phases. The BCM programme incorporates the awareness sessions, risk assessment, business impact analysis, development of the recovery strategies/plans and cascading of the business continuity plans ("BCPs") to relevant staff. The BCPs are reviewed and updated regularly to enhance our capabilities to meet customers, regulatory bodies and other stakeholders' requirements.

3. Control activities

The Group has in place a system to ensure that there are adequate and effective risk management, financial and operational policies and procedures and rules relating to the delegation and segregation of duties.

There are comprehensive budgets, requiring board approval, which are reviewed on a regular basis.

4. Information and communication

There is a system of financial reporting to the Board, based on quarterly results and annual budgets. Key risks and operational performance indicators are continuously monitored and reported to the Board.

Whistleblowing policies and procedures are in place to provide a platform to report on actual or suspected malpractice, misconduct or violation of applicable laws and regulations in a responsible and effective manner.

5. Monitoring

Monitoring of the Group's significant business risks is embedded within the Group's risk management process described in item 2 above. A control self-assessment system is also in place for management to monitor critical and routine risk areas under their jurisdiction using an internal control checklist.

The adequacy and effectiveness of the Group's risk management, internal control and governance processes are reviewed and monitored by the AC, which receives regular reports from the internal auditors. Formal procedures are in place for action to be taken to remedy any significant failings or weaknesses identified in these reports.

There were no significant risk management and internal control failings or weaknesses which had resulted in material losses or contingencies during the financial year.

The Board has received assurance from the Managing Director and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively in all material aspects based on the risk management and internal control system of the Group.

Based on the foregoing, the Board is satisfied with the adequacy and effectiveness of the Group's risk management and internal control system. However, such a system is designed to manage rather than eliminate the risk of failure. Accordingly, the system can only provide a reasonable and not absolute assurance against material misstatement, loss or fraud.

The Group's system of risk management and internal control applies principally to PPB Group Berhad and its subsidiaries. Associates have been excluded because the Group does not have full management and control over them.

25 February 2021

Financial Statements

Directors' Responsibility Statement

In preparing the annual financial statements of the Group and of the Company, the Directors are collectively responsible to ensure that these financial statements have been prepared to give a true and fair view of the state of affairs of the Group and Company at the end of the financial year and of the results and cash flows of the Group and Company for the financial year in accordance with the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

In preparing the financial statements for the year ended 31 December 2020 set out on pages 90 to 180 of this Annual Report, the Directors have applied appropriate accounting policies on a consistent basis and made judgments and estimates that are fair and reasonable.

The Directors have responsibility for ensuring that proper accounting records are kept which disclose with reasonable accuracy financial information for preparation of the financial statements.

The Directors have overall responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

This statement is made in accordance with a resolution of the Board of Directors dated 25 March 2021.

Directors' Report

The Directors are pleased to submit their report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activities of the Company are property investment and investment holding.

The principal activities of the subsidiaries of the Group are grains and agribusiness; consumer products; film exhibition and distribution; environmental engineering and utilities; property; chemicals trading and manufacturing and investment holding.

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

RESULTS

	Group RM'000	Company RM'000
Profit for the year	1,363,422	544,038
Attributable to:		
Owners of the parent	1,316,961	544,038
Non-controlling interests	46,461	-
	1,363,422	544,038

DIVIDENDS

The dividends paid or payable by the Company since the end of the previous financial year are as follows:

	RM'000
In respect of the financial year ended 31 December 2019 as disclosed in the Directors' report of that year:	
Second interim dividend of 23 sen per share paid on 2 June 2020	327,198
In respect of the financial year ended 31 December 2020:	
Interim dividend of 8 sen per share paid on 29 September 2020	113,808
Proposed final dividend of 22 sen per share payable on 1 June 2021*	312,972
Proposed special dividend of 16 sen per share payable on 1 June 2021*	227,616
	981,594

* The Directors have recommended a final dividend of 22 sen per share and a special dividend of 16 sen per share in respect of the financial year ended 31 December 2020, for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect these proposed dividends. Such dividends, if approved, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

Directors' Report

RESERVES AND PROVISIONS

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

SHARES AND DEBENTURES

The Company did not issue any shares or debentures during the financial year.

DIRECTORS

The Directors of the Company during the financial year and up to the date of this report are as follows:

Tan Sri Datuk Oh Siew Nam *(Chairman)*
Lim Soon Huat *(Managing Director)*
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid
Datuk Ong Hung Hock
Soh Chin Teck
Ahmad Riza bin Basir
Tam Chiew Lin

Datuk Ong Hung Hock and Mr Soh Chin Teck retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election as Directors.

DIRECTORS OF THE COMPANY'S SUBSIDIARIES

The names of the directors of the subsidiaries are set out in the respective directors' reports of the subsidiaries, and the said information is deemed incorporated herein by such reference and made a part hereof.

Directors' Report

DIRECTORS' INTERESTS IN SHARES

According to the register of Directors' shareholdings, the interests of Directors who held office at the end of the financial year in shares of the Company and its related corporations are as follows:

Interest in the Company

	No. of ordinary shares			
Name of Director	**As at 1.1.20**	**Bought**	**Sold**	**As at 31.12.20**
Direct interest				
Tan Sri Datuk Oh Siew Nam	144,799	-	-	144,799
Tam Chiew Lin	7,200	-	-	7,200
Deemed interest				
Tan Sri Datuk Oh Siew Nam	1,445,397	-	-	1,445,397
Tam Chiew Lin	12,000	-	-	12,000

Interest in subsidiary – Tego Sdn Bhd

	No. of ordinary shares			
Name of Director	**As at 1.1.20**	**Bought**	**Sold**	**As at 31.12.20**
Deemed interest				
Tan Sri Datuk Oh Siew Nam	18,000	-	-	18,000

Interest in holding company – Kuok Brothers Sdn Berhad

	No. of ordinary shares			
Name of Director	**As at 1.1.20**	**Bought**	**Sold**	**As at 31.12.20**
Deemed interest				
Tan Sri Datuk Oh Siew Nam	4,966,667	-	-	4,966,667
Lim Soon Huat	200,000	-	-	200,000
Datuk Ong Hung Hock	290,000	-	-	290,000

Interest in subsidiary of holding company – Coralbid (M) Sdn Bhd

	No. of ordinary shares			
Name of Director	**As at 1.1.20**	**Bought**	**Sold**	**As at 31.12.20**
Deemed interest				
Tan Sri Datuk Oh Siew Nam	100,000	-	-	100,000

The other Directors holding office at 31 December 2020 did not have any interest in the ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' INTERESTS IN CONTRACTS, BENEFITS AND EMOLUMENTS

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

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

Details of the remuneration and other benefits of the Directors are set out in notes 5 and 32 to the financial statements. The amount of insurance premium paid and coverage effected for directors and officers of the Group amounted to RM78,500 and RM50 million respectively.

INFORMATION ON THE FINANCIAL STATEMENTS

(a) Before the Group's and the Company's income statements and statements of financial position were prepared, 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 have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and the Company 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) the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or

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

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

  (i) any charge on the assets of the Group and 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 which has arisen in the Group or in the Company since the end of the financial year.

OTHER STATUTORY INFORMATION

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

In the opinion of the Directors:

(a) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature;

(b) 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 the Company for the financial year in which this report is made, other than those disclosed in note 44; and

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

ULTIMATE HOLDING COMPANY

The Directors regard Kuok Brothers Sdn Berhad, a company incorporated in Malaysia, as the ultimate holding company.

SUBSIDIARIES

Details of the subsidiaries are set out in note 40 to the financial statements.

AUDITORS

Details of the auditors' remuneration are set out in note 5 to the financial statements.

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

APPROVAL OF THE DIRECTORS' REPORT

This report is approved by the Board of Directors in accordance with a directors' resolution dated 25 March 2021.

On behalf of the board

TAN SRI DATUK OH SIEW NAM
Chairman

LIM SOON HUAT
Managing Director

Kuala Lumpur
25 March 2021

Consolidated Income Statement
For the year ended 31 December 2020

	Note	2020 RM'000	2019 RM'000
Revenue	3	**4,190,690**	4,683,776
Cost of sales		**(3,760,894)**	(4,053,680)
Gross profit		**429,796**	630,096
Other operating income		**80,753**	62,232
Distribution costs		**(189,972)**	(208,147)
Administrative expenses		**(199,881)**	(205,332)
Other expenses		**(17,786)**	(8,061)
Share of results of associates		**1,343,138**	1,039,614
Share of results of joint venture		**3,568**	(4,960)
Finance costs	4	**(28,683)**	(33,814)
Profit before taxation	5	**1,420,933**	1,271,628
Tax expense	6	**(57,511)**	(72,366)
Profit for the year		**1,363,422**	1,199,262
Attributable to:			
Owners of the parent		**1,316,961**	1,152,551
Non-controlling interests		**46,461**	46,711
		1,363,422	1,199,262
Earnings per share - basic and diluted (sen)	7	**92.6**	81.0

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2020

	2020 RM'000	2019 RM'000
Profit for the year	**1,363,422**	1,199,262
Other comprehensive income/(loss), net of tax		
Items that will not be subsequently reclassified to profit or loss		
Fair value losses on investment in equity instruments designated as fair value through other comprehensive income	**(49,601)**	(99,797)
Share of associates' other comprehensive (loss)/income		
- Fair value reserve	**(65,021)**	(18,394)
- Capital reserve	**4,867**	(7,138)
Gain on disposal of equity instrument at fair value through other comprehensive income	**-**	6,487
Items that will be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	**(400,832)**	(171,328)
Share of associates' other comprehensive income/(loss)		
- Exchange foreign reserve	**542,358**	(54,438)
- Capital reserve	**(842)**	24,783
- Fair value reserve	**52**	-
- Hedging reserve	**(11,555)**	(35,359)
Total comprehensive income, net of tax	**1,382,848**	844,078
Attributable to:		
Owners of the parent	**1,328,665**	793,513
Non-controlling interests	**54,183**	50,565
	1,382,848	844,078

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Financial Position
As at 31 December 2020

	Note	2020 RM'000	2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	**1,320,984**	1,337,417
Investment properties	9	**300,506**	265,770
Right-of-use assets	10	**254,461**	245,769
Bearer plants	11	**3,566**	3,042
Land held for property development	12	**100,178**	100,178
Goodwill	13	**71,201**	73,704
Other intangible assets	14	**7,704**	9,202
Investment in associates	16	**19,436,825**	17,960,226
Investment in joint venture	17	**22,549**	17,404
Other investments	18	**356,042**	405,179
Deferred tax assets	19	**14,605**	342
Trade and other receivables	23	**675**	10,600
Total non-current assets		**21,889,296**	20,428,833
Current assets			
Inventories	20	**658,626**	802,513
Biological assets	11	**8,635**	16,767
Property development costs	21	**32,613**	18,881
Contract assets	22	**94,019**	49,641
Trade and other receivables	23	**768,361**	752,164
Derivative financial assets	24	**360**	128
Current tax assets		**11,407**	9,921
Cash and cash equivalents	25	**1,420,341**	1,500,909
Total current assets		**2,994,362**	3,150,924
TOTAL ASSETS		**24,883,658**	23,579,757

Consolidated Statement of Financial Position
As at 31 December 2020

	Note	2020 RM'000	2019 RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital	26	**1,429,314**	1,429,314
Other non-distributable reserves	27	**3,377,002**	2,825,928
Retained earnings		**18,012,433**	17,180,017
Equity attributable to owners of the parent		**22,818,749**	21,435,259
Non-controlling interests		**727,696**	695,532
Total equity		**23,546,445**	22,130,791
Non-current liabilities			
Borrowings	28	**25,461**	4,096
Lease obligations	10	**239,307**	227,976
Deferred tax liabilities	19	**110,139**	102,191
Provision for restoration cost	30	**28,620**	29,340
Total non-current liabilities		**403,527**	363,603
Current liabilities			
Contract liabilities	22	**19,570**	21,827
Trade and other payables	29	**367,732**	647,363
Derivative financial liabilities	24	**54,009**	17,339
Borrowings	28	**455,798**	357,075
Lease obligations	10	**28,844**	28,540
Provision for restoration cost	30	**1,695**	5,200
Current tax liabilities		**6,038**	8,019
Total current liabilities		**933,686**	1,085,363
Total liabilities		**1,337,213**	1,448,966
TOTAL EQUITY AND LIABILITIES		**24,883,658**	23,579,757

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Changes in Equity

For the year ended 31 December 2020

Consolidated Statement of Changes in Equity
For the year ended 31 December 2020

	Note	Share Capital RM'000	Exchange Translation Reserve RM'000	Fair Value Reserve RM'000	Hedge Reserve RM'000	Capital Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
		Attributable to owners of the parent								
			Non-distributable							
At 1 January 2020		**1,429,314**	**2,653,889**	**17,246**	**(45,308)**	**200,101**	**17,180,017**	**21,435,259**	**695,532**	**22,130,791**
Other comprehensive income/(loss)		**-**	**133,804**	**(114,485)**	**(11,555)**	**18,246**	**(14,306)**	**11,704**	**7,722**	**19,426**
Profit for the year		**-**	**-**	**-**	**-**	**-**	**1,316,961**	**1,316,961**	**46,461**	**1,363,422**
Total comprehensive income/(loss)		**-**	**133,804**	**(114,485)**	**(11,555)**	**18,246**	**1,302,655**	**1,328,665**	**54,183**	**1,382,848**
Changes in equity interest in subsidiaries of an associate		**-**	**-**	**-**	**-**	**495,831**	**-**	**495,831**	**-**	**495,831**
Transfer of reserves	27	**-**	**-**	**-**	**-**	**29,233**	**(29,233)**	**-**	**-**	**-**
Dividends paid to shareholders of the Company	31	**-**	**-**	**-**	**-**	**-**	**(441,006)**	**(441,006)**	**-**	**(441,006)**
Dividends paid to non-controlling interests of subsidiaries		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(26,164)**	**(26,164)**
Issue of shares to non-controlling interests		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**4,145**	**4,145**
At 31 December 2020		**1,429,314**	**2,787,693**	**(97,239)**	**(56,863)**	**743,411**	**18,012,433**	**22,818,749**	**727,696**	**23,546,445**
At 1 January 2019		1,429,314	2,883,511	129,325	(9,949)	163,629	16,444,244	21,040,074	696,797	21,736,871
Other comprehensive (loss)/income		-	(229,622)	(112,079)	(35,359)	17,645	377	(359,038)	3,854	(355,184)
Profit for the year		-	-	-	-	-	1,152,551	1,152,551	46,711	1,199,262
Total comprehensive (loss)/income		-	(229,622)	(112,079)	(35,359)	17,645	1,152,928	793,513	50,565	844,078
Transfer of reserves	27	-	-	-	-	18,827	(18,827)	-	(25,904)	(25,904)
Dividends paid to shareholders of the Company	31	-	-	-	-	-	(398,328)	(398,328)	-	(398,328)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	(25,926)	(25,926)
At 31 December 2019		1,429,314	2,653,889	17,246	(45,308)	200,101	17,180,017	21,435,259	695,532	22,130,791

The accompanying notes form an integral part of the financial statements

Consolidated Statement of Cash Flows

For the year ended 31 December 2020

	2020 RM'000	2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**1,420,933**	1,271,628
Adjustments for non-cash items:		
Amortisation and depreciation	**186,617**	172,695
Impairment of receivables	**9,357**	914
Property, plant and equipment written off	**1,143**	534
Reversal of provision for restoration cost	**(4,196)**	-
Impairment of property, plant and equipment	**3,890**	-
Impairment of goodwill	**2,503**	-
Net gain on disposal of investment properties	**-**	(4,733)
Gain on purchase of a former associate	**(20,603)**	-
Fair value loss on biological assets	**11,507**	6,517
Share of results of associates	**(1,343,138)**	(1,039,614)
Share of results of a joint venture	**(3,568)**	4,960
Inventories written off	**2,601**	285
Unrealised net foreign exchange loss/(gain)	**529**	(440)
Unrealised net loss on fair value of derivative financial instruments	**11,537**	2,398
Interest expense	**28,683**	33,814
Dividend income	**(5,457)**	(11,511)
Income from short-term fund placements	**(27,590)**	(39,161)
Interest income	**(6,937)**	(9,151)
Operating profit before working capital changes	**267,811**	389,135
Adjustments for working capital changes:		
Increase in property development costs	**(13,732)**	(3,744)
Decrease in inventories	**135,095**	90,133
Decrease in trade and other receivables	**1,437**	37,935
Increase in net contract assets/liabilities	**(51,504)**	(27,925)
Decrease in trade and other payables	**(271,044)**	(38,122)
Cash generated from operations	**68,063**	447,412
Tax paid	**(70,346)**	(46,438)
Net cash (used in)/generated from operating activities	**(2,283)**	400,974

Consolidated Statement of Cash Flows
For the year ended 31 December 2020

	2020 RM'000	2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
(Loan to)/repayment from associates	**(1,892)**	496
Proceeds from disposal of other investment	**438**	35,536
Purchase of property, plant and equipment	**(104,065)**	(102,033)
Purchase of investment properties and other intangible assets	**(22,388)**	(40,607)
Proceeds from disposal of property, plant and equipment and investment properties	**1,148**	5,266
Distribution of profit from joint venture	**7,668**	7,555
Dividends received	**509,565**	382,169
Income received from short-term fund placements	**28,540**	34,946
Interest received	**7,050**	9,266
Acquisition of remaining interests in an associate (Note 15)	**(29,373)**	-
Investment in associates	**(77,775)**	-
Purchase of other investment	**(1,000)**	-
Net cash generated from investing activities	**317,916**	332,594
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown/(repayment) of borrowings, net	**129,982**	(133,285)
Payment of lease obligations	**(43,018)**	(42,470)
Interest paid	**(17,403)**	(23,814)
Dividends paid	**(467,170)**	(424,254)
Shares issued to non-controlling interests of subsidiaries	**4,145**	-
Net cash used in financing activities	**(393,464)**	(623,823)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(77,831)**	109,745
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	**1,500,570**	1,390,711
EFFECTS OF EXCHANGE RATE CHANGES	**(2,537)**	114
CASH AND CASH EQUIVALENTS CARRIED FORWARD	**1,420,202**	1,500,570
Represented by:		
Cash and bank balances	**257,053**	180,967
Deposits	**224,869**	174,977
Short-term fund placements	**938,419**	1,144,965
Bank overdrafts	**(139)**	(339)
	1,420,202	1,500,570

The accompanying notes form an integral part of the financial statements

Income Statement

For the year ended 31 December 2020

	Note	2020 RM'000	2019 RM'000
Revenue	3	**599,376**	490,036
Cost of sales		**(25,657)**	(28,182)
Gross profit		**573,719**	461,854
Other operating income		**19,025**	30,540
Administrative expenses		**(30,802)**	(24,810)
Finance costs	4	**(195)**	(58)
Profit before taxation	5	**561,747**	467,526
Tax expense	6	**(17,709)**	2
Profit for the year		**544,038**	467,528

