

# RISE

ABOVE ADVERSITY

2021  
Annual  
Report



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.

# RISE

ABOVE ADVERSITY

The PPB Group's diversified portfolio and sound strategies enable the Group to overcome adversity in an unprecedented operating environment.

"Rise Above Adversity" is emblematic of the Group's commitment in creating sustainable value for our stakeholders and forging a brighter future ahead.

### 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/2021/ppb-annual-report-2021.pdf](https://www.ppbgroup.com/images/pages/investor-relations/annual_report/2021/ppb-annual-report-2021.pdf)

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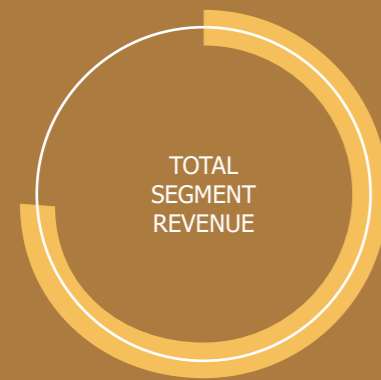
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# GRAINS AND AGRIBUSINESS

CONTRIBUTION OF GRAINS AND AGRIBUSINESS IN 2021



78%

RM3.77 billion



4%

RM62 million

## 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.

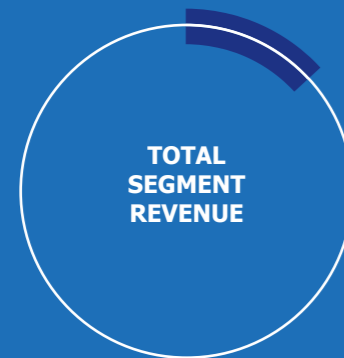
## Livestock Farming

FFM Farms Sdn Bhd 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.



## CONSUMER PRODUCTS

CONTRIBUTION OF CONSUMER PRODUCTS IN 2021



14%

RM645 million



0.4%

RM7 million

### 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.



### Food Processing

FFM Further Processing Sdn Bhd ("FFP") produces an extensive range of frozen food under the "Marina" brand with a total production capacity of over 5,000 MT/year. FFP operates two production lines comprising a 1,000-kg/hour formed line, and a 450-kg/hour sausage line.

## FILM EXHIBITION AND DISTRIBUTION

CONTRIBUTION OF FILM EXHIBITION  
AND DISTRIBUTION IN 2021



### Film Exhibition

Golden Screen Cinemas Sdn Bhd is the leading cinema exhibitor in Malaysia and operates the largest cinema chain in the country with 400 screens at 40 locations in major cities nationwide. In Vietnam, our 40% associate, Galaxy Studio Joint Stock Company operates at 18 locations with a total of 108 screens.

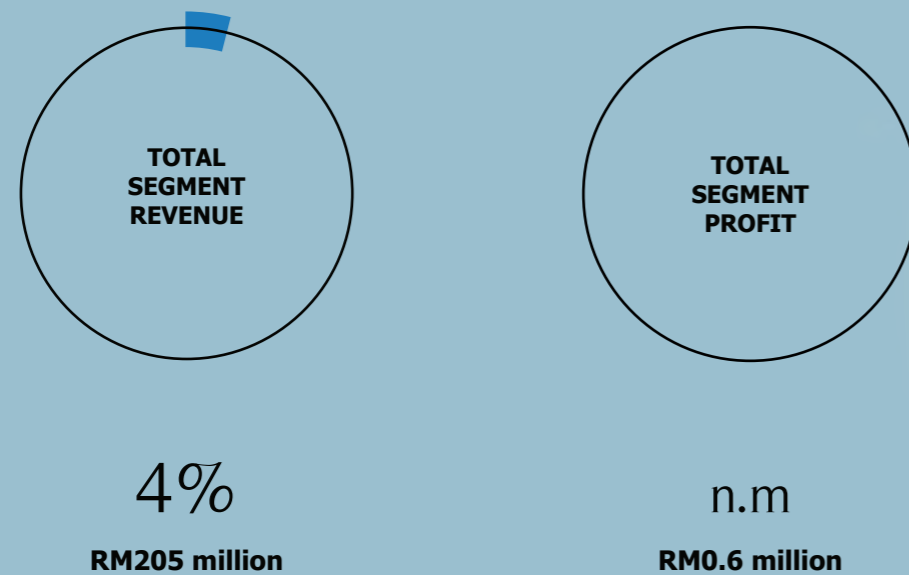
### Film Distribution

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 48 films in 2021.



# ENVIRONMENTAL ENGINEERING AND UTILITIES

CONTRIBUTION OF ENVIRONMENTAL  
ENGINEERING AND UTILITIES IN 2021



CWM Group provides holistic solutions, advanced technologies and professional management services in water, sewage, 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.

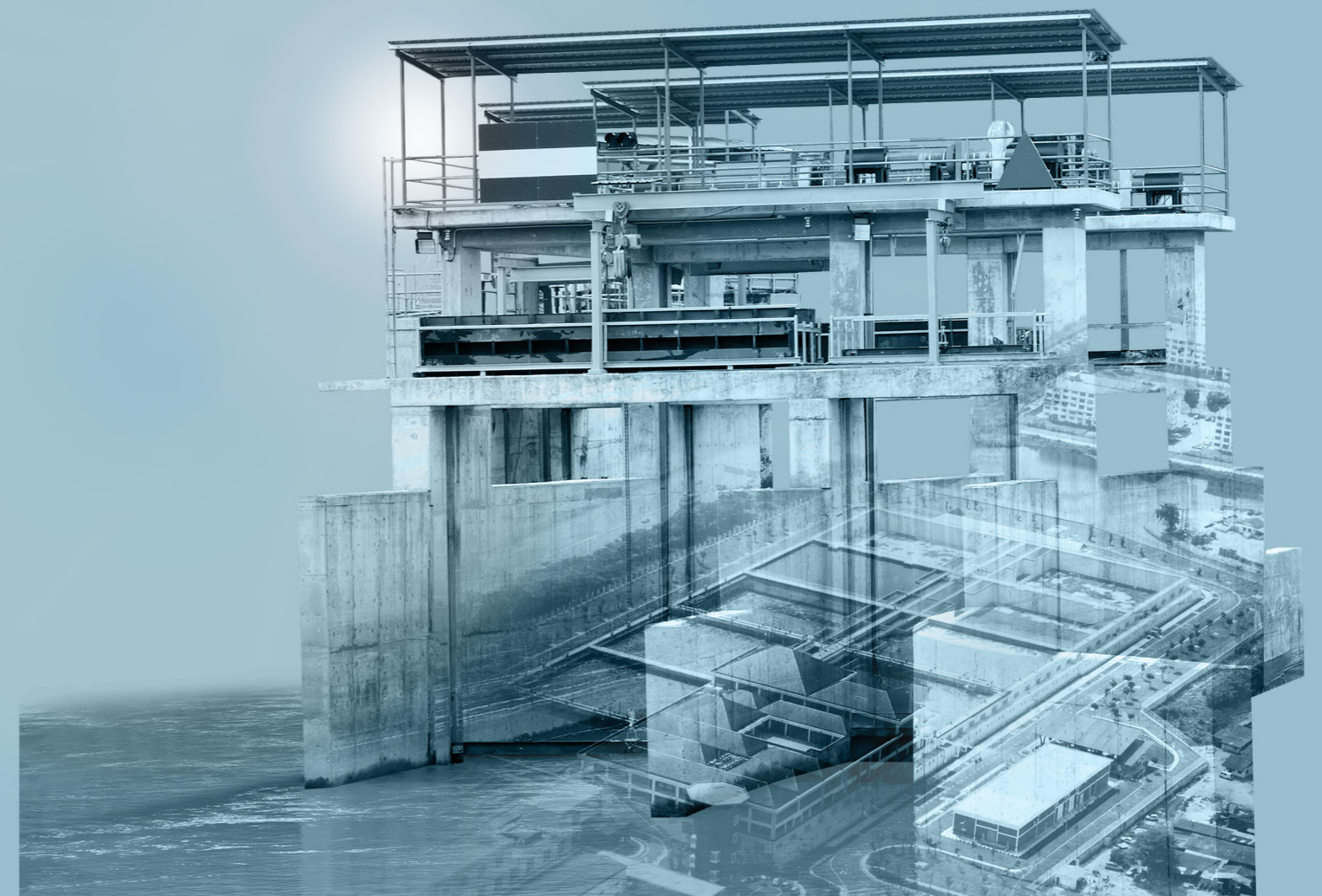
Its services include the following:

## 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 the sewage authorities. Design and construct sewage network and network pumping stations.

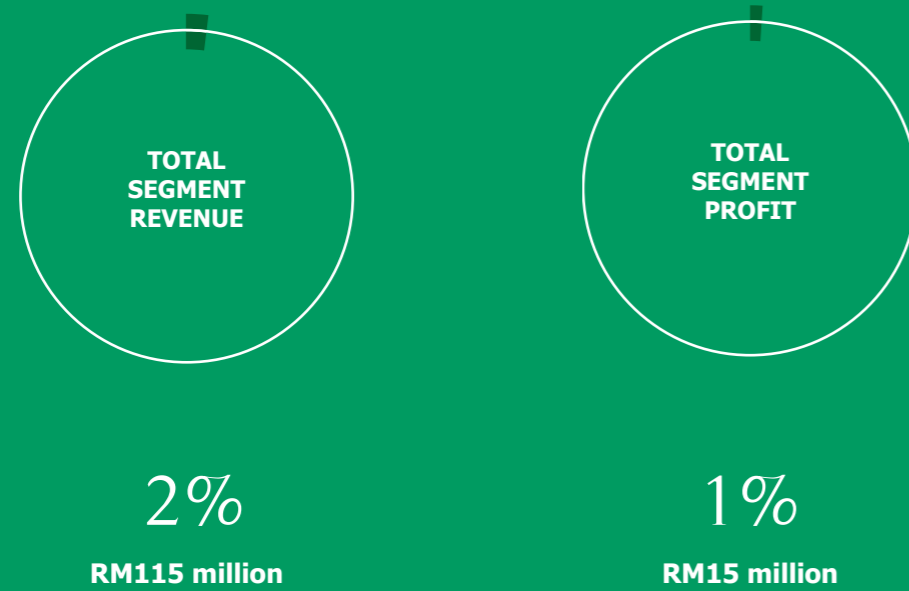


## Flood Mitigation

Provide turnkey solutions for flood mitigation schemes.

# PROPERTY

CONTRIBUTION OF PROPERTY  
IN 2021



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

## Project 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 RM27.40 billion and RM24.33 billion, respectively, as at 31 December 2021.

PPB is headquartered in Kuala Lumpur, Malaysia, and we have operations in China, Vietnam, Indonesia, Thailand, and Singapore, with close to 4,800 employees in Malaysian operations.

Our businesses are principally divided into six business segments viz:

### Grains and Agribusiness



### Consumer Products



### Film Exhibition and Distribution



### Environmental Engineering and Utilities



### Property



### Investments and Other Operations

The Group’s main contributor, *Grains and Agribusiness*, comprises flour and animal feed milling, grains trading and livestock farming. The FFM Group, in which PPB has 80% equity interest, owns and operates five flour mills 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 18,950 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 and Distribution segment*, wholly-owned Golden Screen Cinemas Sdn Bhd is the largest film exhibitor in Malaysia with 400 screens in 40 locations nationwide, capturing more than 50% 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 and Utilities* led by the Chemquest Group, in which PPB has 55% equity interest. This segment provides water engineering, sewage treatment and flood mitigation services.

PPB owns and manages several retail and commercial properties comprising a shopping centre, Cheras LeisureMall, 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 50 other countries.

## CORPORATE OBJECTIVES

### CREATE VALUE FOR SHAREHOLDERS

Optimise sustainable returns on investment for shareholders.

### STRENGTHEN MARKET POSITION

Enhance and strengthen leadership position in our core operations and related businesses to capitalise on scale and integration for optimum cost-efficiency.

### CAPITALISE ON SYNERGIES

To seek synergy and leverage on the Group’s operations to optimise growth and strength.

### IMPROVE EFFICIENCY AND PRODUCTIVITY

Leverage on technology and embrace innovation to further drive operational efficiency to ensure best-of-class operating standards.

### SECURE FUTURE GROWTH

Expand our core operations and create new business opportunities through prudent and forward-looking investment strategies in new and emerging trends as well as market segments both locally and regionally.

### UPHOLD CORPORATE SOCIAL RESPONSIBILITY

Embrace responsible corporate citizenship focused on generating economic returns with positive contributions to the community.

### CARE FOR THE ENVIRONMENT

Practise sensible and proper environment-friendly standards in our business operations in accordance to legal and regulatory requirements.

### UPHOLD GOOD CORPORATE GOVERNANCE

Observe optimum standards of transparency, accountability and integrity in our business practices and corporate performance.

### BUILD ORGANISATIONAL AGILITY

Enhance agility in business and operational practices to meet ever-changing business demands.

### DEVELOP HUMAN CAPITAL

Build leadership and people capabilities that drive organisation success.

### DRIVE CUSTOMER CENTRICITY

Be customer-focused in our product and service offerings to build customer loyalty.

# GROUP CORPORATE STRUCTURE

As at 31 March 2022



## GRAINS AND AGRIBUSINESS

## CONSUMER PRODUCTS

## FILM EXHIBITION AND DISTRIBUTION

## ENVIRONMENTAL ENGINEERING AND UTILITIES

## PROPERTY

## INVESTMENTS AND OTHER OPERATIONS

### GRAINS AND AGRIBUSINESS

#### Investment holding, grains trading, flour and 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%

#### Notes:

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

### CONSUMER PRODUCTS

#### Consumer products distribution

- ▶ FFM Marketing Sdn Bhd 100%

#### Bakery

- ▶ The Italian Baker Sdn Bhd 100%

#### Food processing

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

### FILM EXHIBITION AND 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 AND UTILITIES

#### Waste management and environmental engineering

- ▶ CWM Group Sdn Bhd 100%

#### Environmental engineering and utilities

- Cipta Wawasan Maju Engineering Sdn Bhd 100%

#### Investment holding

- ▶ Chemquest (Overseas) Limited 100%

- Beijing KVV Wastewater Technology Company Ltd 51%

#### Utilities

- Beijing Drainage Group Co Ltd Veolia Kerry Wastewater Treatment Plant 42%

### 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 and oil palm cultivation

- 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%

### INVESTMENTS AND 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%

- PPB Ventures 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%

## 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

**Tengku Nurul Azian binti Tengku Shahrman**  
Independent Non-executive Director

### AUDIT COMMITTEE

**Mr Soh Chin Teck**  
Chairman

**Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid**

**Madam Tam Chiew Lin**

**Tengku Nurul Azian binti Tengku Shahrman**

### NOMINATION COMMITTEE

**En Ahmad Riza bin Basir**  
Chairman

**Mr Soh Chin Teck**

**Datuk Ong Hung Hock**

### REMUNERATION COMMITTEE

**Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid**  
Chairman

**Madam Tam Chiew Lin**

**Datuk Ong Hung Hock**

### COMPANY SECRETARY

**Mr Mah Teck Keong**

### REGISTERED OFFICE

12th Floor UBN Tower  
10 Jalan P Ramlee  
50250 Kuala Lumpur  
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: MYL406500008



# CHAIRMAN'S STATEMENT

## Dear Shareholders,

“The PPB Group Berhad (“PPB” or the “Company”) Group recorded satisfactory results in 2021 despite the continuing COVID-19 pandemic and several movement and business restrictions imposed during the year. The Group’s portfolio of stable businesses helped weather these challenges, and we continue to focus on sustainably developing our businesses in tandem with good corporate governance whilst strengthening the long-term prospects of the Group.”

### Group Results

Revenue for the Group increased by 16% to RM4.86 billion for the financial year (“FY”) ended 31 December 2021, as all core segments recorded higher revenue than the previous year.

The Group achieved a 5% increase in pre-tax profit to RM1.50 billion. Our main business, namely *Grains and Agribusiness*, recorded a decrease in profit by 77% to RM62 million; whilst *Film exhibition and distribution* recorded a lower loss at RM113 million. Contribution from our 18.6%-owned associate, Wilmar International Ltd (“Wilmar”) increased by 21% to RM1.50 billion. Profit attributable to shareholders totalled RM1.50 billion, with earnings per share amounting to 105.17 sen, a 13.6% increase from the previous year.

In spite of the present market conditions, we have a positive outlook on the Group’s future and have continued investing in our business segments. The Group has a total capital commitment of RM832 million over the next five years, notwithstanding the challenges posed by COVID-19. We will continue to manage our assets efficiently and strengthen the Group’s prospects by strategically leveraging on opportunities in the market.

*Please refer to the Managing Director’s Review on pages 21 to 35 in this Annual Report for a more detailed management discussion and analysis of our business operations and performance in FY2021.*

### Dividends

I am pleased to report that the Board of Directors (the “Board”) has recommended the payment of a final dividend of 25 sen per share for FY2021. Subject to approval by PPB shareholders at the 53rd Annual General Meeting to be held on 12 May 2022, the final dividend is payable on 1 June 2022.

With the 10 sen per share interim dividend paid on 28 September 2021, the total dividends for FY2021 amount to 35 sen per share (FY2020: 46 sen per share).

### Governance

The Board is dedicated to upholding and administering high standards of corporate governance. We continually improve governance and internal controls, which play a vital role in helping to safeguard the integrity of the business. Our corporate governance initiatives, risk and internal control processes are detailed in the relevant sections of this Annual Report.

To uphold high standards of conduct and integrity throughout our business activities, the Group Integrity Steering Committee has been set up to provide oversight and review the performance of the Anti-Bribery and Corruption (“ABAC”) programme across the Group, prior to submission to the Board. Training and briefing on the ABAC policy and procedures are mandatory for employees. Bribery and corruption risk assessments were conducted on all the subsidiaries during the year and included in the Group’s enterprise risk assessment.

### Sustainability

The Group endeavours to integrate sustainability practices into our business operations and align with our vision and core values for the long-term success of the Group.

Our Sustainability Report contains the Group’s initiatives to achieve tangible outcomes in mitigating environmental impact, ensuring employee safety and wellbeing, increase marketplace engagement, and investment into the community. The Report also tracks our progress against sustainability targets.

PPB was upgraded to the 4-star ESG grading band in the FTSE Bursa Malaysia Emas in December 2021. During the year, the Group conducted a gap analysis against the FTSE4Good indicators and the GRI standards to strengthen our ESG performance. Thereon, the Group developed a 5-year sustainability roadmap to close the gaps identified through the gap analysis.

With good governance and sustainability standards and practices, and human capital investment, the Group is well-positioned to navigate the uncertainties and challenges to pursue excellence in our goods and services.

## Prospects and Challenges For 2022

By 2022, the Malaysian economy is expected to remain in steady recovery. We hope growth to be expedited by the continued expansion in global demand and higher private sector expenditure, improving labour market conditions and ongoing public policy support. The continuation of significant investment projects in both the private and public sectors will also facilitate growth. However, the ongoing Russia-Ukraine geopolitical tension adds more uncertainty and disruption to commodity markets and the global supply chain.

Despite the pandemic and the ongoing geopolitical conflict weighing down our business segments, we are optimistic that the Group will recover in the improving market. Our market exposure is relatively limited as most of our goods and services encompass essentials and basic food products. We expect that the Group’s financial performance will be substantially dependent on contributions from Wilmar.

## COVID-19 Initiatives

PPB Group continued to undertake various initiatives to support the community during the COVID-19 pandemic. We spent a total of RM6 million in 2021 on food products for 20,000 vulnerable recipients; medical equipment requested by hospitals, and items to enhance the wellbeing of frontliners. We also provided a total of 149,700 lunch meals to 2,400 recipients in Seremban, Penang, Johor, and the Klang Valley, whilst generating income for more than 50 unemployed individuals or struggling operators who prepared the meals. In addition, PPB engaged local singers, buskers, muralists, home bakers and skilled workers, with 334 engagements to assist them in earning an income.

## Board Appointment

We warmly welcome Tengku Nurul Azian binti Tengku Shahrman, who joined the Board on 1 March 2022 as an Independent Non-executive Director. Tengku Azian was formerly in investment banking, and presently serves on the boards of two other Bursa Securities Main Market listed companies. We look forward to her insights and contributions to the Group.

## Acknowledgements

On behalf of the Board and management, I would like to express my gratitude to every employee across the Group for their unwavering dedication and support. Without them, we would not have been able to overcome the challenges amidst these unprecedented economic and business conditions.

I also extend my sincerest appreciation to our shareholders, customers, business partners, and other stakeholders; I thank you for your continuing confidence in the Group.



Tan Sri Datuk Oh Siew Nam  
**Chairman**

24 March 2022

## MANAGING DIRECTOR'S REVIEW

### Dear Shareholders,

“ The PPB Group performed satisfactorily in 2021 despite the continuing COVID-19 pandemic. Notwithstanding the difficulties faced by our businesses, the Group results remained stable, due largely to the contribution from Wilmar International Limited (“Wilmar”).

Group revenue was 16% higher at RM4.86 billion (2020: RM4.19 billion), with revenue increase in all business segments. Group pre-tax profit was also higher, with a 5% increase to RM1.50 billion (2020: RM1.42 billion), mainly due to a higher share of results of Wilmar of RM1.50 billion (2020: RM1.24 billion). ”



Lim Soon Huat  
**Managing Director**



FFM Grains and Mills' flour mill in Pasir Gudang

### Economic and Operating Environment in 2021

The Malaysian economy registered positive growth of 3.6% in the fourth quarter of 2021. This was supported mainly by improved domestic demand as economic activities recovered following the easing of containment measures under the National Recovery Plan (“NRP”).

The Group performance improved gradually with our business segments adapting to the new normalcy in line with the NRP. The *Grains and Agribusiness* segment recorded a small profit despite challenging business conditions. Notably, our *Film Exhibition and Distribution* segment had a strong close in the fourth quarter of the year, as the relaxation of COVID-19 standard operating procedures (“SOP”) and strong movie title releases mitigated the segment loss.

The Group will continue optimising and managing costs, focusing on operational excellence and new business initiatives for additional revenue streams.

## MANAGING DIRECTOR'S REVIEW

### GRAINS AND AGRIBUSINESS SEGMENT

The *Grains and Agribusiness* segment is the largest contributor to Group revenue. This segment comprises Flour Milling, Feed Milling, Corn Trading and Livestock Farming, contributing 78% of the Group's revenue and 4% of profit in FY2021.

FFM Berhad ("FFM") Group, an 80% subsidiary of PPB, owns and operates nine flour mills, of which five are located in Malaysia, two in Vietnam and one each in Indonesia and Thailand, with a total flour milling capacity of 7,540 MT/day. FFM also has 20% interest in eight associates in China, which have a combined flour milling capacity of 18,950 MT/day.

FFM also owns and operates five feed mills across Malaysia, with a total milling capacity amounting to 67,200 MT/month.

The livestock farming operations comprise 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 estimated at 21 million eggs per month, while the breeder farms have a combined production capacity of about 3 million chicks per month.



Palletised bagged animal feed in warehouse

#### Flour Milling

FFM Group's increased revenue for 2021 was due to the higher selling prices and sales volume in both Indonesia and Vietnam. The rise in raw materials cost contributed to the increase in selling price of flour; a portion of the cost increase being passed to customers.

The increase in wheat prices and freight charges has intensified market competition, and the price volatility had driven up the cost of products. However, we leveraged on our Group's extensive experience in grains procurement, supply chain management and technical competency to mitigate the adverse impact of the wheat price volatility and supply chain disruption.

FFM's flour milling capacity has increased with the completion of its new 500 MT/day wheat flour mill constructed by 51%-owned VFM-Wilmar Flour Mills Co Ltd at its existing factory in Quang Ninh Province, in northern Vietnam at an estimated cost of USD20 million.

