

EVOLVING
CAPABILITIES
TOWARDS
GREATER
OPPORTUNITIES



A QUICK LOOK AT PPB 01

MESSAGES FROM OUR LEADERS 02

PERFORMANCE REVIEW 03

GOVERNANCE 04

FINANCIAL STATEMENTS 05

FURTHER INFORMATION 06

- 2 Mission and Vision Statements
- 4 Our Businesses at a Glance
- 12 Corporate Profile
- 13 Corporate Objectives
- 14 Group Corporate Structure
- 16 Corporate Information

- 17 Chairman's Statement
- 20 Managing Director's Review

- 29 Group Financial Highlights
- 30 5-Year Group Financial Statistics

- 32 Directors' Profiles
- 36 Key Senior Management Team
- 40 Corporate Governance Overview Statement
- 47 Sustainability Statement
- 57 Statement on Risk Management and Internal Control
- 59 Audit and Risk Committee Report

- 63 Directors' Responsibility Statement
- 64 Directors' Report
- 69 Appendix to the Directors' Report
- 70 Consolidated Income Statement
- 71 Consolidated Statement of Comprehensive Income
- 72 Consolidated Statement of Financial Position
- 74 Consolidated Statement of Changes in Equity
- 76 Consolidated Statement of Cash Flows
- 78 Income Statement
- 78 Statement of Comprehensive Income
- 79 Statement of Financial Position
- 80 Statement of Changes in Equity
- 81 Statement of Cash Flows
- 83 Notes to the Financial Statements
- 156 Statement by Directors
- 156 Statutory Declaration
- 157 Independent Auditors' Report

- 161 Additional Compliance Information
- 163 List of Top 10 Properties Owned by PPB Group Berhad and its Subsidiaries
- 164 Statement of Shareholdings



COVER RATIONALE

This year's cover design depicts PPB Group's continuing journey on sustainable progress with the steadfast performance of the various business segments, represented by the icons in complementary colours and tones. Moving in synergy, the curved lines also reflect each segment's ability to adapt and innovate smoothly, and be focused on maintaining alignment and a common direction to reach greater heights.



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/2023/ppb-annual-report-2023.pdf

VISION STATEMENT

To be a value-driven market leader in our core businesses reputed for our sustainable quality products and services, and pursue growth avenues.



MISSION STATEMENT

To strengthen our capabilities and leadership position in our core businesses through investments in related activities for greater synergy and growth, while increasing shareholder value, in a socially and environmentally responsible manner.





GRAINS AND AGRIBUSINESS



CONTRIBUTION OF GRAINS AND AGRIBUSINESS IN 2023

75%



Total Segment Revenue:
RM4.26 billion

15%



Total Segment Profit:
RM230 million



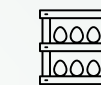
FLOUR MILLING

FFM Group operates five flour mills in Malaysia with a total milling capacity of 2,820 mt/day and two flour mills in Vietnam with a total milling capacity of 2,050 mt/day. In Thailand, the Group operates a 670 mt/day flour mill through its 43.4% associate, Kerry Flour Mills Limited. FFM Group also has a 20% interest in eight associates in China engaged in flour milling.



ANIMAL FEED MANUFACTURING

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 66,000 mt/month.



LIVESTOCK FARMING

FFM Farms Sdn Bhd operates two broiler breeder farms with a combined estimated production capacity of 2.8 million broiler chicks per month, and a layer farm with an estimated monthly production capacity of 20.5 million eggs to complement the Group's animal feed manufacturing operations.



CONSUMER PRODUCTS



CONTRIBUTION OF CONSUMER PRODUCTS IN 2023

13%



Total Segment Revenue:
RM761 million

2%



Total Segment Profit:
RM26 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 brands as well as other international and local brands. FMSB has 13 warehouses with a total warehousing capacity of 450,000 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") operates two production lines at its HACCP-certified plant located in Pulau Indah, Klang. FFP specialises in producing a wide range of frozen food under the "Marina" brand. The "Marina" brand offers a premium selection of ready-to-eat sausages, chicken nuggets and burgers.



FILM EXHIBITION AND DISTRIBUTION



CONTRIBUTION OF FILM EXHIBITION AND DISTRIBUTION IN 2023

10%



Total Segment Revenue:
RM570 million

(8%)



Total Segment Loss:
(RM120 million)



FILM EXHIBITION

Golden Screen Cinemas Sdn Bhd is the leading cinema exhibitor in Malaysia and operates the largest cinema chain in the country with 520 screens at 55 locations in major cities nationwide. In Vietnam, the Group operates at 20 locations with a total of 117 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") platforms and hotel operators. It is the largest local distributor of Chinese, independent English and foreign language films in Malaysia, and distributes films to cinemas throughout Brunei, Vietnam and Cambodia. GSC Movies distributed a total of 102 films in 2023.