Statement of Comprehensive Income

For the year ended 31 December 2020

	2020 RM'000	2019 RM'000
Profit for the year	**544,038**	467,528
Other comprehensive (loss)/income, net of tax		
Items that will not be subsequently reclassified to profit or loss		
Fair value losses on investment in equity instruments designated as fair value through other comprehensive income	**(46,911)**	(94,415)
Gain on disposal of equity instrument at fair value through other comprehensive income	**-**	6,487
Total comprehensive income, net of tax	**497,127**	379,600

The accompanying notes form an integral part of the financial statements

Statement of Financial Position

As at 31 December 2020

	Note	2020 RM'000	2019 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	**1,773**	1,949
Investment properties	9	**290,804**	298,347
Right-of-use assets	10	**4,579**	791
Investment in subsidiaries	15	**1,502,902**	1,490,252
Investment in associates	16	**8,913,795**	8,841,349
Other investments	18	**339,147**	385,056
Deferred tax assets	19	**28**	26
Trade and other receivables	23	**-**	9,433
Total non-current assets		**11,053,028**	11,027,203
Current assets			
Trade and other receivables	23	**7,081**	18,862
Current tax asset		**366**	98
Cash and cash equivalents	25	**858,752**	814,490
Total current assets		**866,199**	833,450
TOTAL ASSETS		**11,919,227**	11,860,653
EQUITY AND LIABILITIES			
Equity			
Share capital	26	**1,429,314**	1,429,314
Fair value reserve		**(394,117)**	(347,206)
Retained earnings		**10,859,657**	10,756,625
Total equity		**11,894,854**	11,838,733
Non-current liabilities			
Borrowings	28	**100**	181
Deferred tax liabilities	19	**245**	255
Lease obligations	10	**4,314**	151
Total non-current liabilities		**4,659**	587
Current liabilities			
Trade and other payables	29	**19,287**	20,584
Borrowings	28	**81**	78
Lease obligations	10	**346**	671
Total current liabilities		**19,714**	21,333
Total liabilities		**24,373**	21,920
TOTAL EQUITY AND LIABILITIES		**11,919,227**	11,860,653

The accompanying notes form an integral part of the financial statements

Statement of Changes in Equity

For the year ended 31 December 2020

	Note	Share Capital RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	Total RM'000
At 1 January 2020		**1,429,314**	**(347,206)**	**10,756,625**	**11,838,733**
Other comprehensive loss		**-**	**(46,911)**	**-**	**(46,911)**
Profit for the year		**-**	**-**	**544,038**	**544,038**
Total comprehensive (loss)/income		**-**	**(46,911)**	**544,038**	**497,127**
Dividends paid to shareholders	31	**-**	**-**	**(441,006)**	**(441,006)**
At 31 December 2020		**1,429,314**	**(394,117)**	**10,859,657**	**11,894,854**
At 1 January 2019		1,429,314	(258,903)	10,687,050	11,857,461
Other comprehensive (loss)/income		-	(88,303)	375	(87,928)
Profit for the year		-	-	467,528	467,528
Total comprehensive (loss)/income		-	(88,303)	467,903	379,600
Dividends paid to shareholders	31	-	-	(398,328)	(398,328)
At 31 December 2019		1,429,314	(347,206)	10,756,625	11,838,733

The accompanying notes form an integral part of the financial statements

Statement of Cash Flows

For the year ended 31 December 2020

	2020 RM'000	2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	**561,747**	467,526
Adjustments for non-cash items:		
Amortisation and depreciation	**8,805**	8,670
Dividend income	**(577,286)**	(456,907)
Income from short-term fund placements	**(18,350)**	(25,485)
Interest income	**(1,470)**	(2,109)
Operating loss before working capital changes	**(26,554)**	(8,305)
Adjustments for working capital changes:		
(Increase)/decrease in trade and other receivables	**(1,226)**	258
Increase in trade and other payables	**178**	971
Cash used in operations	**(27,602)**	(7,076)
Tax (paid)/refunded	**(17,989)**	1,114
Net cash used in operating activities	**(45,591)**	(5,962)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(584)**	(736)
Purchase of investment properties	**(409)**	(1,248)
Purchase of other investment	**(1,000)**	-
Proceeds from disposal of other investment	**-**	35,536
Net repayment from/(advances to) subsidiaries	**778**	(2,245)
Investment in associates	**(62,582)**	-
Dividends received	**577,286**	456,907
Income received from short-term fund placements	**18,350**	25,485
Interest received	**874**	1,098
Net cash generated from investing activities	**532,713**	514,797
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease obligations	**(1,347)**	(1,374)
Dividends paid	**(441,006)**	(398,328)
Repayment of borrowing	**(78)**	(74)
Net cash used in financing activities	**(442,431)**	(399,776)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**44,691**	109,059
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	**814,490**	705,498
EFFECTS OF EXCHANGE RATE CHANGES	**(429)**	(67)
CASH AND CASH EQUIVALENTS CARRIED FORWARD	**858,752**	814,490

The accompanying notes form an integral part of the financial statements

Notes to the Financial Statements
For the financial year ended 31 December 2020

1. GENERAL

The Company is a public company limited by way of shares incorporated in Malaysia. The Company is domiciled in Malaysia. The shares of the Company are listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at 12th Floor, UBN Tower, 10, Jalan P Ramlee, 50250 Kuala Lumpur.

The ultimate holding company is Kuok Brothers Sdn Berhad, a company incorporated in Malaysia.

The Company is principally engaged in property investment and investment holding. There are no significant changes in the Company's principal activities during the financial year. The principal activities of the subsidiaries are set out in note 40.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

The financial statements have been prepared on the historical cost basis unless otherwise disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency. Unless otherwise indicated, the amounts in these financial statements have been rounded to the nearest thousand.

2.2 Changes in accounting policies

The significant accounting policies adopted by the Group and the Company are consistent with those of the previous financial year except for the adoption of the following Amendments to MFRSs, effective for financial periods beginning on or after 1 January 2020:

Amendments to MFRS 3: Business Combinations	1 January 2020
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 7: Financial Instruments Disclosures	1 January 2020
Amendments to MFRS 9: Financial Instruments	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to MFRS 16: Covid-19 Related Rent Concessions	1 June 2020

Notes to the Financial Statements
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

Adoption of the above amended standards did not have any effect on the financial performance or position of the Group and the Company, except as described below.

The Group and the Company have early adopted the Amendments to MFRS 16: Covid-19 Related Rent Concessions on 1 January 2020, which is effective for financial periods beginning on or after 1 June 2020. On the adoption of the Amendments to MFRS 16, the Group applies the practical expedients not to treat a Covid-19 related rent concession from a lessor as a lease modification when all of the following conditions are met:

(i) The change in lease payments results in revised consideration for the lease that is substantially the same as or less than the consideration for the lease immediately preceding the change;
(ii) The reduction in lease payments affects only payments due on or before 30 June 2021; and
(iii) There is no substantive change to other terms and conditions of the lease.

The Group accounts for such Covid-19 related rent concession as a variable lease payment in the year in which the event or condition that triggers the reduced payment occurs and recognised the concession in profit or loss under 'other income'.

2.3 Standards issued that are not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 9, MFRS 7, and MFRS 16 Interest Rate Benchmark Reform-Phase 2	1 January 2021
Amendments to MFRS 3: Business Combinations: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 – 2020	1 January 2022
Amendments to MFRS 101 Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101 Presentation of Financial Statements: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	1 January 2023

The adoption of the above standards and interpretations are not expected to have a material impact on the financial statements in the period of application.

2.4 Significant accounting estimates and judgements

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the end of the reporting period, and reported amounts of income and expenses during the financial year.

Notes to the Financial Statements
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting estimates and judgements (continued)

Although these estimates are based on management's best knowledge of current events and actions, historical experience and various other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(a) Critical judgement made in applying accounting policies

The following are judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

(i) Lease liability

Management has determined the lease term, based on an evaluation of the terms and conditions of the arrangements, as the non-cancellable period of a lease, taking into consideration:

- periods covered by an option to extend the lease; and
- periods covered by an option to terminate the lease.

In determining whether it is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease, management has considered all relevant facts and circumstances that have created the economic incentives to exercise such options when exercising its judgement in the assessment.

The lease terms and the discount rates have been determined using appropriate assumptions as necessary including management's estimation of the applicable interest costs.

The carrying amounts of lease liabilities are disclosed in note 10.

(b) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the end of the reporting period that have significant risk of causing material adjustments to the carrying amount of assets and liabilities within the next financial year are discussed below:

(i) Impairment of investments in subsidiaries, associates and joint venture

Investments in subsidiaries, associates and joint venture are assessed at the end of each reporting period to determine whether there is any indication of impairment. If such an indication exists, an estimation of their recoverable amount is required.

Notes to the Financial Statements
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting estimates and judgements (continued)

(b) Key sources of estimation uncertainty (continued)

(i) Impairment of investments in subsidiaries, associates and joint venture (Continued)

Management ascertains the recoverable amount by using the estimated fair value less cost to sell or expected future cash flows from the subsidiaries, associates and joint venture and applies a suitable discount rate in order to calculate the present value of those cash flows. The carrying values of the Group's investments in associates and joint venture as well as the Company's investments in subsidiaries and associates at the end of the reporting period are disclosed in notes 15, 16 and 17.

(ii) Impairment of goodwill

The Group performs goodwill impairment test annually, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated.

Management ascertains the value-in-use by an estimate of the expected future cash flows from the cash-generating unit and applies a suitable discount rate in order to calculate the present value of those cash flows. The carrying value of the Group's goodwill is disclosed in note 13.

(iii) Depreciation of property, plant and equipment, and investment properties

Property, plant and equipment, and investment properties are depreciated on a straight-line basis over the estimated useful lives of the assets. Management estimates the useful lives of these assets to be between 2 to 50 years for property, plant and equipment, and between 10 to 50 years for investment properties, except for leasehold land which is depreciated over the remaining period of the lease.

Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and residual values of these assets, and therefore future depreciation charges may be revised. The carrying amount of the Group's and the Company's property, plant and equipment and investment properties at the end of the reporting period are disclosed in notes 8 and 9.

Notes to the Financial Statements
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting estimates and judgements (continued)

(b) Key sources of estimation uncertainty (continued)

(iv) Provision for expected credit losses of trade receivables and contract assets

Management assesses the expected credit losses ("ECL") for trade receivables at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the entity and the cash flows that it actually expects to receive. Management applies the simplified approach of MFRS 9 Financial Instruments in assessing the impairment of trade receivables.

In determining the ECL, management uses the historical credit loss experience for trade receivables to estimate the ECL. Management is not only required to consider historical information that is adjusted to reflect the effects of current conditions and information that provides objective evidence that trade receivables are impaired in relation to incurred losses, but management also considers, when applicable, reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL, on an individual and collective basis. The need to consider forward-looking information means that management exercises considerable judgement as to how changes in macroeconomic factors will affect the ECL on trade receivables.

The ECL on trade receivables is mainly based on the historical credit loss experience. The carrying amount of trade receivables is disclosed in note 23.

(v) Revenue recognition of property development activities and construction contracts

The Group recognises property development and construction contracts revenue and expenses over time based on the percentage of completion method. The stages of completion of the property development activities and construction contracts are measured in accordance with the accounting policies set out in note 2.18.

Significant judgement is required in determining the percentage of completion, the extent of the development project and contract costs incurred, the estimated total revenue and total costs and the recoverability of the development project and contract. In making these judgements, management relies on past experience and the work of specialists.

2.5 Separate financial statements of the Company

Investments in subsidiaries, associates and joint venture are stated at cost less impairment losses, unless the investment is classified as held for sale.

On disposal, the difference between the net disposal proceeds and the carrying amount of a subsidiary, associate or joint venture disposed of are taken to profit or loss.

Notes to the Financial Statements
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Basis of consolidation

The consolidated financial statements incorporated the financial statements of the Company and of all the subsidiaries controlled by the Company made up to the end of the financial year.

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

(i) power over the entity;
(ii) exposure, or rights, to variable returns from its involvement with the entity; and
(iii) the ability to use its power over the entity to affect the amount of the returns.

Potential voting rights are considered when assessing control only if the rights are substantive.

All subsidiaries are consolidated using the acquisition method of accounting from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

The Company attributes the profit or loss and each component of other comprehensive income to the owners of the Company and to non-controlling interests. The Company also attributes total comprehensive income to the owners of the Company and to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Change in the ownership interest, which does not result in a loss of control is accounted for within equity. Where the change in ownership interest results in loss of control, any remaining interest in the former subsidiary is remeasured at fair value and a gain or loss is recognised in the income statement.

The Group accounts for each business combination by applying the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer from former owners of the acquiree and the equity interests issued by the acquirer. Acquisition related costs are recognised as expenses when the costs are incurred.

On the date of acquisition, goodwill is measured as the excess of (a) over (b) below:

(a) The aggregate of: (i) the fair value of consideration transferred; (ii) the amount of any non-controlling interest in the acquiree; and (iii) the fair value of the Group's previously held equity interest in the investee, if the business combination is achieved in stages.

(b) The net fair value of the identifiable assets acquired and the liabilities assumed.

If a business combination in which the amount in (b) above exceeds the aggregate of the amounts in (a) above, the Group recognises the resulting gain in profit or loss.

Notes to the Financial Statements
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Associates and joint venture

An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but no control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised in profit or loss.

Investments in associates or joint ventures are accounted for in the financial statements using the equity method of accounting. The Group's investment in associates or joint ventures include goodwill identified on acquisition, net of any accumulated impairment loss. The results and net assets of associates or joint ventures are accounted using uniform accounting policies for like transactions and other events in similar circumstances. An investment is accounted for using the equity method from the date on which the Group obtains significant influence or joint control until the date the Group ceases to have a significant influence or joint control. Under the equity method, the investments are initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associates or joint ventures. Unrealised gains or losses on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures.

The Group's share of net profits or losses and changes recognised in the other comprehensive income of the associates or joint venture are recognised in the consolidated income statement and consolidated statement of comprehensive income respectively. The Group's share of an associate's net changes, other than profit or loss or other comprehensive income and distribution received, is recognised in equity.

When the Group's share of losses exceeds its interest in an equity accounted associate or joint venture, the carrying amount of that interest including any long-term investments is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payment on behalf of the associate.

When changes in the Group's interests in an associate do not result in a loss of significant influence, the retained interests in the associate are not remeasured. Any gain or loss arising from the changes in the Group's interests in the associate is recognised in the income statement.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate is recognised at fair value on the date when significant influence is lost. Any gain or loss arising from the loss of significant influence over an associate is recognised in the income statement.

Notes to the Financial Statements
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment

(a) Measurement basis

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any. The policy for impairment losses is disclosed in note 2.20.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of an asset. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is contracted as a consequence of acquiring or using the asset.

Subsequent costs are included as part of the carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(b) Depreciation

Freehold land and capital work-in-progress are not depreciated.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Land and buildings	2%	-	20%	or over the remaining period of lease
Plant and machinery	5%	-	33%	
Motor vehicles	5%	-	20%	
Furniture, fittings, office and other equipment	10%	-	33%	

The residual values, useful lives and depreciation methods are reviewed, at the end of each reporting period and adjusted prospectively, when appropriate.

2.9 Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods and services or for administrative purposes, or sale in the ordinary course of business. Investment properties include properties that are being constructed or developed for future use as investment properties.

(a) Measurement basis

Investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of investment properties includes expenditure that is directly attributable to the acquisition of the asset.

Notes to the Financial Statements
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Investment properties (continued)

(a) Measurement basis (continued)

Subsequent costs are included as part of the carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs of repair and maintenance are charged to the income statement during the financial year in which they are incurred.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

(b) Depreciation

Freehold land is not depreciated.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Freehold buildings	2%			
Leasehold land and buildings	2%	-	10%	or over the remaining period of lease

The residual values, useful lives and depreciation methods are reviewed, and adjusted if deemed appropriate, at the end of each reporting period.

2.10 Biological assets and bearer plants

Biological assets comprise primarily livestock and fresh fruit bunches ("FFB") prior to harvest. Bearer plants consist of oil palms.

Biological assets are measured at fair value less costs to sell. Costs to sell include all incremental costs that would be necessary to sell the biological assets. Changes in fair value are recognised in profit or loss.

Livestock

The Group's biological assets consists of the breeder parent stock, hatchable eggs, pullet and layer stock. The fair value is determined by using the discounted cash flow method applied onto each flock of livestock according to its lifecycle based on the forecasted number of eggs expected to be produced by each flock, the estimated selling price of eggs, day-old-chicks, and the residual value of spent birds.

The costs incurred for production flocks, which include feeds, staff costs and veterinary services, etc. as well as the cost of parent stock purchase, are incorporated in the fair value measurement.

Costs incurred during the rearing stage are recognised as expense when incurred.

Notes to the Financial Statements
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Leases

The Group as lessee

Right-of-use assets and corresponding lease obligations are recognised with respect to all lease agreements, except for short-term leases and leases of low value assets.

For short-term leases (i.e. leases with a lease term of 12 months or less) and leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the rate implicit in the lease or incremental borrowing rate, where applicable. Lease payments included in the measurement of the lease liability comprise: (i) fixed lease payments, less lease incentives; (ii) variable lease payments based on an index or rate; and (iii) amounts expected to be paid under residual value guarantees.

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

The right-of-use assets comprise the corresponding lease liability, lease payments made at or before the lease commencement date and initial direct costs. Whenever there is an obligation to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the agreed condition, a provision is recognised. These costs are included in the related right-of-use assets.

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses. They are depreciated over the lease term or useful life of the underlying assets, whichever is shorter. The depreciation starts on the lease commencement date.

Variable lease payment (not based on an index or rate) is recognised as an expense in the period in which it is incurred.

The Group as lessor

Leases are classified as finance leases or operating leases. Whenever the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Notes to the Financial Statements
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Property development

Property development is classified under two categories i.e. land held for property development and property development costs.

Land held for property development

Land held for property development is land on which development is not expected to be completed within the normal operating cycle. No significant development work would have been undertaken on these lands. Accordingly, land held for property development is classified as a non-current asset. Land held for property development is measured at the lower of cost and net realisable value. Costs include incidental expenditure incurred to put the land in a condition ready for development.

Land on which development has commenced and is expected to be completed within the normal operating cycle is included in property development costs as a current asset.

Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Property development costs are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

2.13 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised and is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying values may be impaired.

(b) Computer software and film rights

(i) Measurement basis

Computer software and film rights acquired by the Group are stated at cost less accumulated amortisation and impairment losses, if any.

Computer software and film rights are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the income statement.

Notes to the Financial Statements
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Intangible assets (continued)

(b) Computer software and film rights (continued)

(ii) Amortisation

Amortisation is calculated to reduce the amount of computer software on a straight-line basis over its estimated useful life. The principal annual rate used is 25%.

Film rights are amortised based on the total revenue stream expected to be generated from the different titles and upon the exploitation of the rights.

The amortisation period and the amortisation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.14 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of an instrument.

Financial assets and financial liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities on initial recognition.