Looking ahead, the domestic market growth looks more positive after the opening of all economic sectors. However, we expect the ongoing Russia-Ukraine conflict to add more uncertainty and volatility to the commodity market and cause greater disruption to the global supply chain. This will continue to be a challenging year. Notwithstanding the volatility of raw material prices and other rising costs, we do not pass all cost increases to customers.

#### Animal Feed Milling

The Animal Feed Milling's business environment is uncertain due to market segment contraction as many high-volume customers switched to home mixing or toll milling to cut costs. Previously, independent farmers had also abandoned the traditional farming model and opted for an integrated farming scheme, which has an impact on independent feed millers.

The Division has introduced a few measures to mitigate these challenges, such as increasing procurement efficiency and effectiveness, improving and maintaining high-quality feed, adjusting the pricing to be more competitive and widening the customer base to avoid dependence on a few key customers.

While poultry farming continues to be pressured, the Division will continue to explore means of diversifying the feed ranges to other segments such as ruminant feed, and also expansion of our customer base to cushion the impact of poultry integration.



FFM Farms' layer farm in Trong, Perak

#### Livestock Farming

The COVID-19 pandemic affected the Livestock Farming Division, due to lower consumer spending, leading to increasing unsold day-old-chicks ("DOC"). There was also the risk of a shrinking DOC market caused by independent farmers facing losses and halting or reducing their DOC intake. Additionally, an increased risk of disease outbreaks in poultry farms also affected this Division.

The Division implemented several measures to deal with industry challenges, such as improving the quality of DOC and eggs, implementing more competitive pricing and improving infectious disease surveillance and preventive vaccination programmes. Production was also adjusted according to market demand to optimise cost.

Projecting ahead, we are optimistic of a recovery as poultry products such as egg and broiler meat are the most widely accepted food and cheapest source of protein. However, the livestock farming business continues to be competitive as many major players in the industry are moving fast and continuously perfecting their business models by adopting full integration.

Overall, we expect the business for livestock farming to be satisfactory in 2022, in the absence of unforeseen circumstances that may negatively affect the farms' performance or operations.



#### Navigating the Pandemic

The *Grains and Agribusiness* segment saw lower sales in all business sectors due to various constraints caused by the pandemic. Factory shutdown and labour shortages affected the production and sales of the Flour Milling Division. In the Animal Feed Milling Division, the lower sales were attributable to the closure or lower sales volume of restaurants and food service outlets. Sales in the Livestock Farming Division were affected by lower demand for DOC and table eggs; which was due to reduced or halted intake from broiler farmers and reduction in egg production due to disease outbreaks.

To mitigate these adverse effects, the Flour Milling Division had rolled out several strategies such as focusing on the speed of market access and upholding our service standards to stay competitive. In the Animal Feed Milling Division, we will continue the cost reduction initiatives and support long-standing customers. The Livestock Farming Division looks to improve sales by widening the customer base and earlier depopulation of non-profitable flocks.

## MANAGING DIRECTOR'S REVIEW

### CONSUMER PRODUCTS SEGMENT

The Group's *Consumer Products* segment under FFM Marketing Sdn Bhd ("FMSB") is the second-highest contributor to the Group's revenue. This segment involves the marketing and distribution of fast-moving consumer goods ("FMCG") comprising both in-house and agency products. This segment consists of the Consumer Products Distribution, Bakery and Food Processing businesses.

FMSB has 13 warehouses across Malaysia, with a capacity of more than 300,000 sq. ft.

The bakery business consists of the well-known *Massimo* brand of products, known for its quality, taste and consistency. The Italian Baker Sdn Bhd ("TIB") has five production lines producing up to 16,000 bread loaves/hour; 24,000 rolls/hour; 15,000 pieces of cakes/hour; and 6,000 buns/hour.

The food processing business comprises 2 production lines, primarily producing nuggets, burgers, and sausages.

#### Consumer Products Distribution

Challenging economic conditions caused by the pandemic have negatively impacted the Consumer Products Distribution segment. The supply chain disruptions and rising raw material prices have driven up distribution costs and put pressure on margins. The currency volatility and higher wages also contributed to margin compression in this segment.

FMSB will continue to strengthen the positioning of its brands and launch new products to sustain its long-term growth whilst actively pursuing new agencies to grow revenue. This segment will continue to work with its business partners to develop products for the foodservice sector.

The consumer goods sector expects the business environment to remain challenging amidst the ongoing pandemic. However, we are able to leverage on our strong distribution network, established brands and varied in-house products to provide a solid base for long term business sustainability.

#### Bakery

TIB generated slightly higher revenue than the previous year. Although the bread market for FY2021 was relatively stable, the entry of prominent new players introduced keen competition in the industrial baking scene.

The year 2021 saw the introduction of several new products and services such as the Massimo Tamper-Evident bread bag packaging, Peanut Butter roll, Seeded Multigrain with Barley loaf, Burrosa Butter, Burrosa Red Velvet and Burrosa Tiramisu.

With new players in the market, we will have to increase our efficiency, control our costs, introduce more unique products, and aggressively expand distribution points and availability to maintain and grow our market share.



**Massimo introduced Malaysia's first tamper-evident bread loaf packaging in February 2021**

### Food Processing

In 2021, FFM Further Processing Sdn Bhd ("FFP") started a partnership to produce food items under their in-house brands. This initiative aims to optimise capacity utilisation of the factory, reduce operational expenditures per unit and increase resource utilisation efficiency. As a result, a 23% higher volume was achieved over 2020.

Volatile raw materials cost and rising transportation cost resulted in sharp increases of product costs with limited room to price-in the cost increase to customers. This Division also encountered labour shortages due to the challenges in recruitment and restrictions on hiring of foreign workers. We have broadened the supply base to acquire raw materials at more competitive prices. In addition, we are leveraging on our existing partnership to strengthen volumes and improve bargaining capability.

We believe 2022 will be a challenging year for this Division, with the ongoing supply chain disruption and high raw material prices. On the brighter side, we observed that market demand remained higher than pre-pandemic years. This growing demand enables the expansion of production capacity and sales. FFP will focus on volume growth and drive revenue by increasing our workforce and operating our lines concurrently. With that, business margins are expected to improve, especially when the food service industry recovers.



**TIB's office and production plant in Pulau Indah, Klang**

### Navigating The Pandemic

The COVID-19 outbreak has caused numerous disruptions in the *Consumer Products* segment. Most businesses faced higher operational costs due to the additional health and safety measures such as sanitisation, medical screenings and equipping the workplace with adequate hygiene facilities. Efficiency was also affected by the SOPs imposed by the Government, restricting the number of on-site employees, and the restriction of sectors categorised as non-essential.

Several countermeasures were administered to address the impact of the pandemic. Businesses in this segment monitored sales movement and ensured sufficient stock supplies, and addressing consumer demands by the use of various channels. The Division also looked into opening new distribution channels such as e-commerce platforms to further improve sales.

## MANAGING DIRECTOR'S REVIEW

### FILM EXHIBITION AND DISTRIBUTION SEGMENT

Golden Screen Cinemas Sdn Bhd ("GSC") remains the leading cinema chain in the Malaysian cinema sector, with 400 screens showcasing movies at 40 locations across the country. In Vietnam, the Group owns a 40% stake in Galaxy Studio Joint Stock Company, which extends our income stream beyond Malaysian shores. Galaxy Studio is the third-largest cinema exhibitor in Vietnam, operating 108 screens in 18 locations.

#### Another Year in an Unprecedented Market

Since early-2020, the COVID-19 pandemic has adversely impacted the cinema sector. Cinemas in Malaysia struggled as the sector was not allowed to operate during the multiple lockdowns. However, in the last quarter of the year, cinemas reopened after an appeal to the authorities as vaccination rates in the country increased.

The Malaysian cinema box office collected RM131 million, a 5.2% drop from RM138 million in 2020. The release of "Spider-Man: No Way Home" collected RM38 million, contributing 29% of the Malaysian box office collection, despite operating under reduced seating capacities and strict SOPs.

In September 2021, GSC completed the acquisition of 18 cinema assets from MCAT Box Office Sdn Bhd ("MBO") and Reel Entertainment Holdings Sdn Bhd, increasing its market share to more than 50%. In December, we also celebrated the first Happy Food Co outlet launch in GSC Southkey, Johor Bahru. Happy Food Co is GSC's expansion into cafes in key locations.

### Navigating the Pandemic

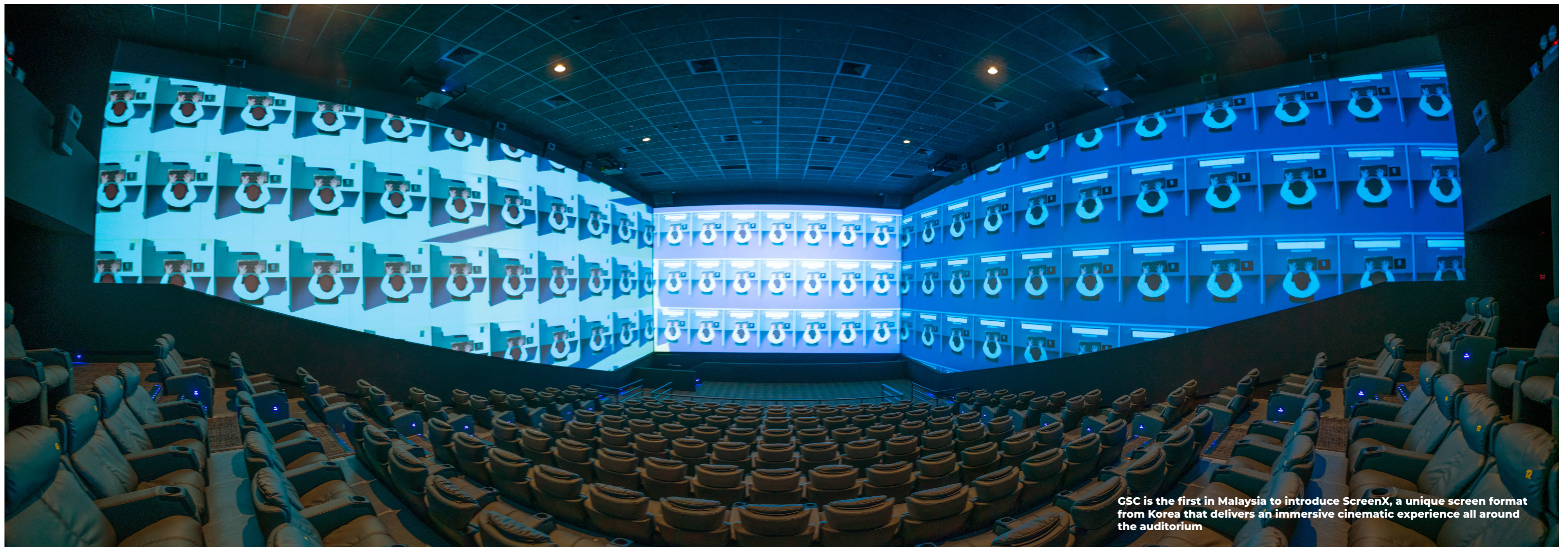
The Government imposed two rounds of MCO in 2021, preventing cinemas from operating during those periods. GSC was only allowed to operate 186 days compared to 222 days in 2020. Our cinemas operated under strict SOPs to safeguard customers' wellbeing, with regular hall sanitisation. Various cost control measures were implemented to defray operating costs, including continued negotiation with landlords for rental rebates.

To maintain brand awareness with our customers, we boosted our online presence to sell merchandise products and expanded to non-movie related merchandise through GSC's online store 'Keepsake'. Other efforts to mitigate the pandemic's effects include developing food and beverage sales through Happy Food Co, screening independent titles and alternative content, and promotional ticket pricing packages for individual and corporate customers.

### Looking Ahead

GSC is optimistic that lifting of movement controls, relaxation of social restrictions and a strong line-up of movie blockbusters would positively contribute to cinema admissions. As the recovery momentum picks up in 2022, we anticipate the *Film Exhibition and Distribution* segment to deliver better financial results on a year-on-year comparison.

The Group has several development plans for the coming year, such as GSC Rewards programme to drive more admissions, retain and attract new cinemagoers, and build customer loyalty. We are launching eight BIG cinema halls to provide for a better immersive experience and opening at least two Happy Food Co outlets during the year. GSC also targets the introduction of new cinemas in Bintulu, Johor, Kuala Lumpur, and Putrajaya, with a total of 50 new screens.



GSC is the first in Malaysia to introduce ScreenX, a unique screen format from Korea that delivers an immersive cinematic experience all around the auditorium

MANAGING DIRECTOR'S REVIEW

ENVIRONMENTAL ENGINEERING AND UTILITIES SEGMENT

Chemquest Sdn Bhd ("CQ") Group is a leading provider of innovative solutions, advanced technologies and professional management for the water and sewage industries. In 2021, the CQ Group's utilities and environmental engineering, and waste management businesses were primarily undertaken by CWM Group Sdn Bhd ("CWM"). CWM has successfully commissioned more than 140 water and sewage projects with a combined contract value in excess of RM3.3 billion.

In 2021, the CQ Group completed two water treatment plants in Johor and Sarawak, with a total contract value of RM87 million. It had also secured three water projects in Sarawak, Johor, and Kedah with a total contract value of RM212 million, bringing the order book to a total of RM360 million as at 31 December 2021.

During the financial period under review, the Group exited the solid waste management business with the divestment of its entire equity interests in Sitamas Environmental Systems Sdn Bhd and Worldwide Landfills Sdn Bhd.

We will continue to generate value for our clients in 2022 by improving operational efficiency, expanding our process design innovations, and strengthening our project management and construction teams to take on larger projects, especially those in the infrastructure sector.



Nyabau Water Treatment Plant in Bintulu, Sarawak

Navigating the Pandemic

The implementation of numerous MCOs and strict SOP guidelines in 2021 caused significant delays in project activities. These constraints adversely affected productivity due to quarantine restrictions, supply chain disruptions, and labour shortages, resulting in project implementation delays, and led to additional costs for the Group.

To future-proof our business and develop more bottom-line impact, we strive to implement new IT infrastructures to enable working remotely and minimising cyber risks.

Outlook and Prospects

We are optimistic that 2022 will see a steady recovery for this sector with the relaxation of social restrictions and recovering markets. We now qualify to participate in Government tenders as a main contractor for water and sewage projects. Also, the market has recognised us as a capable infrastructure works contractor, opening more opportunities.

Going into 2022, CQ Group has tendered for water projects in Malaysia and Brunei valued at RM400 million and will continue to focus on opportunities in water, sewage, and infrastructure projects.



Sewerage Network Pump Station in Papan, Perak



Sewerage Network Pump Station in Melawati, Kuala Lumpur

PROPERTY SEGMENT

Over the years, the Group has built a reputation as a reliable niche property developer, and operator of commercial and retail properties. We strive to produce high-quality homes and commercial properties that add value to our buyers, tenants and local communities.

In Kuala Lumpur, our properties are Cheras LeisureMall and Cheras Plaza in Taman Segar. We also have properties in Georgetown, Penang, namely New World Park and The Whiteaways Arcade.

Our latest property development project is Megah Rise in Taman Megah, Petaling Jaya. This 228-unit condominium and adjacent retail podium is targeted to complete by the second quarter of 2022. In the north, we have a residential development known as Taman Tanah Aman in Bukit Mertajam, Penang. Taman Sinar Mentari, our development in Bedong, Kedah, comprises mainly residential developments, namely affordable houses, with some commercial shop offices.

This segment is also involved in property management, namely the Southern Marina Residences in Johor, the nature-inspired retail mall, The LINC in Kuala Lumpur, and the soon-to-be-completed Megah Rise retail mall in Petaling Jaya.

Navigating the Pandemic

As the property sector continues to experience uncertainty, the Group is committed to developing innovative measures to keep up with market trends. This includes the digitalisation of our marketing efforts to reach prospective buyers through various social media platforms.

Looking Ahead

Going into 2022, we anticipate a slow recovery from the pandemic which will have an impact on the Group's investment properties and property development.

With the country's transition to the endemic stage and borders reopening from April 2022, we are cautiously optimistic that foot traffic and sales will continue to rise.

The Megah Rise residential construction is nearing completion, and our focus this year is on the retail mall's opening planned for the fourth quarter of the year. Management is also reviewing potential new developments in Penang and Bedong, Kedah.

The Group strives to actively look for more strategic land banks and establish strategic partnerships with reputable industry players to expand business opportunities.



Southern Marina Residences



Megah Rise development in Petaling Jaya

## MANAGING DIRECTOR'S REVIEW

## GROUP FINANCIAL PERFORMANCE

	2021	2020
	RM'000	RM'000
Revenue	4,857,430	4,190,690
Profit before tax	1,498,073	1,420,933
Profit attributable to shareholders	1,496,111	1,316,961
Earnings per share (sen)	105.17	92.57

The Group achieved total revenue of RM4.86 billion, 16% higher than FY2020, as all core segments recorded higher revenue.

The Group achieved a 5% increase in pre-tax profit to RM1.50 billion. Our main business, *Grains and Agribusiness*, recorded a decrease in profit by 77% to RM62 million; whilst *Film Exhibition and Distribution* recorded a lower loss of RM113 million. Contribution from our 18.6%-owned associate, Wilmar International Ltd ("Wilmar") increased by 21% to RM1.50 billion. Profit attributable to shareholders totalled RM1.50 billion, with earnings per share amounting to 105.17 sen, a 13.6% increase from the previous year.

## Financial Performance by Business Segments

## Grains and Agribusiness

	2021	2020
	RM'000	RM'000
Segment revenue	3,770,632	3,220,584
Segment profit	61,522	271,682

Segment revenue was higher by 17% to RM3.77 billion (FY2020 : RM3.22 billion). The segment recorded lower profit at RM62 million as compared to RM272 million in the previous financial year. Segment performance was affected by higher raw material costs of flour, feed and maize, with limited price-in mechanism; in addition, fair value loss on derivative instruments for hedging purposes amounted to RM109 million (FY2020: gain of RM3.7 million).

## Consumer Products

	2021	2020
	RM'000	RM'000
Segment revenue	645,183	628,275
Segment profit	6,543	31,548

Segment revenue was higher at RM645 million (FY2020: RM628 million). Segment profit for FY2021 was at RM6.5 million (FY2020: RM32 million). Notwithstanding the one-off gain in FY2020 of RM21 million on step-acquisition of an associate, segment performance in FY2021 was weaker due to increased product and distribution costs.

## Film Exhibition and Distribution

	2021	2020
	RM'000	RM'000
Segment revenue	116,470	114,255
Segment loss	(113,278)	(135,598)

Segment revenue was slightly higher at RM116 million (FY2020: RM114 million). The segment recorded lower losses of RM113 million (FY2020: RM136 million), driven primarily by higher contribution from box office collections in 4Q2021 as well as various cost control measures implemented during the year. Cinema operations were significantly impacted by the intermittent cinema closures since the second quarter of FY2020 as the country imposed nationwide containment measures against the COVID-19 pandemic.

## Environmental Engineering and Utilities

	2021	2020
	RM'000	RM'000
Segment revenue	204,843	189,543
Segment profit	647	14,382

Segment revenue was higher at RM205 million (FY2020: RM190 million). The segment recorded a profit of RM647,000 for FY2021 (FY2020: RM14 million). Performance in FY2021 was affected by a loss amounting to RM4 million on divestment of a 40%-associate involved in landfill operations. Contribution from the said associate immediately prior to the divestment was a loss of RM526,000 as compared to a profit of RM5.1 million recorded in the previous financial year.

## MANAGING DIRECTOR'S REVIEW

## Property

	2021	2020
	RM'000	RM'000
<b>Segment revenue</b>	<b>115,030</b>	<b>67,046</b>
<b>Segment profit</b>	<b>14,825</b>	<b>3,940</b>

Segment revenue and profit were higher at RM115 million (FY2020: RM67 million) and RM15 million (FY2020: RM4 million) respectively. The improvement in profit was mainly attributable to additional sales and progressive profit recognition of the Megah Rise development project.

## Group Financial Position

	2021	2020
	RM'000	RM'000
<b>Total assets</b>	<b>27,397,162</b>	<b>24,883,658</b>
<b>Total liabilities</b>	<b>2,216,859</b>	<b>1,337,213</b>
<b>Net assets</b>	<b>24,431,488</b>	<b>22,818,749</b>
<b>Net assets per share (RM)</b>	<b>17.17</b>	<b>16.04</b>

The Group's total assets increased by 10.1% to RM27.40 billion as at 31 December 2021. This was mainly attributable to the increase in the share of net assets of Wilmar.

Group total liabilities increased by 65.8% to RM2.22 billion as at 31 December 2021. The increase was mainly due to an increase in borrowings by RM621 million to RM1.10 billion.

Net asset per share stood at RM17.17 as at 31 December 2021.

## Group Cash and Cash Equivalents

Group cash and cash equivalents amounted to RM1.30 billion as at 31 December 2021 (FY2020: RM1.42 billion).

## Group Bank Borrowings

Group bank borrowings increased by RM621 million to RM1.10 billion as at 31 December 2021, 90% which comprise of trade finance-related facilities.

90% of the Group's bank borrowings are unsecured and carry variable interest rates.

81% or RM890 million are foreign currency-denominated working capital loans for the foreign operations of the *Grains and Agribusiness* segment; these were mainly in United States Dollars, Indonesian Rupiah and Vietnamese Dong.

## Group Capital Expenditure

The Group incurred total capital expenditure of RM218 million in the financial year ended 31 December 2021.

Major areas of spend were 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;
- RM103 million in the *Film Exhibition and Distribution* segment for the acquisition of the former MBO cinema assets and opening of new cinemas;
- RM26 million in the *Property segment*, mainly for the construction of investment properties; and
- RM34 million in the *Consumer products* segment, mainly for the purchase of trucks and equipment.

## ANALYSIS OF THE GROUP'S TOP RISKS

With the multitude of challenges in our various businesses, identification and management of risks are 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 six risks that must be managed to ensure its continued long-term success:

## 1. Reliance on certain income streams

PPB Group is a conglomerate which also has an 18.6%-stake in Wilmar. For FY2021, it relied to a large extent on contributions from Wilmar 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.

## 2. 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.

## 3. 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.

## 4. 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 part of its income is generated in foreign currencies.

## 5. 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 changes, and unforeseen events like the Russian/Ukraine conflict, 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.

## 6. Supply Chain Disruption Risk

The unprecedented disruptive worldwide events such as adverse weather, port congestion, labour shortages and the escalation of geopolitical tensions between Russia and Ukraine, have exposed the Group to supply chain disruption risk. The Group recognises the need for our supply chains to be resilient. To mitigate the impact, action being taken includes monitoring closely global supply and demand, implementing strategic procurement of raw materials, diversifying supply sources and optimising operational efficiencies through our Group's extensive procurement experience and technical competency.

## MANAGING DIRECTOR'S REVIEW

### GROUP OUTLOOK & PROSPECTS FOR 2022

The Malaysian economy recorded 3.6% growth in the fourth quarter of 2021. This was primarily contributed by the recovery in domestic demand as economic activities began to recover following the relaxation of containment measures under the National Recovery Plan.

For 2022, we anticipate growth to be supported by the steady resumption of global demand and higher private sector expenditure due to improving labour market conditions and ongoing public policy support. Growth is also expected to be attributed to continuing significant investment projects supporting development in the private and public sectors. However, the ongoing Russia-Ukraine conflict will create more ambiguity and disruptions for global supply chains and commodity markets.