PROPERTY



CONTRIBUTION OF PROPERTY IN 2023

2%



Total Segment Revenue:
RM117 million

1%



Total Segment Profit:
RM17 million



PROPERTY

PPB Properties, which encompasses the property-based activities of PPB Group Berhad, is committed to giving homeowners, business operators, and investors a range of value-crafted residential, retail, and commercial spaces designed to meet the community's needs.



INVESTMENT PROPERTIES

PPB owns and manages five retail/commercial properties namely:

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



PROPERTY DEVELOPMENT

The Group's most recent property development project is Megah Rise, a mixed development in Taman Megah, Petaling Jaya which consists of a low-density premium residential tower and an adjacent four-storey retail podium.



PROJECT MANAGEMENT

The Group also provides project and property-related services to various PPB Group companies and affiliates. These projects and properties include:

- Southern Marina Residences in Iskandar Puteri, Johor
- The LINC, Jalan Tun Razak, Kuala Lumpur
- Megah Rise Mall, Taman Megah, Petaling Jaya

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 RM29.41 billion and RM20.60 billion respectively as at 31 December 2023.



PPB is headquartered in Kuala Lumpur, Malaysia and we have operations in China, Vietnam, Thailand and Singapore with about 5,480 employees in the Malaysian operations.

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.

PPB’s *Film Exhibition & Distribution* segment is represented by its wholly-owned subsidiary, Golden Screen Cinemas Sdn Bhd which is the largest film exhibitor in Malaysia with 520 screens in 55 locations nationwide, capturing more than 50% of domestic box office collections.

PPB also owns and manages several retail/commercial properties including a shopping centre, Cheras LeisureMall, and an office building, Cheras Plaza in Taman Segar, Kuala Lumpur; Megah Rise Mall in Petaling Jaya, Selangor 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 management services, for projects undertaken and properties owned by PPB Group companies and affiliates.

PPB owns an 18.8% equity interest in one of Asia’s largest integrated agribusiness groups, Wilmar International Limited (“Wilmar”). Wilmar’s business encompasses the entire value chain of the agricultural commodity business, from cultivation and milling of palm oil and sugar cane to processing, branding and distribution of a wide range of edible food products. It has over 500 manufacturing plants and an extensive distribution network covering China, India, Indonesia and some 50 other countries.



The Group’s main contributor, *Grains & Agribusiness* segment, comprises flour milling, animal feed manufacturing, grains trading and livestock farming. The FFM Group in which PPB has 80% equity interest, owns and operates a total of five flour mills in the country and two in Vietnam. In Thailand, the Group operates a 670 mt/day flour mill through its 43.4% associate, Kerry Flour Mills Limited. FFM Group also has 20% interest in eight associates in China with a combined flour milling capacity of 18,950 mt/day.