(a) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Subsequent measurement

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Financial assets are measured subsequently in the following manner:
- at amortised cost (debt instruments);
- at fair value through other comprehensive income ("FVTOCI"), with recycling of cumulative gains and losses (debt instruments);
- designated at FVTOCI, without recycling of cumulative gains and losses (equity instruments); or
- at fair value through profit or loss ("FVTPL").

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(a) Financial assets (continued)

Financial assets at amortised cost

Financial assets that meet the following conditions are subsequently measured at amortised cost:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The effective interest method is a method of calculating the amortised cost of a financial assets and of allocating interest income over the relevant period.

Financial assets at FVTOCI

Financial assets that meet the following conditions are subsequently measured at FVTOCI:
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For financial assets at FVTOCI, the related interest income, foreign exchange revaluation gain/loss and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. All other changes in the carrying amount are recognised in OCI and accumulated in a reserve in equity. Upon derecognition, the cumulative fair value change recognised in OCI is reclassified to profit or loss.

Equity instruments designated at FVTOCI

Upon initial recognition, management may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as FVTOCI. Designation as FVTOCI is not permitted if the equity investment is held for trading or if it is a contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:
- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the entity manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Notes to the Financial Statements

For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(a) Financial assets (continued)

Equity instruments designated at FVTOCI (continued)

Investments in equity instruments designated as FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in a reserve in equity. The cumulative gain or loss will not be reclassified to profit or loss on derecognition of the equity investments; instead, they will be transferred to retained earnings. Equity instruments designated as FVTOCI are not subject to impairment assessment.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL, including:
- investments in equity instruments are classified as FVTPL, unless management designates an equity investment as FVTOCI on initial recognition;
- debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as FVTPL. Debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as FVTPL upon initial recognition, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; and
- derivative instruments.

Financial assets at FVTPL are measured at fair value, with fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Impairment of financial assets

Loss allowance is recognised for expected credit losses ("ECL") for all debt instruments not held at FVTPL, and financial guarantee contracts.

ECL is arrived at based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that are expected to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

Notes to the Financial Statements
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(a) Financial assets (continued)

Impairment of financial assets (continued)

Management measures the loss allowance of trade receivables, contract assets and lease receivables using a simplified approach at an amount equal to their lifetime ECL. The ECL on these financial assets are estimated using a provision matrix based on historical credit loss experience, and where appropriate, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

For all other financial assets at amortised cost, where credit exposures for which there has not been a significant increase in credit risk since initial recognition, the Group measures the loss allowance for those financial assets at an amount equal to 12-month ECL. For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring, a loss allowance is required for credit losses expected over the remaining life of the financial assets (lifetime ECL).

Derecognition of financial assets

A financial asset is derecognised only when the contractual rights to the cash flows from the financial asset expire; or when the financial asset is transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to another party.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control a transferred financial asset, the entity recognises its retained interest in the financial asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the reserve is reclassified to profit or loss. On derecognition of an investment in equity instrument classified as FVTOCI, the cumulative gain or loss previously accumulated in the reserve is transferred to retained earnings.

Notes to the Financial Statements
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(b) Financial liabilities

All financial liabilities are subsequently measured at amortised cost (using the effective interest method) or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as FVTPL when the financial liability is:
- contingent consideration of an acquirer in a business combination;
- held for trading; or
- designated as FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivatives entered into by the entity that are not designated as hedging instruments. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial liabilities at FVTPL are measured at fair value, with gains or losses arising on changes in fair value recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liabilities.

For financial liabilities that are designated as FVTPL, the change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of the liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in OCI are not subsequently reclassified to profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Financial liabilities at amortised cost

Financial liabilities that are not:
- contingent consideration of an acquirer in a business combination;
- held for trading; or
- designated as FVTPL,

are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, to the amortised cost of a financial liability.

Notes to the Financial Statements
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(b) Financial liabilities (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued are initially measured at their fair values and, if not designated as FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:
- the amount of the loss allowance determined in accordance with MFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the obligations under the liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

When an existing financial liability is replaced by another financial liability from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as derecognition of the original liability and the recognition of a new liability.

(c) Equity instrument

Equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognised at the proceeds received.

Costs incurred directly attributable to the issuance of the equity instruments are accounted for as a deduction from equity.

Preference shares are classified as equity if they are non-redeemable or their redemption is at the discretion of the issuer.

(d) Offsetting of financial instruments

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

Notes to the Financial Statements
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(e) Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:
- Raw materials and consumables: Purchase costs on a weighted average basis.
- Finished goods and work-in-progress: Costs of raw materials and labour and a proportion of overheads based on normal operating capacity. These costs are assigned on a weighted average basis.
- Completed properties: Costs comprise costs of acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects and direct building costs.
- Land held for development and property development costs: Please refer to note 2.12.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

2.16 Provisions

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, when it is probable that the entity will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, a provision represents the present value of those estimated future cash flows.

When some or all of the cash flows required to settle a provision are expected to be recovered from a third party, an asset is recognised if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.17 Non-current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if the carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the assets (or disposal group) are available for immediate sale in their present condition and the sale is highly probable subject only to terms that are usual and of customary in nature.

On initial classification as held for sale, non-current assets are measured at the lower of their carrying amount and fair value less costs to sell.

Notes to the Financial Statements
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Non-current assets held for sale and discontinued operations (continued)

An impairment loss is recognised for any initial or subsequent write-down of the disposal group to fair value less costs to sell. Subsequent increase in fair value less costs to sell is recognised as a gain in the income statement to the extent of the cumulative impairment loss that had been recognised previously.

2.18 Revenue recognition

(a) Revenue from contracts with customers

Revenue from a contract with a customer is recognised when control of the goods or services is transferred to the customer. Revenue is measured based on the consideration specified in the contract to which the entity expects to be entitled in exchange for transferring the goods or services to the customer, excluding amounts collected on behalf of third parties.

If a contract with a customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

Sales of goods

Revenue from sales of goods is recognised at the point in time when control of the goods is transferred to the customers, generally upon delivery of goods.

In determining the revenue for the sales of goods, the effects of variable consideration, the existence of significant financing component, non-cash consideration, and consideration payable to the customer, etc. are taken into consideration.

Rendering of services

Revenue is recognised over time, if a customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Revenue is recognised using an input method to measure progress towards complete satisfaction of the services.

The right-to-invoice practical expedient can be applied to a performance obligation satisfied over time by recognising revenue in the amount that the Group has a right to invoice the customer, which corresponds directly with the value transferred to the customer for the performance completed to date. The Group has elected to use the right-to-invoice practical expedient in certain service contracts where the Group invoices its customers on a per day basis that directly corresponds with the value received by the customer. As days are worked on the customer's contract, the Group satisfies its performance obligation to the customer and recognises revenue on a per day basis. When this practical expedient is used, the Group does not estimate variable consideration at the inception of the contract to determine the transaction price or for disclosure purposes.

Notes to the Financial Statements
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Revenue recognition (continued)

(a) Revenue from contracts with customers (continued)

Property development and construction contracts

Revenue is recognised over time, if (i) the entity creates an asset with no alternative use to the entity and the entity has an enforceable right to payment for performance completed to-date; or (ii) a customer controls the asset as it is created or enhanced by the entity.

Revenue is recognised over the period of the contract by measuring the progress towards complete satisfaction of that performance obligation. Revenue is measured on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. The stage of completion is determined by the proportion of contract costs incurred to-date relative to the estimated total contract costs.

All foreseeable losses for construction contracts have been calculated in accordance with MFRS 137. The requirements of MFRS 137 prescribe that a provision for onerous contract provision must be calculated on a least net cost basis, which includes unavoidable costs only and comparing these costs to the cost of cancelling a contract including any termination fees. The policy on provisions is in note 2.16.

Revenue from sales of completed properties is recognised when control of the properties has been passed to the buyers.

Revenue from cinema operations

Revenue from film exhibition is recognised upon delivery of services and products except for screen advertising which is recognised on an accrual basis.

Contract balances arising from revenue recognition

Contract assets are the right to consideration in exchange for goods or services transferred to customers. If goods or services are transferred to customers before the customers pay consideration or before payment is due, contract assets are recognised for the earned consideration that is conditional. Trade receivables represent the entity's right to an amount of consideration that is unconditional.

Contract liabilities are the obligation to transfer goods or services to customers for which the entity has received consideration (or an amount of consideration is due) from the customers. If the customers pay consideration before the entity transfers goods or services to the customers, contract liabilities are recognised when the payment is made or the payment is due (whichever is earlier).

Contract liabilities also include certain contracts for the sale of goods, which include a right of return or volume rebates that give rise to variable consideration. Variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Group recognises the expected rebates to customer where consideration have been received from customers and refunds due to expected returns from customers as refund liabilities. Separately, the Group recognises a related asset for the right to recover the returned goods, based on the former carrying amount of the good less expected costs to recover the goods, and adjusts them against cost of sales correspondingly. At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained.

Notes to the Financial Statements
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Revenue recognition (continued)

(a) Revenue from contracts with customers (continued)

Cost to obtain a contract

Incremental cost of obtaining a contract with a customer is recognised as assets, if the entity expects to recover the cost. The capitalised contract costs are amortised on a systematic basis that is consistent with the entity's transfer of the related goods or services to the customer.

(b) Other income

Other income is recognised as follows:
- interest income and income from short-term fund placement are recognised using the effective interest method;
- dividend income is recognised when the right to receive payment is established; and
- leasing of investment properties (Refer to note 2.11).

2.19 Foreign currencies

(a) Functional currency

Functional currency is the currency of the primary economic environment in which an entity operates.

The financial statements of each entity within the Group are measured using their respective functional currency.

(b) Transactions and balances in foreign currencies

Transactions in currencies other than the functional currency ("foreign currencies") are recognised at the prevailing exchange rate on the date of the transaction. At the reporting date, monetary items denominated in foreign currencies are translated at the prevailing exchange rate on that date.

Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at the prevailing exchange rate on the date of the transaction. Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the prevailing exchange rates on the date when the fair values were determined.

Exchange differences are recognised in profit or loss, except for:
- exchange differences on borrowings denominated in foreign currencies relating to an asset under construction, which are included in the cost of that asset when the exchange differences are regarded as an adjustment to interest costs on those foreign currency borrowings; and
- exchange differences on amounts receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (i.e. form part of the net investment in that foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

Notes to the Financial Statements
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Foreign currencies (continued)

(c) Translation of foreign operations

For consolidation purposes, all assets and liabilities of foreign operations (including goodwill and fair value adjustments arising from the acquisition of a foreign operation) are translated at the prevailing exchange rate on the reporting date. Income and expense items are translated at average exchange rates for the period. Exchange differences arising from the translation of the financial statements of the foreign operation are recognised in other comprehensive income; accumulated in a separate component of equity and attributed to non-controlling interests as appropriate.

On disposal of a foreign operation (i.e. loss of control, joint control or significant influence), the accumulated exchange differences recognised in equity relating to that foreign operation are reclassified to profit or loss.

In the case of a partial disposal without loss of control over a foreign operation, the proportionate share of accumulated exchange differences in equity is re-attributed to non-controlling interests and is not recognised in profit or loss. For other partial disposals (i.e. partial disposals of associates or joint ventures that do not result in losing of significant influence or joint control), the proportionate share of the accumulated exchange differences in equity is reclassified to profit or loss.

2.20 Impairment of non-financial assets

(a) Goodwill

Goodwill is reviewed annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units.

An impairment loss is recognised in the income statement when the carrying amount of the cash-generating unit, including the goodwill, exceeds the recoverable amount of the cash-generating unit. The recoverable amount of the cash-generating unit is the higher of the cash-generating unit's fair value less cost to sell and its value in use.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then to the other assets of the cash-generating unit proportionately on the basis of the carrying amount of each asset in the cash-generating unit.

Impairment loss recognised on goodwill is not reversed in the event of an increase in recoverable amount in subsequent periods.

Notes to the Financial Statements
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Impairment of non-financial assets (continued)

(b) Non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the assets. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are charged to the income statement.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

2.21 Employee benefits

(a) Short-term employee benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

(b) Defined contribution benefits

The Company and its Malaysian subsidiaries make monthly contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan. Foreign subsidiaries make contributions to their respective statutory pension plans. The obligation of the Group is limited to the amount that they agree to contribute to those defined contribution plans. The contributions to those plans are recognised as an expense when employees have rendered service entitling them to the contribution.

2.22 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are completed or during extended periods when active development is interrupted.

All other borrowing costs are charged to the income statement in the period in which they are incurred. The interest component of hire purchase payments is charged to the income statement over the hire purchase period so as to give a constant periodic rate of interest on the remaining tenure of the hire purchase contract.

Notes to the Financial Statements
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Taxation

The income tax expense represents the aggregate amount of current tax and deferred tax.

Current tax and deferred tax are recognised in profit or loss. Current tax and deferred tax are recognised in other comprehensive income or directly in equity, if the tax relates to items that are recognised in other comprehensive income or directly in equity. Where deferred tax arises from a business combination, the tax effect is included in the accounting for the business combination.

Current tax

Current tax is the expected income tax payable on the taxable profit for the year, estimated using the tax rates enacted or substantially enacted by the end of the reporting period.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future payment to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

Deferred tax

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Notes to the Financial Statements
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Taxation (continued)

Deferred tax (continued)

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.24 Cash and cash equivalents

Cash and cash equivalents are cash in hand, short-term and highly liquid investments that are readily convertible to known amounts of cash which are subject to insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude deposits pledged to secure banking facilities.

2.25 Segment reporting

Segment reporting in the financial statements is presented on the same basis as that used by management internally for evaluating operating segment performance and in deciding on the allocation of resources to each operating segment. Operating segments are distinguishable components of the Group that engage in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the chief operating decision-maker to decide on the allocation of resources to the segment and assess its performance, and for which discrete financial information is available.

Segment revenue, expenses, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and a relevant portion that can be reasonably allocated to the segment.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

Notes to the Financial Statements
For the financial year ended 31 December 2020

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities, for which fair value is measured or disclosed, are categorised within the fair value hierarchy set out below based on the inputs that are significant to the fair value measurement. Fair value measurement is derived from:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities

Level 2: Inputs other than quoted prices included in Level 1, for assets or liabilities that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Valuation techniques that include unobservable inputs for assets or liabilities

3. REVENUE

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Revenue from contracts with customers				
(a) Recognised at a point in time				
Sales of goods	**3,844,916**	3,999,528	**-**	-
Revenue from cinema operations	**82,980**	408,680	**-**	-
(b) Recognised over time				
Construction contracts	**174,006**	177,303	**-**	-
Sale of development properties	**31,116**	17,991	**-**	-
Rendering of services	**28,595**	34,185	**-**	-
	4,161,613	4,637,687	**-**	-
Rental from leasing of investment properties	**23,620**	34,578	**22,090**	33,129
Dividend income	**5,457**	11,511	**577,286**	456,907
	4,190,690	4,683,776	**599,376**	490,036

Notes to the Financial Statements
For the financial year ended 31 December 2020

3. REVENUE (CONTINUED)

Reconciliation of revenue from contract customers and segmental information:

	Grains & agribusiness RM'000	Consumer products RM'000	Film exhibition & distribution RM'000	Environmental engineering & utilities RM'000	Property RM'000	Other operations RM'000	Total RM'000
2020							
Sales of goods	**3,135,779**	**627,681**	**25,455**	**-**	**3,881**	**52,120**	**3,844,916**
Sale of development properties	**-**	**-**	**-**	**-**	**31,116**	**-**	**31,116**
Construction contracts	**-**	**-**	**-**	**174,006**	**-**	**-**	**174,006**
Revenue from cinema operations	**-**	**-**	**82,980**	**-**	**-**	**-**	**82,980**
Rendering of services	**-**	**-**	**5,820**	**14,906**	**7,440**	**429**	**28,595**
	3,135,779	**627,681**	**114,255**	**188,912**	**42,437**	**52,549**	**4,161,613**
2019							
Sales of goods	3,153,532	624,197	138,504	-	3,131	80,164	3,999,528
Sale of development properties	-	-	-	-	17,991	-	17,991
Construction contracts	-	-	-	177,303	-	-	177,303
Revenue from cinema operations	-	-	408,680	-	-	-	408,680
Rendering of services	-	-	8,943	17,266	7,562	414	34,185
	3,153,532	624,197	556,127	194,569	28,684	80,578	4,637,687

Remaining unsatisfied performance obligations ("RUPO") represent the transaction price for goods and services for which the Group has a material right but work has not been performed. Transaction price of the RUPO includes the base transaction price, variable consideration and changes in transaction price. As a practical expedient, the RUPO does not include contracts for which the Group has recognised revenue at the amount to which the Group has the right to invoice for services performed or the performance obligation is part of a contract that has an original expected duration of one year or less. As at 31 December 2020, the aggregate amount of the transaction price allocated to the RUPO of the Group is RM491 million (2019: RM717 million). The Group is expected to recognise the revenue over the next 24 months.

Notes to the Financial Statements
For the financial year ended 31 December 2020

4. FINANCE COSTS

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Interest expense on:				
Banker's acceptance	**-**	38	**-**	-
Revolving credits	**231**	635	**-**	-
Bank term loans	**16,581**	22,990	**-**	-
Bank overdrafts	**395**	108	**-**	-
Interest expense on lease obligations	**11,466**	10,030	**185**	45
Hire purchase	**10**	13	**10**	13
	28,683	33,814	**195**	58

5. PROFIT BEFORE TAXATION

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Profit before taxation is stated after charging/(crediting):				
Amortisation of other intangible assets	**15,034**	16,304	**-**	-
Auditors' remuneration				
- statutory audit	**756**	732	**90**	90
- non-audit services	**87**	309	**16**	6
- underprovision in prior year	**74**	-	**17**	-
Other auditors' remuneration				
- statutory audit	**328**	314	**-**	-
Impairment of contract assets and receivables	**9,357**	914	**408**	57
Depreciation				
- property, plant and equipment	**131,500**	115,249	**750**	649
- investment properties	**5,379**	5,173	**6,767**	6,764
- right-of-use asset	**34,461**	35,726	**1,288**	1,257
- bearer plants	**243**	243	**-**	-
Direct operating expenses from investment properties	**29,125**	31,384	**27,570**	29,769
Directors' remuneration				
- fees	**1,033**	967	**1,016**	940
- other emoluments	**3,406**	8,489	**3,403**	3,817
Net foreign exchange loss/(gain)				
- realised	**1,351**	(1,631)	**(445)**	(126)
- unrealised	**529**	(440)	**429**	-
Net fair value loss on				
- derivative financial instruments	**886**	10,137	**3,493**	-
- biological assets	**11,507**	6,517	**-**	-
Reversal of provision of restoration cost	**(4,196)**	-	**-**	-

Notes to the Financial Statements
For the financial year ended 31 December 2020

5. PROFIT BEFORE TAXATION (CONTINUED)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net gain on disposal of investment properties	**-**	(4,733)	**-**	-
Gain on purchase of a former associate	**(20,603)**	-	**-**	-
Impairment of				
- property, plant and equipment	**3,890**	-	**-**	-
- goodwill	**2,503**	-	**-**	-
Rental waiver income	**(16,962)**	-	**-**	-
Short-term and low value asset leases	**1,544**	1,301	**-**	-
Property, plant and equipment written off	**1,143**	534	**-**	3
Inventory written off	**2,601**	285	**-**	-
Dividends from subsidiaries	**-**	-	**(84,290)**	(90,250)
Dividends from associates	**-**	-	**(487,738)**	(355,736)
Dividends from other investments	**(5,457)**	(11,511)	**(5,258)**	(10,921)
Interest income	**(6,937)**	(9,151)	**(1,470)**	(2,109)
Income from short-term fund placements	**(27,590)**	(39,161)	**(18,350)**	(25,485)
Rental income	**(5,307)**	(4,861)	**-**	-

6. TAX EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysian taxation				
Current	**43,477**	42,212	**337**	-
Deferred	**(17,773)**	930	**(63)**	4
	25,704	43,142	**274**	4
Foreign taxation				
Current	**5,960**	5,916	**-**	-
Deferred	**9,444**	15,523	**-**	-
	41,108	64,581	**274**	4
Under/(over) provision in prior year				
Malaysian taxation				
Current	**17,655**	1,973	**17,384**	-
Deferred	**(1,289)**	2,625	**51**	(6)
Foreign taxation				
Current	**16**	3,187	**-**	-
Deferred	**21**	-	**-**	-
	57,511	72,366	**17,709**	(2)

Notes to the Financial Statements
For the financial year ended 31 December 2020

6. TAX EXPENSE (CONTINUED)

The statutory tax rate applicable to the Company is 24% (2019: 24%). Taxation for other jurisdictions is calculated at rates prevailing in other jurisdictions.