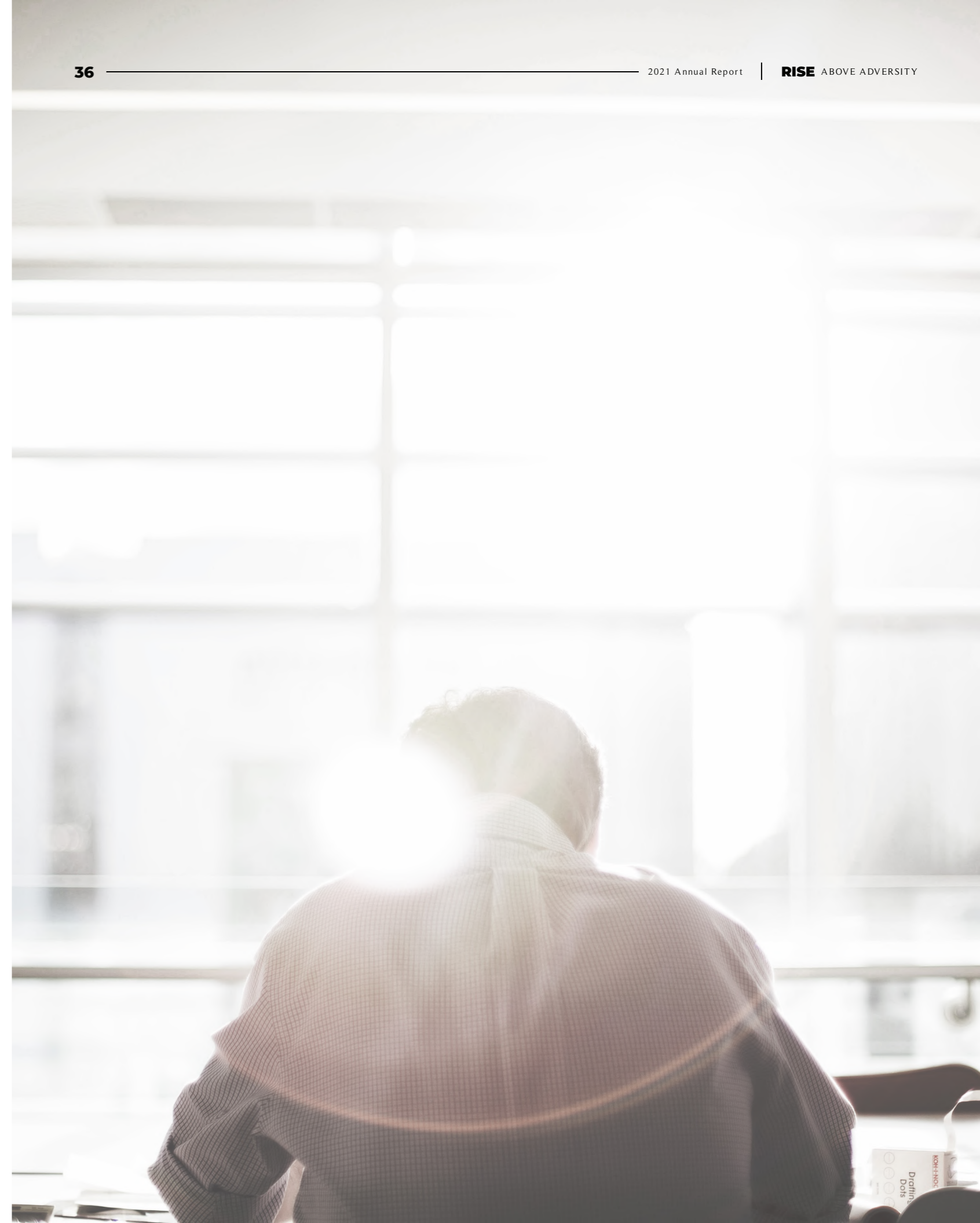
The *Grains and Agribusiness* segment experienced a decline due to the unprecedented high raw material costs induced by global supply shocks and supply chain disruptions. Projecting into 2022, we forecast margin pressures to persist due to the volatile commodity market prices and high freight costs. We are committed to optimising operational efficiencies through our Group's extensive grain procurement experience and technical competency to mitigate the impact of rising raw materials and operating costs.

The *Consumer Products* segment experienced increased production costs due to higher commodity and logistics costs. Despite this, the segment is expected to perform better as its market reach expands through the food services channel and e-commerce platform.

The *Film Exhibition and Distribution* segment had a spectacular finish in the fourth quarter. A strong line-up of movies and the relaxation of COVID-19 SOPs contributed to the improvement in cinema admissions. The acquisition of the former MBO assets in September 2021 to expand our cinema circuit nationwide, is expected to contribute positively to the performance and support the recovery of this segment. Management remains prudent with expenditure during the shift to normalcy and will continue to explore revenue diversification to improve operation resilience.

The *Environmental Engineering and Utilities* segment will maintain its focus on replenishing its order book and exploring new project opportunities. The *Property* segment is set for a gradual recovery, and we are on target to complete the development of the Megah Rise project in the second quarter of 2022. Wilmar's performance will continue to contribute substantially to the overall profitability of the Group.

24 March 2022



## GROUP FINANCIAL HIGHLIGHTS

	2021 RM Million	2020 RM Million	Change %
<b>INCOME STATEMENT</b>			
Revenue	4,857	4,191	15.9
Profit before taxation	1,498	1,421	5.4
Profit after taxation	1,507	1,363	10.6
Profit attributable to owners of the parent	1,496	1,317	13.6

<b>STATEMENT OF FINANCIAL POSITION</b>			
Equity attributable to owners of the parent	24,431	22,819	7.1
Total equity	25,180	23,546	6.9

<b>RATIOS</b>			
Return on equity attributable to owners of the parent	(%)	6.1	5.8
Earnings per share	(sen)	105.17	92.57
Debt to equity ratio	(times)	0.05	0.02
Net assets per share	(RM)	17.17	16.04
Dividend per share	(sen)	35	46
Share price - 31 December	(RM)	17.10	18.52



## 5-YEAR GROUP FINANCIAL STATISTICS

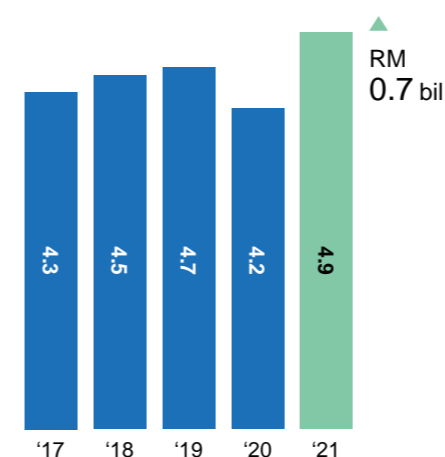
Year ended 31 December		2021	2020	2019	2018	2017
Revenue	RM Million	4,857	4,191	4,684	4,528	4,284
Share of results of associates	RM Million	1,573	1,343	1,040	920	1,032
Profit before taxation	RM Million	1,498	1,421	1,272	1,168	1,271
Profit for the year	RM Million	1,507	1,363	1,199	1,103	1,217
Dividend for the financial year	RM Million	498	654	441	398	356
Issued and paid-up share capital	RM Million	1,429	1,429	1,429	1,429	1,192
Equity attributable to owners of the parent	RM Million	24,431	22,819	21,435	21,040	20,680
Total assets	RM Million	27,397	24,884	23,580	23,245	22,939
Total borrowings	RM Million	1,103	481	361	489	781
Earnings per share	Sen	105.17	92.57	81.02	75.57	83.20

### FTSE BURSA KLCI QUOTES

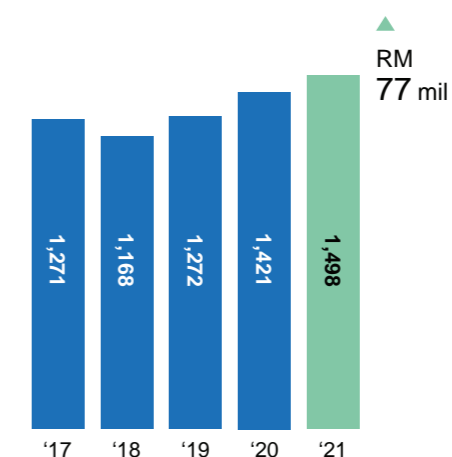
31 December closing price	RM	17.10	18.52	18.84	17.58	14.37
No. of shareholders		9,199	9,080	8,989	9,025	8,821

## 5-YEAR STATISTICS HIGHLIGHTS

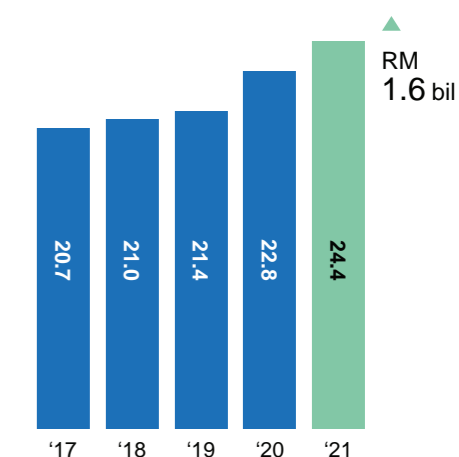
Revenue  
(RM Billion)



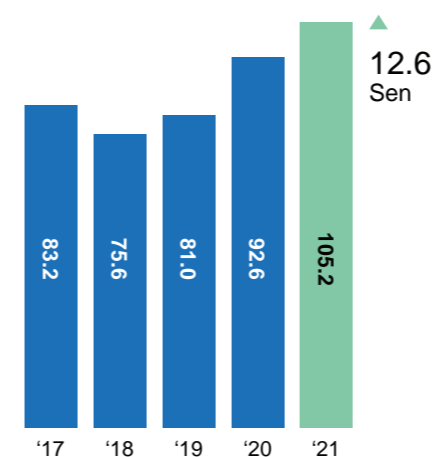
Profit before taxation  
(RM Million)



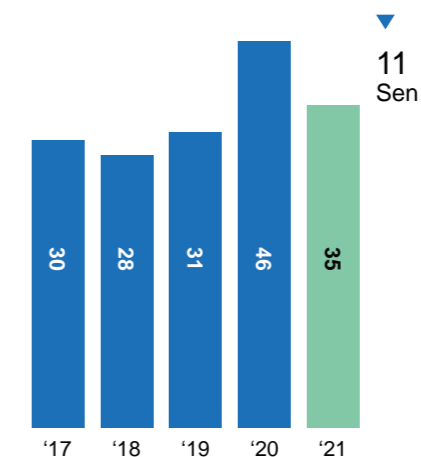
Equity attributable to owners of the parent  
(RM Billion)



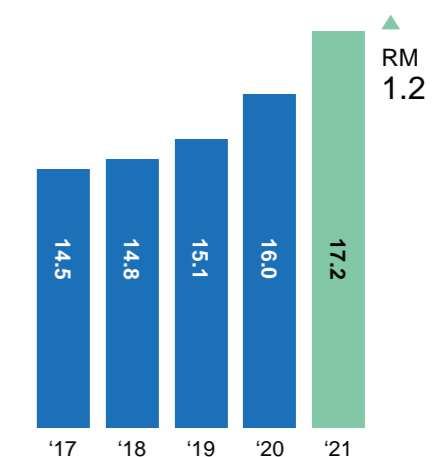
Earnings per share  
(Sen)



Dividend per share  
(Sen)



Net assets per share  
(RM)



# BOARD OF DIRECTORS



# BOARD OF DIRECTORS



## DIRECTORS' PROFILES

### 1. TAN SRI DATUK OH SIEW NAM

- ▶ Chairman  
Non-independent Non-executive Director

**Gender:** Male  
**Age:** 83  
**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

### 2. MR LIM SOON HUAT

- ▶ Managing Director  
Non-independent Executive Director

**Gender:** Male  
**Age:** 57  
**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
- Kuok Foundation Berhad

### 3. DATO' CAPT AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID

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

**Gender:** Male  
**Age:** 72  
**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 of experience in the international maritime industry.

#### Other Directorships in Public Companies and Listed Issuers

- Nil

### 4. DATUK ONG HUNG HOCK

- ▶ Non-independent Non-executive Director  
Member of Nomination Committee  
Member of Remuneration Committee

**Gender:** Male  
**Age:** 68  
**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 the FFM Group, including Managing Director and Chairman of FFM Marketing Sdn Bhd from 1998 to 2019.
- 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

## 5. MR SOH CHIN TECK

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

**Gender:** Male  
**Age:** 64  
**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 of 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**

- FM Global Logistics Holdings Berhad

## 6. ENCIK AHMAD RIZA BIN BASIR

- ▶ Independent Non-executive Director  
Chairman of Nomination Committee

**Gender:** Male  
**Age:** 61  
**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

## 7. MADAM TAM CHIEW LIN

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

**Gender:** Female  
**Age:** 71  
**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

## 8. TENGKU NURUL AZIAN BINTI TENGKU SHAHRIMAN

- ▶ Independent Non-executive Director  
Member of Audit Committee

**Gender:** Female  
**Age:** 59  
**Date of Appointment:** 1 March 2022

**Qualifications and Experience**

- Law degree from School of Oriental & African Studies, University of London.
- Barrister of Law (Honourable Society of the Inner Temple).
- 18 years of working experience in investment banking from 1992 to 2010. Last position was Head of Corporate Finance in RHB Investment Bank Berhad.
- Former Director in Performance Management and Delivery Unit (PEMANDU), Prime Minister's Office, from 2010 to 2018, and a former Partner/Executive Vice President of PEMANDU Associates Sdn Bhd from 2018 to 2020.
- Independent and Non-Executive Director of Sunway REIT Management Sdn Bhd, the Manager for Sunway REIT, a real estate investment trust listed on the Main Market of Bursa Malaysia Securities Berhad.

**Other Directorships in Public Companies and Listed Issuers**

- Dutch Lady Milk Industries Berhad
- FM Global Logistics Holdings Berhad

*Notes:*

- All the Directors are Malaysians.
- 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.
- Other than traffic offences (if any), 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

01



02



03



04



05



06



07



### 01 MR LIM SOON HUAT

- ▶ Managing Director of PPB Group Berhad
- Mr Lim's profile is set out on page 43.

### 02 MR JEREMY GOON KIN WAI @ JEREMY RUAN JIANWEI

- ▶ Director and Chief Executive Officer of FFM Berhad

**Year of Joining PPB Group:** 2019

**Gender:** Male

**Age:** 50

**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 and Group Plantation Head of Wilmar International Limited.
- 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

### 03 MS KOH MEI LEE

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

**Year of Joining PPB Group:** 1990

**Gender:** Female

**Age:** 56

**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

## 04 MR LOW ENG HOOI

▶ Chief Executive Officer of PPB Properties

**Year of Joining PPB Group:** 2019

**Gender:** Male

**Age:** 57

**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 the University of Science Malaysia.
- Registered architect with Board of Architects Malaysia; and corporate member of Pertubuhan Akitek Malaysia.
- Has more than 30 years of 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

## 05 MS YAP CHOI FOONG

▶ Group Chief Financial Officer

**Year of Joining PPB Group:** 2017

**Gender:** Female

**Age:** 57

**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

## 06 MR MAH TECK KEONG

▶ Company Secretary

**Year of Joining PPB Group:** 1989

**Gender:** Male

**Age:** 59

**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

## 07 MS OH SOK TUAN, AMANDA

▶ Group Chief Human Resources Officer

**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 majoring in Human Resources Management from the 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.
- Has over 20 years of experience in leading organisational change encompassing people capability enhancement, leadership and talent development, cultural transformation and building 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

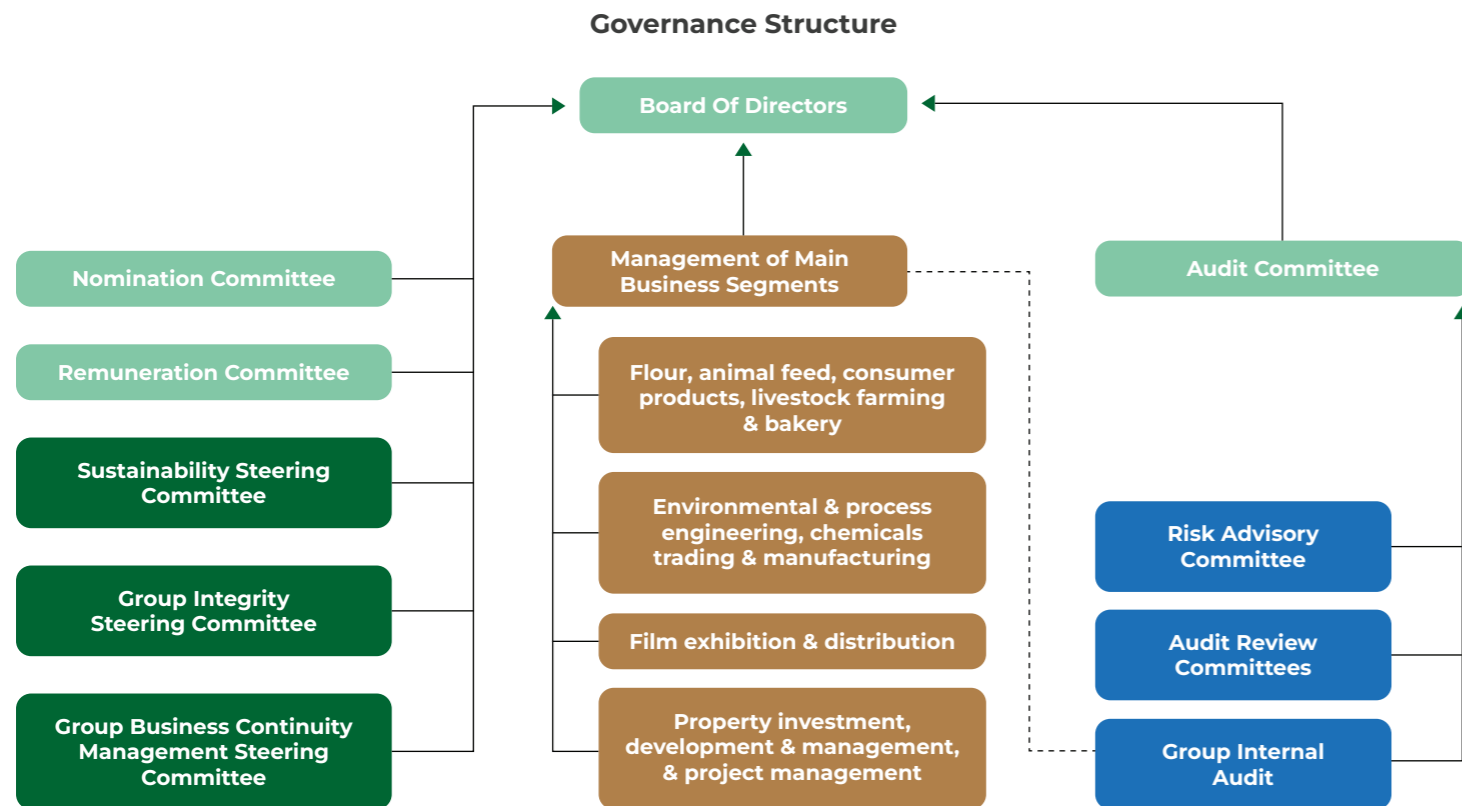
This Corporate Governance Overview Statement ("CGS") provides a summary of the corporate governance practices of PPB Group Berhad ("PPB") and its subsidiaries ("Group") during the financial year ended 31 December 2021 ("FY2021") with reference to the three Principles in the Malaysian Code on Corporate Governance ("MCCG"), viz:

- (a) board leadership and effectiveness;
- (b) effective audit and risk management; and
- (c) 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 FY2021 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/reports in/issued together with the 2021 Annual Report, viz the Audit Committee Report, Statement on Risk Management and Internal Control, and the Sustainability Report.

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



## 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. The board charter was updated in 2021 to include the Board's responsibilities on environmental, social and governance ("ESG") matters pertinent and material to the Group and its stakeholders, and effective stakeholder communication and engagement. 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, provide board leadership on policy formation and decision-making, as well as ensuring that appropriate steps are taken to provide effective communication with stakeholders. 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 business associates. The ABAC Policy is 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.

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

### Governing sustainability

The Board has oversight responsibility to deliver sustainable value to stakeholders through the principles, policies, objectives and strategies of the Group. In carrying out this responsibility, the Board is supported by the Sustainability Steering Committee ("SSC") which was formed in 2017. The SSC is chaired by the Managing Director of PPB and comprises the Group Chief Sustainability Officer, PPB's Department Heads, as well as the Heads and Sustainability Officers across all business segments. The respective business units set, monitor and review ESG/ sustainability targets, and report the performance/results achieved to the board through the SSC.

Our Group Strategic Plan ("GSP") (2019-2023) includes sustainability goals, strategies and plans of the various business units. A review of the GSP is underway which takes into consideration inter alia, new trends and developments, and changes within our businesses. The Group has also developed a 5-year sustainability roadmap (2022-2026) and action plans which cover our four sustainability pillars below:

- ▶ Environmental impact
- ▶ Working environment
- ▶ Community investment
- ▶ Marketplace engagement

The roadmap, which translates the Group's vision and strategy into targets and initiatives to be achieved within the timelines, was also developed to aid the Group to achieve a stronger standing in our ESG practices. The roadmap and plans are under the purview of the Board and the SSC.

Further details of the Group's sustainability-related matters are set out in the Sustainability Report which is available on the websites of Bursa Malaysia (<http://www.bursamalaysia.com>) and PPB (<https://www.ppbgroup.com>).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Board and Committee meetings**

The meetings of the Board and Board Committees held in FY2021 and attendance record are set out below:

Meetings/ Name of Director/Committee member	Number of meetings held	Number of meetings attended
<b>Board of Directors</b>		
Tan Sri Datuk Oh Siew Nam	6	6
Mr Lim Soon Huat	6	6
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	6	6
Datuk Ong Hung Hock	6	6
Mr Soh Chin Teck	6	6
En Ahmad Riza bin Basir	6	6
Madam Tam Chiew Lin	6	6
<b>Audit Committee</b>		
Mr Soh Chin Teck	6	6
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	6	6
Madam Tam Chiew Lin	6	6
<b>Nomination Committee</b>		
En Ahmad Riza bin Basir	1	1
Datuk Ong Hung Hock	1	1
Mr Soh Chin Teck	1	1
<b>Remuneration Committee</b>		
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	2	2
Madam Tam Chiew Lin	2	2
Tan Sri Datuk Oh Siew Nam ( <i>resigned wef 1 July 2021</i> )	2	2
Datuk Ong Hung Hock ( <i>appointed wef 1 July 2021</i> )	N/A	N/A
N/A – Not applicable		

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 in FY2021, four are independent. The remainder of the Board comprised two non-independent non-executive directors, and the Managing Director. Subsequent to the year-end, Tengku Nurul Azian binti Tengku Shahrman was appointed as an additional independent director on 1 March 2022.

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 and Mr Soh Chin Teck's tenures as independent directors were further extended at the 52nd Annual General Meeting ("AGM") of the Company in 2021 until the conclusion of the next AGM. The Nomination Committee ("NC") and the Board were satisfied that Dato' Sufian and Mr Soh are able to exercise independent judgment and act in the best interests of the Company, and recommended the continuation of Dato' Sufian and Mr Soh's term as independent directors beyond 12 years and 9 years respectively, 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 fulfil 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 2021, the Directors attended PPB's annual in-house training session for directors and senior management, and the topics included the following:

- Updated Malaysian Code on Corporate Governance 2021 and Securities Commission Guidelines on conduct of directors of listed corporations and their subsidiaries.
- Environmental, social & governance ("ESG") trends.
- Cyber-security awareness.