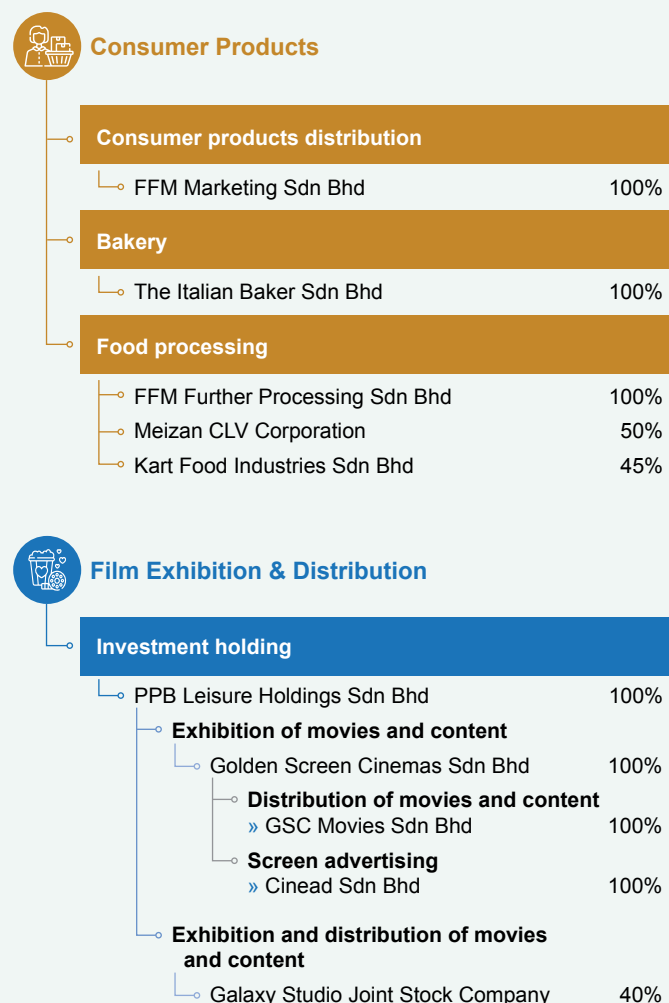
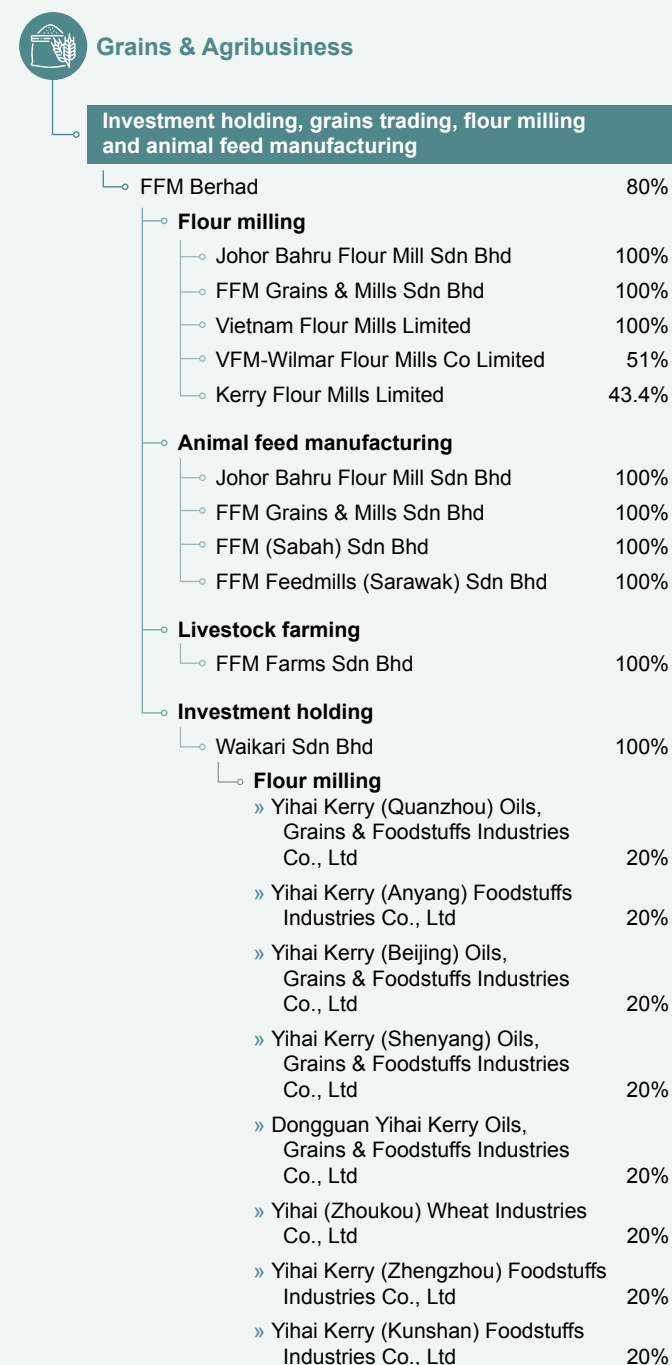
CORPORATE OBJECTIVES



- 01 Create Value for Shareholders**
Optimise sustainable returns on investment for shareholders.
- 02 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.
- 03 Capitalise on Synergies**
To seek synergy and leverage on the Group’s operations to optimise growth and strength.
- 04 Improve Efficiency and Productivity**
Leverage on technology and embrace innovation to further drive operational efficiency to ensure best-of-class operating standards.
- 05 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.
- 06 Uphold Corporate Social Responsibility**
Embrace responsible corporate citizenship focused on generating economic returns with positive contributions to the community.
- 07 Care for the Environment**
Practise sensible and proper environment-friendly standards in our business operations in accordance to legal and regulatory requirements.
- 08 Uphold Good Corporate Governance**
Observe optimum standards of transparency, accountability and integrity in our business practices and corporate performance.
- 09 Build Organisational Agility**
Enhance agility in business and operational practices to meet ever-changing business demands.
- 10 Develop Human Capital**
Build leadership and people capabilities that drive organisation success.
- 11 Drive Customer Centricity**
Be customer-focused in our product and service offerings to build customer loyalty.

GROUP CORPORATE STRUCTURE

AS AT 15 MARCH 2024



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.