The difference between the provision for taxation and the amount of taxation determined by applying the applicable statutory tax rate to the profit before taxation is analysed as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before taxation	**1,420,933**	1,271,628	**561,747**	467,526
Taxation at applicable tax rate	**338,612**	304,800	**134,819**	112,206
Tax effects arising from:				
Effect of share of results of:				
- associates	**(322,353)**	(249,507)	**-**	-
- joint venture	**(856)**	1,190	**-**	-
Non-taxable income	**(17,165)**	(11,684)	**(143,448)**	(115,861)
Non-deductible expenses	**30,653**	13,792	**8,903**	1,705
Utilisation of tax incentive	**-**	(1,880)	**-**	-
Utilisation of previously unrecognised tax losses	**(1,116)**	(5,272)	**-**	-
Withholding tax on undistributed profits of foreign associates	**8,724**	8,110	**-**	-
Deferred tax assets not recognised	**4,609**	5,032	**-**	1,954
Under/(over) provision in prior year	**16,403**	7,785	**17,435**	(6)
	57,511	72,366	**17,709**	(2)

7. EARNINGS PER SHARE

The basic and diluted earnings per share are calculated by dividing the Group's profit for the year attributable to owners of the parent by the number of ordinary shares in issue during the year.

	Group	
	2020	2019
Profit for the year attributable to owners of the parent (RM'000)	**1,316,961**	1,152,551
Number of ordinary shares in issue ('000)	**1,422,599**	1,422,599
Earnings per share - basic and diluted (sen)	**92.6**	81.0

The basic and diluted earnings per share are the same as the Group has no potential dilutive ordinary shares as at the end of the financial year.

8. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings		Plant and	Motor	Furniture, fittings, office and other	Capital work-in-	
	Freehold RM'000	Leasehold RM'000	machinery RM'000	vehicles RM'000	equipment RM'000	progress RM'000	Total RM'000
Group							
Cost							
At 1.1.2020	185,548	1,015,207	1,021,609	90,061	198,173	30,985	2,541,583
Additions	52	12,335	8,692	2,964	6,400	44,537	74,980
Acquisition of a subsidiary	-	43,302	24,739	121	2,310	-	70,472
Disposals	-	-	(3,511)	(3,616)	(732)	-	(7,859)
Exchange differences	-	(6,833)	(7,231)	(163)	(723)	(1,170)	(16,120)
Write-offs	-	(20,483)	(10,312)	(97)	(6,360)	-	(37,252)
Reclassifications	143	410	3,651	293	18	(4,515)	-
Transfer to other intangible assets (Note 14)	-	-	-	-	(66)	-	(66)
At 31.12.2020	185,743	1,043,938	1,037,637	89,563	199,020	69,837	2,625,738
Accumulated depreciation							
At 1.1.2020	81,312	392,855	550,354	49,328	128,267	-	1,202,116
Charge for the year	3,587	45,849	57,403	8,548	16,113	-	131,500
Acquisition of a subsidiary	-	4,208	7,925	100	1,439	-	13,672
Disposals	-	-	(2,661)	(3,353)	(621)	-	(6,635)
Exchange differences	-	(2,164)	(4,359)	(105)	(885)	-	(7,513)
Write-offs	-	(20,483)	(9,588)	(59)	(5,979)	-	(36,109)
Transfer to other intangible assets (Note 14)	-	-	-	-	(53)	-	(53)
At 31.12.2020	84,899	420,265	599,074	54,459	138,281	-	1,296,978

Notes to the Financial Statements
For the financial year ended 31 December 2020

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings		Plant and	Motor	Furniture, fittings, office and other	Capital work-in-	
	Freehold RM'000	Leasehold RM'000	machinery RM'000	vehicles RM'000	equipment RM'000	progress RM'000	Total RM'000
Group							
Accumulated impairment losses							
At 1.1.2020	476	877	467	-	230	-	2,050
Charge for the year	-	-	855	-	-	3,035	3,890
Acquisition of a subsidiary	-	-	1,836	-	-	-	1,836
At 31.12.2020	476	877	3,158	-	230	3,035	7,776
Net book value at 31.12.2020	100,368	622,796	435,405	35,104	60,509	66,802	1,320,984
Cost							
At 1.1.2019	184,154	955,764	985,611	84,684	183,219	13,983	2,407,415
Additions	679	33,063	21,500	7,433	9,645	80,228	152,548
Disposals	-	-	(321)	(1,315)	(348)	-	(1,984)
Exchange differences	-	3,305	2,757	21	49	(162)	5,970
Write-offs	-	(11,227)	(7,049)	(762)	(3,236)	-	(22,274)
Reclassifications	715	34,302	19,111	-	8,844	(62,972)	-
Transfer to other intangible assets (Note 14)	-	-	-	-	-	(92)	(92)
At 31.12.2019	185,548	1,015,207	1,021,609	90,061	198,173	30,985	2,541,583
Accumulated depreciation							
At 1.1.2019	77,412	360,865	506,315	42,536	120,725	-	1,107,853
Charge for the year	3,900	42,521	49,292	8,651	10,885	-	115,249
Disposals	-	-	(229)	(1,253)	(270)	-	(1,752)
Exchange differences	-	688	1,769	10	39	-	2,506
Write-offs	-	(11,219)	(6,793)	(616)	(3,112)	-	(21,740)
At 31.12.2019	81,312	392,855	550,354	49,328	128,267	-	1,202,116
Accumulated impairment losses							
At 1.1.2019/31.12.2019	476	877	467	-	230	-	2,050
Net book value at 31.12.2019	103,760	621,475	470,788	40,733	69,676	30,985	1,337,417

Notes to the Financial Statements
For the financial year ended 31 December 2020

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Motor vehicles RM'000	Furniture, fittings, office and other equipment RM'000	Total RM'000
Cost			
At 1.1.2020	**1,053**	**5,354**	**6,407**
Additions	**395**	**189**	**584**
Disposals	**(399)**	**(48)**	**(447)**
Write-offs	**-**	**(451)**	**(451)**
At 31.12.2020	**1,049**	**5,044**	**6,093**
Accumulated depreciation			
At 1.1.2020	**689**	**3,769**	**4,458**
Charge for the year	**187**	**563**	**750**
Disposals	**(399)**	**(38)**	**(437)**
Write-offs	**-**	**(451)**	**(451)**
At 31.12.2020	**477**	**3,843**	**4,320**
Net book value at 31.12.2020	**572**	**1,201**	**1,773**
Cost			
At 1.1.2019	990	4,970	5,960
Additions	120	616	736
Disposals	(57)	(28)	(85)
Write-offs	-	(204)	(204)
At 31.12.2019	1,053	5,354	6,407
Accumulated depreciation			
At 1.1.2019	637	3,453	4,090
Charge for the year	109	540	649
Disposals	(57)	(23)	(80)
Write-offs	-	(201)	(201)
At 31.12.2019	689	3,769	4,458
Net book value at 31.12.2019	364	1,585	1,949

Notes to the Financial Statements
For the financial year ended 31 December 2020

9. INVESTMENT PROPERTIES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cost				
At 1 January	**398,307**	371,385	**357,774**	356,577
Additions	**20,263**	27,576	**409**	1,248
Acquisition of a subsidiary	**22,613**	-	**-**	-
Disposals	**-**	(583)	**-**	-
Write-offs	**(465)**	(71)	**(286)**	(51)
Reversal	**(1,261)**	-	**(1,261)**	-
At 31 December	**439,457**	398,307	**356,636**	357,774
Accumulated depreciation				
At 1 January	**127,735**	122,934	**55,405**	48,678
Charge for the year	**5,379**	5,173	**6,767**	6,764
Acquisition of a subsidiary	**1,408**	-	**-**	-
Disposals	**-**	(314)	**-**	-
Write-offs	**(297)**	(58)	**(286)**	(37)
Reversal	**(76)**	-	**(76)**	-
At 31 December	**134,149**	127,735	**61,810**	55,405
Accumulated impairment losses				
At 1 January / 31 December	**4,802**	4,802	**4,022**	4,022
Net book value at 31 December	**300,506**	265,770	**290,804**	298,347
Fair value at 31 December	**923,846**	851,918	**507,676**	503,590

The fair value of the investment properties as at the financial year end was arrived at by reference to market evidence of transacted prices for similar properties and was performed by an experienced registered independent valuer for the locations and type of the properties being valued.

The fair value of the investment properties is within Level 3 of the fair value hierarchy.

Notes to the Financial Statements
For the financial year ended 31 December 2020

10. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

The Group and Company as Lessee:

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Right-of-use assets:				
Properties	**254,461**	245,769	**4,579**	791
Lease obligations:				
Non-current	**239,307**	227,976	**4,314**	151
Current	**28,844**	28,540	**346**	671
	268,151	256,516	**4,660**	822

The leases of properties are typically made for periods of 1 to 15 years. The lessors do not impose any covenant. The properties are mainly used for the Group's cinema operations and offices.

Additions to right-of-use assets during the current financial year for the Group amounted to RM43.2 million (2019: RM58.6 million).

Leases of land and buildings are disclosed in notes 8 and 12.

The changes in lease obligations (fixed lease payments) are as follows:

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Balance as at 1 January	**256,516**	233,523	**822**	1,255
Lease payment	**(43,018)**	(42,470)	**(1,347)**	(1,374)
Interest expense	**11,466**	10,030	**185**	45
Addition	**43,228**	55,683	**5,000**	896
Disposal	**(16)**	(252)	**-**	-
Exchange differences	**(25)**	2	**-**	-
Balance as at 31 December	**268,151**	256,516	**4,660**	822

Notes to the Financial Statements
For the financial year ended 31 December 2020

10. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS (CONTINUED)

The Group and Company as Lessor:

Operating leases

Investment properties are leased out typically for 1 to 3 years.

Analysis of undiscounted lease payments to be received after the reporting date, on an annual basis:

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
- within one year	**21,814**	24,940	**20,553**	22,084
- more than one year but less than five years	**12,882**	20,461	**12,007**	19,235
	34,696	45,401	**32,560**	41,319

11. BIOLOGICAL ASSETS AND BEARER PLANTS

(a) Bearer Plants
(included under non-current assets)

	Group 2020 RM'000	Group 2019 RM'000
Carrying amount	**3,566**	3,042

(b) Livestock
(included under current assets)

	Group 2020 RM'000	Group 2019 RM'000
At 1 January	**16,767**	21,980
Changes in fair value	**(11,533)**	(5,857)
Purchases	**6,227**	4,754
Disposals	**(2,826)**	(4,110)
At 31 December	**8,635**	16,767

During the financial year, the Group produced approximately 32.0 million (2019: 36.4 million) day-old-chicks and 244.6 million (2019: 235.3 million) table eggs.

As at 31 December 2020, the quantities of poultry and hatchable eggs were 1.4 million birds and 4.2 million eggs (2019: 1.3 million and 3.1 million) respectively.

The fair value measurements of biological assets are categorised at Level 3 of the fair value hierarchy.

Notes to the Financial Statements
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12. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Cost				
At 1 January 2020/31 December 2020	**67,289**	**263**	**32,626**	**100,178**
At 1 January 2019	67,289	263	33,973	101,525
Reversal	-	-	(1,347)	(1,347)
At 31 December 2019	67,289	263	32,626	100,178

13. GOODWILL

	Group 2020 RM'000	2019 RM'000
Cost		
At 1 January	**73,704**	73,704
Impairment of goodwill	**(2,503)**	-
At 31 December	**71,201**	73,704

Impairment testing of goodwill

Goodwill arising from business combinations had been allocated to the Group's cash-generating units ("CGU") identified according to business segments as follows:

	Group 2020 RM'000	2019 RM'000
Film exhibition and distribution	**70,232**	70,233
Environmental engineering and utilities	**969**	2,427
Chemicals trading and manufacturing	**-**	290
Other operations	**-**	754
	71,201	73,704

Notes to the Financial Statements
For the financial year ended 31 December 2020

13. GOODWILL (CONTINUED)

Film exhibition and distribution

The recoverable amount of the CGU of film exhibition and distribution is determined by value-in-use calculation using cash flow projections based on financial budgets covering a five-year period. Cash flows beyond that five-year period have been extrapolated using a terminal growth rate of 2.0% (2019: 2.1%) per annum ("p.a."), based on the long-term average growth rate of the industry. A pre-tax discount rate of 10.4% (2019: 12.7%) is applied to cash flow projections which also reflects the specific risks relating to the CGU.

Sensitivity to changes in assumptions

All the above key assumptions are based on management knowledge in the respective industries and historical information. In assessing the value-in-use, management is of the view that no foreseeable changes in any of the above key assumptions are expected to cause the carrying values of the respective CGUs to materially exceed their recoverable amounts.

The discount rates used are pre-tax and reflect specific risks relating to the relevant CGU.

14. OTHER INTANGIBLE ASSETS

Group	Film rights RM'000	Computer software RM'000	Total RM'000
Cost			
At 1 January 2020	**124,499**	**20,343**	**144,842**
Additions	**12,178**	**1,362**	**13,540**
Write-offs	**-**	**(1,015)**	**(1,015)**
Transfer from property, plant and equipment (Note 8)	**-**	**66**	**66**
Rights expired	**(11,134)**	**-**	**(11,134)**
Exchange differences	**-**	**(34)**	**(34)**
At 31 December 2020	**125,543**	**20,722**	**146,265**
Accumulated amortisation			
At 1 January 2020	**118,911**	**16,729**	**135,640**
Charge for the year	**13,335**	**1,699**	**15,034**
Write-offs	**-**	**(1,015)**	**(1,015)**
Transfer from property, plant and equipment (Note 8)	**-**	**53**	**53**
Rights expired	**(11,134)**	**-**	**(11,134)**
Exchange differences	**-**	**(17)**	**(17)**
At 31 December 2020	**121,112**	**17,449**	**138,561**
Carrying amount as at 31 December 2020	**4,431**	**3,273**	**7,704**

Notes to the Financial Statements
For the financial year ended 31 December 2020

14. OTHER INTANGIBLE ASSETS (CONTINUED)

Group	Film rights RM'000	Computer software RM'000	Total RM'000
Cost			
At 1 January 2019	122,088	19,038	141,126
Additions	11,724	1,396	13,120
Disposal	-	(79)	(79)
Write-offs	-	(122)	(122)
Transfer from property, plant and equipment (Note 8)	-	92	92
Rights expired	(9,313)	-	(9,313)
Exchange differences	-	18	18
At 31 December 2019	124,499	20,343	144,842
Accumulated amortisation			
At 1 January 2019	113,523	15,312	128,835
Charge for the year	14,701	1,603	16,304
Disposal	-	(70)	(70)
Write-offs	-	(122)	(122)
Rights expired	(9,313)	-	(9,313)
Exchange differences	-	6	6
At 31 December 2019	118,911	16,729	135,640
Carrying amount as at 31 December 2019	5,588	3,614	9,202

15. INVESTMENT IN SUBSIDIARIES

Company	2020 RM'000	2019 RM'000
Unquoted shares at cost	**1,504,026**	1,491,376
Impairment loss on unquoted shares at cost	**(1,124)**	(1,124)
	1,502,902	1,490,252

Details of the subsidiaries are set out in note 40.

The Group has assessed the non-controlling interests in the subsidiaries of the Group and has determined that the non-controlling interests are not individually material to the Group's financial position, performance and cash flows.

Notes to the Financial Statements
For the financial year ended 31 December 2020

15. INVESTMENT IN SUBSIDIARIES (CONTINUED)

For the current financial year ended 31 December 2020

On 24 June 2020, FFM Berhad ("FFM"), an 80%-subsidiary of PPB Group Berhad, had acquired the remaining 70% equity interest not already owned in FFM Further Processing Sdn Bhd ("FFMP") for RM31.5 million. Arising therefrom, FFMP has become a wholly-owned subsidiary of FFM.

The financial effects of the acquisition of FFMP which qualified as a business combination were as follows:

	Group 2020 RM'000
Property, plant and equipment	**54,949**
Investment properties	**21,229**
Other current assets	**9,557**
Non-current liabilities	**(3,167)**
Current liabilities	**(15,503)**
Total net assets acquired	**67,065**
Gain on acquisition	**(15,488)**
Total cost of acquisition	**51,577**
Satisfied by:	
Cash consideration	**31,458**
Existing investment in FFMP	**20,119**
	51,577
The net cash outflows on acquisition were as follows:	
Purchase consideration satisfied by cash	**31,458**
Cash and cash equivalent of FFMP	**(2,085)**
Net cash outflows on acquisition of FFMP	**29,373**

Notes to the Financial Statements
For the financial year ended 31 December 2020

16. INVESTMENT IN ASSOCIATES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Quoted shares at cost	**8,080,369**	8,080,369	**8,684,629**	8,684,629
Unquoted shares at cost	**668,447**	608,597	**229,191**	156,745
	8,748,816	8,688,966	**8,913,820**	8,841,374
Impairment loss on unquoted shares	**(1,709)**	(1,709)	**(25)**	(25)
Group's share of post-acquisition reserves	**10,689,718**	9,272,969	**-**	-
	19,436,825	17,960,226	**8,913,795**	8,841,349
Market value of quoted shares	**16,573,901**	14,692,563	**16,573,901**	14,692,563

The Group's share of the associates' current year loss and accumulated losses amounted to RM428,000 and RM3,704,000 (2019: RM582,000 and RM3,275,000) respectively have not been recognised in the Group's income statement as equity accounting had ceased when the Group's share of losses of these associates exceeded the carrying amount of its investment in these associates.