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 Soh Chin Teck	<ul style="list-style-type: none"> <li>▶ MFRS 9 Financial Instruments hedge accounting application</li> <li>▶ The Board's Role in Cyber</li> </ul>
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	<ul style="list-style-type: none"> <li>▶ MFRS 9 Financial Instruments hedge accounting application</li> </ul>
Encik Ahmad Riza bin Basir	<ul style="list-style-type: none"> <li>▶ MFRS 9 Financial Instruments hedge accounting application</li> </ul>
Madam Tam Chiew Lin	<ul style="list-style-type: none"> <li>▶ MFRS 9 Financial Instruments hedge accounting application</li> <li>▶ Rethinking our approach to Cyber Defence in financial institutions.</li> <li>▶ BNM-FIDE FORUM-MASB Dialogue on MFRS 17 Insurance Contracts: What every director must know.</li> <li>▶ BNM-FIDE FORUM Dialogue: Risk-Based Capital Framework for Insurers and Takaful Operators.</li> <li>▶ Bursa-FIDE FORUM : Dialogue on Sustainability.</li> <li>▶ Anti-Bribery and Corruption.</li> </ul>

## 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 2021 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
- ESG/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.

The individual directors' total remuneration paid/payable for FY2021 on a Group and Company basis which includes (where applicable) salary, bonus, fees, allowances etc are set out below:

<i>(Figures in RM'000)</i>	Group	Company
Tan Sri Datuk Oh Siew Nam	547	547
Lim Soon Huat	3,532	3,515
Datuk Ong Hung Hock	97	97
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	124	124
Soh Chin Teck	137	135
Ahmad Riza bin Basir	102	102
Tam Chiew Lin	121	121

The details/breakdown of the above directors' remuneration are set out in the Corporate Governance Report issued together with this Annual Report.

The remuneration of the top five senior management of the PPB Group (excluding those who are also Directors of PPB) paid/payable for FY2021 on an aggregated basis in RM50,000 bands is as follows:

Remuneration bands	Number of senior management staff
RM900,001 – RM950,000	1
RM1,150,001 – RM1,200,000	1
RM1,400,001 – RM1,450,000	1
RM1,450,001 – RM1,500,000	1
RM1,800,001 – RM1,850,000	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 69 to 71 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 73 to 74 of the 2021 Annual Report provides a more detailed description of the state of risk management and internal controls.

**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. This includes twice-yearly analyst briefings after the release of the half-yearly and final results together with media conferences. 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. This will be reviewed annually.

**Conduct of general meetings**

The 52nd Annual General Meeting (“AGM”) held on 11 May 2021 was conducted 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 notice of the 52nd AGM was sent to members 28 days before the meeting together with the Annual Report. 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.

Shareholders submitted their questions (in real time) using the query box during the meeting. Questions from shareholders relating to the Company’s financial and business operations were dealt with by the Chairman, the Managing Director and Chief Financial Officer of the Company.

The minutes of the 52nd AGM were also uploaded to PPB’s website and can be assessed via the link below:

[https://www.ppbgroup.com/images/pages/investor-relations/annual\\_general\\_meeting/52nd\\_agm/Minutes\\_of\\_52nd\\_PPB\\_AGM.pdf](https://www.ppbgroup.com/images/pages/investor-relations/annual_general_meeting/52nd_agm/Minutes_of_52nd_PPB_AGM.pdf)

**FOCUS AREAS ON CORPORATE GOVERNANCE**

A review of the Group Strategic Plan is underway which includes an evaluation of the various business units and takes into consideration inter alia, new trends and developments, and enhanced ESG considerations. As part of our annual review, we will also look further into various other recommended corporate governance practices which can be further strengthened, as elaborated in our Corporate Governance Report.

This statement was approved by the Board on 24 March 2022.

# PPB'S COMMITMENT TO SUSTAINABILITY

## ABOUT THIS STATEMENT

2021 marks the sixth year of dedicated sustainability reporting as part of the annual reporting of PPB Group Berhad ("PPB") and its subsidiaries ("the Group"). The Group is continuously striving to improve our environmental, social and governance ("ESG") performance across all business segments, and has made good progress since our first sustainability statement in 2016.

This year marks our inaugural year of showcasing the year's achievements and challenges with a standalone Sustainability Report. This Statement provides a summary of our key ESG activities and highlights and is intended to be read in conjunction with the standalone Sustainability Report.

The FY2021 Sustainability Report encompasses our ESG efforts across the five main business segments in Malaysia; *Grains and Agribusiness*, *Consumer Products*, *Film Exhibition and Distribution*, *Environmental Engineering and Utilities*, and *Property*, as well as PPB's Headquarters in Kuala Lumpur, for the reporting period from 1 January 2021 to 31 December 2021 ("FY2021").

## REPORTING FRAMEWORK

The Sustainability Report was prepared in accordance with the Bursa Malaysia Securities Main Market Listing Requirements, with reference to the 2<sup>nd</sup> Edition Sustainability Reporting Guide. The report was also written with reference to the Global Reporting Initiative ("GRI") Standards. As part of our efforts to elevate our sustainability disclosures, we have also incorporated the United Nations Sustainable Development Goals ("UN SDGs" or "SDGs") into our reporting framework this year.

## FEEDBACK

In line with our efforts to expand and substantiate our sustainability reporting and strategies, we welcome feedback from our stakeholders.

Contact details:

Email [corporateaffairs@ppb.com.my](mailto:corporateaffairs@ppb.com.my)  
 Telephone no. 603-2726 0088  
 Office address PPB Group Berhad (Sustainability, Corporate Affairs Dept)  
 Letter Box No. 115, 12<sup>th</sup> Floor UBN Tower,  
 No. 10 Jalan P. Ramlee, 50250 Kuala Lumpur, Malaysia.

## FY2021 SUSTAINABILITY HIGHLIGHTS

Listed on FTSE4Good Index Series since 2018.



FTSE4Good

Established a 5-year sustainability roadmap.



**100%** of subsidiaries assessed for Anti-Bribery and Corruption risk.



More than **RM9 million** invested in renewable energy and energy saving initiatives.



More than **RM7 million** invested into the community.



**ZERO** fatalities across the Group.

0

**8,110 kg** plastic saved from plastic packaging efficiency projects.



Upgraded to a 4-star ESG grading band in the FTSE Bursa Malaysia Emas.



Conducted an ESG gap analysis.



GSC awarded the Platinum Putra Brand award (Entertainment Category) for the 5<sup>th</sup> consecutive year.



## PPB'S COMMITMENT TO SUSTAINABILITY

### SUSTAINABILITY POLICY

The Group's Sustainability Policy, which was developed and reviewed by the Sustainability Steering Committee ("SSC"), was approved by PPB's Board of Directors ("the Board") in early 2018. The Policy is based on three core aspects: *People/Human Rights*, *Environment*, and *Ethics and Marketplace*. The Policy will be continually improved upon and reviewed by the Board.

#### People/Human Rights

- The Group's Human Rights Policy is guided by the Universal Declaration of Human Rights and outlines the basic principles of non-discrimination, fair employment conditions, health and safety, workplace security, privacy/data protection, no child or forced labour or human trafficking, and community rights.
- Whistleblowing and sexual harassment policies and grievance handling procedures support the human rights policy are in place.
- The Group is also committed to delivering high standards of service, product quality and customer engagement.

#### Environment

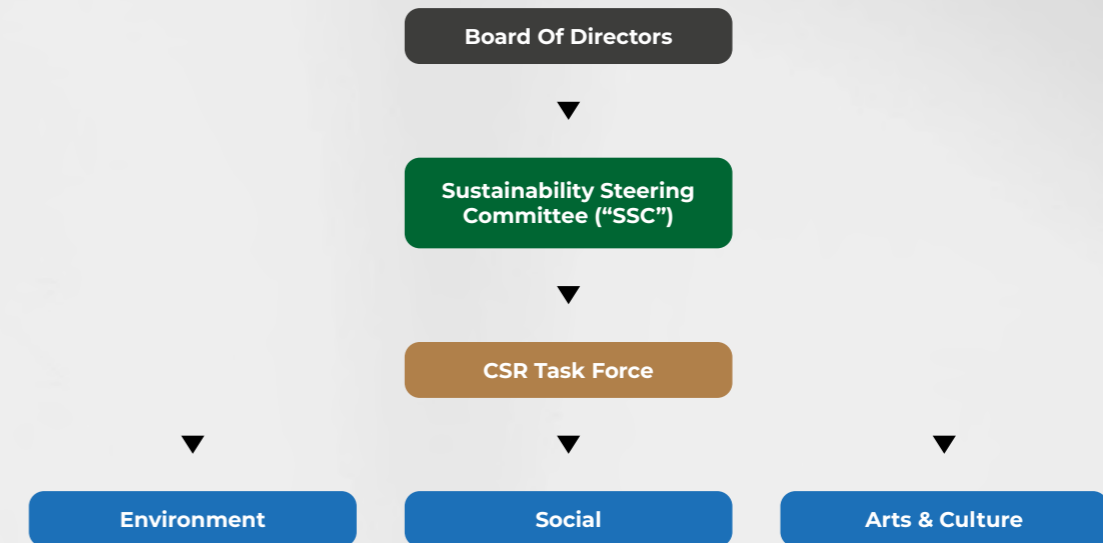
- The Group recognises the importance of environmental protection for business sustainability:
  - (a) Sustains a program of continual improvement in environmental performance by incorporating suitable monitoring mechanisms and improvement targets on aspects which are material to our operations.
  - (b) Integrates the consideration of environmental and biodiversity concerns and impacts into its decision making and activities.
  - (c) Promotes environmental awareness among its employees and customers.

#### Ethics and Marketplace

- Group's integrity, transparency and accountability is enhanced by:
  - (a) Code of Conduct and Ethics which can be accessed on the corporate website.
  - (b) Product Quality, Food Safety commitments and Halal Compliance.
  - (c) Supplier engagements, where the Group engages with agents, suppliers and contractors to support sustainability efforts.
  - (d) Privacy/Data Protection which highlights the Group's commitment to respecting the confidentiality of personal information of our customers and employees.

### SUSTAINABILITY GOVERNANCE

A robust governance structure provides the Group with accountability and transparency across its business operations, including sustainability practices. PPB's three-tiered sustainability governance structure was established in 2017. The Board has responsibility for this function and is supported by the SSC, which in turn is assisted by the Corporate Social Responsibility ("CSR") Task Force. The SSC is chaired by PPB's Managing Director and comprises the Group Chief Sustainability Officer, PPB's Department Heads, as well as the Heads and Sustainability Officers across all business segments.



### THE GROUP'S COMMUNICATION WITH STAKEHOLDERS

Stakeholders are an integral component of the Group's operations. Gaining insights from key stakeholders enables the Group to steer business decisions and strategies to meet stakeholder expectations. We employ multiple channels to engage with our stakeholders, allowing us a comprehensive understanding of their feedback on ESG and economic issues that are material to them.

In FY2021, the Group conducted a survey to re-identify the key stakeholder groups that significantly influence or are affected by each of the business segments' activities. From this internal survey, we identified 10 stakeholder groups deemed most relevant to the Group:

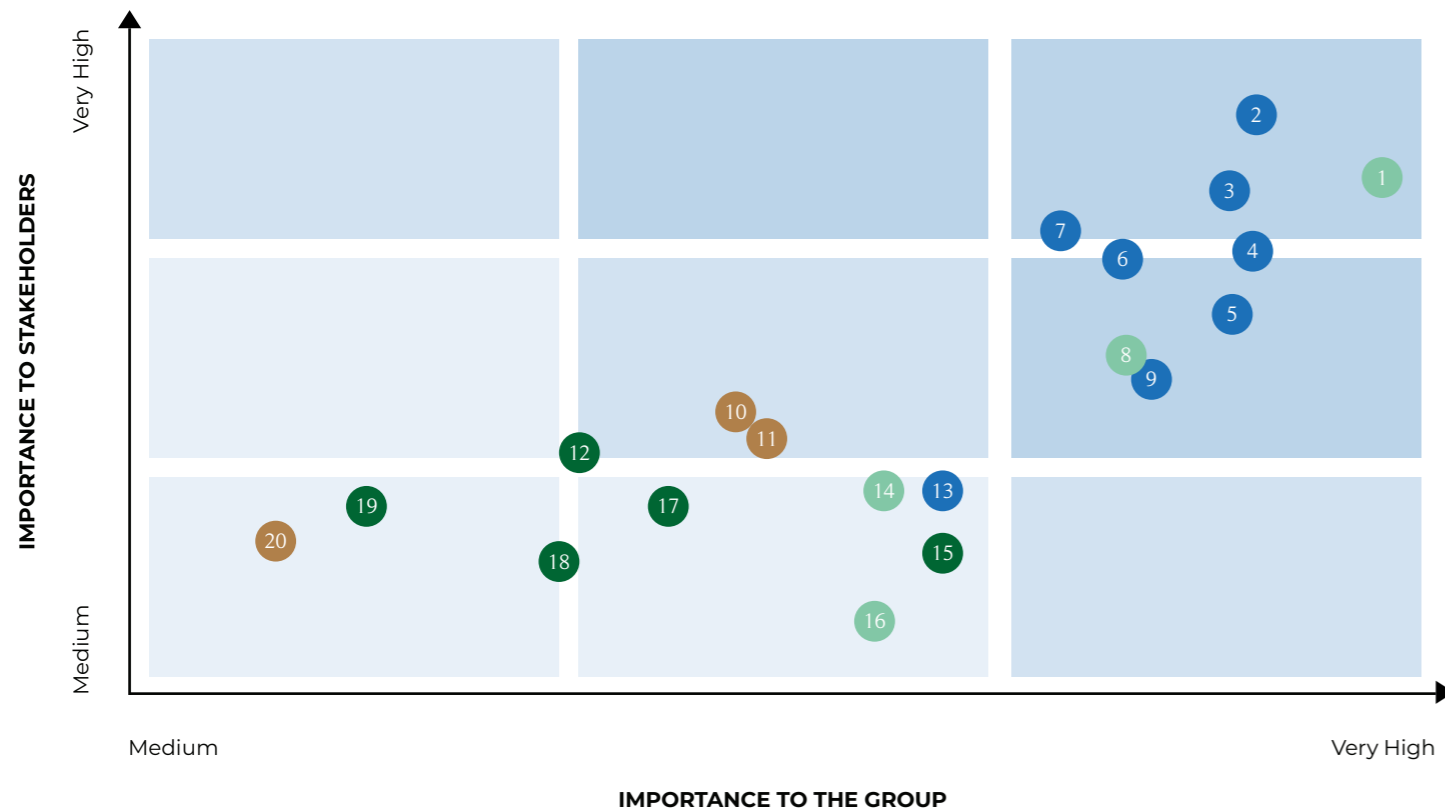
- Employees
- Customers
- Shareholders
- Vendors/Suppliers
- Certification Bodies
- Financial Institutions
- Government/Regulatory Bodies
- Industry Peers
- Local Communities
- Media

PPB'S COMMITMENT TO SUSTAINABILITY

MATERIAL SUSTAINABILITY MATTERS AND MATRIX

Materiality assessments are conducted to identify and assess the key ESG matters that may present the greatest opportunities and risks for our business operations and stakeholders. Categorising these material sustainability matters gives the Group direction in decision-making, strategies, targets and reporting.

Our first materiality assessment was conducted in 2016 and we regularly review the material topics to capture any changes in the Group or stakeholders' priorities. In FY2021, a workshop was conducted to reassess and identify material sustainability matters relevant to the Group and to our stakeholders. Based on the responses from the internal survey, we identified 20 material matters for this year. A materiality matrix, illustrated below, was then generated to visualise the relative prioritisation of the material sustainability matters to the Group's operations and to the key stakeholders. The materiality matrix was reviewed and approved by the SSC and Heads of the business segments, and subsequently by the Board.



- Legend**
- Environmental Impact** (Green circle): 12. Climate Change, 15. Energy Efficiency, 17. Waste Management, 18. Water Management, 19. Sustainable Packaging
  - Working Environment** (Light green circle): 1. Health and Safety, 8. Labour Management and Satisfaction, 14. Diversity and Inclusion, 16. Talent Attraction and Retention
  - Marketplace Engagement** (Blue circle): 2. Quality and Safety, 3. Corporate Governance and Ethical Business Practices, 4. Customer Satisfaction, 5. Economic Performance, 6. Brand Image and Reputation, 7. Data Protection, 9. Business Risk Management and Continuity, 13. Supply Chain Management
  - Community Investment** (Orange circle): 10. Human Rights, 11. Nutrition, Health and Wellness, 20. Community Engagement and Development

ENVIRONMENTAL IMPACT

Our achievements in FY2021:

Estimate of <b>821,467 kWh</b> saved from energy saving initiatives.	Total of <b>412 MT</b> of waste recycled.
Water discharge quality parameters are within the standards.	Estimate of <b>8,110 kg</b> plastic saved from packaging efficiency.



Our overarching environmental ambition is to achieve a net zero environmental impact utilising the circular economy model across all the five business segments. Adopting this model would help us reduce waste generation, emissions, resource, energy and water consumption, as well as protect biodiversity. We are proud to report that for more than five years, we have not converted any land for agricultural use nor have we cleared any forests for agricultural purposes.

KEY HIGHLIGHTS:

Climate Change

The Group has considered the implications of extreme weather on our primary business segment – *Grains and Agribusiness* – and adopted preventive measures to mitigate the impacts. Group-wide commitment on climate change initiatives and emission reduction practices are under the purview of the Sustainability Steering Committee (“SSC”), headed by PPB’s Managing Director.

In FY2021, the Group reported total emissions of **75,169 tCO<sub>2</sub>e**, of which 89.6% were Scope 2 (electricity and chilled water) emissions, while Scope 1 (petrol, diesel, fuel oil and natural gas) and Scope 3 (employee air/land travel) made up 10.2% and 0.2% respectively, of the overall emissions. At JBFM Prai, we have begun switching our fuel use from light fuel oil to liquid petroleum gas (“LPG”), a fuel that produces lower carbon emissions. The bakery division has also successfully converted three out of four lines of oven burners from liquefied natural gas (“LNG”) to LPG in 2021.

Energy Efficiency

Energy production and consumption are closely linked to climate change as the production of grid electricity from carbon fuel sources is responsible for GHG emissions. Total energy usage in FY2021 for the Group was **118,265,008 kWh**, an increase of 1.5% compared to 2020. This increase is partially attributable to the inclusion of the food processing division in this report, which has not been included in previous years. The *Grains and Agribusiness*, and *Consumer Products* segments have implemented several measures to reduce energy consumption. FFM Pulau Indah has set a minimum air conditioner temperature of 24°C and converted standard motors to high efficiency type of motors. Similarly, conventional autotransformers have been replaced with soft starter transformers while a solar project has been initiated and is scheduled to be completed in 2022. A solar project is also underway at The Italian

Baker (Pulau Indah), while the solar project by livestock division’s FFM Farms (Trong) has been in operation since December 2021.

Water Management

With the goal of water use efficiency in view, we commissioned and completed a water footprint assessment in 2018 for our top two identified water-consuming divisions – property and cinema. As a Group, we consumed **883,264 m<sup>3</sup>** of water in 2021, a decrease of 11% from 2020. The reduction was mainly from our property division which saw its consumption reduced by more than 23% due mainly to pandemic disruptions. FFM (Sabah) has implemented a rainwater harvesting system with the installation of an 800-gallon tank to collect rainwater to be used in cleaning equipment including pallets, forklifts, and containers.

Waste Management

As a Group, we have adopted and adhere to the **waste hierarchy of Reduce, Reuse, Recycle, and Recover**. Due to the diversity of our operations across business segments, we have developed division-specific waste management procedures. For example, the livestock division uses reusable plastic egg trays and crates instead of paper boxes to reduce the generation of paper waste across the supply chain. We have also established continuous monitoring procedures for effluent water quality and implemented wastewater treatment facilities where applicable. In 2021, the Group recycled **412 MT** of recyclables ranging from scrap metal, waste paper, polypropylene to aluminium, plastic scraps and low-density polyethylene.

This year, the Group recorded two cases of environmental non-compliance due to the duration of scheduled waste storage and pollution. The resulting fines amounted to RM3,000. The Group has since taken action to rectify the matter and has implemented additional precautions to ensure the incidents are not repeated.

## PPB'S COMMITMENT TO SUSTAINABILITY

### Sustainable Packaging

The use of packaging to protect product quality and safety is essential to our daily operations. However, we understand the importance of taking into account the overall lifecycle of our packaging, including eventual waste generation from the packaging's disposal. At our bakery and food processing divisions, we have been reducing the raw material inputs required for our packaging. Our packaging efficiency projects are estimated to have saved **8,110 kg** of plastic in FY2021. At our cinema division, we have converted the majority of the cinema concessions' conventional plastic wares and packaging to biodegradable options. The division has also rolled-out a single-use plastic bottle recycling programme in ten cinemas in the Klang Valley.

## WORKING ENVIRONMENT

### Our Achievements in FY2021:

**48,837 training hours** in total across the Group.

**Zero fatalities** reported across the Group.

**34.7%** of management are women.

### Alignment to SDGs:



Our people are the pillars of the Group's overall progress and performance. In recognising this, the Group strives to provide a stimulating and conducive environment to allow our employees to develop and have a positive working experience. We believe in growing our employees' potential, not only for improved work performance, but also to encourage their personal growth and achievements.

## KEY HIGHLIGHTS:

### Health & Safety

In addition to physical wellbeing, mental health has become a focus area in recent years, particularly in light of the isolating effects of the COVID-19 pandemic. The Group introduced the Mental Health First Aid Programme, which offers training to leaders and employees in extending support to fellow colleagues dealing with mental health issues.

In support of the National COVID-19 Immunisation Programme, the Group organised awareness talks on the importance of vaccination and hosted a privatized COVID-19 vaccination programme for employees based at remote areas. Measures were also implemented to ensure safety in the workplace, including regular sanitization. Employees are provided with face masks, self-test kits and sanitizing gel while temperature checks and health declarations are likewise enforced.

The Group recorded a total of **23** accidents in FY2021, a drop of 23.3% from 2020. There were no major injuries reported and the relevant divisions where accidents occurred have carried out appropriate investigations, reviewed the findings and strengthened measures to prevent future occurrence.

### Diversity & Inclusion

The Group believes that diversity and inclusion are imperative to business growth and development. We have a zero tolerance policy against discrimination of any form. All employees and potential employees are afforded equal opportunities in hiring and selection practices regardless of gender, sexual orientation, race, ethnicity or religion.

Foreign workers comprise about 7.5% of the Group's total workforce, with the majority being employed in the *Grains and Agribusiness* and *Consumer Products* segments. Other than being provided with housing and transportation, they are afforded with the same work benefits as our local staff, including medical care and incentive schemes, and are equally included in the Group's decisions and strategies.

### Labour Management & Satisfaction

By improving employment standards, we do not only improve the overall corporate productivity, but we also improve our people's engagement and morale. The Group has remained committed to providing our employees with the best care and workplace experience by adapting labour management relations to suit the 'new-normal'. We also offer incentive schemes, medical care and opportunities to participate in corporate social and recreational events. Staff are also encouraged to volunteer in the range of CSR activities organised by the Group.

In FY2021, the Group conducted its first Group-wide Employee Engagement Survey ("EES") to gather inputs from employees on their experiences in the aspects of leadership, talent focus, agility and other factors that contribute to a conducive workplace. Based on the responses received, we are in the process of generating an action plan to improve the current EES score, as well as introduce initiatives to enhance the overall employee engagement level.

This year, the Group recorded a total headcount of **5,297** employees, including both permanent employees and contract staff. **12.4%** of our employees work on a part-time basis - mainly in the cinema operations, to cater to the cyclical nature of the business.

### Talent Attraction & Retention

The Group's growth potential is dependent on a skilled and talented workforce. We provided **48,837** training hours this year across all business segments. For FY2021, the Group recorded a full-time voluntary turnover of **15.8%**. We strive to maintain a strong presence in the job market through employer branding via social media, participation in career fairs and providing internship programmes to graduates.

## MARKETPLACE ENGAGEMENT

### Our Achievements in FY2021:

**No** corruption or bribery cases recorded throughout the Group.

All subsidiaries conducted a corruption risk assessment.