CORPORATE INFORMATION

Board of Directors

Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid
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

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

Ms Yip Jian Lee
Independent Non-executive Director

AUDIT AND RISK COMMITTEE

Mr Soh Chin Teck
Chair

Madam Tam Chiew Lin
Tengku Nurul Azian binti Tengku Shahrman

Ms Yip Jian Lee

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
CIMB Bank Berhad
Public Bank Berhad
HSBC Amanah Malaysia Berhad

AUDITORS

Ernst & Young PLT
Level 23A Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur

NOMINATION COMMITTEE

En Ahmad Riza bin Basir
Chair

Mr Soh Chin Teck
Datuk Ong Hung Hock

REMUNERATION COMMITTEE

Madam Tam Chiew Lin
Chair

Datuk Ong Hung Hock
Tengku Nurul Azian binti Tengku Shahrman

COMPANY SECRETARY

Mr Mah Teck Keong

REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suites
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone: 03-2783 9299
Facsimile: 03-2783 9222
Email: is.enquiry@my.tricorglobal.com

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 unprecedented challenges in 2023 not only affected businesses in Malaysia but also globally. From global upheavals with geopolitical tensions, ongoing wars to currency fluctuations, stringent monetary policies and market volatility, businesses had to contend with higher operating costs and industry disruptions while navigating the challenging business environment.

Despite the above, PPB Group Berhad ("PPB" or "the Company") continued to strengthen its capabilities to drive operational efficiencies for the continuing success of the Group.

FINANCIAL PERFORMANCE

For FY2023, Group revenue reduced by 9% to RM5.72 billion as compared to RM6.26 billion in FY2022.

The Group's core business segments recorded a marked overall improvement in profit before tax by 25% to record a total of RM189 million, mainly attributable to higher profits in the *Grains & Agribusiness* segment.

Contribution from our 18.8% associate, Wilmar International Limited ("Wilmar") decreased by 38% to RM1.3 billion from RM2.10 billion in FY2022, resulting in a lower Group pre-tax profit of RM1.49 billion; a 34% decrease from the preceding year's profit of RM2.25 billion.

Profit attributable to shareholders amounted to RM1.39 billion, 37% lower compared to RM2.20 billion in the preceding year. Earnings per share stood at 98.01 sen, 37% down from 2022's earnings of 154.43 sen per share.

While our focus will remain on strengthening and growing our core businesses, we will continually look for new areas of opportunities and businesses.



The Group has set aside a total of RM837 million for capital and other commitments over the next five years which are allocated across our business segments – *Grains & Agribusiness* (RM426 million); *Film Exhibition & Distribution* (RM327 million); *Consumer Products & Others* (RM65 million) and *Property* (RM19 million).

More details on the Group's business segments are outlined in our Managing Director's Review on pages 20 to 28.

Group Revenue
RM5.72
Billion

Group Profit Before Tax
RM1.49
Billion

CHAIRMAN'S STATEMENT



An aerial view of FFM Group's operations in Pulau Indah, Selangor

DIVIDENDS

An interim dividend of 12 sen per share amounting to RM171 million was paid on 22 September 2023. The Board has recommended a final dividend of 30 sen per share totalling RM427 million, subject to shareholders' approval at the 55th Annual General Meeting scheduled for 17 May 2024. The total dividends paid and payable would be 42 sen per share or RM598 million, an increase of 2 sen or RM28 million from the previous financial year.

GOVERNANCE

The Group continues to practise good corporate governance to foster a culture of ethical business practices, accountability and transparency across its operations.

This is fundamental to safeguard the strong reputation of the Group in realising long-term business success and sustainable shareholder value, while maintaining trust with internal and external stakeholders.

Regular reviews are conducted to ensure compliance with relevant laws, as well as regulators' disclosure requirements, and recommended best practices. We are guided by a firm belief that nurturing a strong foundation for ethical business practices will benefit society and the economy in the long term.

The Group has also maintained its Shariah-compliant status based on the Securities Commission's list of Shariah-compliant securities issued in November 2023. This provides assurance to existing and potential investors who make investment decisions based on Shariah principles.

SUSTAINABILITY

The Group considers sustainability issues which are most material to our businesses and key stakeholders including climate change, water consumption, employee health and safety, community engagement, amongst others. Our Sustainability Report outlines our commitments, efforts and progress on these matters.

CHAIRMAN'S STATEMENT

Our corporate social responsibility activities in 2023 benefitted more than 16,000 people through food aid assistance, upskilling programmes, education and medical support. A total investment of RM2.4 million was channelled to support the underprivileged communities.

We have remained in Bursa Malaysia's FTSE4Good Index Series since 2018, for which we must fulfill a set of environmental, social and governance (ESG) criteria. The Group is committed to implementing additional ESG initiatives to further enhance our sustainability achievements.

LOOKING AHEAD TO 2024

In FY2024, the Malaysian economy is anticipated to chart stronger economic growth of 4-5% driven by resilient domestic expenditure and recovery in exports. This will be bolstered by multi-year projects in the public and private sectors as well as catalytic initiatives under the national master plans.