During the year, the Company, through FFM, acquired the entire shareholding in FFMP, making it a wholly-owned subsidiary of FFM. The details of the acquisition are disclosed in note 15.

The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts:

Wilmar International Limited ("Wilmar")

	2020 RM'000	2019 RM'000
Non-current assets	**92,778,263**	87,894,388
Current assets	**112,168,981**	104,675,557
Non-current liabilities	**(27,329,712)**	(25,283,132)
Current liabilities	**(91,720,788)**	(94,119,861)
Net assets	**85,896,744**	73,166,952
Revenue	**212,101,376**	176,540,277
Profit for the year	**7,098,371**	5,674,107
Other comprehensive profit/(loss)	**3,052,103**	(626,408)
Total comprehensive income	**10,150,474**	5,047,699

Notes to the Financial Statements
For the financial year ended 31 December 2020

16. INVESTMENT IN ASSOCIATES (CONTINUED)

	2020 RM'000	2019 RM'000
Other disclosures		
Cash and cash equivalents	**10,377,903**	8,386,058
Current financial liabilities (excluding trade and other payables and provision)	**(72,465,166)**	(76,370,734)
Non-current financial liabilities (excluding trade and other payables and provision)	**(24,316,564)**	(22,314,524)
Depreciation and amortisation	**(4,441,251)**	(3,636,847)
Finance income	**1,762,346**	1,969,990
Finance expense	**(2,733,188)**	(3,694,810)
Income tax expense	**(2,603,005)**	(1,538,221)

The reconciliation of the summarised financial information of the Group's material associate to the carrying amount of interest in the associate is as follows:

	2020 RM'000	2019 RM'000
Net assets	**85,896,744**	73,166,952
Proportion of ownership interest held by the Group	**18.6%**	18.5%
Group's share of net assets	**15,951,025**	13,528,569
Goodwill	**4,127,817**	4,205,884
Other adjustments		
- Non-controlling interests' share of associate's net assets	**(1,865,602)**	(842,774)
- Others	**(55,373)**	(46,056)
Carrying amount of the Group's interest in the associate	**18,157,867**	16,845,623

The Company considers Wilmar as an associate by virtue of its ability to exercise significant influence over Wilmar's financial and operating policy decisions through its board representation.

During the financial year, the Company received dividends from Wilmar amounted to RM486.0 million (2019: RM354.0 million).

As at 31 December 2020, the market value of shares in Wilmar held by the Company was below its carrying amount. Accordingly, the Company had undertaken an impairment test on the carrying amount of the investment in the associate.

The recoverable amount of the investment in the associate was estimated using cash flow projections covering a ten-year period. Cash flows beyond that ten-year period have been extrapolated using a terminal growth rate of 3.5% (2019: 3.5%) p.a. A discount rate of 7.0% (2019: 7.5%) was applied to the cash flow projections. All the above key assumptions are based on management knowledge in the respective industries and historical information.

As the recoverable amount was in excess of the carrying amount, no impairment was required.

16. INVESTMENT IN ASSOCIATES (CONTINUED)

The summarised aggregate financial information of the Group's share in other individually non-material associates as at 31 December are as follows:

	2020 RM'000	2019 RM'000
Profit for the year	**100,895**	79,486
Other comprehensive loss	**(52)**	(497)
Total comprehensive income	**100,843**	78,989
Carrying amount of the Group's interests in other associates	**1,278,958**	1,114,603

Details of the associates are set out in note 41.

The Group has received dividends from non-material associates in the current financial year amounted to RM18.1 million (2019: RM16.6 million).

17. INVESTMENT IN JOINT VENTURE

	Group	
	2020 RM'000	2019 RM'000
Group's share of post-acquisition reserves	**22,549**	17,404

The summarised financial information of the Group's share of joint venture as at 31 December is as follows:

	Group	
	2020 RM'000	2019 RM'000
Profit/(loss) for the year and total comprehensive income/(loss) for the year	**3,568**	(4,960)

Details of the joint venture are set out in note 42.

Notes to the Financial Statements
For the financial year ended 31 December 2020

18. OTHER INVESTMENTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Equity instruments designated at FVTOCI				
Quoted shares	**354,615**	404,752	**337,881**	384,790
Unquoted shares	**427**	427	**266**	266
Amortised costs				
Other investments	**1,000**	-	**1,000**	-
	356,042	405,179	**339,147**	385,056

Equity instruments designated at FVTOCI

The Group has elected to measure these equity instruments at FVTOCI due to the Group's intention to hold these equity instruments for long-term appreciation.

The Group and Company received dividends of RM5.5 million (2019: RM11.5 million) and RM5.3 million (2019: RM10.9 million) respectively from these investments during the year.

19. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	**(101,849)**	(82,801)	**(229)**	(231)
Arising from the acquisition of a subsidiary	**(3,167)**	-	**-**	-
Exchange translation differences	**(115)**	30	**-**	-
Originating/(reversal) during the year	**9,597**	(19,078)	**12**	2
At 31 December	**(95,534)**	(101,849)	**(217)**	(229)

Presented after offsetting as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax assets	**14,605**	342	**28**	26
Deferred tax liabilities	**(110,139)**	(102,191)	**(245)**	(255)
	(95,534)	(101,849)	**(217)**	(229)

Notes to the Financial Statements
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19. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

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

Deferred Tax Assets

Group	Unabsorbed tax losses and capital allowances RM'000	Others RM'000	Total RM'000
2020			
At beginning of the financial year	**30,261**	**2,813**	**33,074**
Recognised in profit or loss	**20,754**	**5,176**	**25,930**
Exchange differences	**-**	**131**	**131**
At end of financial year	**51,015**	**8,120**	**59,135**
Set-off deferred tax liability			**(44,530)**
			14,605

Deferred Tax Liabilities

Group	Property, plant and equipment RM'000	Withholding tax on undistributed profits of foreign associates RM'000	Total RM'000
2020			
At beginning of the financial year	**(100,260)**	**(34,663)**	**(134,923)**
Recognised in profit or loss	**(11,022)**	**(8,724)**	**(19,746)**
At end of financial year	**(111,282)**	**(43,387)**	**(154,669)**
Set-off deferred tax asset			**44,530**
			(110,139)

19. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred Tax Assets

Group	Unabsorbed tax losses and capital allowances RM'000	Others RM'000	Total RM'000
2019			
At beginning of the financial year	26,791	22,722	49,513
Recognised in profit or loss	3,470	(19,939)	(16,469)
Exchange differences	-	30	30
At end of financial year	30,261	2,813	33,074
Set-off deferred tax liability			(32,732)
			342

Deferred Tax Liabilities

Group	Property, plant and equipment RM'000	Withholding tax on undistributed profits of foreign associates RM'000	Total RM'000
2019			
At beginning of the financial year	(105,582)	(26,732)	(132,314)
Recognised in profit or loss	5,322	(7,931)	(2,609)
At end of financial year	(100,260)	(34,663)	(134,923)
Set-off deferred tax asset			32,732
			(102,191)

The temporary differences and unused tax credits exist as at 31 December of which the deferred tax assets have not been recognised in the financial statements are as follows:

	Group 2020 RM'000	Group 2019 RM'000
Unabsorbed tax losses and capital allowances*	**106,276**	91,723

The availability of the unabsorbed tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the respective subsidiaries are subject to the shareholding of these subsidiaries remained substantially unchanged, pursuant to section 44(5A) and 44(5B) of the Income Tax Act, 1967.

In Malaysia, the unutilised business losses can be carried forward and available for use for a period of seven years commencing from its year of assessment.

19. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The Group has recognised the deferred tax assets based on the probability that sufficient taxable profit will be generated in the future against which the deferred tax assets can be utilised.

Pursuant to the relevant tax regulations, the unrecognised tax credits at the end of the reporting period will expire as follows:

	Group	
	2020 RM'000	2019 RM'000
- With no expiry	**116**	6,425
- Within 12 months	**-**	11,082
- More than 12 months	**106,160**	74,216
	106,276	91,723

20. INVENTORIES

	Group	
	2020 RM'000	2019 RM'000
At cost:		
Raw materials	**392,282**	404,932
Goods in transit - raw materials	**128,038**	254,255
Work-in-progress	**160**	774
Finished goods	**101,708**	109,012
Completed properties	**6,676**	6,649
Consumables	**29,762**	26,891
	658,626	802,513
Recognised in income statement:		
Inventories recognised in cost of sales	**3,346,410**	3,341,807

21. PROPERTY DEVELOPMENT COSTS

	Group	
	2020 RM'000	2019 RM'000
Freehold land - at cost	**1,404**	1,404
Development and construction costs	**17,477**	12,386
At 1 January	**18,881**	13,790
Additions	**35,743**	17,555
Cost recognised in income statement during the year	**(22,011)**	(12,464)
At 31 December	**32,613**	18,881

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22. CONTRACT ASSETS/LIABILITIES

	Group	
	2020 RM'000	2019 RM'000
(a) Contract assets		
Construction contracts	**94,019**	49,641
(b) Contract liabilities		
Construction contracts	**1,240**	2,474
Consideration received in advance	**3,305**	5,294
Other contract related liabilities:		
- Refund liabilities and expected rebates	**15,025**	14,059
	19,570	21,827

Revenue from construction contract is recognised over time using the input method, which is based on the actual cost incurred to date on the project as compared to the total budgeted cost for the respective projects. Because the customers pay according to contractual milestones, which give rise to timing differences, this will be recognised as contract assets or contract liabilities.

Refund liabilities and expected rebates are estimated based on terms in trade agreements entered into within customers.

23. TRADE AND OTHER RECEIVABLES

		Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current					
Receivables from contract with customers					
- third parties		**577,779**	604,262	**-**	-
- associates		**28,606**	15,105	**-**	-
		606,385	619,367	**-**	-
Other trade receivables					
- third parties		**2,779**	1,494	**2,587**	892
Impairment		**(12,019)**	(7,276)	**(469)**	(61)
Total trade receivables	(a)	**597,145**	613,585	**2,118**	831
Other receivables	(b)	**140,381**	109,163	**2,838**	2,976
Amount due from subsidiaries	(c)	**-**	-	**2,089**	15,020
Amount due from associates	(d)	**30,835**	29,416	**36**	35
		768,361	752,164	**7,081**	18,862
Non-current					
Amount due from associates	(d)	**-**	9,433	**-**	9,433
Other receivables	(b)	**675**	1,167	**-**	-
		675	10,600	**-**	9,433
Trade and other receivables		**769,036**	762,764	**7,081**	28,295

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23. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

The balances are subject to normal credit terms of the Group and the Company ranging from 30 to 120 days.

Included in trade receivables is a retention sum of RM15.0 million (2019: RM18.0 million) relating to construction contracts.

(b) Other receivables

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Sundry receivables	**35,149**	43,974	**1,786**	2,344
Impairment	**(2,610)**	(334)	**-**	(334)
	32,539	43,640	**1,786**	2,010
Interest receivable	**144**	257	**24**	116
Deposits	**97,011**	53,722	**610**	594
Prepayments	**10,687**	11,544	**418**	256
Other long-term receivables	**675**	1,167	**-**	-
	141,056	110,330	**2,838**	2,976

(c) Amount due from subsidiaries

The amount due from subsidiaries included under current assets is unsecured and is analysed as follows:

	Company	
	2020 RM'000	2019 RM'000
Interest-bearing (2019: 3.79% p.a.)	**-**	12,731
Non-interest bearing	**2,089**	2,289
	2,089	15,020

The non-interest bearing balances are non-trade in nature, unsecured and repayable on demand.

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23. TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) Amount due from associates

The amount due from associates included under current assets is unsecured and is analysed as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest-bearing ranging from 2.50% to 2.80% (2019: 2.37% to 2.50%) p.a.	**38,093**	36,771	**-**	-
Non-interest bearing	**1,559**	1,420	**36**	35
	39,652	38,191	**36**	35
Allowance for impairment	**(8,817)**	(8,775)	**-**	-
	30,835	29,416	**36**	35

The non-interest bearing balances are non-trade in nature, unsecured and repayable on demand.

<u>Amount due from an associate included under non-current assets</u>

The amount due from an associate is unsecured, interest bearing at Nil % (2019: 4.78%) and repayable on demand.

24. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Group	Notional value RM'000	Derivative financial assets RM'000	Derivative financial liabilities RM'000
2020			
Forward foreign currency contracts	**124,906**	**43**	**(1,255)**
Futures and options contracts	**1,311,507**	**317**	**(52,754)**
		360	**(54,009)**
2019			
Forward foreign currency contracts	17,782	128	(95)
Futures and options contracts	591,667	-	(17,244)
		128	(17,339)

The Group classifies all derivative financial instruments as financial assets/financial liabilities at fair value through profit or loss.

The Group enters into foreign currency forward contracts to hedge the exchange rate risk associated with anticipated foreign currency payments or receipts.

The Group enters into commodity futures and options to hedge the commodity price risk associated with anticipated purchases of raw materials.

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25. CASH AND CASH EQUIVALENTS

		Group		Company	
		2020	**2019**	**2020**	**2019**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Deposits	(a)	**224,869**	174,977	**125,904**	100,094
Short-term fund placements	(b)	**938,419**	1,144,965	**731,055**	712,517
Cash and bank balances	(c)	**257,053**	180,967	**1,793**	1,879
		1,420,341	1,500,909	**858,752**	814,490

(a) Deposits

Short-term deposits were placed for varying periods up to 3 months, and the average interest rate for the Group and Company is at 0.17% to 3.57% (2019: 0.96% to 3.59%) and 0.17% to 3.57% (2019: 1.30% to 3.59%) p.a. respectively.

(b) Short-term fund placements

Short-term fund placements represent investment in highly liquid money market instruments. This investment is readily convertible to cash and has insignificant risk of changes in value.

(c) Cash and bank balances

Included in cash and bank balances is an amount of RM31.5 million (2019: RM17.8 million) maintained in Housing Development Accounts. Withdrawals from the Housing Development Accounts are restricted in accordance with the Housing Development (Housing Development Account) Regulations 1991.

26. SHARE CAPITAL

	2020		2019	
	Number of shares '000	**RM'000**	**Number of shares '000**	**RM'000**
Issued and fully paid ordinary shares:				
At 1 January / 31 December	**1,422,599**	**1,429,314**	1,422,599	1,429,314

Notes to the Financial Statements
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27. OTHER NON-DISTRIBUTABLE RESERVES

		Group	
		2020	**2019**
		RM'000	**RM'000**
Exchange translation reserve	(a)	**2,787,693**	2,653,889
Fair value reserve	(b)	**(97,239)**	17,246
Hedge reserve	(c)	**(56,863)**	(45,308)
Capital reserve	(d)	**743,411**	200,101
		3,377,002	2,825,928

(a) Exchange translation reserve

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency and the share of exchange translation reserve of associates.

(b) Fair value reserve

Fair value reserve represents the cumulative fair value changes of equity instruments at fair value through other comprehensive income until they are disposed of or impaired.

Fair value reserve includes the share of fair value reserve of associates.

(c) Hedge reserve

Hedge reserve represents the share of associate's cumulative fair value changes net of tax of the derivative contracts which apply hedge accounting.

(d) Capital reserve

The transfer from retained earnings to capital reserve is attributable to the Group's share of associates' reserves. The associates transferred a specific amount of their net profit to reserve fund in accordance with the applicable local laws of the countries where they operate.

Capital reserve includes the share of all other reserves of associates, including the changes in ownership interests of subsidiaries of associates.

Notes to the Financial Statements
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28. BORROWINGS

		Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current					
Term loan		**23,708**	-	**-**	-
Term loan - VND	(a)	**1,653**	3,915	**-**	-
Hire purchase		**100**	181	**100**	181
		25,461	4,096	**100**	181
Current					
Term loans					
- IDR		**162,305**	141,595	**-**	-
- VND		**118,244**	83,438	**-**	-
- USD		**95,080**	114,665	**-**	-
- VND	(a)	**3,848**	5,219	**-**	-
- USD	(b)	**-**	11,341	**-**	-
Hire purchase		**81**	78	**81**	78
Bank overdrafts		**139**	339	**-**	-
Revolving credits - USD		**24,101**	-	**-**	-
Revolving credits		**52,000**	400	**-**	-
		455,798	357,075	**81**	78
Total borrowings		**481,259**	361,171	**181**	259

IDR - Indonesian Rupiah
VND - Vietnam Dong
USD - United States Dollar

(a) The VND-denominated term loan is secured by a corporate guarantee from a subsidiary.

(b) The USD-denominated term loan was secured by a corporate guarantee from a subsidiary and was fully repaid in 2020.

(c) All the other borrowings are unsecured.

The interest rates for the borrowings are as follows:

	2020 % p.a.	2019 % p.a.
Term loans		
- USD	**0.23 - 1.40**	1.88 - 4.04
- VND	**1.10 - 5.90**	5.00 - 6.90
- IDR	**6.80 - 8.75**	7.75 - 8.00
Revolving credits - USD	**1.44 - 1.99**	-
Long-term bank loan	**2.79 - 2.83**	-
Revolving credits	**2.50 - 3.45**	4.53

Notes to the Financial Statements
For the financial year ended 31 December 2020

28. BORROWINGS (CONTINUED)

The changes in borrowings, excluding bank overdrafts are as follows:

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Balance as at 1 January	**360,832**	488,472	**259**	333
Net drawdown/(repayment) of debts	**129,982**	(133,285)	**(78)**	(74)
Exchange differences	**(9,694)**	5,645	**-**	-
Balance as at 31 December	**481,120**	360,832	**181**	259

29. TRADE AND OTHER PAYABLES

		Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Trade payables					
- third parties		**191,638**	384,051	**569**	1,111
- associates		**19,876**	22,837	**-**	-
	(a)	**211,514**	406,888	**569**	1,111
Interest accrued		**660**	846	**-**	-
Other payables		**59,928**	68,944	**4,226**	2,595
Accruals		**83,417**	158,763	**5,093**	7,166
Refundable deposits		**12,213**	11,922	**8,321**	8,962
Amount due to subsidiaries	(b)	**-**	-	**1,078**	750
		367,732	647,363	**19,287**	20,584

(a) Trade payables
The normal credit terms extended by suppliers range from 30 to 120 days. Retention sums for construction contracts are payable upon the expiry of the defects liability period of the respective construction contracts.

(b) Amount due to subsidiaries
The amount due to subsidiaries is interest-free, unsecured and repayable on demand.

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30. PROVISION FOR RESTORATION COST

	Group	
	2020 RM'000	2019 RM'000
At 1 January	**34,540**	31,550
Additional provision	**975**	2,990
Utilisation of provision	**(1,004)**	-
Unused amount reversed	**(4,196)**	-
At 31 December	**30,315**	34,540
Current	**1,695**	5,200
Non-current	**28,620**	29,340
	30,315	34,540

The provision represents the estimated cost of restoring the leased properties to the condition stipulated in the contracts, which is capitalised and included in the cost of right-of-use assets.