### Alignment to SDGs:



## KEY HIGHLIGHTS:

### Quality & Safety

Our operations adhere to stringent international quality and safety standards to ensure the safety and satisfaction of our customers. The food-related business divisions comply with relevant food regulations and standards, including HACCP Certification (MS1480:2007), HACCP Codex Alimentarius Certification, GMP Certification (MS1514:2009), FSSC 22000 and ISO 22000 Food Safety Management System ("FSMS") and are Halal certified.

The Italian Baker, under the Consumer Products segment, introduced a tamper-evident bread bag packaging for all Massimo bread loaves. The laser-sealed packaging, which is a first in Malaysia, is designed with product safety in mind and eliminates the possibility of tampering.

### Corporate Governance & Ethical Business Practices

The Group has established various codes and policies to uphold high standards of conduct and integrity throughout the value chain. In FY2021, all subsidiaries within the Group completed a corruption risk assessment. The Board has delegated the authority and operational decisions for the Anti-Bribery and Corruption policy to the Group Integrity Steering Committee ("GISC"). No incidences relating to corruption or bribery were reported in FY2021. However, there was one whistleblowing allegation during the year which was dealt with in accordance with the Group's Whistleblowing Policy and Procedures.

### Customer Satisfaction

Relevant business segments conduct regular customer satisfaction surveys and receive customer complaints and feedback forms, covering such areas as product quality, timeliness, service levels and staff competence. At the cinema division, customer feedback received were **1,802** in FY2021, while complaints received were **43** (per 100,000 admissions) and were generally related to technical difficulties encountered on an e-payment partner's platform.

## PPB'S COMMITMENT TO SUSTAINABILITY

### Economic Performance

Our economic performance allows us to continue delivering quality products and services to our customers to meet their evolving demands. Audited financial statements can be found in pages 75 to 194 of the FY2021 Annual Report.

### Brand Image & Reputation

PPB being a conglomerate adheres to requirements from not only national but also international standards to set ourselves apart from our contemporaries. This year, GSC once again attained the Platinum Brand Award (Entertainment category) from the Putra Brand Awards. GSC also won the "Most Preferred Graduate Employer" award at the Graduate's Choice Award 2021.

### Data Protection

The Group is compliant with the Personal Data Protection Act 2010, and relevant divisions with higher data privacy risks have formal customer privacy policies in place. Our employees receive training on data and IT security awareness to emphasise the necessity of personal data protection. We have also implemented a standardised antivirus, firewall, malware protection and Enterprise Network Architecture to enhance cybersecurity within the Group.

### Business Risk Management & Continuity

In FY2021, the Group identified a number of key risks and challenges impacting the business operations, including rising material and commodity prices, disruptions to the global supply chain, and the implementation of work from home which poses cybersecurity concerns. To address these challenges, we have implemented stronger procurement practices, cost control and cash flow monitoring, and enhanced cybersecurity. We also continuously monitor the stock levels and we coordinate internally to reduce the risk of supply chain disruption and to continue delivering the best services to our customers.

### Supply Chain Management

In FY2021, our oil palm plantations which are Malaysian Sustainable Palm Oil ("MSPO") MS2530-3:2013 certified, produced and sold **9,624 MT** of fresh fruit bunches ("FFB"). The Group utilised a total of 17,160 MT palm oil in 2021, 382 MT or **2%** of which was RSPO-certified palm oil.

The Group recognises that advocating for sustainability has to be carried down the whole value chain. The Group's Human Rights Policy is applicable to all suppliers, vendors and subcontractors acting on our behalf.

## COMMUNITY INVESTMENT

### Our Achievements in FY2021:

Introduction of **V-Soy No Sugar** and **Massimo Seeded Multigrain with Barley** to improve nutrition, health and wellness of consumers.

**Zero** human rights cases or violations in FY2021.

More than **RM7 million** spent on community investments in FY2021.

### Alignment to SDGs:



The Group acknowledges that our operations can cause potential disruptions to the communities in the areas where we operate. Through these unprecedented times, we have remained committed to giving back to communities and upholding the human rights of our people and the wider society.

## KEY HIGHLIGHTS:

### Human Rights

The Group maintains utmost respect for the rights of the indigenous people of Malaysia, the foreign workforce, and other marginalised communities. In 2018, we established a Human Rights Policy to reinforce our commitment to protecting the human rights of all individuals who are within the Group's purview, including members of our local communities.

### Nutrition, Health & Wellness

We aim to provide our customers with nutritious choices and transparent information for them to make informed decisions on the products they consume. The flour milling division specialises in consumer-packed flour products such as Blue Key self-raising flour, superfine white flour, and Cap Sauh flour which are enriched with vitamins and minerals to provide a more nutritious cooking and baking experience. The division also offers alternative flours for those with dietary restrictions or certain allergies, with a range of whole wheat flour, atta flour and stabilised wheat germ

In June 2021, FFM Marketing launched a new zero-sugar-added product called "V-Soy No Sugar 200 ml" with greatly reduced sugar content compared to the original V-Soy product.

### Community Engagement & Development

This year continued to be difficult for many members of our community who were under lockdown for almost half the year. Since the start of the MCO, the Group has partnered with Food Aid Foundation, Kechara Soup Kitchen ("KSK"), Kembara Kitchen, Mutiara Food Bank and Yayasan Food Bank Malaysia, among others, to distribute food aid to vulnerable families and communities nationwide.

In the Klang Valley and Penang areas, we supported public funded quarantine centres managed by Crisis Relief Services & Training Berhad ("CREST"), with three main meals a day for three months. We also provided a total of 149,700 lunch meals to 2,400 recipients in Seremban, Penang, Johor and Klang Valley whilst generating income to a total of 52 unemployed individuals who prepared the meals.

In total, more than 20,000 vulnerable families received food aid from the Group through collaboration with reputable organisations. As a whole, the Group contributed more than **RM7 million** in community investments in 2021, **85.4%** of which was spent on COVID-19 related initiatives.



For the detailed Sustainability Report, please scan this QR code for a direct link to our Sustainability Report online:



<https://www.ppbgroup.com/images/pages/sustainability/sustainability-report/ppb-sustainability-report.pdf>

# AUDIT COMMITTEE REPORT

## COMPOSITION

The members of the Audit Committee ("AC") of PPB Group Berhad ("PPB") during the financial year ended ("FYE") 31 December 2021 comprised the following Directors:

Name of AC member	Position	Designation
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 2021 and details of attendance of each committee member are as follows:

Name of AC member	NO. OF AUDIT COMMITTEE MEETINGS	
	Held	Attended
Mr Soh Chin Teck	6	6
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	6	6
Madam Tam Chiew Lin	6	6

The AC performed the duties specified in its terms of reference in FYE 31 December 2021 as follows:

### External audit

- 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 business units ("BU"), reviewed the external auditors' audit plan and scope of work for FYE 31 December 2021. 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.
- 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 BUs, 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.
- 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 applicable financial reporting standards. The CFO addressed all concerns from the AC accordingly.

- 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.
- The AC reviewed the annual assessment conducted on the effectiveness, suitability and independence of the external auditors.
- The AC met with the external auditors without the presence of management after the conclusion of their audit. At the meeting, 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

- 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.

- Significant audit issues raised in ARC meetings are further discussed at AC meetings and where necessary, the AC may also request the chief executives of the subsidiaries to provide further information and explanation.
- 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.

- The AC reviewed and approved PPBIAD's 2021 audit plan, scope and audit approach which is guided by the risk-based assessment approved by the AC.
- At the AC meeting held on 29 November 2021, 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

- 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, including PPB Group's procedures and processes to identify, track and monitor RRPTs.
- The AC reviewed RPT issues including any COI situations as and when highlighted in internal audit reports.
- The AC noted the RPTs and RRPTs entered into by the Group in FYE 2021.

### Risk management

- The AC provided oversight, direction and resources for the implementation of the risk management framework in the following key areas:
  - assessing the effectiveness of the Group's enterprise-wide risk management framework.
  - reviewing the risk reports of the Group on a quarterly basis.
  - ensuring the risk management activities of risk identification, assessment, action plans and monitoring of key risks are implemented throughout the organisation.
  - 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.

## AUDIT COMMITTEE REPORT 2021

### Others

16. The AC reviewed the Audit Committee Report and the Statement on Risk Management and Internal Control for inclusion in the 2021 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 2021 was about RM2.8 million.

### SUMMARY OF THE WORK OF PPBIAD

PPBIAD is a corporate member of the Institute of Internal Auditors Malaysia ("IIAM"). The activities and processes of PPBIAD are guided by its charter and generally conform to the 'International Standards for the Professional Practice of Internal Auditing', 'Code of Ethics' and 'Definition of Internal Auditing' in the International Professional Practices Framework adopted by the IIAM, as well as the annual audit plan approved by the AC. PPBIAD adopts a risk-based approach in the development of its audit plan.

During FYE 31 December 2021, PPBIAD:

#### Key audit areas

1. Reviewed the key risk areas identified by management of PPB and its subsidiaries, and additional risk areas identified by PPBIAD by testing the adequacy and effectiveness of the key internal controls to manage those risks, and performing root cause analysis on audit observations.
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 its 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 with the AC Chairman on thirteen occasions to review key audit issues and discussed audit related matters prior to scheduled AC meetings. At these discussions, the AC Chairman provided guidance and support to further improve the efficiency and effectiveness of PPBIAD. The HIA also met separately with the AC without the presence of management on one occasion during the financial year.
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 2021 was 11. The HIA, Mr Seng Kian Aik, is a member of IIAM, Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants, and Chartered Accountants Australia and New Zealand. All PPBIAD auditors have at least a relevant tertiary education.
11. Staff attended relevant courses and seminars organized by IIAM 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](http://www.ppbgroup.com))*

**Soh Chin Teck**  
Audit Committee Chairman

**24 March 2022**



# 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 Code of Conduct and Ethics stipulated in the employment terms and conditions.

Group-wide Integrity Steering Committees have been established to provide oversight on matters relating to integrity and ethics, including bribery and corruption.

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

As part of the Group's effort to remain resilient during a 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 regularly 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.

28 February 2022

## FINANCIAL STATEMENTS

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## 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 2021 set out on pages 83 to 190 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 24 March 2022.

## 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 2021.

### 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	1,507,115	774,264
Attributable to:		
Owners of the parent	1,496,111	774,264
Non-controlling interests	11,004	-
	1,507,115	774,264

### 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 2020 as disclosed in the Directors' report of that year:	
Final dividend of 22 sen per share paid on 1 June 2021	312,972
Special dividend of 16 sen per share paid on 1 June 2021	227,616
In respect of the financial year ended 31 December 2021:	
Interim dividend of 10 sen per share paid on 28 September 2021	142,259
Proposed final dividend of 25 sen per share payable on 1 June 2022*	355,650
	1,038,497

\* The Directors have recommended a final dividend of 25 sen per share in respect of the financial year ended 31 December 2021, for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect these proposed dividend. Such dividend, if approved, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

## 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	<i>(Chairman)</i>
Lim Soon Huat	<i>(Managing Director)</i>
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	
Datuk Ong Hung Hock	
Soh Chin Teck	
Ahmad Riza bin Basir	
Tam Chiew Lin	
Tengku Nurul Azian binti Tengku Shahrman	<i>Appointed with effect from 1 March 2022</i>

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid, Madam Tam Chiew Lin and Tengku Nurul Azian binti Tengku Shahrman retire pursuant to the Constitution of the Company 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

Name of Director	No. of ordinary shares			As at 31.12.21
	As at 1.1.21	Bought	Sold	
<b>Direct interest</b>				
Tan Sri Datuk Oh Siew Nam	144,799	-	-	144,799
Tam Chiew Lin	7,200	-	-	7,200
<b>Deemed interest</b>				
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

Name of Director	No. of ordinary shares			As at 31.12.21
	As at 1.1.21	Bought	Sold	
<b>Deemed interest</b>				
Tan Sri Datuk Oh Siew Nam	18,000	-	-	18,000

## DIRECTORS' REPORT

## Interest in holding company – Kuok Brothers Sdn Berhad

Name of Director	No. of ordinary shares			As at 31.12.21
	As at 1.1.21	Bought	Sold	
<b>Deemed interest</b>				
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

Name of Director	No. of ordinary shares			As at 31.12.21
	As at 1.1.21	Bought	Sold	
<b>Deemed interest</b>				
Tan Sri Datuk Oh Siew Nam	100,000	-	-	100,000

The other Directors holding office at 31 December 2021 did not have any interest in the ordinary shares of the Company and its related corporations during the financial year.

## DIRECTORS' REPORT

**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.

## DIRECTORS' REPORT

**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 43; 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 39 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 24 March 2022.

On behalf of the board

**LIM SOON HUAT**

Managing Director

Kuala Lumpur

24 March 2022

**DATO' CAPT. AHMAD SUFIAN @**

**QURNAIN BIN ABDUL RASHID**

Director

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
<b>Revenue</b>	<b>3</b>	<b>4,857,430</b>	4,190,690
Cost of sales		(4,458,134)	(3,760,894)
Gross profit		399,296	429,796
Other operating (expenses)/ income		(36,164)	80,753
Distribution costs		(196,284)	(189,972)
Administrative expenses		(201,200)	(199,881)
Other expenses		(9,778)	(17,786)
Share of results of associates		1,573,326	1,343,138
Share of results of joint ventures		4,317	3,568
Finance costs	4	(35,440)	(28,683)
<b>Profit before taxation</b>	<b>5</b>	<b>1,498,073</b>	1,420,933
Tax credit/(expense)	6	9,042	(57,511)
<b>Profit for the year</b>		<b>1,507,115</b>	1,363,422
Attributable to:			
Owners of the parent		1,496,111	1,316,961
Non-controlling interests		11,004	46,461
		1,507,115	1,363,422
Earnings per share - basic and diluted (sen)	7	105.2	92.6

The accompanying notes form an integral part of the financial statements

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 RM'000	2020 RM'000
Profit for the year	1,507,115	1,363,422
Other comprehensive income/(loss), net of tax		
<b>Items that will not be subsequently reclassified to profit or loss</b>		
Fair value gain/(loss) on investment in equity instruments designated as fair value through other comprehensive income	536	(49,601)
Share of associates' other comprehensive income/(loss)		
- Fair value reserve	2,576	(65,021)
- Capital reserve	(415)	4,867
<b>Items that will be subsequently reclassified to profit or loss</b>		
Exchange differences on translation of foreign operations	725,396	(400,832)
Share of associates' other comprehensive income/(loss)		
- Exchange foreign reserve	124,449	542,358
- Capital reserve	-	(842)
- Fair value reserve	-	52
- Hedging reserve	50,500	(11,555)
<b>Total comprehensive income, net of tax</b>	<b>2,410,157</b>	1,382,848
Attributable to:		
Owners of the parent	2,382,547	1,328,665
Non-controlling interests	27,610	54,183
	2,410,157	1,382,848

The accompanying notes form an integral part of the financial statements

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	1,383,088	1,320,984
Investment properties	9	317,163	300,506
Right-of-use assets	10	306,022	254,461
Bearer plants	11	4,241	3,566
Land held for property development	12	100,470	100,178
Goodwill	13	71,201	71,201
Other intangible assets	14	11,945	7,704
Investment in associates	16	21,063,903	19,436,825
Investment in joint ventures	17	28,433	22,549
Other investments	18	372,310	356,042
Deferred tax assets	19	44,007	14,605
<b>Total non-current assets</b>		<b>23,702,783</b>	<b>21,888,621</b>
<b>Current assets</b>			
Inventories	20	1,081,814	658,626
Biological assets	11	13,422	8,635
Property development costs	21	41,581	32,613
Contract assets	22	82,529	94,019
Trade and other receivables	23	1,043,956	769,036
Derivative financial assets	24	100,650	360
Current tax assets		34,111	11,407
Cash and cash equivalents	25	1,296,316	1,420,341
<b>Total current assets</b>		<b>3,694,379</b>	<b>2,995,037</b>
<b>TOTAL ASSETS</b>		<b>27,397,162</b>	<b>24,883,658</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	26	1,429,314	1,429,314
Reserves	27	4,277,355	3,377,002
Retained earnings		18,724,819	18,012,433
<b>Equity attributable to owners of the parent</b>		<b>24,431,488</b>	<b>22,818,749</b>
<b>Non-controlling interests</b>		<b>748,815</b>	<b>727,696</b>
<b>Total equity</b>		<b>25,180,303</b>	<b>23,546,445</b>
<b>Non-current liabilities</b>			
Borrowings	28	137,355	25,461
Lease obligations	10	265,835	239,307
Deferred tax liabilities	19	101,156	110,139
Provision for restoration cost	30	33,273	28,620
<b>Total non-current liabilities</b>		<b>537,619</b>	<b>403,527</b>
<b>Current liabilities</b>			
Contract liabilities	22	28,022	19,570
Trade and other payables	29	521,414	367,732
Derivative financial liabilities	24	107,383	54,009
Borrowings	28	965,230	455,798
Lease obligations	10	52,380	28,844
Provision for restoration cost	30	960	1,695
Current tax liabilities		3,851	6,038
<b>Total current liabilities</b>		<b>1,679,240</b>	<b>933,686</b>
<b>Total liabilities</b>		<b>2,216,859</b>	<b>1,337,213</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>27,397,162</b>	<b>24,883,658</b>

The accompanying notes form an integral part of the financial statements

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

		← Attributable to owners of the parent →								
		← Non-distributable →								
	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
<b>At 1 January 2021</b>		1,429,314	2,787,693	(97,239)	(56,863)	743,411	18,012,433	22,818,749	727,696	23,546,445
Other comprehensive income/(loss)		-	833,239	(14,705)	50,500	(415)	17,817	886,436	16,606	903,042
Profit for the year		-	-	-	-	-	1,496,111	1,496,111	11,004	1,507,115
Total comprehensive income/(loss)		-	833,239	(14,705)	50,500	(415)	1,513,928	2,382,547	27,610	2,410,157
Share of other changes in equity of associates		-	-	-	-	(86,961)	-	(86,961)	-	(86,961)
Transfer of reserves	27	-	(113)	-	-	118,808	(118,695)	-	-	-
Dividends paid to shareholders of the Company	31	-	-	-	-	-	(682,847)	(682,847)	-	(682,847)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	-	(7,544)	(7,544)
Realisation upon liquidation of subsidiaries		-	-	-	-	-	-	-	(1,567)	(1,567)
Issue of shares to non-controlling interests		-	-	-	-	-	-	-	2,620	2,620
<b>At 31 December 2021</b>		1,429,314	3,620,819	(111,944)	(6,363)	774,843	18,724,819	24,431,488	748,815	25,180,303
<b>At 1 January 2020</b>		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
Share of other changes in equity of associates		-	-	-	-	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
<b>At 31 December 2020</b>		1,429,314	2,787,693	(97,239)	(56,863)	743,411	18,012,433	22,818,749	727,696	23,546,445

The accompanying notes form an integral part of the financial statements

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 RM'000	2020 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	1,498,073	1,420,933
<b>Adjustments for non-cash items:</b>		
Amortisation and depreciation	168,771	186,617
Impairment of contract assets and receivables	2,622	9,357
Property, plant and equipment and other assets written off	318	1,324
Reversal of provision for restoration cost	(363)	(4,196)
Impairment of property, plant and equipment	-	3,890
Impairment of goodwill	-	2,503
Rental waiver income	(16,299)	(16,962)
Loss on disposal of property, plant and equipment	1,177	75
Gain on purchase of a former associate	-	(20,603)
Loss on disposal of an associate	3,879	-
Fair value (gain)/loss on biological assets	(1,598)	11,533
Share of results of associates	(1,573,326)	(1,343,138)
Share of results of joint ventures	(4,317)	(3,568)
Inventories written down	1,219	2,601
Unrealised net foreign exchange (gain)/loss	(12,665)	529
Unrealised net (gain)/loss on fair value of derivative financial instruments	(80,835)	11,537
Interest expense	35,440	28,683
Dividend income	(25,038)	(5,457)
Income from short-term fund placements	(17,290)	(27,590)
Interest income	(4,433)	(6,937)
<b>Operating (loss)/profit before working capital changes</b>	<b>(24,665)</b>	<b>251,131</b>
<b>Adjustments for working capital changes:</b>		
Increase in property development costs	(9,260)	(13,732)
(Increase)/decrease in inventories	(417,455)	135,095
(Increase)/decrease in trade and other receivables	(158,174)	1,411
Increase/(decrease) in net contract assets/liabilities	19,942	(51,504)
Increase/(decrease) in trade and other payables	152,000	(271,300)
<b>Cash (used in)/generated from operations</b>	<b>(437,612)</b>	<b>51,101</b>
Tax paid	(53,912)	(70,346)
<b>Net cash used in operating activities</b>	<b>(491,524)</b>	<b>(19,245)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 RM'000	2020 RM'000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition of property, plant and equipment	(190,326)	(104,065)
Addition of investment properties and other intangible assets	(31,787)	(22,388)
Proceeds from disposal of property, plant and equipment	5,180	1,148
Distribution of profit from joint venture	8,106	7,668
Dividends received	784,584	509,565
Income received from short-term fund placements	16,316	28,540
Interest received	4,551	7,050
Investment in associates	(93,013)	(77,775)
Acquisition of remaining interests in an associate (Note 16)	-	(29,373)
Proceeds from disposal of an associate	44,751	-
Proceeds arising from liquidation of an associate	10,321	-
Loan to associates	(54,798)	(1,892)
Proceeds from disposal of other investment	31,144	438
Addition of other investment	(46,694)	(1,000)
<b>Net cash generated from investing activities</b>	<b>488,335</b>	<b>317,916</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of borrowings, net	611,131	129,982
Payment of lease obligations	(24,888)	(26,056)
Interest paid	(23,876)	(17,403)
Dividends paid	(690,391)	(467,170)
Shares issued to non-controlling interests of subsidiaries	2,620	4,145
<b>Net cash used in financing activities</b>	<b>(125,404)</b>	<b>(376,502)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(128,593)</b>	<b>(77,831)</b>
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>1,420,202</b>	<b>1,500,570</b>
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	<b>4,707</b>	<b>(2,537)</b>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<b>1,296,316</b>	<b>1,420,202</b>
<b>Represented by:</b>		
Cash and bank balances	297,790	257,053
Deposits	156,710	224,869
Short-term fund placements	841,816	938,419
Bank overdrafts	-	(139)
	<b>1,296,316</b>	<b>1,420,202</b>

The accompanying notes form an integral part of the financial statements

## INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
<b>Revenue</b>	<b>3</b>	<b>842,377</b>	599,376
Cost of sales		(22,892)	(25,657)
Gross profit		819,485	573,719
Other operating income		12,287	19,025
Administrative expenses		(57,304)	(30,802)
Finance costs	4	(219)	(195)
<b>Profit before taxation</b>	<b>5</b>	<b>774,249</b>	561,747
Tax credit/(expense)	6	15	(17,709)
<b>Profit for the year</b>		<b>774,264</b>	544,038

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 RM'000	2020 RM'000
Profit for the year	774,264	544,038
Other comprehensive loss, net of tax		
<b>Items that will not be subsequently reclassified to profit or loss</b>		
Fair value gains/(losses) on investment in equity instruments designated as fair value through other comprehensive income	974	(46,911)
<b>Total comprehensive income, net of tax</b>	<b>775,238</b>	497,127