Household spending is expected to be supported by ongoing employment stability and continued wage growth. Inflation is anticipated to be moderate although this will depend on domestic policies, as well as global commodity prices and financial market developments.

Global economies continue to expand and trade is expected to strengthen as the global tech upcycle gains momentum.

The Group is vigilant on economic developments, as well as the prevailing business and operating environment. These are reflected in our updated five-year group strategic plan to drive sustainable business growth.

ACKNOWLEDGEMENTS

The Board would like to extend our appreciation to all who have played a part in our achievements and helped us navigate the challenges.

To my fellow Board members, thank you for the insights and knowledge that you bring to the boardroom. It has been an honour to continue working with you in this first year of my chairmanship. We wish to acknowledge the leadership and dedicated service of our former Chairman, Tan Sri Datuk Oh Siew Nam, in steering the Group's success during his tenure as Chairman since 2004.

Datuk Ong Hung Hock retires at the 55th Annual General Meeting on 17 May 2024 and has decided not to seek re-election. Datuk Ong joined the PPB Board in 2012, having served in the FFM Group since 1980 in various capacities, including the position of Managing Director of FFM from 2011 to 2019.

On behalf of the Board, I wish to record our thanks and appreciation for Datuk Ong's services and contribution to the Group.

Our employees who are part of our larger PPB family, thank you for your continued dedication to realise our shared goals for the organisation. We also wish to convey our appreciation to our customers, business partners, regulators and other stakeholders for your continuing support.

Together, let's make 2024 a better year.

DATO' CAPT AHMAD SUFIAN

Chairman

21 March 2024



MANAGING DIRECTOR'S REVIEW

Dear Shareholders,

In 2023, Malaysia achieved economic growth of 3.7% amidst a challenging global landscape marked by weak demand. Domestic trade contracted by 7.3% while the manufacturing sector saw modest growth of 0.8%. A slowing down of domestic consumer spending was notable, driven by concerns over the escalating cost of living. Local businesses faced major headwinds, including heightened competition, disruptions in the supply chain, rising costs and labour shortages in certain sectors.

Nevertheless, amid these economic and business challenges, the Group delivered satisfactory performance in FY2023. Group revenue for FY2023 decreased to RM5.72 billion (FY2022: RM6.26 billion) primarily due to a strategic decision to divest our Indonesia flour business. Although our pre-tax profit declined to RM1.49 billion in FY2023 (FY2022: RM2.25 billion) due to the lower contribution from our 18.8% associate, Wilmar International Limited ("Wilmar"), the Group's core business segments witnessed an overall improvement in profit before tax.



NAVIGATING THE YEAR AND BEYOND

PPB Group Berhad remained resilient and committed to sustainable growth to navigate the challenging year. As a conglomerate engaged in diverse business activities, we leveraged on the talents and capabilities within the Group to drive business momentum despite market uncertainties.

Moving forward, we will continue to align our efforts with our corporate mission and vision to steer the Group towards sustained growth and success. We will explore opportunities beyond the norm to improve performance and enhance operational efficiency.

GRAINS & AGRIBUSINESS SEGMENT

The *Grains & Agribusiness* segment is the major contributor to the Group's revenue. In FY2023, it contributed 75% of the Group's revenue and 15% of its profit. This segment comprises flour milling, animal feed manufacturing and livestock farming.

FFM Berhad ("FFM"), an 80% subsidiary of PPB, owns and operates seven flour mills of which five are located in Malaysia and two in Vietnam. In Thailand, the Group operates a 670 mt/ day flour mill through its 43.4% associate, Kerry Flour Mills Limited. In China, FFM has 20% interest in eight associates which have a combined flour milling capacity of 18,950 mt/ day.

MANAGING DIRECTOR'S REVIEW

FFM also owns and operates five feed mills across Malaysia, with a total milling capacity of 66,000 mt/ month.

The Group's livestock farming operations comprise a layer farm and two breeder farms in Malaysia. The production capacity of the layer farm is about 20.5 million eggs per month, while the breeder farms have a combined production capacity of about 2.80 million chicks per month.

Flour Milling

In FY2023, lower revenue was recorded. This was mainly due to the disposal of our Indonesia mill which contributed eight months of revenue. The increase in the division's operating profit in FY2023 was mainly due to a more stable wheat commodity market as compared to the previous year.

During the year, we strategically divested our Indonesian flour operations to the Wilmar group. This was undertaken to consolidate our flour milling business in Indonesia within Wilmar's larger network of operations, leveraging on its resources and market presence for greater distribution efficiency and market share. Despite this transition, the Group will maintain an indirect involvement in the Indonesia flour milling business through its interest in Wilmar.

In FY2024, FFM is set to acquire a 3.92-acre industrial land in Johor to enhance our warehousing facility and distribution efficiency.