31. DIVIDENDS

	Group/Company	
	2020 RM'000	2019 RM'000
Recognised during the financial year:		
Second interim dividend of 23 sen per share for financial year ended 31 December 2019 (2019: Final dividend 20 sen for financial year ended 31 December 2018)	**327,198**	284,520
Interim dividend of 8 sen per share for the financial year ended 31 December 2020 (2018: 8 sen for financial year ended 31 December 2019)	**113,808**	113,808
	441,006	398,328
Proposed but not recognised as a liability as at 31 December:		
Final dividend of 22 sen per share payable on 1 June 2021 (2019: Second interim dividend of 23 sen per share paid on 2 June 2020)	**312,972**	327,198
Special dividend of 16 sen per share payable on 1 June 2021	**227,616**	-
	540,588	327,198

At the forthcoming Annual General Meeting, a final dividend and special dividend in respect of the financial year ended 31 December 2020, of 22 sen per share and 16 sen per share respectively will be proposed for shareholders' approval. Such dividends, if approved by shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2021.

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32. RELATED PARTY DISCLOSURES

(a) Other than those disclosed elsewhere in the financial statements, the significant related party transactions during the financial year are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Transactions with associates				
Interest income	**1,134**	1,162	**346**	416
Purchase of goods	**26,484**	36,742	**-**	-
Sales of goods	**1,537**	1,670	**-**	-
Film rental income	**822**	5,807	**-**	-
Transactions with subsidiaries of the ultimate holding company				
Sales of goods	**51,456**	25,108	**-**	-
Purchase of goods	**24**	1,100	**-**	-
Supervision fees income	**1,967**	2,211	**-**	-
Transactions with subsidiaries of associates				
Purchase of goods	**261,135**	195,069	**-**	-
Sales of goods	**116,461**	108,662	**-**	-
Rental income	**3,333**	3,333	**-**	-
Security and other services expense	**18,961**	7,973	**-**	-
Freight cost	**125,205**	131,642	**-**	-
Supervision fees income	**2,654**	2,954	**-**	-

Notes to the Financial Statements
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32. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Key management personnel compensation

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Directors				
Short-term employee benefits	**3,990**	8,827	**3,971**	4,253
Contributions to defined contribution plan	**449**	629	**448**	504
Sub-total	**4,439**	9,456	**4,419**	4,757
Other key management personnel				
Short-term employee benefits	**19,478**	17,276	**5,100**	4,808
Contributions to defined contribution plan	**2,559**	2,270	**810**	762
Sub-total	**22,037**	19,546	**5,910**	5,570
Total compensation	**26,476**	29,002	**10,329**	10,327

33. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Short-term employee benefits	**325,150**	340,218	**20,460**	20,527
Contributions to defined contribution plan	**36,490**	32,778	**2,772**	2,261
Total employee benefits expense	**361,640**	372,996	**23,232**	22,788

34. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Capital commitments				
Property, plant and equipment, and investment properties				
- contracted	**64,371**	17,989	**41**	64
- not contracted	**365,248**	446,150	**8,365**	9,340
	429,619	464,139	**8,406**	9,404
Other commitments				
- contracted	**351,853**	393,951	**80,770**	99,730
- not contracted	**148,328**	-	**-**	-
	500,181	393,951	**80,770**	99,730
Total commitments	**929,800**	858,090	**89,176**	109,134

Notes to the Financial Statements
For the financial year ended 31 December 2020

35. SEGMENTAL REPORTING

The Group's operating and reportable segments are business units engaged in providing different products and services and operating in different geographical locations.

There was no transaction with any single external customer which amounted to 10% or more of the Group's revenues for the current financial year (2019: none).

(a) By business segment

The Group's operations comprise the following reportable segments:

(i) Grains and agribusiness - Flour milling and manufacturing of animal feed, wheat and maize trading, production of day-old-chicks, eggs and other related downstream activities, and oil palm plantations

(ii) Consumer products - Marketing and distribution of edible oils and consumer products, production and distribution of frozen food and bakery products, and manufacturing of toiletry requisites and household products

(iii) Film exhibition and distribution - Exhibition and distribution of movies and content

(iv) Environmental engineering and utilities - Construction works specialising in the water and environmental industries and provision of waste management services

(v) Property - Letting of commercial properties and development of residential and commercial properties

(vi) Other operations - Investment holding, chemical trading and manufacturing, and others

(b) Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, investment properties, intangible assets and bearer plants.

Notes to the Financial Statements
For the financial year ended 31 December 2020

Notes to the Financial Statements
For the financial year ended 31 December 2020

35. SEGMENTAL REPORTING (CONTINUED)

2020	Grains & agribusiness RM'000	Consumer products RM'000	Film exhibition & distribution RM'000	Environmental engineering & utilities RM'000	Property RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
REVENUE								
External sales	3,135,779	627,681	114,255	188,912	66,078	57,985	-	4,190,690
Inter-segment sales	155,351	594	-	631	968	3,308	(160,852)	-
Total revenue	3,291,130	628,275	114,255	189,543	67,046	61,293	(160,852)	4,190,690
RESULTS								
Segment results	161,834	32,374	(122,502)	4,629	5,024	21,795	-	103,154
Share of results of associates	109,848	(826)	(13,096)	6,185	(1,084)	1,242,111	-	1,343,138
Share of results of joint venture	-	-	-	3,568	-	-	-	3,568
Unallocated corporate expense	-	-	-	-	-	-	-	(28,927)
Profit/(loss) before taxation	271,682	31,548	(135,598)	14,382	3,940	1,263,906	-	1,420,933
Tax expense								(57,511)
Profit for the year								1,363,422
OTHER INFORMATION								
Segment assets	2,270,623	495,670	595,907	211,961	506,597	1,308,209	(11)	5,388,956
Investment in associates	693,996	20,281	172,825	51,709	293,006	18,205,008	-	19,436,825
Investment in joint venture	-	-	-	22,549	-	-	-	22,549
Tax assets								26,012
Unallocated corporate assets								9,316
Consolidated total assets								24,883,658
Segment liabilities	194,098	58,984	354,130	69,353	47,559	4,691	(11)	728,804
Borrowings								481,259
Tax liabilities								116,177
Unallocated corporate liabilities								10,973
Consolidated total liabilities								1,337,213
Capital expenditure	52,130	14,562	21,577	473	18,486	1,757	-	108,985
Unallocated corporate capital expenditure								552
								109,537
Amortisation and depreciation	64,559	16,092	94,668	2,189	5,338	2,202	-	185,048
Amortisation and depreciation of unallocated capital expenditure								1,569
								186,617
Non-cash items other than amortisation and depreciation	29,178	(16,201)	3,604	1,244	295	404	-	18,524

Notes to the Financial Statements

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For the financial year ended 31 December 2020

35. SEGMENTAL REPORTING (CONTINUED)

2019	Grains & agribusiness RM'000	Consumer products RM'000	Film exhibition & distribution RM'000	Environmental engineering & utilities RM'000	Property RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
REVENUE								
External sales	3,153,532	624,197	556,127	194,569	63,298	92,053	-	4,683,776
Inter-segment sales	150,615	3,243	-	270	1,337	319	(155,784)	-
Total revenue	3,304,147	627,440	556,127	194,839	64,635	92,372	(155,784)	4,683,776
RESULTS								
Segment results	135,204	6,377	65,287	11,310	13,491	48,655	-	280,324
Share of results of associates	77,806	(5,730)	1,551	4,922	400	960,665	-	1,039,614
Share of results of joint venture	-	-	-	(4,960)	-	-	-	(4,960)
Unallocated corporate expense	-	-	-	-	-	-	-	(43,350)
Profit before taxation	213,010	647	66,838	11,272	13,891	1,009,320	-	1,271,628
Tax expense								(72,366)
Profit for the year								1,199,262
OTHER INFORMATION								
Segment assets	2,393,804	415,704	759,478	215,959	472,563	1,320,062	(632)	5,576,938
Investment in associates	584,207	21,249	188,367	49,288	267,327	16,849,788	-	17,960,226
Investment in joint venture	-	-	-	17,404	-	-	-	17,404
Tax assets								10,263
Unallocated corporate assets								14,926
Consolidated total assets								23,579,757
Segment liabilities	321,737	60,044	470,289	76,436	33,644	9,360	(632)	970,878
Borrowings								361,171
Tax liabilities								110,210
Unallocated corporate liabilities								6,707
Consolidated total liabilities								1,448,966
Capital expenditure	49,668	11,751	110,408	477	20,303	49	-	192,656
Unallocated corporate capital expenditure								729
								193,385
Amortisation and depreciation	61,486	14,898	87,368	1,281	5,379	830	-	171,242
Amortisation and depreciation of unallocated capital expenditure								1,453
								172,695
Non-cash items other than amortisation and depreciation	8,236	610	675	(474)	(4,174)	69	-	4,942

Notes to the Financial Statements
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35. SEGMENTAL REPORTING (CONTINUED)

(b) By geographical segment

The Group operates mainly in Asia. In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Non-current assets are disclosed based on the geographical locations of the assets, and do not include investments in associates and joint venture, other investments and deferred tax assets.

	Revenue		Carrying amount of non-current assets	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Malaysia	**2,806,432**	3,216,785	**1,731,456**	1,702,105
Indonesia	**651,867**	745,712	**152,766**	170,788
Vietnam	**545,477**	488,916	**174,733**	168,975
Other ASEAN countries	**126,806**	176,829	**320**	3,814
Other Asian countries	**18,950**	13,032	**-**	-
Others	**41,158**	42,502	**-**	-
	4,190,690	4,683,776	**2,059,275**	2,045,682

36. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

	At amortised cost RM'000	At FVTOCI[1] RM'000	At FVTPL[2] RM'000	Total RM'000
Financial assets				
Group				
2020				
Other investments	**1,000**	**355,042**	**-**	**356,042**
Receivables	**753,079**	**-**	**-**	**753,079**
Derivative financial assets	**-**	**-**	**360**	**360**
Deposits, cash and bank balances	**481,922**	**-**	**-**	**481,922**
Short-term fund placements	**-**	**-**	**938,419**	**938,419**
Total financial assets	**1,236,001**	**355,042**	**938,779**	**2,529,822**

FVTOCI[1] represents fair value through other comprehensive income
FVTPL[2] represents fair value through profit or loss

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36. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

	At amortised cost RM'000	At FVTOCI[1] RM'000	At FVTPL[2] RM'000	Total RM'000
Financial assets				
Group				
2019				
Other investments	-	405,179	-	405,179
Receivables	732,570	-	-	732,570
Derivative financial assets	-	-	128	128
Deposits, cash and bank balances	355,944	-	-	355,944
Short-term fund placements	-	-	1,144,965	1,144,965
Total financial assets	1,088,514	405,179	1,145,093	2,638,786
Company				
2020				
Other investments	**1,000**	**338,147**	**-**	**339,147**
Receivables	**6,663**	**-**	**-**	**6,663**
Deposits, cash and bank balances	**127,697**	**-**	**-**	**127,697**
Short-term fund placements	**-**	**-**	**731,055**	**731,055**
Total financial assets	**135,360**	**338,147**	**731,055**	**1,204,562**
2019				
Other investments	-	385,056	-	385,056
Receivables	28,039	-	-	28,039
Deposits, cash and bank balances	101,973	-	-	101,973
Short-term fund placements	-	-	712,517	712,517
Total financial assets	130,012	385,056	712,517	1,227,585

FVTOCI[1] represents fair value through other comprehensive income
FVTPL[2] represents fair value through profit or loss

Notes to the Financial Statements
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36. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

	At amortised cost RM'000	At FVTPL[1] RM'000	Total RM'000
Financial liabilities			
Group			
2020			
Payables	**364,748**	**-**	**364,748**
Borrowings	**481,259**	**-**	**481,259**
Lease obligations	**268,151**	**-**	**268,151**
Derivative financial liabilities	**-**	**54,009**	**54,009**
Total financial liabilities	**1,114,158**	**54,009**	**1,168,167**
2019			
Payables	627,332	-	627,332
Borrowings	361,171	-	361,171
Lease obligations	256,516	-	256,516
Derivative financial liabilities	-	17,339	17,339
Total financial liabilities	1,245,019	17,339	1,262,358
Company			
2020			
Payables	**19,287**	**-**	**19,287**
Lease obligations	**4,660**	**-**	**4,660**
Borrowings	**181**	**-**	**181**
Total financial liabilities	**24,128**	**-**	**24,128**

FVTPL[1] represents fair value through profit or loss

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36. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

	At amortised cost RM'000	At FVTPL[1] RM'000	Total RM'000
Financial liabilities			
Company			
2019			
Payables	20,584	-	20,584
Lease obligations	822	-	822
Borrowings	259	-	259
Total financial liabilities	21,665	-	21,665

FVTPL[1] represents fair value through profit or loss

(b) Fair value of financial instruments

The following summarises the methods used in determining the fair value of financial instruments:

(i) Other investments

Fair value of investments in quoted shares has been determined by reference to their quoted closing bid price at the end of the reporting period.

Fair value of unquoted equity investments is measured using generally acceptable valuation techniques.

(ii) Derivatives

Fair value of forward foreign currency contracts has been determined by reference to current forward exchange rates for contracts with similar maturity profiles.

Fair value of commodities futures and options has been determined by reference to current quoted market prices for contracts with similar maturity profiles.

(iii) Short-term fund

Fair value of the short-term fund has been determined by reference to the net assets value of the fund at the end of the reporting period as quoted by the fund managers.

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For the financial year ended 31 December 2020

36. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value of financial instruments (continued)

Financial assets and financial liabilities that are measured at fair value on a recurring basis:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Financial assets				
Group				
2020				
Other investments	**354,615**	**-**	**427**	**355,042**
Short-term fund placements	**938,419**	**-**	**-**	**938,419**
Derivative financial assets	**-**	**360**	**-**	**360**
	1,293,034	**360**	**427**	**1,293,821**
2019				
Other investments	404,752	-	427	405,179
Short-term fund placements	1,144,965	-	-	1,144,965
Derivative financial assets	-	128	-	128
	1,549,717	128	427	1,550,272
Company				
2020				
Other investments	**337,881**	**-**	**266**	**338,147**
Short-term fund placements	**731,055**	**-**	**-**	**731,055**
	1,068,936	**-**	**266**	**1,069,202**
2019				
Other investments	384,790	-	266	385,056
Short-term fund placements	712,517	-	-	712,517
	1,097,307	-	266	1,097,573

	Level 1 RM'000	Level 2 RM'000	Total RM'000
Financial liabilities			
Group			
2020			
Forward contracts	**-**	**1,255**	**1,255**
Futures and options contracts	**-**	**52,754**	**52,754**
	-	**54,009**	**54,009**
2019			
Forward contracts	-	95	95
Futures and options contracts	-	17,244	17,244
	-	17,339	17,339

There were no transfers between Level 1 and Level 2 assets and liabilities throughout the year.

The carrying amounts of the financial instruments of the Group and the Company, which are not measured at fair value on a recurring basis at the end of the reporting period approximated or were at their fair value, due to their short-term or interest-bearing nature.

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities are exposed to a variety of financial risks. The Group's overall financial risk management objective is to minimise potential adverse effects on the financial performance of the Group.

Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to financial risk management policies.

The Group enters into derivative instruments, principally forward, futures and options contracts to hedge its exposure to financial risks. The Group does not trade in derivative instruments.

There have been no significant changes in the Group's exposure to financial risks from the previous year. Also, there have been no changes to the Group's risk management objectives, policies and processes since the previous financial year end.

The Group's management review and agree on policies for managing each of the financial risks and they are summarised as follows:

(a) Foreign currency exchange risk

The Group is exposed to currency risk as a result of foreign currency transactions entered into in currencies other than its functional currencies. The Group enters into forward foreign currency contracts to limit its exposure to foreign currency receivables and payables, and on cash flows from anticipated transactions denominated in foreign currencies.

The carrying amounts of material foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Group	
	2020 RM'000	2019 RM'000
Assets		
- United States Dollar ("USD")	**196,291**	72,233
- Singapore Dollar ("SGD")	**135,068**	104,857
- Indonesian Rupiah ("IDR")	**13,556**	27,148
Liabilities		
- USD	**159,701**	319,483
- SGD	**3,344**	3,778
- IDR	**181,333**	170,644

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Foreign currency exchange risk (continued)

A sensitivity analysis has been performed on changes in exchange rates of foreign currencies against RM for outstanding foreign currency denominated monetary items. Management has considered the recent volatility in exchange rates and has concluded that a 5% movement in exchange rates is a reasonably possible assumption. If the following foreign currencies appreciate against RM with all other variables held constant, the Group's profit before taxation would increase/(decrease) as follows:

	Group	
	2020 RM'000	**2019 RM'000**
USD	**1,830**	(12,380)
SGD	**6,586**	5,054
IDR	**(8,388)**	(7,175)

As other foreign currency denominated monetary items as at 31 December 2020 and 31 December 2019 are not material, the sensitivity analysis has not been presented.

(b) Interest rate risk

The Group is exposed to interest rate risk which is the risk that the fair value of the financial instrument or future cash flows will fluctuate as a result of changes in market interest rates.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Exposure to changes in interest rate risk relates primarily to the Group's bank borrowings, short-term fund placements and deposits placed with licensed banks and financial institutions. As the exposure to interest risk is not expected to be material, the sensitivity analysis has not been presented.

(c) Commodity price risk

The prices of agricultural commodities are subject to wide fluctuations due to unpredictable factors such as weather, government policies, changes in global demand resulting from population growth and changes in standards of living, and global production of similar and competitive crops. During its ordinary course of business, the value of the Group's open sales and purchases commitments and inventory of raw material changes continuously in line with movements in the prices of the underlying commodities. To the extent that its open sales and purchases commitments do not match at the end of each business day, the Group is subjected to price fluctuations in the commodities market.

While the Group is exposed to fluctuations in agricultural commodities prices, its policy is to minimise its risks arising from such fluctuations by hedging its raw materials purchases either through direct purchase of a similar commodity or through futures contracts on the commodity exchanges. The prices on the commodity exchanges are generally quoted up to twelve months forward.

In the course of hedging its purchases either through direct purchases or through futures, options and swap contracts, the Group may also be exposed to the inherent risk associated with trading activities conducted by its personnel. The Group has in place risk management policies to manage such risk exposure.

Notes to the Financial Statements
For the financial year ended 31 December 2020

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than commodity price, interest or exchange rates). The Group is exposed to equity price risk arising from its investment in equity instruments. These instruments are classified as investment securities at FVTOCI.

(e) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligation.

The Group's management has credit policies in place to ensure that transactions are conducted with creditworthy counterparties.

The Group's credit risk is primarily attributable to trade receivables arising from the sale of goods or services, unsecured loans to associates, and cash and cash equivalents.

An impairment analysis is performed at each reporting date to measure the ECL. The calculation reflects information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

<u>Trade receivables</u>

Management applied a simplified approach (i.e. lifetime ECL) in measuring the loss allowance for trade receivables, lease receivables and contract assets. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Management writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Exposure to credit risk arising from sales made on deferred credit terms is managed through the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. If necessary, the Group may obtain collaterals from counterparties as a means of mitigating losses in the event of default.