The accompanying notes form an integral part of the financial statements

## STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	2021 RM'000	2020 RM'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	1,229	1,773
Investment properties	9	286,620	290,804
Right-of-use assets	10	4,159	4,579
Investment in subsidiaries	15	1,620,212	1,502,902
Investment in associates	16	8,995,990	8,913,795
Other investments	18	313,982	339,147
<b>Total non-current assets</b>		<b>11,222,192</b>	11,053,000
<b>Current assets</b>			
Trade and other receivables	23	12,224	7,081
Current tax asset		1,109	366
Cash and cash equivalents	25	775,611	858,752
<b>Total current assets</b>		<b>788,944</b>	866,199
<b>TOTAL ASSETS</b>		<b>12,011,136</b>	11,919,199
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	26	1,429,314	1,429,314
Fair value reserve		(410,955)	(394,117)
Retained earnings		10,968,886	10,859,657
<b>Total equity</b>		<b>11,987,245</b>	11,894,854
<b>Non-current liabilities</b>			
Borrowings	28	14	100
Deferred tax liabilities	19	282	217
Lease obligations	10	3,057	4,314
<b>Total non-current liabilities</b>		<b>3,353</b>	4,631
<b>Current liabilities</b>			
Trade and other payables	29	19,197	19,287
Borrowings	28	85	81
Lease obligations	10	1,256	346
<b>Total current liabilities</b>		<b>20,538</b>	19,714
<b>Total liabilities</b>		<b>23,891</b>	24,345
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12,011,136</b>	11,919,199

The accompanying notes form an integral part of the financial statements

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	Share Capital RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	Total RM'000
<b>At 1 January 2021</b>		1,429,314	(394,117)	10,859,657	11,894,854
Other comprehensive income/(loss)		-	(16,838)	17,812	974
Profit for the year		-	-	774,264	774,264
Total comprehensive (loss)/income		-	(16,838)	792,076	775,238
Dividends paid to shareholders	31	-	-	(682,847)	(682,847)
<b>At 31 December 2021</b>		1,429,314	(410,955)	10,968,886	11,987,245
<b>At 1 January 2020</b>		1,429,314	(347,206)	10,756,625	11,838,733
Other comprehensive (loss)/income		-	(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)
<b>At 31 December 2020</b>		1,429,314	(394,117)	10,859,657	11,894,854

The accompanying notes form an integral part of the financial statements

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 RM'000	2020 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	774,249	561,747
<b>Adjustments for non-cash items:</b>		
Amortisation and depreciation	8,831	8,805
Impairment of investment in a subsidiary	24,414	-
Dividend income	(819,081)	(577,286)
Income from short-term fund placements	(13,715)	(18,350)
Interest income	(374)	(1,470)
<b>Operating loss before working capital changes</b>	<b>(25,676)</b>	<b>(26,554)</b>
<b>Adjustments for working capital changes:</b>		
Increase in trade and other receivables	(6,270)	(1,226)
Increase in trade and other payables	846	178
<b>Cash used in operations</b>	<b>(31,100)</b>	<b>(27,602)</b>
Tax paid	(666)	(17,989)
<b>Net cash used in operating activities</b>	<b>(31,766)</b>	<b>(45,591)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition of property, plant and equipment	(197)	(584)
Addition of investment properties	(2,607)	(409)
Addition of other investment	(5,005)	(1,000)
Proceeds from disposal of other investment	31,144	-
Investment in subsidiary	(141,724)	-
Net (advances to)/ repayment from subsidiaries	(1,013)	778
Investment in associates	(82,195)	(62,582)
Dividends received	819,081	577,286
Income received from short-term fund placements	13,715	18,350
Interest received	380	874
<b>Net cash generated from investing activities</b>	<b>631,579</b>	<b>532,713</b>

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021 RM'000	2020 RM'000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of lease obligations	(1,438)	(1,347)
Dividends paid	(682,847)	(441,006)
Repayment of borrowing	(82)	(78)
<b>Net cash used in financing activities</b>	<b>(684,367)</b>	<b>(442,431)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(84,554)</b>	44,691
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>858,752</b>	814,490
<b>EFFECTS OF EXCHANGE RATE CHANGES</b>	<b>1,413</b>	(429)
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<b>775,611</b>	858,752
<b>Represented by:</b>		
Cash and bank balances	2,778	1,793
Deposits	89,562	125,904
Short-term fund placements	683,271	731,055
	<b>775,611</b>	858,752

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 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 39.

## 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 2021:

Amendments to MFRS 9, MFRS 7, and MFRS 16 Interest Rate Benchmark

Reform-Phase 2

1 January 2021

Amendments to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021

1 April 2021

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.2 Changes in accounting policies

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 2021, which is effective for financial periods beginning on or after 1 April 2021. 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 2022; 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 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
Amendments to MFRS 112 Income Taxes on Deferred Tax related to Assets and Liabilities arising from a Single Transaction	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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting estimates and judgements (continued)

(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 ventures*

Investments in subsidiaries, associates and joint ventures 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.

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 ventures 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 ventures 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 2021

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 ventures 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 2021

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Basis of consolidation (continued)

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.

2.7 Associates and joint ventures

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 ventures 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Associates and joint ventures (continued)

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.

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%	
Trucks and 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Leases (continued)

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 2021

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 2021

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(a) Financial assets (continued)

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").

*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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(a) Financial assets (continued)

*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).

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(a) Financial assets (continued)

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.

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).

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(a) Financial assets (continued)

*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.

(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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(b) Financial liabilities (continued)

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.

*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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(b) Financial liabilities (continued)

*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.

(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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Revenue recognition (continued)

(a) Revenue from contracts with customers (continued)

*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.

*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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Revenue recognition (continued)

(a) Revenue from contracts with customers (continued)

*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 customers where consideration has 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.

*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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Revenue recognition (continued)

(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 2021

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 2021

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.23 Taxation (continued)

##### 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.

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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

### 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.23 Taxation (continued)

##### Deferred tax (continued)

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.

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

#### 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 2021

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contracts with customers				
(a) Recognised at a point in time				
Sales of goods	4,436,677	3,844,916	-	-
Revenue from cinema operations	74,342	82,980	-	-
(b) Recognised over time				
Construction contracts	191,093	174,006	-	-
Sale of development properties	76,960	31,116	-	-
Rendering of services	28,598	28,595	-	-
	<b>4,807,670</b>	4,161,613	-	-
Rental from leasing of investment properties	24,722	23,620	23,296	22,090
Dividend income				
- subsidiaries	-	-	47,219	84,290
- associates	-	-	747,060	487,738
- other investments	25,038	5,457	24,802	5,258
	<b>4,857,430</b>	4,190,690	<b>842,377</b>	599,376

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 operations RM'000	Other operations RM'000	Total RM'000
<b>2021</b>							
Sales of goods	3,688,799	643,798	33,501	-	6,599	63,980	4,436,677
Sale of development properties	-	-	-	-	76,960	-	76,960
Construction contracts	-	-	-	191,093	-	-	191,093
Revenue from cinema operations	-	-	74,342	-	-	-	74,342
Rendering of services	-	-	8,627	13,542	5,936	493	28,598
	<b>3,688,799</b>	<b>643,798</b>	<b>116,470</b>	<b>204,635</b>	<b>89,495</b>	<b>64,473</b>	<b>4,807,670</b>
<b>2020</b>							
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
	<b>3,135,779</b>	<b>627,681</b>	<b>114,255</b>	<b>188,912</b>	<b>42,437</b>	<b>52,549</b>	<b>4,161,613</b>

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 2021, the aggregate amount of the transaction price allocated to the RUPO of the Group is RM379 million (2020: RM461 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 2021

## 4. FINANCE COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<i>Interest expense on:</i>				
Banker's acceptance	1,202	-	-	-
Revolving credits	4,211	231	-	-
Bank term loans	18,637	16,581	-	-
Bank overdrafts	14	395	-	-
Interest expense on lease obligations	11,370	11,466	213	185
Hire purchase	6	10	6	10
	<b>35,440</b>	<b>28,683</b>	<b>219</b>	<b>195</b>

## 5. PROFIT BEFORE TAXATION

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<i>Profit before taxation is stated after charging/(crediting):</i>				
Amortisation of other intangible assets	2,487	15,034	-	-
Auditors' remuneration				
- statutory audit	953	756	114	90
- non-audit services	101	87	16	16
- underprovision in prior year	-	74	-	17
Other auditors' remuneration				
- statutory audit	332	328	-	-
Impairment of contract assets and receivables	2,622	9,357	1,057	408
Depreciation				
- property, plant and equipment	128,056	131,500	741	750
- investment properties	5,488	5,379	6,791	6,767
- right-of-use assets	32,515	34,461	1,299	1,288
- bearer plants	225	243	-	-
Direct operating expenses from investment properties	27,737	29,125	26,045	27,570

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 5. PROFIT BEFORE TAXATION (CONTINUED)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Directors' remuneration				
- fees	1,033	1,033	1,016	1,016
- other emoluments	3,627	3,406	3,625	3,403
Net foreign exchange loss/(gain)				
- realised	2,393	1,351	(2,651)	(445)
- unrealised	(12,665)	529	1,413	429
Net fair value loss/(gain) on				
- derivative financial instruments	111,118	886	2,770	3,493
- biological assets	(1,598)	11,533	-	-
Reversal of provision of restoration cost	(363)	(4,196)	-	-
Net loss on disposal of				
- property, plant and equipment	1,177	75	-	(63)
- associate	3,879	-	-	-
Gain on purchase of a former associate	-	(20,603)	-	-
Impairment of				
- property, plant and equipment	-	3,890	-	-
- investment in a subsidiary	-	-	24,414	-
- goodwill	-	2,503	-	-
Rental waiver income	(16,299)	(16,962)	-	-
Short-term and low value asset leases	963	1,544	-	-
Property, plant and equipment and other assets written off	318	1,324	-	-
Inventories written down	1,219	2,601	-	-
Interest income	(4,433)	(6,937)	(374)	(1,470)
Income from short-term fund placements	(17,290)	(27,590)	(13,715)	(18,350)
Rental income	(5,802)	(5,307)	-	-

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 6. TAX (CREDIT)/EXPENSE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysian taxation				
Current	23,567	43,477	257	337
Deferred	(40,535)	(17,773)	96	(63)
	<b>(16,968)</b>	25,704	<b>353</b>	274
Foreign taxation				
Current	4,886	5,960	-	-
Deferred	2,447	9,444	-	-
	<b>(9,635)</b>	41,108	<b>353</b>	274
Under/(over) provision in prior year				
Malaysian taxation				
Current	(690)	17,655	(337)	17,384
Deferred	33	(1,289)	(31)	51
Foreign taxation				
Current	1,250	16	-	-
Deferred	-	21	-	-
	<b>593</b>	16,403	<b>(368)</b>	17,435
	<b>(9,042)</b>	57,511	<b>(15)</b>	17,709

The statutory tax rate applicable to the Company is 24% (2020: 24%). Taxation for other jurisdictions is calculated at rates prevailing in other jurisdictions.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 6. TAX (CREDIT)/EXPENSE (CONTINUED)

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before taxation	1,498,073	1,420,933	774,249	561,747
Taxation at applicable tax rate	358,369	339,661	185,820	134,819
<i>Tax effects arising from:</i>				
Effect of share of results of:				
- associates	(377,598)	(322,353)	-	-
- joint ventures	(1,036)	(856)	-	-
Effect on reduction in tax rate	627	(1,049)	-	-
Non-taxable income	(18,300)	(17,165)	(199,682)	(143,448)
Non-deductible expenses	18,640	30,653	14,215	8,903
Utilisation of previously unrecognised tax losses	(1,167)	(1,116)	-	-
Withholding tax on undistributed profits of foreign associates	6,645	8,724	-	-
Deferred tax assets not recognised	4,185	4,609	-	-
Under/(over) provision in prior year	593	16,403	(368)	17,435
	<b>(9,042)</b>	57,511	<b>(15)</b>	17,709

## 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	
	2021	2020
Profit for the year attributable to owners of the parent (RM'000)	1,496,111	1,316,961
Number of ordinary shares in issue ('000)	1,422,599	1,422,599
Earnings per share - basic and diluted (sen)	105.2	92.6

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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 8. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings		Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings, office and other equipment RM'000	Capital work-in-progress- RM'000	Total RM'000
	Freehold RM'000	Leasehold RM'000					
<b>Group</b>							
<b>Cost</b>							
<b>At 1.1.2021</b>	185,743	1,043,938	1,037,637	89,563	199,020	69,837	2,625,738
Additions	283	3,512	11,226	20,072	10,064	141,489	186,646
Disposals	(7,275)	-	(3,808)	(22,154)	(5,548)	-	(38,785)
Exchange differences	-	8,285	9,404	103	257	1,539	19,588
Write-offs	-	(4,462)	(3,165)	(113)	(5,018)	-	(12,758)
Reclassifications	(195)	46,563	70,671	4,203	6,257	(127,499)	-
Transfer from investment properties (Note 9)	-	-	2,091	-	247	-	2,338
Transfer to other intangible assets (Note 14)	-	-	-	-	(30)	(27)	(57)
<b>At 31.12.2021</b>	<b>178,556</b>	<b>1,097,836</b>	<b>1,124,056</b>	<b>91,674</b>	<b>205,249</b>	<b>85,339</b>	<b>2,782,710</b>
<b>Accumulated depreciation</b>							
<b>At 1.1.2021</b>	84,899	420,265	599,074	54,459	138,281	-	1,296,978
Charge for the year	3,652	43,822	56,458	7,740	16,384	-	128,056
Disposals	(3,166)	-	(3,408)	(17,033)	(5,066)	-	(28,673)
Exchange differences	-	2,820	5,123	82	204	-	8,229
Write-offs	-	(4,323)	(3,059)	(75)	(4,991)	-	(12,448)
Reclassifications	(121)	(59)	283	-	253	(356)	-
Transfer from investment properties (Note 9)	-	-	183	-	23	-	206
Transfer to other intangible assets (Note 14)	-	-	-	-	(26)	-	(26)
<b>At 31.12.2021</b>	<b>85,264</b>	<b>462,525</b>	<b>654,654</b>	<b>45,173</b>	<b>145,062</b>	<b>(356)</b>	<b>1,392,322</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings		Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings, office and other equipment RM'000	Capital work-in-progress RM'000	Total RM'000
	Freehold RM'000	Leasehold RM'000					
<b>Group</b>							
<b>Accumulated impairment losses</b>							
At 1.1.2021	476	877	3,158	-	230	3,035	7,776
Disposal	(476)	-	-	-	-	-	(476)
<b>At 31.12.2021</b>	<b>-</b>	<b>877</b>	<b>3,158</b>	<b>-</b>	<b>230</b>	<b>3,035</b>	<b>7,300</b>
<b>Net book value at 31.12.2021</b>	<b>93,292</b>	<b>634,434</b>	<b>466,244</b>	<b>46,501</b>	<b>59,957</b>	<b>82,660</b>	<b>1,383,088</b>
<b>Cost</b>							
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)	(3,615)	(732)	-	(7,858)
Exchange differences	-	(6,833)	(7,231)	(164)	(723)	(1,170)	(16,121)
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)
<b>At 31.12.2020</b>	<b>185,743</b>	<b>1,043,938</b>	<b>1,037,637</b>	<b>89,563</b>	<b>199,020</b>	<b>69,837</b>	<b>2,625,738</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings		Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings, office and other equipment RM'000	Capital work-in-progress RM'000	Total RM'000
	Freehold RM'000	Leasehold RM'000					
<b>Group</b>							
<b>Accumulated depreciation</b>							
<b>At 1.1.2020</b>	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)
<b>At 31.12.2020</b>	84,899	420,265	599,074	54,459	138,281	-	1,296,978
<b>Accumulated impairment losses</b>							
<b>At 1.1.2020</b>	476	877	467	-	230	-	2,050
Charge for the year	-	-	855	-	-	3,035	3,890
Acquisition of a subsidiary	-	-	1,836	-	-	-	1,836
<b>At 31.12.2020</b>	476	877	3,158	-	230	3,035	7,776
<b>Net book value at 31.12.2020</b>	100,368	622,796	435,405	35,104	60,509	66,802	1,320,984

NOTES TO THE FINANCIAL STATEMENTS  
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8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Motor vehicles RM'000	Furniture, fittings, office and other equipment RM'000	Total RM'000
<b>Cost</b>			
<b>At 1.1.2021</b>	1,049	5,044	6,093
Additions	-	197	197
Write-offs	-	(17)	(17)
<b>At 31.12.2021</b>	1,049	5,224	6,273
<b>Accumulated depreciation</b>			
<b>At 1.1.2021</b>	477	3,843	4,320
Charge for the year	187	554	741
Write-offs	-	(17)	(17)
<b>At 31.12.2021</b>	664	4,380	5,044
<b>Net book value at 31.12.2021</b>	385	844	1,229
<b>Cost</b>			
<b>At 1.1.2020</b>	1,053	5,354	6,407
Additions	395	189	584
Disposals	(399)	(48)	(447)
Write-offs	-	(451)	(451)
<b>At 31.12.2020</b>	1,049	5,044	6,093
<b>Accumulated depreciation</b>			
<b>At 1.1.2020</b>	689	3,769	4,458
Charge for the year	187	563	750
Disposals	(399)	(38)	(437)
Write-offs	-	(451)	(451)
<b>At 31.12.2020</b>	477	3,843	4,320
<b>Net book value at 31.12.2020</b>	572	1,201	1,773

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

9. INVESTMENT PROPERTIES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Cost</b>				
<b>At 1 January</b>	439,457	398,307	356,636	357,774
Additions	24,277	20,263	2,607	409
Acquisition of a subsidiary	-	22,613	-	-
Write-offs	-	(465)	-	(286)
Transfer to property, plant and equipment (Note 8)	(2,338)	-	-	-
Reversal	-	(1,261)	-	(1,261)
<b>At 31 December</b>	461,396	439,457	359,243	356,636
<b>Accumulated depreciation</b>				
<b>At 1 January</b>	134,149	127,735	61,810	55,405
Charge for the year	5,488	5,379	6,791	6,767
Acquisition of a subsidiary	-	1,408	-	-
Write-offs	-	(297)	-	(286)
Transfer to property, plant and equipment (Note 8)	(206)	-	-	-
Reversal	-	(76)	-	(76)
<b>At 31 December</b>	139,431	134,149	68,601	61,810
<b>Accumulated impairment losses</b>				
<b>At 1 January / 31 December</b>	4,802	4,802	4,022	4,022
<b>Net book value at 31 December</b>	317,163	300,506	286,620	290,804
<b>Fair value at 31 December</b>	957,154	923,846	507,591	507,676

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 2021

## 10. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

The Group and Company as Lessee:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Right-of-use assets:				
Properties	306,022	254,461	4,159	4,579
Lease obligations:				
Non-current	265,835	239,307	3,057	4,314
Current	52,380	28,844	1,256	346
	318,215	268,151	4,313	4,660

The leases of properties are typically made for periods of 1 to 15 years. The lessors do not impose any covenants. 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 RM79.8 million (2020: RM43.2 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		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Balance as at 1 January	268,151	256,516	4,660	822
Lease payment	(24,888)	(26,056)	(1,438)	(1,347)
Rental waiver income (Note 5)	(16,299)	(16,962)	-	-
Interest expense	11,370	11,466	213	185
Addition	79,823	43,228	878	5,000
Disposal	-	(16)	-	-
Exchange differences	58	(25)	-	-
Balance as at 31 December	318,215	268,151	4,313	4,660

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 10. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS (CONTINUED)

For the leases in relation to the cinema operations, the lease payments can vary based on a certain percentage of the cinema's revenue. There are renewal options for the leases, whereby the lease liability has already incorporated the extension options based on the expected tenure.

The committed leases which have yet to commence at the reporting date are as follows:

	Group 2021 RM'000
- within one year	6,720
- more than one year but less than five years	27,270
- over five years	84,031
	118,021

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		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
- within one year	23,490	21,814	20,472	20,553
- more than one year but less than five years	15,580	12,882	11,852	12,007
	39,070	34,696	32,324	32,560

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 11. BIOLOGICAL ASSETS AND BEARER PLANTS

## (a) Bearer Plants

*(included under non-current assets)*

	Group	
	2021 RM'000	2020 RM'000
Carrying amount	4,241	3,566

## (b) Livestock

*(included under current assets)*

	Group	
	2021 RM'000	2020 RM'000
At 1 January	8,635	16,767
Changes in fair value	1,598	(11,533)
Purchases	5,638	6,227
Disposals	(2,449)	(2,826)
At 31 December	13,422	8,635

During the financial year, the Group produced approximately 36.8 million (2020: 34.1 million) day-old-chicks and 246.9 million (2020: 244.6 million) table eggs.

As at 31 December 2021, the quantities of poultry and hatchable eggs were 1.3 million birds and 3.7 million eggs (2020: 1.4 million birds and 4.2 million eggs) respectively.

The fair value measurements of biological assets are categorised at Level 3 of the fair value hierarchy.

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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
<b>Cost</b>				
At 1 January 2021	67,289	263	32,626	100,178
Additions	-	-	292	292
At 31 December 2021	67,289	263	32,918	100,470
At 1 January 2020/ 31 December 2020	67,289	263	32,626	100,178

## 13. GOODWILL

	Group	
	2021 RM'000	2020 RM'000
<b>Cost</b>		
At 1 January	71,201	73,704
Impairment of goodwill	-	(2,503)
At 31 December	71,201	71,201

**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	
	2021 RM'000	2020 RM'000
Film exhibition and distribution	70,232	70,232
Environmental engineering and utilities	969	969
	71,201	71,201

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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% (2020: 2.0%) per annum ("p.a."), based on the long-term average growth rate of the industry. A pre-tax discount rate of 10.8% (2020: 10.4%) 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.

NOTES TO THE FINANCIAL STATEMENTS  
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14. OTHER INTANGIBLE ASSETS

Group	Film rights RM'000	Computer software RM'000	Total RM'000
<b>Cost</b>			
<b>At 1 January 2021</b>	<b>125,543</b>	<b>20,722</b>	<b>146,265</b>
Additions	3,556	3,173	6,729
Disposal	-	(2)	(2)
Write-offs	(309)	(458)	(767)
Transfer from property, plant and equipment (Note 8)	-	57	57
Rights expired	(8,802)	-	(8,802)
Exchange differences	-	28	28
<b>At 31 December 2021</b>	<b>119,988</b>	<b>23,520</b>	<b>143,508</b>
<b>Accumulated amortisation</b>			
<b>At 1 January 2021</b>	<b>121,112</b>	<b>17,449</b>	<b>138,561</b>
Charge for the year	1,040	1,447	2,487
Disposal	-	(1)	(1)
Write-offs	(309)	(450)	(759)
Transfer from property, plant and equipment (Note 8)	-	26	26
Rights expired	(8,802)	-	(8,802)
Exchange differences	30	21	51
<b>At 31 December 2021</b>	<b>113,071</b>	<b>18,492</b>	<b>131,563</b>
<b>Carrying amount as at 31 December 2021</b>	<b>6,917</b>	<b>5,028</b>	<b>11,945</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 14. OTHER INTANGIBLE ASSETS (CONTINUED)

Group	Film rights RM'000	Computer software RM'000	Total RM'000
<b>Cost</b>			
<b>At 1 January 2020</b>	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)
<b>At 31 December 2020</b>	125,543	20,722	146,265
<b>Accumulated amortisation</b>			
<b>At 1 January 2020</b>	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)
<b>At 31 December 2020</b>	121,112	17,449	138,561
<b>Carrying amount as at 31 December 2020</b>	4,431	3,273	7,704

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 15. INVESTMENT IN SUBSIDIARIES

	Company	
	2021 RM'000	2020 RM'000
Unquoted shares at cost	1,645,750	1,504,026
Impairment loss on unquoted shares at cost	(25,538)	(1,124)
	1,620,212	1,502,902

Details of the subsidiaries are set out in note 39.

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.