Looking ahead to 2024, we plan to strengthen the market position of our core brands. We will continue our trajectory of market expansion to grow our institutional bulk clientele, strengthening market share while capitalising on new market opportunities. We remain cognisant of market volatility in terms of wheat pricing, supply chain disruptions, freight rates, currency exchange rates as well as the very competitive market. Our business strategies are carefully devised and closely monitored to mitigate these risk factors and to remain resilient in the face of market dynamics.

Animal Feed Manufacturing

The Animal Feed Manufacturing division operates under increasingly intense market and price competition compounded by industry consolidation, integration of market players and contraction of customer base resulting from high-volume customers switching to home or toll mixing. There are also the added challenges of potential disease outbreaks, labour shortage, fluctuating costs, and quality of raw materials.

Moving forward, the division is committed to business sustainability and growth through operations efficiency and innovation practices. We will continue exploring various options to mitigate the impact of the poultry integration by diversifying the feed products to other segments such as ruminant feed.

The division will also explore new opportunities to increase volumes with existing clientele as well as develop new customer relationships, thus expanding our customer base.



Flour mill complex and wheat silos in FFM Grains & Mills, Pasir Gudang

MANAGING DIRECTOR'S REVIEW



FFM Farms' layer farm in Trong, Perak

Livestock Farming

In FY2023, prices of day-old chicks as well as table eggs reached unprecedented highs mainly due to supply chain disruptions and workforce shortages.

The landscape of the livestock farming industry has changed over the past decade with the exit of small and medium-scale industry players due to operational, investment and manpower challenges. This trend has created opportunities for the rapid expansion and effective business consolidation of major market players.

In anticipation of a challenging 2024, the division will focus on optimising production costs, improving volume efficiency, promoting sustainable farming practices and strengthening biosecurity measures.

CONSUMER PRODUCTS SEGMENT

This segment comprises the Group's businesses in consumer products distribution, bakery and food processing.

Revenue for the *Consumer Products* segment increased by 1.0% to record RM761 million. This segment contributed 13% to Group revenue, making it the second-highest contributor. Profit for FY2023 was lower by 23% compared to the previous year, impacted mainly by higher trade promotions and operating costs.

Consumer Products Distribution

This division operates under FFM Marketing Sdn Bhd. It has 13 warehouses strategically located across Malaysia with a total of 450,000 sq ft of warehousing capacity. We distribute a wide range of in-house and agency brands of fast-moving consumer goods.

In FY2023, the division recorded a higher revenue attributed to higher sales of packaged flour and expansion of selected product offerings to new distribution channels.

The division continues to face challenges stemming from customer cautiousness due to inflation, and escalating commodities and raw materials costs.

Looking ahead, our well-established distribution network and strong brand presence form a solid foundation to sustain our business.

The division will continue to adopt forward-thinking strategies and explore business expansions to align our product offerings with consumer spending patterns and shopping behaviours.

Bakery

This division operates under The Italian Baker Sdn Bhd ("TIB"), a wholly-owned subsidiary of FFM Berhad. We operate five production lines at our state-of-the-art industrial bakery located in Pulau Indah, Selangor. The facility has a production

MANAGING DIRECTOR'S REVIEW

capacity comprising two bread lines with capacities of 10,000 loaves and 6,000 loaves-per-hour respectively; a 24,000 rolls-per-hour line; a 15,000 cake-per-hour line; and a 6,000 buns-per-hour line.

Overall, the bread industry remains stable while greater competition is experienced in the rolls and cakes market with a wide array of variants available to consumers, especially for out-of-home consumption.

During the year, TIB focused efforts on ramping up our production to pre-Covid-19 capacities and continued to expand our distribution and customer base. New products were also rolled out to extend our range of product flavours.

In a post-pandemic environment, demand for industrial bakery products may dip as customers are presented with greater choice and product selection in resuming their regular shopping activities.

Intensified competition is expected with the emergence of new players in the market while current players vie for market share in a matured and saturated market.

Operational and labour costs make up a large portion of our expenditure and the year ahead will also see an increase in machinery and labour costs. We will continue to focus on

efficiency and cost control measures, along with product and channel expansions.

Food Processing

The Group's food processing division under FFM Further Processing Sdn Bhd ("FFP") operates two production lines at our facility in Pulau Indah, Selangor. We produce premium ready-to-eat sausages, nuggets and burgers for the Malaysian market and selected countries in the region.

In FY2023, FFP extended our product offerings with the launch of two new products, Marina Chicken Popcorn and Marina Chicken Fingers.

The frozen food business experienced a decline due to inflationary pressures. Raw material prices reached a plateau following two years of significant escalation. FFP anticipates an improvement in revenue levels going forward, driven by increased volumes.

In the year ahead, FFP will continue to be agile and innovative as we explore product differentiation strategies to meet consumer demand for variety at competitive prices. We will focus on optimising efficiency at our production facility and seizing new opportunities in the retail and food service sectors.