Apart from a customer of a subsidiary, the Group does not have significant credit risk exposure to any single debtor or any group of debtors. The amount due from the said customer amounted to RM55.6 million (2019: RM53.3 million) as at the end of the reporting period. The credit risk associated with trade receivables from this customer is mitigated by immoveable property charged to the subsidiary and personal guarantee pledged in favour of the subsidiary. The security value of the immoveable property charged approximates the outstanding amount due from the customer at the end of the reporting period.

Notes to the Financial Statements
For the financial year ended 31 December 2020

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Credit risk (continued)

The risk profile and aging analysis of trade receivables are as follows:

	Group		Company	
	Gross RM'000	Impairment RM'000	Gross RM'000	Impairment RM'000
2020				
Not past due	**458,216**	**-**	**43**	**(225)**
Less than 30 days past due	**104,056**	**(534)**	**833**	**(211)**
Between 30 and 90 days past due	**28,242**	**(804)**	**608**	**-**
More than 90 days past due	**18,650**	**(10,681)**	**1,105**	**(33)**
	609,164	**(12,019)**	**2,589**	**(469)**
2019				
Not past due	464,712	-	89	-
Less than 30 days past due	87,992	(101)	506	(25)
Between 30 and 90 days past due	43,704	(95)	109	(27)
More than 90 days past due	24,453	(7,080)	188	(9)
	620,861	(7,276)	892	(61)

Movements in the impairment of trade receivables are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
At 1 January	**7,276**	8,661	**61**	4
Impairment recognised	**6,848**	924	**469**	57
Bad debts written off	**(1,648)**	(1,732)	**-**	-
Reversal of impairment	**(470)**	(571)	**(61)**	-
Exchange translation differences	**13**	(6)	**-**	-
At 31 December	**12,019**	7,276	**469**	61

Loans to associates

Exposure to credit risk arising from unsecured loans to associates is managed through credit evaluation and ongoing monitoring of the credit quality of the associates.

Management assessed the credit risk in respect of loans to associates with reference to the financial capability and probability of default.

Management concluded that the credit risk in respect of loans to associates is considered low.

Cash and cash equivalents

The Group seeks to invest its surplus cash prudently by depositing it with licensed banks and financial institutions.

Notes to the Financial Statements
For the financial year ended 31 December 2020

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(f) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they fall due. The Group's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group seeks to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management (i.e. inventory, accounts receivable and accounts payable management), must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

Owing to the nature of its businesses, the Group also seeks to maintain sufficient credit lines available to meet its liquidity requirements while ensuring effective working capital management within the Group.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows.

	Less than 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Group				
2020				
Payables	**364,748**	**-**	**-**	**364,748**
Borrowings	**462,364**	**26,469**	**-**	**488,833**
Derivative financial liabilities	**54,009**	**-**	**-**	**54,009**
Lease obligations	**39,588**	**140,556**	**148,845**	**328,989**
	920,709	**167,025**	**148,845**	**1,236,579**
2019				
Payables	627,332	-	-	627,332
Borrowings	360,756	4,173	-	364,929
Derivative financial liabilities	17,339	-	-	17,339
Lease obligations	39,711	128,523	150,766	319,000
	1,045,138	132,696	150,766	1,328,600

Notes to the Financial Statements
For the financial year ended 31 December 2020

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(f) Liquidity risk (continued)

	Less than 1 year RM'000	1 to 5 years RM'000	Total RM'000
Company			
2020			
Payables	**19,287**	**-**	**19,287**
Lease obligations	**1,136**	**4,103**	**5,239**
Borrowings	**88**	**117**	**205**
	20,511	**4,220**	**24,731**
2019			
Payables	20,584	-	20,584
Lease obligations	686	151	837
Borrowings	87	190	277
	21,357	341	21,698

38. CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to ensure that it maintains a strong capital base in order to support its existing business operations and enable future development of the businesses as well as maximise shareholders' value.

The capital structure of the Group consists of equity attributable to the owners of the parent (i.e. share capital, reserves) and total borrowings.

Management reviews and manages the capital structure regularly and makes adjustments to address changes in the economic environment and risk characteristics inherent in the Group's business operations. These initiatives may include adjustment to the amount of dividends to be distributed to shareholders. No changes were made in the objectives, policies and processes during the current financial year.

The total borrowings to capital ratio was as follows:

	Group 2020 RM'000	Group 2019 RM'000
Share capital	**1,429,314**	1,429,314
Reserves	**21,389,435**	20,005,945
Total capital	**22,818,749**	21,435,259
Short-term borrowings	**455,798**	357,075
Long-term borrowings	**25,461**	4,096
Total borrowings	**481,259**	361,171
Total borrowings to capital ratio (times)	**0.02**	0.02

Notes to the Financial Statements
For the financial year ended 31 December 2020

39. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Directors on 25 March 2021.

40. SUBSIDIARIES

The subsidiaries are as follows:

Companies	Group's equity interest 2020 %	Group's equity interest 2019 %	Place of incorporation	Principal activities
FFM Berhad	**80.0**	80.0	Malaysia	Investment holding, flour milling, animal feed manufacturing, grains trading and trading in rice products
Johor Bahru Flour Mill Sdn Bhd	**100.0**	100.0	Malaysia	Flour milling, manufacturing of animal feed and provision of management services
FFM (Sabah) Sdn Bhd	**100.0**	100.0	Malaysia	Manufacturing and trading of animal feed
FFM Feedmills (Sarawak) Sdn Bhd	**100.0**	100.0	Malaysia	Manufacturing and trading of animal feed and its by-products
Mantap Aman Sdn Bhd	**100.0**	100.0	Malaysia	Investment holding
# PT Pundi Kencana	**51.0**	51.0	Indonesia	Flour milling
FFM Marketing Sdn Bhd	**100.0**	100.0	Malaysia	Distribution and marketing of edible oils and consumer products
FFM Flour Mills (Sabah) Sdn Bhd	**100.0**	100.0	Malaysia	Provision of management services
Taloh Sdn Bhd	**100.0**	100.0	Malaysia	Investment holding
Waikari Sdn Bhd	**100.0**	100.0	Malaysia	Investment holding
* Buxton Ltd	**100.0**	100.0	Samoa	Investment holding
Friendship Trading Sdn Bhd	**100.0**	100.0	Malaysia	Provision of transportation management services
* Glowland Ltd	**100.0**	100.0	Samoa	Investment holding
JBFM Flour Mill Sdn Bhd	**100.0**	100.0	Malaysia	Provision of management services
FFM Farms Sdn Bhd	**100.0**	100.0	Malaysia	Poultry farming and breeding, production of organic fertilisers and owner of oil palm plantation
FFM Pulau Indah Sdn Bhd	**100.0**	100.0	Malaysia	Provision of management services
FFM Grains & Mills Sdn Bhd	**100.0**	100.0	Malaysia	Flour milling and manufacturing of animal feed
FFM SMI Sdn Bhd	**100.0**	100.0	Malaysia	Investment holding and provision of management services
* Vietnam Flour Mills Ltd	**100.0**	100.0	Vietnam	Flour milling
* VFM-Wilmar Flour Mills Company Ltd	**51.0**	51.0	Vietnam	Wheat flour milling and the sale of flour, flour based products and by-products
Tego Sdn Bhd	**96.4**	96.4	Malaysia	Investment holding
Tego Multifil Sdn Bhd	**100.0**	100.0	Malaysia	Under members' voluntary liquidation
The Italian Baker Sdn Bhd	**100.0**	100.0	Malaysia	Manufacturing and distribution of bakery products
FFM Further Processing Sdn Bhd	**100.0**	30.0	Malaysia	Manufacturing and processing of nuggets, sausages and burgers

* Subsidiaries not audited by Ernst & Young PLT
# Subsidiaries audited by a network firm of Ernst & Young PLT

Notes to the Financial Statements
For the financial year ended 31 December 2020

40. SUBSIDIARIES (CONTINUED)

Companies	Group's equity interest 2020 %	Group's equity interest 2019 %	Place of incorporation	Principal activities
PPB Hartabina Sdn Bhd	**100.0**	100.0	Malaysia	Property development, provision of project and property management, and other related services
South Island Mining Company Sdn Bhd	**100.0**	100.0	Malaysia	Investment holding and oil palm cultivation
Seletar Sdn Bhd	**100.0**	100.0	Malaysia	Oil palm cultivation and property development
PPB Property Development Sdn Bhd	**100.0**	100.0	Malaysia	Provision of project and property management and other related services
Peakland Property Management Sdn Bhd	**100.0**	100.0	Malaysia	Dormant
PPB Leisure Holdings Sdn Bhd	**100.0**	100.0	Malaysia	Investment holding
Cathay Screen Cinemas Sdn Bhd	**100.0**	100.0	Malaysia	Property investment and investment holding
Cathay Theatres Sdn Bhd	**100.0**	100.0	Malaysia	Property investment
Golden Screen Cinemas Sdn Bhd	**100.0**	100.0	Malaysia	Exhibition of movies and content
Cinead Sdn Bhd	**100.0**	100.0	Malaysia	Advertising contractor and consultant
Glitters Café Sdn Bhd	**100.0**	100.0	Malaysia	Operator of cafés and sales of merchandise goods
Easi (M) Sdn Bhd	**60.0**	60.0	Malaysia	Provision of information technology solutions, consultation services and sales of related products and services
* Enterprise Advanced System Intelligence Pte Ltd	**60.0**	60.0	Singapore	Provision of information technology solutions, consultation services and sales of related products and services
Easi Ticketing Sdn Bhd	**100.0**	100.0	Malaysia	Provision of information technology services and sales of related products
GSC Movies Sdn Bhd	**100.0**	100.0	Malaysia	Distribution of movies and content
Golden Screen International Sdn Bhd	**100.0**	100.0	Malaysia	Investment holding
Mediamore Sdn Bhd	**100.0**	100.0	Malaysia	Investment holding
GSC Vietnam Ltd	**100.0**	100.0	Malaysia	Investment holding
GSC Cambodia Ltd	**00.0**	100.0	Malaysia	Investment holding
* Golden Screen Cinemas (Cambodia) Co., Ltd	**60.0**	60.0	Kingdom of Cambodia	Dormant
LGSC Cambodia Limited	**100.0**	100.0	Malaysia	Dormant
PPB Corporate Services Sdn Bhd	**100.0**	100.0	Malaysia	Provision of corporate secretarial, share registration and share nominee services

* Subsidiaries not audited by Ernst & Young PLT

Notes to the Financial Statements
For the financial year ended 31 December 2020

40. SUBSIDIARIES (CONTINUED)

Companies	Group's equity interest 2020 %	Group's equity interest 2019 %	Place of incorporation	Principal activities
Hexarich Sdn Bhd	**100.0**	100.0	Malaysia	Investment holding
* **Masuma Trading Co Ltd**	**100.0**	100.0	Hong Kong	Investment holding
Chemquest Sdn Bhd	**55.0**	55.0	Malaysia	Trading in chemical products, investment holding and provision of management services
Products Manufacturing Sdn Bhd	**70.0**	70.0	Malaysia	Manufacture and wholesale of toiletry requisites, household and chemical products
CWM Group Sdn Bhd	**100.0**	100.0	Malaysia	Construction works specialising in the water and environmental industry
Dinamik Cemerlang Sdn Bhd	**100.0**	100.0	Malaysia	Investment holding
Cipta Wawasan Maju Engineering Sdn Bhd	**100.0**	100.0	Malaysia	Builders and contractors for general engineering and construction works
Sitamas Environmental Systems Sdn Bhd	**100.0**	100.0	Malaysia	Provision of refuse disposal services
Entrol Systems Sdn Bhd	**100.0**	100.0	Malaysia	Letting of properties
Tunggak Menara Services Sdn Bhd	**100.0**	100.0	Malaysia	Provision of garbage collection and disposal services
Malayan Adhesives And Chemicals Sdn Bhd	**99.6**	99.6	Malaysia	Manufacturing and marketing of adhesives, resins, additives,formaldehyde and phenoset microsphere, trading in contact glue and investment holding
* Chemquest (Overseas) Ltd	**100.0**	100.0	British Virgin Islands	Investment holding
* PT Healthcare Glovindo	**99.9**	99.9	Indonesia	Dormant
* Kerry Utilities Ltd	**50.0**	50.0	Samoa	Investment holding
Beijing KVW Wastewater Technology Company Ltd.	**51.0**	51.0	The People's Republic of China	Investment holding
* Beijing CQ Environmental Management Consultancy Services Co Ltd	**100.0**	100.0	The People's Republic of China	Provision of consultancy services
* Chemquest Pte. Ltd.	**100.0**	100.0	Singapore	Wholesale of industrial, construction and related machinery and equipment, variety of goods without a dominant product

* Subsidiaries not audited by Ernst & Young PLT

Notes to the Financial Statements
For the financial year ended 31 December 2020

41. ASSOCIATES

The associates are as follows:

Companies	Group's equity interest 2020 %	2019 %	Place of incorporation	Principal activities
* Shaw Brothers (M) Sdn Bhd	**34.0**	34.0	Malaysia	Investment holding, property investment and hotel ownership operation
* Vita Tenggara Fruit Industries Sdn Bhd	**40.0**	40.0	Malaysia	Property development and investment in real properties
* Trinity Coral Sdn Bhd	**25.0**	25.0	Malaysia	Investment holding
Huge Quest Realty Sdn Bhd	**40.0**	40.0	Malaysia	Investment holding
* Kerry Flour Mills Ltd	**43.4**	43.4	Thailand	Wheat flour milling and distribution
Berjaya-GSC Sdn Bhd	**50.0**	50.0	Malaysia	Exhibition of movies and content
* Ancom-Chemquest Terminals Sdn Bhd	**25.0**	25.0	Malaysia	Building, owning, operating, leasing and managing a chemical tank farm and warehouse
* Worldwide Landfills Sdn Bhd	**40.0**	40.0	Malaysia	Management of environmental sanitary landfill and waste treatment
* Veolia Water Kerry Water Services Ltd	**49.0**	49.0	Hong Kong	Investment holding
* Meizan CLV Corporation	**50.0**	50.0	Vietnam	Manufacturing of value added grain food processed from all kinds of grains
# Wilmar International Limited	**18.6**	18.5	Singapore	Oil palm cultivation, oilseed crushing, edible oils refining, sugar milling and refining, manufacturing of consumer products, specialty fats, oleochemicals, biodiesel and fertiliser, as well as flour and rice milling
* PT Tri Persada Mulia	**30.0**	30.0	Indonesia	Dormant
* Kart Food Industries Sdn Bhd	**45.0**	45.0	Malaysia	Manufacturing and trading of food products
* Kart Food Marketing Sdn Bhd	**45.0**	45.0	Malaysia	Dormant
* Yihai Kerry (Quanzhou) Oils, Grains & Foodstuffs Industries Co., Ltd	**20.0**	20.0	The People's Republic of China	Flour milling
* Yihai Kerry (Anyang) Foodstuffs Industries Co., Ltd	**20.0**	20.0	The People's Republic of China	Flour milling
* Yihai Kerry (Beijing) Oils, Grains & Foodstuffs Industries Co., Ltd	**20.0**	20.0	The People's Republic of China	Flour milling
* Yihai Kerry (Shenyang) Oils, Grains & Foodstuffs Industries Co., Ltd	**20.0**	20.0	The People's Republic of China	Flour milling

* Associates not audited by Ernst & Young PLT
\# Associates audited by a network firm of Ernst & Young PLT

Notes to the Financial Statements
For the financial year ended 31 December 2020

41. ASSOCIATES (CONTINUED)

Companies	Group's equity interest 2020 %	2019 %	Place of incorporation	Principal activities
* Dongguan Yihai Kerry Oils, Grains & Foodstuffs Industries Co., Ltd	**20.0**	20.0	The People's Republic of China	Flour milling
* Yihai (Zhoukou) Wheat Industries Co., Ltd	**20.0**	20.0	The People's Republic of China	Flour milling
* Yihai Kerry (Zhengzhou) Foodstuffs Industries Co., Ltd	**20.0**	20.0	The People's Republic of China	Flour milling
* Yihai Kerry (Kunshan) Foodstuffs Industries Co., Ltd	**20.0**	20.0	The People's Republic of China	Flour milling
Raintree Profits Sdn Bhd	**31.5**	31.5	Malaysia	Film production
* Dream Talents Pictures Sdn Bhd	**35.0**	35.0	Malaysia	Film production
* Medan Multimedia Sdn Bhd	**19.0**	19.0	Malaysia	Film production
* Galaxy Studio Joint Stock Company	**40.0**	40.0	Vietnam	Exhibition and distribution of movies and content
Vietnam Investment Ltd	**50.0**	50.0	Malaysia	Investment holding
* Hillcrest Gardens Sdn Bhd	**16.8**	16.8	Malaysia	Real property development, property holding and property
Orion Capital Sdn Bhd	**40.0**	50.0	Malaysia	Investment holding
* Orion Fund Pte Ltd	**40.0**	-	Singapore	Investment holding
* Orion Fund II Pte Ltd	**40.0**	-	Singapore	Investment holding

* Associates not audited by Ernst & Young PLT

The financial year ends of the associates are co-terminous with that of the Group except for the following:

Companies	Financial year end
Shaw Brothers (M) Sdn Bhd	31 March
Ancom-Chemquest Terminals Sdn Bhd	31 May

For the purpose of applying equity accounting, management financial statements of these associates are prepared to the same reporting date as the Group.

Notes to the Financial Statements
For the financial year ended 31 December 2020

42. JOINT VENTURE

The joint venture is as follows:

Companies	Proportion of ownership interest 2020 %	2019 %	Place of operation	Principal activities
* Beijing Drainage Group Co Ltd Veolia Kerry Wastewater Treatment Plant	**42.0**	42.0	The People's Republic of China	Own, operate and maintain a waste water treatment plant

* Joint venture not audited by Ernst & Young PLT

43. SIGNIFICANT EVENT

The Covid-19 pandemic will continue to weigh on the Film exhibition and distribution and Property segments. The other main business segments, which are mainly in the production and distribution of staple food and services, are expected to perform satisfactorily. Wilmar International Limited's performance will continue to contribute substantially to the overall profitability of the Group.

44. SUBSEQUENT EVENT

Golden Screen Cinemas Sdn Bhd, the operating company of the GSC cinemas has, on 23 February 2021, entered into an Asset Sale Agreement to acquire the cinema assets of the former MBO cinema circuits. The acquisition is expected to be completed by the second quarter of 2021. This strategic move will expand the Group's network of cinemas and further strengthen the Group's market leading position.

The Group is confident that the movie industry will start to recover as the new number of Covid-19 cases is brought under control and after the planned rollout of the vaccination programme towards the second quarter of 2021. The Group remains resilient during this transitory period and continues to work on revenue diversification and cost optimisation initiatives, in addition to stringent cash flow management.

Statement by Directors
Pursuant to Section 251(2) of the Companies Act 2016

We, LIM SOON HUAT and DATO' CAPT. AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID, being two of the Directors of PPB Group Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 90 to 180 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 so as to give a true and fair view of the financial position of the Group and the Company at 31 December 2020 and of the financial performance and cash flows for the year ended on that date.