## 16. INVESTMENT IN ASSOCIATES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Quoted shares at cost	8,080,369	8,080,369	8,684,629	8,684,629
Unquoted shares at cost	741,648	668,447	311,386	229,191
	8,822,017	8,748,816	8,996,015	8,913,820
Impairment loss on unquoted shares	(1,709)	(1,709)	(25)	(25)
Group's share of post-acquisition reserves	12,243,595	10,689,718	-	-
	21,063,903	19,436,825	8,995,990	8,913,795
Market value of quoted shares	14,977,975	16,573,901	14,977,975	16,573,901

The Group's share of the associates' current year loss and accumulated losses amounted to RM114,000 and RM3,818,000 (2020: RM428,000 and RM3,704,000) 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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 16. INVESTMENT IN ASSOCIATES (CONTINUED)

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")

	2021 RM'000	2020 RM'000
Non-current assets	112,052,861	92,778,263
Current assets	132,509,467	112,168,981
Non-current liabilities	(32,165,820)	(27,329,712)
Current liabilities	(118,257,807)	(91,720,788)
<b>Net assets</b>	<b>94,138,701</b>	<b>85,896,744</b>
Revenue	272,530,329	212,101,376
Profit for the year	8,558,858	7,098,371
Other comprehensive profit	1,116,261	3,052,103
<b>Total comprehensive income</b>	<b>9,675,119</b>	<b>10,150,474</b>
<b>Other disclosures</b>		
Cash and cash equivalents	10,777,533	10,377,903
Current financial liabilities (excluding trade and other payables and provision)	(95,205,432)	(72,465,166)
Non-current financial liabilities (excluding trade and other payables and provision)	(28,646,558)	(24,316,564)
Depreciation and amortisation	(4,749,678)	(4,441,251)
Finance income	1,388,826	1,762,346
Finance expense	(2,437,362)	(2,733,188)
Income tax expense	(2,897,891)	(2,603,005)

NOTES TO THE FINANCIAL STATEMENTS  
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## 16. INVESTMENT IN ASSOCIATES (CONTINUED)

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:

	2021 RM'000	2020 RM'000
Net assets	94,138,701	85,896,744
Proportion of ownership interest held by the Group	18.6%	18.6%
Group's share of net assets	17,538,040	15,951,025
Goodwill	4,279,842	4,127,817
Other adjustments		
- Non-controlling interests' share of associate's net assets	(2,078,318)	(1,865,602)
- Others	(58,678)	(55,373)
<b>Carrying amount of the Group's interest in the associate</b>	<b>19,680,886</b>	<b>18,157,867</b>

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 RM744.7 million (2020: RM486.0 million).

As at 31 December 2021, 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% (2020: 3.5%) p.a. A discount rate of 6.5% (2020: 7.0%) was applied to the cash flow projections. All the above key assumptions are based on management knowledge in the respective industries and historical information.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

16. INVESTMENT IN ASSOCIATES (CONTINUED)

As the recoverable amount was in excess of the carrying amount, no impairment was required.

The summarised aggregate financial information of the Group's share in other individually non-material associates as at 31 December are as follows:

	2021 RM'000	2020 RM'000
Profit for the year	71,825	100,895
Other comprehensive loss	(1,548)	(52)
Total comprehensive income	70,277	100,843
Carrying amount of the Group's interests in other associates	1,383,017	1,278,958

Details of the associates are set out in note 40.

The Group has received dividends from non-material associates in the current financial year amounted to RM14.8 million (2020: RM18.1 million).

During the year, CWM Group Sdn Bhd, a subsidiary of Chemquest Sdn Bhd, which is in turn is a 55% subsidiary of PPB Group Berhad, has disposed off its entire 40% interest in Worldwide Landfills Sdn Bhd.

The details are as follows:

	Group 2021 RM'000
Sales proceed	44,825
Carrying amount of investment	(48,704)
Loss on disposal	(3,879)

NOTES TO THE FINANCIAL STATEMENTS  
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17. INVESTMENT IN JOINT VENTURES

	2021 RM'000	2020 RM'000
Group's share of post-acquisition reserves	28,433	22,549

The summarised financial information of the Group's share of joint ventures as at 31 December is as follows:

	2021 RM'000	2020 RM'000
Profit for the year	4,317	3,568

Details of the joint ventures are set out in note 41.

18. OTHER INVESTMENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Equity instruments designated at FVTOCI</u>				
Quoted shares	324,189	354,615	307,711	337,881
Unquoted shares	427	427	266	266
<u>Amortised costs</u>				
Other investments	1,000	1,000	1,000	1,000
<u>Financial instruments designated at FVTPL</u>				
Other investments	46,694	-	5,005	-
	372,310	356,042	313,982	339,147

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 the Company received dividends of RM25.0 million (2020: RM5.5 million) and RM24.8 million (2020: RM5.3 million) respectively from these investments during the year.

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## 19. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>At 1 January</b>	<b>(95,534)</b>	(101,849)	<b>(217)</b>	(229)
Arising from the acquisition of a subsidiary	-	(3,167)	-	-
Exchange translation differences	330	(115)	-	-
Originating/(reversal) during the year	38,055	9,597	(65)	12
<b>At 31 December</b>	<b>(57,149)</b>	(95,534)	<b>(282)</b>	(217)

Presented after offsetting as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax assets	44,007	14,605	-	-
Deferred tax liabilities	(101,156)	(110,139)	(282)	(217)
<b>At 31 December</b>	<b>(57,149)</b>	(95,534)	<b>(282)</b>	(217)

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
<b>2021</b>			
At beginning of the financial year	51,015	8,120	59,135
Recognised in profit or loss	32,604	(4,424)	28,180
Exchange differences	-	(48)	(48)
At end of financial year	83,619	3,648	87,267
Set-off deferred tax liability			(43,260)
			44,007

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## 19. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

## Deferred Tax Liabilities

Group	Property, plant and equipment RM'000	Withholding tax on undistributed profits of foreign associates RM'000	Total RM'000
<b>2021</b>			
At beginning of the financial year	(111,282)	(43,387)	(154,669)
Recognised in profit or loss	16,898	(6,645)	10,253
At end of financial year	(94,384)	(50,032)	(144,416)
Set-off deferred tax asset			43,260
			(101,156)

## Deferred Tax Assets

Group	Unabsorbed tax losses and capital allowances RM'000	Others RM'000	Total RM'000
<b>2020</b>			
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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 19. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

## 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)

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:

	2021 RM'000	2020 RM'000
Unabsorbed tax losses and capital allowances*	164,093	151,520

In Malaysia, the unutilised business losses can be carried forward and available for use for a period of ten years commencing from its year of assessment.

NOTES TO THE FINANCIAL STATEMENTS  
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## 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	
	2021 RM'000	2020 RM'000
- With no expiry	7,655	7,949
- More than 12 months	156,438	143,571
	164,093	151,520

## 20. INVENTORIES

	Group	
	2021 RM'000	2020 RM'000
At cost:		
Raw materials	592,431	389,974
Goods in transit - raw materials	339,178	128,038
Work-in-progress	447	160
Finished goods	110,205	101,708
Completed properties	8,957	8,984
Consumables	30,596	29,762
	1,081,814	658,626
Recognised in income statement:		
Inventories recognised in cost of sales	4,010,768	3,346,410

NOTES TO THE FINANCIAL STATEMENTS  
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## 21. PROPERTY DEVELOPMENT COSTS

	Group	
	2021 RM'000	2020 RM'000
Freehold land - at cost	1,404	1,404
Development and construction costs	31,209	17,477
<b>At 1 January</b>	<b>32,613</b>	18,881
Additions	48,865	35,743
Cost recognised in income statement during the year	(39,897)	(22,011)
<b>At 31 December</b>	<b>41,581</b>	32,613

## 22. CONTRACT ASSETS/LIABILITIES

	Group	
	2021 RM'000	2020 RM'000
(a) Contract assets		
Construction contracts	82,529	94,019
(b) Contract liabilities		
Construction contracts	9,475	1,240
Consideration received in advance	5,087	3,305
Other contract related liabilities:		
- Refund liabilities and expected rebates	13,460	15,025
	<b>28,022</b>	19,570

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.

NOTES TO THE FINANCIAL STATEMENTS  
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## 23. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Current</b>				
Receivables from contract with customers				
- third parties	692,959	577,779	-	-
- associates	21,914	28,606	-	-
- joint venture	4,950	-	-	-
	<b>719,823</b>	606,385	-	-
Other trade receivables				
- third parties	9,210	2,779	8,846	2,587
	<b>729,033</b>	609,164	<b>8,846</b>	2,587
Impairment	(13,970)	(12,019)	(1,526)	(469)
Total trade receivables (a)	<b>715,063</b>	597,145	<b>7,320</b>	2,118
Other receivables (b)	<b>232,822</b>	141,056	<b>2,841</b>	2,838
Amount due from subsidiaries (c)	-	-	<b>2,063</b>	2,089
Amount due from associates (d)	<b>96,071</b>	30,835	-	36
Trade and other receivables	<b>1,043,956</b>	769,036	<b>12,224</b>	7,081

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 RM24.0 million (2020: RM15.0 million) relating to construction contracts.

(b) Other receivables

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Sundry receivables	50,345	35,824	1,950	1,786
Impairment	(2,711)	(2,610)	-	-
	47,634	33,214	1,950	1,786
Interest receivable	26	144	18	24
Deposits	81,149	97,011	610	610
Surplus from liquidation of a subsidiary	3,653	-	-	-
Prepayments - shipment in transit	90,865	1,522	-	-
Prepayments - others	9,495	9,165	263	418
	232,822	141,056	2,841	2,838

(c) Amount due from subsidiaries

The amount due from subsidiaries included under current assets is unsecured and is analysed as follows:

	Company	
	2021 RM'000	2020 RM'000
Non-interest bearing	2,063	2,089

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest-bearing at 2.80% (2020: 2.50% to 2.80%) p.a.	103,266	38,093	-	-
Non-interest bearing	1,617	1,559	-	36
	104,883	39,652	-	36
Allowance for impairment	(8,812)	(8,817)	-	-
	96,071	30,835	-	36

The non-interest bearing balances are non-trade in nature, unsecured and repayable on demand.

24. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Group	Notional value RM'000	Derivative financial assets RM'000	Derivative financial liabilities RM'000
<b>2021</b>			
Forward foreign currency contracts	369,026	83	(2,793)
Futures and options contracts	2,982,405	100,567	(104,590)
		100,650	(107,383)
<b>2020</b>			
Forward foreign currency contracts	124,906	43	(1,255)
Futures and options contracts	1,311,507	317	(52,754)
		360	(54,009)

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 manage the exchange rate risk associated with anticipated foreign currency payments or receipts.

The Group enters into commodity futures and options to manage the commodity price risk associated with anticipated purchases of raw materials.

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25. CASH AND CASH EQUIVALENTS

		Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	(a)	297,790	257,053	2,778	1,793
Deposits	(b)	156,710	224,869	89,562	125,904
Short-term fund placements	(c)	841,816	938,419	683,271	731,055
		<b>1,296,316</b>	1,420,341	<b>775,611</b>	858,752

(a) Cash and bank balances

Included in cash and bank balances is an amount of RM26.4 million (2020: RM31.5 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.

(b) 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 0.05% to 2.00% per annum (2020: 0.17% to 3.57% per annum) and 0.05% to 0.23% per annum (2020: 0.17% to 3.57% per annum) respectively.

(c) 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.

26. SHARE CAPITAL

	2021		2020	
	Number of shares '000	RM'000	Number of shares '000	RM'000
<b>Issued and fully paid ordinary shares:</b>				
At 1 January / 31 December	1,422,599	1,429,314	1,422,599	1,429,314

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27. OTHER NON-DISTRIBUTABLE RESERVES

		Group	
		2021 RM'000	2020 RM'000
Exchange translation reserve	(a)	3,620,819	2,787,693
Fair value reserve	(b)	(111,944)	(97,239)
Hedge reserve	(c)	(6,363)	(56,863)
Capital reserve	(d)	774,843	743,411
		<b>4,277,355</b>	3,377,002

(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

Capital reserve includes the share of all other reserves of associates, including the changes in ownership interests of subsidiaries of associates.

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.

NOTES TO THE FINANCIAL STATEMENTS  
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## 28. BORROWINGS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Non-current</b>				
Term loans				
- RM	69,527	23,708	-	-
- RM (a)	44,500	-	-	-
- VND (b)	23,314	1,653	-	-
Hire purchase	14	100	14	100
	<b>137,355</b>	<b>25,461</b>	<b>14</b>	<b>100</b>
<b>Current</b>				
Term loans				
- USD	451,388	95,080	-	-
- VND	191,501	118,244	-	-
- VND (b)	-	3,848	-	-
Revolving credits				
- USD	-	24,101	-	-
- IDR	224,256	162,305	-	-
- RM	60,000	52,000	-	-
- RM (a)	38,000	-	-	-
Bank overdrafts	-	139	-	-
Hire purchase	85	81	85	81
	<b>965,230</b>	<b>455,798</b>	<b>85</b>	<b>81</b>
<b>Total borrowings</b>	<b>1,102,585</b>	<b>481,259</b>	<b>99</b>	<b>181</b>

IDR - Indonesian Rupiah  
VND - Vietnam Dong  
USD - United States Dollar

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## 28. BORROWINGS (CONTINUED)

All of the above borrowings are unsecured except for the following:

- (a) The MYR-denominated term loan and revolving credits are secured by a corporate guarantee from a subsidiary.  
(b) The VND-denominated term loan is secured by a corporate guarantee from a subsidiary.

The range of effective interest rates at the reporting date of the borrowings are as follows:

	2021 % p.a.	2020 % p.a.
Term loans		
- USD	0.21 - 1.50	0.23 - 1.40
- VND	2.40 - 5.70	1.10 - 5.90
Long-term bank loan	2.80 - 2.89	2.79 - 2.83
Revolving credits	2.49 - 6.30	2.50 - 8.75

The changes in borrowings, excluding bank overdrafts are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Balance as at 1 January	481,120	360,832	181	259
Net drawdown/(repayment) of debts	611,131	129,982	(82)	(78)
Exchange differences	10,334	(9,694)	-	-
Balance as at 31 December	<b>1,102,585</b>	<b>481,120</b>	<b>99</b>	<b>181</b>

NOTES TO THE FINANCIAL STATEMENTS  
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## 29. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade payables				
- third parties	277,858	191,638	853	569
- associates	47,956	19,876	-	-
(a)	325,814	211,514	853	569
Interest accrued	854	660	-	-
Other payables	84,652	59,928	4,628	4,226
Accruals	98,774	83,417	5,751	5,093
Refundable deposits	11,320	12,213	7,936	8,321
Amount due to subsidiaries (b)	-	-	29	1,078
	521,414	367,732	19,197	19,287

## (a) Trade payables

The normal credit terms extended by suppliers range from 30 to 120 days. Retention sums for construction contracts of RM33.0 million (2020: RM19.1 million) 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.

## 30. PROVISION FOR RESTORATION COST

	Group	
	2021 RM'000	2020 RM'000
<b>At 1 January</b>	30,315	34,540
Additional provision	4,281	975
Utilisation of provision	-	(1,004)
Unused amount reversed	(363)	(4,196)
<b>At 31 December</b>	34,233	30,315
Current	960	1,695
Non-current	33,273	28,620
	34,233	30,315

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.

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## 31. DIVIDENDS

	Group/Company	
	2021 RM'000	2020 RM'000
<b>In respect of the financial year ended 31 December 2019:</b>		
- Final dividend of 23 sen per share	-	327,198
<b>In respect of the financial year ended 31 December 2020:</b>		
- Interim dividend of 8 sen per share	-	113,808
- Final dividend of 22 sen per share	312,972	-
- Special dividend of 16 sen per share	227,616	-
<b>In respect of the financial year ended 31 December 2021:</b>		
- Interim dividend of 10 sen per share	142,259	-
	682,847	441,006

A final dividend of 25 sen per share totaling RM355.7 million in respect of the financial year ended 31 December 2021 has been proposed for the forthcoming annual general meeting. The dividend, if approved, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

## 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Transactions with subsidiaries</b>				
Management fee income	-	-	1,418	1,389
Management fee expense	-	-	3,851	3,663
Purchase of goods	-	-	1,191	607
<b>Transactions with associates</b>				
Purchase of goods	8,933	26,484	-	-
Sales of goods	1,340	1,537	-	-
Film rental income	2,019	822	-	-

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32. RELATED PARTY DISCLOSURES (CONTINUED)

- (a) Other than those disclosed elsewhere in the financial statements, the significant related party transactions during the financial year are as follows: (continued)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Transactions with subsidiaries of the ultimate holding company</b>				
Sales of goods	47,393	51,456	-	-
Supervision fees income	2,256	1,967	-	-
<b>Transactions with subsidiaries of associates</b>				
Purchase of goods	459,643	261,135	-	-
Sales of goods	160,327	116,461	-	-
Rental income	3,333	3,333	-	-
Security and other services expense	13,571	18,961	-	-
Freight cost	185,936	125,205	-	-
IT service fee expenses	1,311	658	-	-
Supervision fees income	1,679	2,654	-	-

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32. RELATED PARTY DISCLOSURES (CONTINUED)

- (b) Key management personnel compensation

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Directors</b>				
Short-term employee benefits	4,179	3,990	4,161	3,971
Contributions to defined contribution plan	481	449	480	448
Sub-total	4,660	4,439	4,641	4,419
<b>Other key management personnel</b>				
Short-term employee benefits	21,541	19,478	5,712	5,100
Contributions to defined contribution plan	2,170	2,559	807	810
Sub-total	23,711	22,037	6,519	5,910
Total compensation	28,371	26,476	11,160	10,329

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## 33. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short-term employee benefits	338,038	325,150	20,754	20,460
Contributions to defined contribution plan	36,883	36,490	2,881	2,772
<b>Total employee benefits expense</b>	<b>374,921</b>	<b>361,640</b>	<b>23,635</b>	<b>23,232</b>

## 34. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<i>Capital commitments</i>				
Property, plant and equipment, investment properties, and other intangible assets				
- contracted	70,241	64,371	3,860	41
- not contracted	388,259	365,248	6,577	8,365
	<b>458,500</b>	<b>429,619</b>	<b>10,437</b>	<b>8,406</b>
Other commitments				
- contracted	373,566	351,853	109,050	80,770
- not contracted	-	148,328	-	-
	<b>373,566</b>	<b>500,181</b>	<b>109,050</b>	<b>80,770</b>
<b>Total commitments</b>	<b>832,066</b>	<b>929,800</b>	<b>119,487</b>	<b>89,176</b>

NOTES TO THE FINANCIAL STATEMENTS  
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## 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 (2020: 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, manufacturing and distribution of frozen food and bakery 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  
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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

35. SEGMENTAL REPORTING (CONTINUED)

2021	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
<b>REVENUE</b>								
External sales	3,688,799	643,798	116,470	204,635	114,267	89,461	-	4,857,430
Inter-segment sales	81,833	1,385	-	208	763	156	(84,345)	-
Total revenue	3,770,632	645,183	116,470	204,843	115,030	89,617	(84,345)	4,857,430
<b>RESULTS</b>								
Segment results	(21,272)	8,671	(105,331)	(4,146)	18,190	54,084	-	(49,804)
Share of results of associates	82,794	(2,128)	(7,947)	476	(3,365)	1,503,496	-	1,573,326
Share of results of joint ventures	-	-	-	4,317	-	-	-	4,317
Unallocated corporate expense	-	-	-	-	-	-	-	(29,766)
Profit/(loss) before taxation	61,522	6,543	(113,278)	647	14,825	1,557,580	-	1,498,073
Tax expense								9,042
Profit for the year								1,507,115
<b>OTHER INFORMATION</b>								
Segment assets	2,889,428	528,651	735,519	284,804	570,127	1,204,993	(211)	6,213,311
Investment in associates	778,849	10,542	172,766	3,094	327,188	19,771,464	-	21,063,903
Investment in joint ventures	-	-	-	28,433	-	-	-	28,433
Tax assets								78,118
Unallocated corporate assets								13,397
Consolidated total assets								27,397,162
Segment liabilities	359,055	57,035	455,088	68,083	48,116	10,852	(211)	998,018
Borrowings								1,102,585
Tax liabilities								105,007
Unallocated corporate liabilities								11,249
Consolidated total liabilities								2,216,859
Capital expenditure	52,122	34,138	103,122	472	25,925	2,474	-	218,253
Unallocated corporate capital expenditure								186
								218,439
Amortisation and depreciation	64,787	16,396	76,234	2,391	5,522	1,873	-	167,203
Amortisation and depreciation of unallocated capital expenditure								1,568
								168,771
Non-cash items other than amortisation and depreciation	(93,064)	(1,877)	(14,350)	3,871	1,056	1,819	-	(102,545)

NOTES TO THE FINANCIAL STATEMENTS  
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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 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
<b>REVENUE</b>								
External sales	3,135,779	627,681	114,255	188,912	66,078	57,985	-	4,190,690
Inter-segment sales	84,805	594	-	631	968	3,308	(90,306)	-
Total revenue	3,220,584	628,275	114,255	189,543	67,046	61,293	(90,306)	4,190,690
<b>RESULTS</b>								
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
<b>OTHER INFORMATION</b>								
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)	(13,358)	1,244	321	404	-	1,588

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 ventures, other investments and deferred tax assets.

	Revenue		Carrying amount of non-current assets	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	3,232,961	2,806,432	1,854,789	1,730,781
Indonesia	770,533	651,867	141,561	152,766
Vietnam	641,319	545,477	197,340	174,733
Other ASEAN countries	134,507	126,806	440	320
Other Asian countries	24,082	18,950	-	-
Others	54,028	41,158	-	-
	<b>4,857,430</b>	<b>4,190,690</b>	<b>2,194,130</b>	<b>2,058,600</b>

36. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

	At amortised cost RM'000	At FVTOCI <sup>1</sup> RM'000	At FVTPL <sup>2</sup> RM'000	Total RM'000
<b>Financial assets</b>				
<b>Group</b>				
<b>2021</b>				
Other investments	1,000	324,616	46,694	372,310
Receivables	936,127	-	-	936,127
Derivative financial assets	-	-	100,650	100,650
Deposits, cash and bank balances	454,500	-	-	454,500
Short-term fund placements	-	-	841,816	841,816
Total financial assets	<b>1,391,627</b>	<b>324,616</b>	<b>989,160</b>	<b>2,705,403</b>

FVTOCI<sup>1</sup> represents fair value through other comprehensive income

FVTPL<sup>2</sup> 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 FVTOCI <sup>1</sup> RM'000	At FVTPL <sup>2</sup> RM'000	Total RM'000
<b>Financial assets</b>				
<b>Group</b>				
<b>2020</b>				
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	<b>1,236,001</b>	<b>355,042</b>	<b>938,779</b>	<b>2,529,822</b>
<b>Company</b>				
<b>2021</b>				
Other investments	1,000	307,977	5,005	313,982
Receivables	11,961	-	-	11,961
Deposits, cash and bank balances	92,340	-	-	92,340
Short-term fund placements	-	-	683,271	683,271
Total financial assets	<b>105,301</b>	<b>307,977</b>	<b>688,276</b>	<b>1,101,554</b>
<b>2020</b>				
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	<b>135,360</b>	<b>338,147</b>	<b>731,055</b>	<b>1,204,562</b>

FVTOCI<sup>1</sup> represents fair value through other comprehensive income

FVTPL<sup>2</sup> 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)

Financial liabilities	At amortised cost RM'000	At FVTPL <sup>1</sup> RM'000	Total RM'000
<b>Group</b>			
<b>2021</b>			
Payables	515,850	-	515,850
Borrowings	1,102,585	-	1,102,585
Lease obligations	318,215	-	318,215
Derivative financial liabilities	-	107,383	107,383
<b>Total financial liabilities</b>	<b>1,936,650</b>	<b>107,383</b>	<b>2,044,033</b>
<b>2020</b>			
Payables	364,748	-	364,748
Borrowings	481,259	-	481,259
Lease obligations	268,151	-	268,151
Derivative financial liabilities	-	54,009	54,009
<b>Total financial liabilities</b>	<b>1,114,158</b>	<b>54,009</b>	<b>1,168,167</b>
<b>Company</b>			
<b>2021</b>			
Payables	19,197	-	19,197
Lease obligations	4,313	-	4,313
Borrowings	99	-	99
<b>Total financial liabilities</b>	<b>23,609</b>	<b>-</b>	<b>23,609</b>

FVTPL<sup>1</sup> represents fair value through profit or loss

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36. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

Financial liabilities	At amortised cost RM'000	At FVTPL <sup>1</sup> RM'000	Total RM'000
<b>Company</b>			
<b>2020</b>			
Payables	19,287	-	19,287
Lease obligations	4,660	-	4,660
Borrowings	181	-	181
<b>Total financial liabilities</b>	<b>24,128</b>	<b>-</b>	<b>24,128</b>

FVTPL<sup>1</sup> 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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## 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:

Financial assets	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Group</b>				
<b>2021</b>				
Other investments	329,194	-	42,116	371,310
Short-term fund placements	841,816	-	-	841,816
Derivative financial assets	-	100,650	-	100,650
	<b>1,171,010</b>	<b>100,650</b>	<b>42,116</b>	<b>1,313,776</b>
<b>2020</b>				
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
<b>Company</b>				
<b>2021</b>				
Other investments	312,716	-	266	312,982
Short-term fund placements	683,271	-	-	683,271
	<b>995,987</b>	<b>-</b>	<b>266</b>	<b>996,253</b>
<b>2020</b>				
Other investments	337,881	-	266	338,147
Short-term fund placements	731,055	-	-	731,055
	1,068,936	-	266	1,069,202

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## 36. FINANCIAL INSTRUMENTS (CONTINUED)

Financial liabilities	Level 2 RM'000	Total RM'000
<b>Group</b>		
<b>2021</b>		
Forward contracts	2,793	2,793
Futures and options contracts	104,590	104,590
	<b>107,383</b>	<b>107,383</b>
<b>2020</b>		
Forward contracts	1,255	1,255
Futures and options contracts	52,754	52,754
	54,009	54,009

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.