MANAGING DIRECTOR'S REVIEW



The ScreenX hall located at Aurum Theatre, The Exchange TRX is the largest in Malaysia, offering an immersive cinematic experience with a 270-degree panoramic view, complete with reclining seats and a good selection of F&B

FILM EXHIBITION & DISTRIBUTION SEGMENT

The Group owns Golden Screen Cinemas Sdn Bhd ("GSC"), the leading cinema exhibitor in Malaysia. GSC operates 55 cinema locations with 520 screens in Malaysia and our 40% associate, Galaxy Studio Joint Stock Company, operates 20 cinemas with 117 screens in Vietnam.

The *Film Exhibition & Distribution* segment which contributed 10% to the Group revenue, attained a higher revenue of 11% in FY2023 compared to the previous year. This was attributed to an increase in admissions by 11%, net box office collection by 10% and concession sales by 8%.

The opening of five new cinemas in Malaysia with an additional 41 screens in FY2023 also contributed to the revenue increase. In Vietnam, two new cinemas were opened, one of which was the first hybrid cinema concept and was well-received.

The segment reported a loss of RM120 million for FY2023 compared to a loss of RM17 million in FY2022 due to impairments of the Vietnam cinema operations and the Malaysia cinema assets. These impairments were due to the slower-than-expected recovery of the cinema business post-pandemic. Excluding these impairments,

the segment loss was RM8 million in FY2023 compared to a profit of RM10 million in FY2022 mainly due to higher cinema operating costs.

The cinema operations were impacted by the Screen Actors Guild and the Writers Guild of America strikes, which delayed the release of key blockbusters in 4Q2023 and disrupted content supply in the short to medium term.

We are currently focusing on rationalising cinema operations and optimising resources. This includes centralising procurement and merging duplicated functions wherever possible. We also ceased operations of two cinemas – GSC Alamanda Shopping Centre and GSC Berjaya Times Square, in 2023. In the first quarter of 2024, we closed GSC 3 Damansara and GSC Klang Parade.

We will continue to provide immersive, innovative, and fresh lifestyle offerings to meet ever-changing consumer preferences. These include family halls, special formats like IMAX, 4DX, and ScreenX, premium cinemas, restaurants, and bars.

The division is also focusing on co-productions of local content to support the country's movie industry. In FY2023, GSC Movies released one of our co-production movies,

MANAGING DIRECTOR'S REVIEW

"Malbatt Misi Bakara" which garnered net box office of RM26.8 million and was ranked fourth among the top movies of 2023. Three other co-production movies, "Legasi: Bomba The Movie", "Takluk" and "Reversi" are scheduled for release in 2024/2025. The Group intends to continue investing in good film productions to expand GSC's content.

The FY2024 expansion plans include the opening of two additional cinemas. The Aurum Theatre with 11 screens at the iconic The Exchange TRX opened on 28 February 2024, while GSC at KL East Mall with eight screens is scheduled for opening in the second quarter of 2024. These cinema openings would translate to the growth in our market share.

PROPERTY

PPB Properties, the property division of PPB Group Berhad, has established itself as a reliable developer of residential, retail and commercial properties across Peninsular Malaysia with a particular focus in Kuala Lumpur, Selangor, Penang, and Johor.

The segment owns and manages five commercial properties, namely Cheras Leisure Mall and Cheras Plaza in Kuala Lumpur, Megah Rise Mall in Petaling Jaya, Selangor, and New World Park and The Whiteaways Arcade in Georgetown, Penang.

The segment's property development projects include Megah Rise in Petaling Jaya, Taman Tanah Aman in Penang and the upcoming development project in Kedah currently under planning named Lumina Bedong.

We also provide project management and property-related services to properties such as the Southern Marina development in Johor and The LINC in Kuala Lumpur.

In FY2023, the *Property* segment as a whole registered a lower revenue of RM 117 million (FY2022: RM 141 million), and a profit of RM17 million (FY2022: RM35 million), mainly due to lower progressive profit recognised from the sale of Megah Rise Residensi units. This residential project was completed in August 2022.

While the retail sector saw a surge in new mall openings in FY2023, further exacerbating the already saturated Klang Valley retail landscape, we are pleased to report that our malls in the Klang Valley achieved an average occupancy rate above 90%, indicating a return to pre-Covid performance levels.

In FY2024, we aim to maintain strong occupancy rates exceeding 90% across all Klang Valley malls by enhancing our malls' competitiveness through a good tenant mix and

modernising facilities to drive footfall and maintain relevance. Digitalisation efforts will be prioritised, including introducing a loyalty and rewards mobile app to foster customer loyalty and improve operational efficiency. As part of our sustainability efforts at our retail centres, we will install solar panels and food waste compost machines.