On behalf of the Board

LIM SOON HUAT
Managing Director

DATO' CAPT. AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID
Director

Kuala Lumpur
25 March 2021

Statutory Declaration
Pursuant to Section 251(1) of the Companies Act 2016

I, YAP CHOI FOONG, being the person primarily responsible for the accounting records and financial management of PPB Group Berhad, do solemnly and sincerely declare that the financial statements of the Group and the Company set out on pages 90 to 180 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

YAP CHOI FOONG

Subscribed and solemnly declared by the
abovenamed Yap Choi Foong, MIA No. CA 7287,
at Kuala Lumpur in the Federal Territory
on this

Before me,

TAN SEOK KETT
Commissioner for Oaths
Malaysia
No. W530

Independent Auditors' Report

To the members of PPB Group Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of PPB Group Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 90 to 180.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Independent Auditors' Report
To the members of PPB Group Berhad

Key Audit Matter (cont'd)

Impairment assessment of investment in an associate, *Wilmar International Limited* (Refer to note 16 to the financial statements)

As at 31 December 2020, the Group's investment in an associate, Wilmar International Limited, amounted to RM18,158 million. In accordance with MFRS 136: Impairment of Assets, the Group are required to assess at each reporting date, whether there are any indications of impairment amongst others for investment in associates. If indicators of impairment exist, an impairment test is carried out by comparing the carrying amount of the investment in associates with its recoverable amount. Recoverable amount is defined as the higher of fair value less cost of disposal and value-in-use ("VIU"). Brought about by the lower market capitalisation of a material investment in associate as compared to its carrying amount, the Group estimated the recoverable amount of the said investment in an associate using the VIU method.

In estimating the VIU, management exercised significant judgement in preparing the discounted cash flow forecast. It involves determining the key assumptions such as forecasted earnings, growth rate and discount rate which have a significant impact on the estimated VIU. The key assumptions made in relation to the impairment assessment of investment in an associate are disclosed in Note 16 to the financial statements.

We considered this as an area of audit focus due to the magnitude of the carrying value of the investment in associates. Further, significant judgement is involved in the estimation, which requires substantial audit effort in the assessment of possible variations in the assumptions used by management.

In addressing the matter above, we have amongst others performed the following audit procedures:

i) Obtained an understanding of the relevant processes and internal controls over the impairment assessment process;
ii) Evaluated the key assumptions used by management in the cash flow projections on whether they are reasonable by comparing to historical results and cash flows of the associate;
iii) Corroborated the key assumptions with industry analysts' views and available market information;
iv) Evaluated the discount rates, growth rates and methodology used in deriving the present value of the cash flows with the support of our valuation specialist;
v) Performed sensitivity analysis on the key inputs to understand the impact that alternative assumptions would have had on the overall carrying value;
vi) Considered other facts and circumstances to indicate whether any impairment exists; and
vii) Assessed the adequacy of the disclosures made in the financial statements.

Information other than the financial statements and auditors' report

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

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report
To the members of PPB Group Berhad

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Independent Auditors' Report
To the members of PPB Group Berhad

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 40 to the financial statements.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

NG YEE YEE
No. 03176/05/2021 J
Chartered Accountant

Kuala Lumpur
25 March 2021

Corporate Information

BOARD OF DIRECTORS

Tan Sri Datuk Oh Siew Nam
Chairman
Non-Independent Non-Executive Director

Mr Lim Soon Huat
Managing Director

Datuk Ong Hung Hock
Non-Independent Non-Executive Director

Mr Soh Chin Teck
Independent Non-Executive Director

Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid
Independent Non-Executive Director

En Ahmad Riza bin Basir
Independent Non-Executive Director

Madam Tam Chiew Lin
Independent Non-Executive Director

AUDIT COMMITTEE

Mr Soh Chin Teck
Chairman

Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid

Madam Tam Chiew Lin

NOMINATION COMMITTEE

En Ahmad Riza bin Basir
Chairman

Datuk Ong Hung Hock

Mr Soh Chin Teck

REMUNERATION COMMITTEE

Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid
Chairman

Tan Sri Datuk Oh Siew Nam

Madam Tam Chiew Lin

COMPANY SECRETARY

Mr Mah Teck Keong

REGISTERED OFFICE

12th Floor UBN Tower
10 Jalan P Ramlee
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Telephone : 03-2726 0088
Facsimile : 03-2726 0099
Website : www.ppbgroup.com

PRINCIPAL BANKERS

Malayan Banking Berhad
Hong Leong Bank Berhad
AmBank (M) Berhad
HSBC Amanah Malaysia Berhad

AUDITORS

Ernst & Young PLT
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

REGISTRAR

PPB Corporate Services Sdn Bhd
12th Floor UBN Tower
10 Jalan P Ramlee
50250 Kuala Lumpur
Telephone : 03-2726 0088
Facsimile : 03-2726 0099
Email : pcs@ppb.com.my

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(Main Market)
Sector : Consumer Products and Services
Stock Name : PPB
Stock Number : 4065
ISIN : MYL4065OO008

Additional Compliance Information

The following additional information is provided in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad :

1. Audit and non-audit fees

The audit and non-audit fees paid or payable to the external auditors of PPB by the Group and the Company for the financial year ended ("FYE") 31 December 2020 were as follows:

	Group	Company
Audit fees	RM756,000	RM90,000
Non-audit fees	RM87,250	RM16,000

2. Material contracts

There were no material contracts entered into by PPB Group involving the directors' and major shareholders' interests since the end of the previous financial year nor still subsisting at the end of FYE 31 December 2020.

3. Recurrent related party transactions of a revenue or trading nature ("RRPT")

The actual values of RRPTs entered into by PPB Group with PGEO Group Sdn Bhd ("PGSB") and/or its connected persons in FYE 31 December 2020 pursuant to the shareholders' mandate obtained at the 51st Annual General Meeting are as follows:

Nature of transactions undertaken by PPB and/or its subsidiaries	Transacting party	FYE 2020 Actual RM'000	Nature of relationship
Purchase of cooking oil, soyabean, crude palm oil and refined palm products from PGSB Group			
FFM Berhad ("FFM")* Group	PGSB Group	**183,928**	PGSB is a major shareholder of FFM.
Purchase of crude palm oil from Sapi			
FFM (Sabah) Sdn Bhd	Sapi Plantations Sdn Bhd ("Sapi")	**4,555**	Sapi is a wholly-owned subsidiary of PPB Oil Palms Berhad, a person connected with PGSB.
Charter hire of vessels from RSI			
FFM Group	Raffles Shipping International Pte Ltd ("RSI")	**125,205**	RSI is a 100%-owned subsidiary of Wilmar International Limited ("Wilmar"), a person connected with PGSB.
Sale of flour and pollard to Wilmar Group			
FFM Group	Wilmar Group	**115,596**	Wilmar is a person connected with PGSB.
Payment of agency commission to WMCLV for sale of flour and pollard			
FFM Group	Wilmar Marketing CLV Company Ltd ("WMCLV")	**6,563**	WMCLV is an indirect 100%-owned subsidiary of Wilmar.
Rental of land and buildings to PGEO			
Taloh Sdn Bhd	PGEO Edible Oils Sdn Bhd ("PGEO")	**1,980**	PGEO is a wholly-owned subsidiary of PGSB.

Additional Compliance Information

3. Recurrent related party transactions of a revenue or trading nature (continued)

Nature of transactions undertaken by PPB and/or its subsidiaries	Transacting party	FYE 2020 Actual RM'000	Nature of relationship
Purchase of meat, bone meal and wheat from WGPL			
FFM Group	Wilmar Trading (Australia) Pty Ltd ("WGPL")	**14,128**	WGPL is a 100%-owned subsidiary of Wilmar.
Payment of advisory fee to WTA			
FFM	Wilmar Trading (Asia) Pte Ltd ("WTA")	**913**	WTA is an indirect 100%-owned subsidiary of Wilmar.
Purchase of consumer products			
FFM Group	Goodman Fielder Pte Ltd ("GFP")	**19,457**	GFP is an indirect 100%-owned subsidiary of Wilmar.
Purchase of consumer products			
Golden Screen Cinemas Sdn Bhd	FFM Marketing Sdn Bhd ("FFMM")	**498**	FFMM is a wholly-owned subsidiary of FFM, is a person connected with PGSB.

* FFM is an 80%-owned subsidiary of PPB.

List of Top 10 Properties Owned by PPB Group Berhad and Its Subsidiaries

Location	Description & existing use of properties	Date of acquisition/ revaluation	Age of buildings in years	Land area	Built up area	Tenure	Year of expiry	Net book value at 31.12.2020 RM'000
STATE OF KEDAH								
PT 876-2360, 2363-2372, & 2390-2398 3726-3733, 3774-3781, 4027-4350 & 4681-4728, Mukim Semeling, Daerah Kuala Muda	Land for property development	13.4.1981	-	501,774 sq metres	-	Freehold	-	23,295
STATE OF PENANG								
GM 59 Lot 3582 & GM 60 Lot 3583 Mukim 18, Tempat Vale of Tempe, Daerah Timor Laut, Negeri Pulau Pinang	Land for property development	20.4.2016	-	23,548 sq metres	-	Freehold	-	45,938
STATE OF PERAK								
Lot 504, 523, 834-852, 857, 863, 870-891, 902-904, 907-917, 944-961, 1016, 1032-1040, 1089, 1111 1125-1126, 1131-1132, 1148, 1178, 1192, 1244, 2380-2382, 2387, 2389, 2394-2401, 2405-2408, 2410 & 3485 Mukim Trong, Daerah Larut and Matang	Layer farm & oil palm plantation	25.10.1996	22	221 hectares	47,606 sq metres	Freehold	-	35,137
STATE OF SELANGOR								
Lot 64531-64532 Lot 142827 Mukim Klang Daerah Klang	Factory, warehouse & vacant industrial land	6.6.1995	6 to 19	172,494 sq metres	69,805 sq metres	Leasehold	2097	186,746
Lots 2824-2827 & PT 45125 Mukim Sg Buloh Daerah Petaling Jaya	Warehouse cum office & vacant industrial land	19.10.1993 1.6.1994	10 to 23	243,419 sq metres	13,177 sq metres	Freehold	-	60,854
Lot No PT 10989 & PT 10991, Jln SS24/10 & 24/5, Taman Megah, 47301 Petaling Jaya	Investment property under construction	16.4.1990	-	13,631 sq metres	-	Freehold	-	60,525

List of Top 10 Properties Owned by PPB Group Berhad and Its Subsidiaries

Location	Description & existing use of properties	Date of acquisition/ revaluation	Age of buildings in years	Land area	Built up area	Tenure	Year of expiry	Net book value at 31.12.2020 RM'000
WILAYAH PERSEKUTUAN								
Cheras LeisureMall Jln Manis 6, Taman Segar, Cheras, 56100 Kuala Lumpur	Shopping mall	9.3.1982	26	21,225 sq metres	73,339 sq metres	Leasehold	2077 & 2080	68,984
STATE OF JOHOR								
Lot 66243 Mukim Plentong Daerah Johor Bahru	Factory & office building	7.1.1989	4 to 46	36,394 sq metres	20,823 sq metres	Leasehold	2057	48,347
STATE OF SABAH								
CL 015582233 Kota Kinabalu Industrial Park Kota Kinabalu	Factory & office building	19.10.2006	10	14,520 sq metres	5,230 sq metres	Leasehold	2096	23,628
INDONESIA								
Jl.S.Gunungjati, LK.Lijajar Rt.13/06, Kelurahan Tegalratu Kecamatan Ciwandan, Kota Cilegon	Factory & office building	26.1.2007 3.4.2007	7 to 12	149,661 sq metres	71,160 sq metres	Leasehold	2039 to 2048	99,021

Statement of Shareholdings

As at 22 March 2021

Class of Shares : Ordinary Shares
Voting Rights : One vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	% of Holders %	No. of Issued Shares	% of Issued Shares %
Less than 100	1,289	14.15	27,251	0.00
100 - 1,000	1,804	19.80	793,633	0.06
1,001 - 10,000	4,088	44.86	15,067,611	1.06
10,001 - 100,000	1,535	16.85	48,837,788	3.43
100,001 to less than 5% of issued shares	393	4.31	541,158,038	38.04
5% and above of issued shares	3	0.03	816,714,618	57.41
Total	9,112	100.00	1,422,598,939	100.00

DIRECTORS' INTERESTS IN SHARES

	Direct Interest		Deemed Interest	
	No. of Issued Shares	% of Issued Shares %	No. of Issued Shares	% of Issued Shares %
IN THE COMPANY				
Tan Sri Datuk Oh Siew Nam	144,799	0.01	1,445,397	0.10
Tam Chiew Lin	7,200	0.00	12,000	0.00
IN RELATED CORPORATIONS				
Tego Sdn Bhd - Subsidiary				
Tan Sri Datuk Oh Siew Nam	-	-	18,000	0.10
Kuok Brothers Sdn Berhad - Holding company				
Tan Sri Datuk Oh Siew Nam	-	-	4,966,667	0.99
Lim Soon Huat	-	-	200,000	0.04
Datuk Ong Hung Hock	-	-	290,000	0.06
Coralbid (M) Sdn Bhd - Subsidiary of holding company				
Tan Sri Datuk Oh Siew Nam	-	-	100,000	0.27

Save as disclosed above, none of the other Directors had any direct nor deemed interest in shares of the Company or its related corporations.

Statement of Shareholdings
As at 22 March 2021

SUBSTANTIAL SHAREHOLDERS

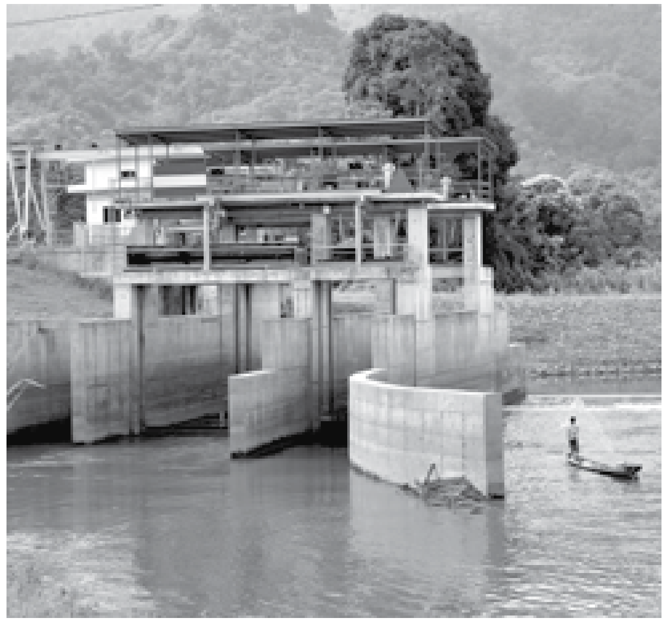
Name of Substantial Shareholders	Direct Interest		Deemed Interest		Total	
	No. of Issued Shares	% of Issued Shares %	No. of Issued Shares	% of Issued Shares %	No. of Issued Shares	% of Issued Shares %
Kuok Brothers Sdn Berhad	713,867,548	50.18	8,904,604	0.63	722,772,152	50.81
Employees Provident Fund Board	164,401,854	11.56	-	-	164,401,854	11.56

THIRTY LARGEST SHAREHOLDERS *(as per Record of Depositors)*
as at 22 March 2021

	Name of Shareholder	No. of Issued Shares	% of Issued Shares %
1.	Kuok Brothers Sdn Berhad	567,253,646	39.87
2.	Citigroup Nominees (Tempatan) Sdn Bhd *For Employees Provident Fund Board*	162,001,454	11.39
3.	Kuok Brothers Sdn Berhad	87,459,518	6.15
4.	Kuok Brothers Sdn Berhad	59,155,816	4.16
5.	Nai Seng Sdn Berhad	48,991,800	3.44
6.	Kuok Foundation Berhad	20,543,664	1.44
7.	HSBC Nominees (Asing) Sdn Bhd *Exempt AN* *For Morgan Stanley & Co. International PLC (Client)*	19,600,562	1.38
8.	Cartaban Nominees (Asing) Sdn Bhd *Exempt AN* *For State Street Bank & Trust Company (West CLTOD67)*	16,453,259	1.16
9.	Citigroup Nominees (Asing) Sdn Bhd *Exempt AN* *For UBS AG Hong Kong (Foreign)*	14,270,700	1.00
10.	Citigroup Nominees (Asing) Sdn Bhd *Exempt AN* *For UBS AG Singapore (Foreign)*	14,221,100	1.00
11.	Kumpulan Wang Persaraan (Diperbadankan)	13,405,580	0.94
12.	Cartaban Nominees (Tempatan) Sdn Bhd *PAMB* *For Prulink Equity Fund*	12,515,760	0.88
13.	Chinchoo Investment Sdn Berhad	12,220,920	0.86
14.	UOBM Nominees (Asing) Sdn Bhd *United Overseas Bank Nominees (Pte) Ltd* *For Sin Heng Chan (1960) Pte Ltd*	10,320,000	0.73

Statement of Shareholdings
As at 22 March 2021

	Name of Shareholder	No. of Issued Shares	% of Issued Shares %
15.	Maybank Nominees (Tempatan) Sdn Bhd *Maybank Trustees Berhad* *For Public Ittikal Fund (N14011970240)*	10,000,000	0.70
16.	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA* *For Vanguard Emerging Markets Stock Index Fund*	9,330,460	0.66
17.	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt AN* *For UOB Kay Hian (Hong Kong) Limited (a/c Clients)*	9,146,455	0.64
18.	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA* *For Vanguard Total International Stock Index Fund*	8,290,845	0.58
19.	Gaintique Sdn Bhd	7,119,960	0.50
20.	Citigroup Nominees (Asing) Sdn Bhd *Exempt AN* *For Bank of Singapore Limited (Foreign)*	6,711,892	0.47
21.	Citigroup Nominees (Tempatan) Sdn Bhd *Exempt AN* *For AIA Bhd*	6,511,140	0.46
22.	Key Development Sdn Berhad	6,000,000	0.42
23.	Citigroup Nominees (Asing) Sdn Bhd *Exempt AN* *For Citibank New York (Norges Bank 14)*	4,367,320	0.31
24.	HSBC Nominees (Asing) Sdn Bhd *JPMCB NA* *For Flexshares Morningstar Global Upstream Natural Resources Index Fund*	4,365,600	0.31
25.	Ang Poon Tiak	4,350,000	0.31
26.	HSBC Nominees (Asing) Sdn Bhd *For J.P. Morgan Securities Plc*	4,332,960	0.30
27.	DB (Malaysia) Nominee (Asing) Sdn Bhd *BNYM SA/NV* *For People's Bank of China (SICL Asia EM)*	4,239,040	0.30
28.	Amanahraya Trustees Berhad *For Public Islamic Equity Fund*	4,122,000	0.29
29.	Universiti Kebangsaan Malaysia	3,988,329	0.28
30.	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt AN* *For UOB Kay Hian Pte Ltd (a/c Clients)*	3,972,648	0.28
Total		**1,155,262,428**	**81.21**



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