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's business 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.

The Group minimises risk associated to its business activity 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.

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37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

Summarised below are the key financial risks and risk management objectives and policies applied:

(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	
	2021 RM'000	2020 RM'000
<b>Assets</b>		
- United States Dollar ("USD")	320,092	196,291
- Singapore Dollar ("SGD")	96,443	135,068
- Indonesian Rupiah ("IDR")	14,588	13,556
- Vietnamese Dong ("VND")	50,748	42,756
<b>Liabilities</b>		
- USD	653,193	159,701
- SGD	1,258	3,344
- IDR	257,207	181,333
- VND	247,084	139,222

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	
	2021 RM'000	2020 RM'000
USD	(16,655)	1,830
SGD	4,758	6,586
IDR	(12,131)	(8,388)
VND	(9,817)	(4,741)

As other foreign currency denominated monetary items as at 31 December 2021 and 31 December 2020 are not material, the sensitivity analysis has not been presented.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(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 and option 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 and options, 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. Any increase in the commodity prices would generally decrease the group's profit before taxation.

(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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Credit risk (continued)

Trade receivables

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 RM53.9 million (2020: RM55.6 million) as at the end of the reporting period. The credit risk associated with trade receivables from this customer is mitigated by immovable property charged to the subsidiary and personal guarantee pledged in favour of the subsidiary. The security value of the immovable property charged exceeds the amount due from the customer at the end of the reporting period.

The risk profile and aging analysis of trade receivables are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Not past due	551,685	458,216	139	43
Less than 30 days past due	95,285	104,056	1,281	833
Between 30 and 90 days past due	48,416	28,242	1,169	608
More than 90 days past due	33,647	18,650	6,257	1,103
	<b>729,033</b>	609,164	<b>8,846</b>	2,587
Impaired	<b>(13,970)</b>	(12,019)	<b>(1,526)</b>	(469)
	<b>715,063</b>	597,145	<b>7,320</b>	2,118

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Credit risk (continued)

Movements in the impairment of trade receivables are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>At 1 January</b>	<b>12,019</b>	7,276	<b>469</b>	61
Impairment recognised	<b>3,436</b>	6,848	<b>1,526</b>	469
Bad debts written off	<b>(451)</b>	(1,648)	-	-
Reversal of impairment	<b>(1,045)</b>	(470)	<b>(469)</b>	(61)
Exchange translation differences	<b>11</b>	13	-	-
<b>At 31 December</b>	<b>13,970</b>	12,019	<b>1,526</b>	469

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 low.

Cash and cash equivalents

The Group seeks to invest its surplus cash prudently by depositing it with licensed banks and financial institutions.

(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.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Credit risk (continued)

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
<b>Group</b>				
<b>2021</b>				
Payables	515,850	-	-	515,850
Borrowings	1,006,395	118,029	-	1,124,424
Derivative financial liabilities	107,383	-	-	107,383
Lease obligations	39,086	138,864	148,845	326,795
	<b>1,668,714</b>	<b>256,893</b>	<b>148,845</b>	<b>2,074,452</b>
<b>2020</b>				
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
	<b>920,709</b>	<b>167,025</b>	<b>148,845</b>	<b>1,236,579</b>
		Less than 1 year RM'000	1 to 5 years RM'000	Total RM'000
<b>Company</b>				
<b>2021</b>				
Payables		19,197	-	19,197
Lease obligations		1,424	3,283	4,707
Borrowings		88	15	103
		<b>20,709</b>	<b>3,298</b>	<b>24,007</b>
<b>2020</b>				
Payables		19,287	-	19,287
Lease obligations		1,136	4,103	5,239
Borrowings		88	117	205
		<b>20,511</b>	<b>4,220</b>	<b>24,731</b>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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	
	2021 RM'000	2020 RM'000
Share capital	1,429,314	1,429,314
Reserves	23,002,174	21,389,435
Total capital	<b>24,431,488</b>	22,818,749
Short-term borrowings	965,230	455,798
Long-term borrowings	137,355	25,461
Total borrowings	<b>1,102,585</b>	481,259
Total borrowings to capital ratio (times)	<b>0.05</b>	0.02

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 39. SUBSIDIARIES

The subsidiaries are as follows:

Companies	Group's equity interest		Place of incorporation	Principal activities
	2021 %	2020 %		
<b>FFM Berhad</b>	<b>80.0</b>	80.0	Malaysia	Investment holding, flour milling, animal feed manufacturing, grains trading and trading in rice products
Johor Bahru Flour Mill Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Flour milling, manufacturing of animal feed and provision of management services
FFM (Sabah) Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Manufacturing and trading of animal feed
FFM Feedmills (Sarawak) Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Manufacturing and trading of animal feed and its by-products
Mantap Aman Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Investment holding
# PT Pundi Kencana	<b>51.0</b>	51.0	Indonesia	Flour milling
FFM Marketing Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Distribution and marketing of edible oils and consumer products
FFM Flour Mills (Sabah) Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Provision of management services
Taloh Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Investment holding
Waikari Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Investment holding
* Buxton Ltd	<b>100.0</b>	100.0	Samoa	Investment holding
Friendship Trading Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Provision of transportation management services
* Glowland Ltd	<b>100.0</b>	100.0	Samoa	Investment holding
JBFM Flour Mill Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Provision of management services
FFM Farms Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Poultry farming and breeding, production of organic fertilisers and oil palm cultivation
FFM Pulau Indah Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Provision of management services
FFM Grains & Mills Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Flour milling and manufacturing of animal feed
FFM SMI Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Investment holding
* Vietnam Flour Mills Ltd	<b>100.0</b>	100.0	Vietnam	Flour milling
* VFM-Wilmar Flour Mills Company Ltd	<b>51.0</b>	51.0	Vietnam	Wheat flour milling and the sale of flour, flour based products and by-products
Tego Sdn Bhd	<b>96.4</b>	96.4	Malaysia	Investment holding
Tego Multifil Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Under members' voluntary liquidation
The Italian Baker Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Manufacturing and distribution of bakery products
FFM Further Processing Sdn Bhd	<b>100.0</b>	100.0	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  
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## 39. SUBSIDIARIES (CONTINUED)

Companies	Group's equity interest		Place of incorporation	Principal activities
	2021 %	2020 %		
<b>PPB Hartabina Sdn Bhd</b>	<b>100.0</b>	100.0	Malaysia	Property development, provision of project and property management, and other related services
South Island Mining Company Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Investment holding and oil palm cultivation
Seletar Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Oil palm cultivation and property development
<b>PPB Property Development Sdn Bhd</b>	<b>100.0</b>	100.0	Malaysia	Provision of project and property management and other related services
<b>Peakland Property Management Sdn Bhd</b>	<b>100.0</b>	100.0	Malaysia	Dormant
<b>PPB Leisure Holdings Sdn Bhd</b>	<b>100.0</b>	100.0	Malaysia	Investment holding
Cathay Screen Cinemas Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Property investment and investment holding
Cathay Theatres Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Property investment
Golden Screen Cinemas Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Exhibition of movies and content
Cinead Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Advertising contractor and consultant
Glitters Café Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Operator of cafés and sales of merchandise goods
Easi (M) Sdn Bhd	<b>60.0</b>	60.0	Malaysia	Provision of information technology solutions, consultation services and sales of related products and services
* Enterprise Advanced System Intelligence Pte Ltd	<b>60.0</b>	60.0	Singapore	Provision of information technology solutions, consultation services and sales of related products and services
Easi Ticketing Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Provision of information technology services and sales of related products
GSC Movies Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Distribution of movies and content
Golden Screen International Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Under member's voluntary winding up
Mediamore Sdn Bhd	<b>100.0</b>	100.0	Malaysia	Investment holding
GSC Vietnam Ltd	<b>100.0</b>	100.0	Malaysia	Investment holding
GSC Cambodia Ltd	<b>100.0</b>	100.0	Malaysia	Investment holding
* Golden Screen Cinemas (Cambodia) Co., Ltd	<b>60.0</b>	60.0	Kingdom of Cambodia	Dormant
LGSC Cambodia Limited	<b>100.0</b>	100.0	Malaysia	Dormant
<b>PPB Corporate Services Sdn Bhd</b>	<b>100.0</b>	100.0	Malaysia	Provision of corporate secretarial, share registration and share nominee services
<b>PPB Ventures Sdn Bhd</b>	<b>100.0</b>	-	Malaysia	Investment holding

\* Subsidiaries not audited by Ernst & Young PLT

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 39. SUBSIDIARIES (CONTINUED)

Companies	Group's equity interest		Place of incorporation	Principal activities
	2021 %	2020 %		
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	Under members' voluntary liquidation
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	Under members' voluntary liquidation
Malayan Adhesives And Chemicals Sdn Bhd	99.6	99.6	Malaysia	Manufacturing and marketing of adhesives, resins, additives, formaldehyde and phenoset microsphere and trading in contact glue
* 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 &amp; Young PLT

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

## 40. ASSOCIATES

The associates are as follows:

Companies	Group's equity interest		Place of incorporation	Principal activities
	2021 %	2020 %		
* 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, investment in real properties and aquaculture
* 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	Malaysia	Disposed on 5 July 2021
* 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	18.6	Singapore	Cultivation and milling of palm oil and sugarcane, to processing, branding and distribution of a wide range of edible food products in consumer, medium and bulk packaging, animal feeds and industrial agri-products such as oleochemicals and biodiesel
* 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 &amp; Young PLT

# Associates audited by a network firm of Ernst &amp; Young PLT

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

40. ASSOCIATES (CONTINUED)

Companies	Group's equity interest		Place of incorporation	Principal activities
	2021 %	2020 %		
* 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	Intellectual property owner and production of cinematography films
* Dream Talents Pictures Sdn Bhd	35.0	35.0	Malaysia	Dormant
* Medan Multimedia Sdn Bhd	19.0	19.0	Malaysia	Dormant
* 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	40.0	Malaysia	Investment holding
* Orion Fund Pte Ltd	40.0	40.0	Singapore	Investment holding
* Orion Fund II Pte Ltd	40.0	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 2021

41. JOINT VENTURES

The joint ventures is as follows:

	Proportion of ownership interest		Place of operation	Principal activities
	2021 %	2020 %		
* 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
WBC CWM JV Sdn Bhd	50.0	-	Malaysia	Design and build water treatment plants and associated facilities including undertaking the design engineering, procurement, construction and commission of water treatment infrastructure

\* Joint venture not audited by Ernst & Young PLT

42. SIGNIFICANT EVENT

The Covid-19 pandemic has impacted the Group's businesses, especially the Film Exhibition and Distribution segment, where cinemas operations were significantly impacted by the intermittent cinema closures since the second quarter of FY2020 as the country imposed nationwide containment measures to contain the Covid-19 pandemic. Additionally, performance of the Grains and Agribusiness segment was also impacted by the global supply chain shock and volatility in grain commodity prices.

Wilmar's performance will continue to contribute substantially to the overall profitability of the Group.

43. SUBSEQUENT EVENT

On 24 February 2022, CWM Group Sdn Bhd, a subsidiary of Chemquest Sdn Bhd, which in turn is a 55% subsidiary of PPB Group Berhad, completed the sale of Sitamas Environmental Systems Sdn Bhd and its subsidiary ("Sitamas") for RM9.0 million. Accordingly, Sitamas has ceased to be a subsidiary of PPB Group Berhad.

44. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Directors on 24 March 2022.

## STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act 2016

We, SOH CHIN TECK and TAM CHIEW LIN, 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 83 to 190 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 2021 and of the financial performance and cash flows for the year ended on that date.

On behalf of the Board

**SOH CHIN TECK**

Director

Kuala Lumpur  
24 March 2022

**TAM CHIEW LIN**

Director

## 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 83 to 190 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 24th day of March, 2022

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 2021 of the Group and of the Company, and the income 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 83 to 190.

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 2021, 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.

Impairment assessment of investment in an associate, Wilmar International Limited (Refer to Note 16 to the financial statements)

As at 31 December 2021, the Group's investment in an associate, Wilmar International Limited, amounted to RM19,681 million, representing 83% and 72% of the Group's total non-current assets and total assets respectively. 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.

## INDEPENDENT AUDITORS' REPORT

To the members of PPB Group Berhad

### **Key audit matter (continued)**

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.

### **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.

## INDEPENDENT AUDITORS' REPORT

To the members of PPB Group Berhad

### **Auditors' responsibilities for the audit of the financial statements (continued)**

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.
- 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 39 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  
 24 March 2022

## 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 Group Berhad ("PPB") by the Group and the Company for the financial year ended ("FYE") 31 December 2021 were as follows:

	Group RM'000	Company RM'000
Audit fees	953	114
Non-audit fees	101	16

### 2. Material contracts

Save as disclosed below, there have been no material contracts entered into by PPB Group involving its Directors' and major shareholders' interests either still subsisting at the end of the financial year ended 31 December 2021 or entered into since the end of the previous financial year:

PPB entered into an agreement with FFM Berhad ("FFM") on 8 March 2022 to provide a standby revolving shareholder's loan of up to RM300 million ("Loan") to enable FFM to meet its short-term working capital requirements. The Loan is on a clean basis, and the tenure is for a period of up to six months, repayable on demand. The interest chargeable is 0.5% per annum above PPB's investment return or the prevailing rate of return from surplus cash placement, or such rate as may be negotiated and agreed between the parties. As at 31 March 2022, the Loan has been fully disbursed to FFM.

PGEO Group Sdn Bhd is a major shareholder of FFM with 20% direct equity interest, and is deemed interested in the Loan.

### 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 2021 pursuant to the shareholders' mandate obtained at the 52nd Annual General Meeting are as follows:

Nature of transactions undertaken by PPB and/or its subsidiaries	Transacting party	FYE 2021 Actual RM'000	Nature of relationship
<b>Purchase of cooking oil, soyabean, soya bean meal, crude palm oil and refined palm products from PGSB Group</b>			
FFM Berhad ("FFM")* Group	PGSB Group	237,319	PGSB is a major shareholder of FFM.
<b>Purchase of crude palm oil from Sapi</b>			
FFM (Sabah) Sdn Bhd	Sapi Plantations Sdn Bhd ("Sapi")	7,887	Sapi is a wholly-owned subsidiary of PPB Oil Palms Berhad, a person connected with PGSB.
<b>Charter hire of vessels from RSI</b>			
FFM Group	Raffles Shipping International Pte Ltd ("RSI")	185,936	RSI is a 100%-owned subsidiary of Wilmar International Limited ("Wilmar"), a person connected with PGSB.
<b>Sale of flour, pollard and soya bean meal to Wilmar Group</b>			
FFM Group	Wilmar Group	160,009	Wilmar is a person connected with PGSB.
<b>Payment of agency commission to Wilmar Group for sale of flour, pollard, corn and soya bean meal</b>			
FFM Group	Wilmar Group	7,706	Wilmar is a person connected with PGSB.
<b>Rental of land and buildings to PGEO</b>			
Taloh Sdn Bhd	PGEO Edible Oils Sdn Bhd ("PGEO")	1,980	PGEO is a wholly-owned subsidiary of PGSB.
<b>Purchase of meat, bone meal and wheat from WGPL</b>			
FFM Group	Wilmar Trading (Australia) Pty Ltd ("WGPL")	156,237	WGPL is a 100%-owned subsidiary of Wilmar.

## ADDITIONAL COMPLIANCE INFORMATION

## Recurrent related party transactions of a revenue or trading nature ("RRPT") (continued)

Nature of transactions undertaken by PPB and/or its subsidiaries	Transacting party	FYE 2021 Actual RM'000	Nature of relationship
<b>Payment of advisory fee to WTA</b>			
FFM	Wilmar Trading (Asia) Pte Ltd ("WTA")	2,875	WTA is an indirect 100%-owned subsidiary of Wilmar.
<b>Purchase of consumer products</b>			
FFM Group	Goodman Fielder Pte Ltd ("GFP")	17,812	GFP is an indirect 100%-owned subsidiary of Wilmar.
<b>Purchase of consumer products</b>			
Golden Screen Cinemas Sdn Bhd	FFM Marketing Sdn Bhd ("FFMM")	1,352	FFMM is a wholly-owned subsidiary of FFM, a person connected with PGSB.
<b>Purchase of CPO from KPOI</b>			
FFM Feedmills (Sarawak) Sdn Bhd	Kuching Palm Oil Industries Sdn Bhd ("KPOI")	7,006	KPOI is a 51%-owned subsidiary of 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 31.12.2021 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	12	501,774 sq. metres	-	Freehold	-	23,197
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	-	46,229
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	23	221 hectares	47,606 sq. metres	Freehold	-	33,716
STATE OF SELANGOR								
Lot 64531-64532 Lot 142827 Mukim Klang Daerah Klang	Factory, warehouse & vacant industrial land	6.6.1995	7 to 20	172,494 sq. metres	69,805 sq. metres	Leasehold	2097	180,016
Lots 2824-2827 & PT 45125 Mukim Sg Buloh Daerah Petaling Jaya	Warehouse cum office & vacant industrial land	19.10.1993 1.6.1994	11 to 24	243,419 sq. metres	13,177 sq. metres	Freehold	-	59,926
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	-	82,019

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 31.12.2021 RM'000
<b>WILAYAH PERSEKUTUAN</b>								
Cheras LeisureMall, Jln Manis 6, Taman Segar, Cheras, 56100 Kuala Lumpur	Shopping mall	9.3.1982	27	21,225 sq. metres	73,339 sq. metres	Leasehold	2077 & 2080	67,254
<b>STATE OF JOHOR</b>								
Lot 66243 Mukim Plentong Daerah Johor Bahru	Factory & office building	7.1.1989	5 to 47	36,394 sq. metres	20,823 sq. metres	Leasehold	2057	46,968
<b>STATE OF SABAH</b>								
CL 015582233 Kota Kinabalu Industrial Park Kota Kinabalu	Factory & office building	19.10.2006	11	14,520 sq. metres	5,230 sq. metres	Leasehold	2096	22,884
<b>INDONESIA</b>								
Jl.S.Gunungjati, LK. Lijajar Rt. 13/06, Kelurahan Tegalratu Kecamatan Ciwandan, Kota Cilegon	Factory & office building	26.1.2007 3.4.2007	8 to 13	149,661 sq. metres	71,160 sq. metres	Leasehold	2039 to 2048	95,366

## STATEMENT OF SHAREHOLDINGS

As at 15 March 2022

**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	1,278	13.87	26,977	0.00
100 - 1,000	1,969	21.37	874,963	0.06
1,001 - 10,000	4,091	44.41	15,079,527	1.06
10,001 - 100,000	1,485	16.12	46,480,172	3.27
100,001 to less than 5% of issued shares	387	4.20	541,255,482	38.05
5% and above of issued shares	3	0.03	818,881,818	57.56
<b>Total</b>	<b>9,213</b>	<b>100.00</b>	<b>1,422,598,939</b>	<b>100.00</b>

### DIRECTORS' INTERESTS IN SHARES

	Direct Interest		Deemed Interest	
	No. of Issued Shares	% of Issued Shares %	No. of Issued Shares	% of Issued Shares %
<b>IN THE COMPANY</b>				
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
<b>IN RELATED CORPORATIONS</b>				
<b>Tego Sdn Bhd - Subsidiary</b>				
Tan Sri Datuk Oh Siew Nam	-	-	18,000	0.10
<b>Kuok Brothers Sdn Berhad - Holding company</b>				
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
<b>Coralbid (M) Sdn Bhd - Subsidiary of holding company</b>				
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 15 March 2022

## 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	165,878,054	11.66	-	-	165,878,054	11.66

THIRTY LARGEST SHAREHOLDERS (as per Record of Depositors)  
as at 15 March 2022

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	164,168,654	11.54
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)	14,768,239	1.04
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)	14,213,100	1.00
11. Kumpulan Wang Persaraan (Diperbadankan)	13,343,480	0.94
12. Cartaban Nominees (Tempatan) Sdn Bhd PAMB For Prulink Equity Fund	13,129,060	0.92
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
15. Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad For Public Ittikal Fund (N14011970240)	10,000,000	0.70

Name of Shareholder	No. of Issued Shares	% of Issued Shares %
16. HSBC Nominees (Asing) Sdn Bhd JPMCB NA For Vanguard Emerging Markets Stock Index Fund	9,509,060	0.67
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	8,714,545	0.62
19. Maybank Securities Nominees (Asing) Sdn Bhd Exempt AN For Lim & Tan Securities Pte Ltd (Clients a/c)	7,555,872	0.53
20. Gaintique Sdn Bhd	7,119,960	0.50
21. Citigroup Nominees (Asing) Sdn Bhd Exempt AN For Bank of Singapore Limited (Foreign)	6,711,892	0.47
22. Key Development Sdn Berhad	6,000,000	0.42
23. Citigroup Nominees (Tempatan) Sdn Bhd Exempt AN For AIA Bhd	5,951,940	0.42
24. HSBC Nominees (Asing) Sdn Bhd JPMCB NA For Flexshares Morningstar Global Upstream Natural Resources Index Fund	5,184,000	0.37
25. Ang Poon Tiak	4,440,000	0.31
26. DB (Malaysia) Nominee (Asing) Sdn Bhd BNYM SA/NV For People's Bank of China (SICL Asia EM)	4,428,140	0.31
27. HSBC Nominees (Asing) Sdn Bhd Exempt AN For Caceis Bank (Lux BR-UCITSCLT)	4,359,840	0.31
28. HSBC Nominees (Asing) Sdn Bhd Exempt AN For Bank Julius Baer & Co. Ltd. (Singapore BCH)	4,303,478	0.30
29. Universiti Kebangsaan Malaysia	3,988,329	0.28
30. HSBC Nominees (Asing) Sdn Bhd J.P. Morgan Securities PLC	3,928,160	0.28
<b>Total</b>	<b>1,160,780,830</b>	<b>81.60</b>

# RISE

ABOVE ADVERSITY

2021  
Annual  
Report



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