In FY2023, the property development market was increasingly competitive, marked by the launch of many new projects. This was compounded by a notable surge in property prices, influenced by inflation and higher construction material costs.

Consequently, buyers adopted a more cautious approach to property investment decisions. Today's purchasers are also more drawn to properties that offer sustainable features such as energy-efficient fittings, natural ventilation, natural lighting and EV charging stations. There is also a growing preference for community-centric living and integrated developments that provide additional conveniences.

PPB Properties remains committed to building sustainable green developments that prioritise environmental stewardship and meet the demand for eco-friendly properties. We will continue to seek strategic land banks to strengthen our property portfolio.



PPB Properties' latest development, Megah Rise in Taman Megah, Petaling Jaya

MANAGING DIRECTOR'S REVIEW

GROUP FINANCIAL PERFORMANCE

	2023 RM'000	2022 RM'000
Revenue	5,720,693	6,257,395
Profit before tax	1,488,474	2,250,424
Profit attributable to shareholders	1,394,305	2,196,818
Earnings per share (sen)	98.01	154.43

The Group achieved total revenue of RM5.72 billion, 9% lower than FY2022. This was mainly attributable to the lower revenue contribution from the divested Indonesia flour operations.

Group pre-tax profit decreased by 34% to RM1.49 billion, mainly due to the lower contribution from Wilmar by 38% to RM1.30 billion. Our main business, *Grains & Agribusiness*, recorded an increase in profit by 209% to RM230 million; whilst *Film Exhibition & Distribution* recorded a higher loss of RM120 million. Profit attributable to shareholders amounted RM1.39 billion, with earnings per share at RM0.98, a 36.5% decrease from the previous financial year.

Financial Performance by Business Segments

Grains & Agribusiness

	2023 RM'000	2022 RM'000
Segment revenue	4,255,957	4,655,906
Segment profit	229,911	74,329

Segment revenue was lower by 9% to RM4.26 billion (FY2022: RM4.66 billion), mainly attributable to lower revenue from the Indonesia flour operations, which was divested on 12 September 2023. The segment recorded higher profit at RM230 million (FY2022: RM74 million), mainly due to the improved performance at the flour, feed and livestock sub-segments, partially offset by losses at the divested Indonesia flour operations.

Consumer Products

	2023 RM'000	2022 RM'000
Segment revenue	761,035	751,118
Segment profit	25,927	33,607

Segment revenue was higher by 1% to RM761 million (FY2022: RM751 million). The segment reported lower profit at RM26 million (FY2022: RM34 million), mainly due to higher trade promotion and operating costs.

Film Exhibition & Distribution

	2023 RM'000	2022 RM'000
Segment revenue	570,269	514,809
Segment loss	(120,400)	(17,088)

Segment revenue increased by 11% to RM570 million (FY2022: RM515 million). The segment recorded higher losses at RM120 million (FY2022: RM17 million). The losses were primarily attributable to the impairment on the Vietnam operations which amounted to RM60 million (FY2022: RM27 million) and the impairment on the Malaysia cinema assets amounting to RM53 million. Excluding these impairments, the segment recorded a loss of RM8 million in FY2023 (FY2022: RM10 million profit). The losses were mainly due to higher cinema operating costs.

Property

	2023 RM'000	2022 RM'000
Segment revenue	117,483	140,959
Segment profit	17,400	34,909

Segment revenue and profit were lower at RM117 million (FY2022: RM141 million) and RM17 million (FY2022: RM35 million) respectively, mainly attributable to lower progressive profit recognised from the Megah Rise Residensi units sold as the project was completed in August 2022.

Group Financial Position

	2023 RM'000	2022 RM'000
Total assets	29,408,364	28,932,677
Total liabilities	1,597,186	2,364,169
Net assets	27,136,630	25,830,841
Net assets per share (RM)	19.07	18.16

The Group's total assets increased by 1.6% to RM29.41 billion as at 31 December 2023. This was mainly due to the increase in the share of net assets from Wilmar, partially offset by the divestment of the Indonesia flour company's assets.

Group total liabilities decreased by 32.4% to RM1.60 billion as at 31 December 2023, mainly due to a decrease in borrowing by RM914 million to RM433 million, partially offset by an increase in lease obligations by RM120 million to RM502 million.

Net assets per share stood at RM19.07 as at 31 December 2023.

MANAGING DIRECTOR'S REVIEW

Group Cash and Cash Equivalents

Group cash and cash equivalents increased by RM42 million to RM1.63 billion as at 31 December 2023 (FY2022: RM1.59 billion).

Group Bank Borrowings

Group Bank Borrowings decreased by RM914 million to RM433 million as at 31 December 2023. The decrease was attributable to the improved business performance at the *Grains & Agribusiness* segment as well as the deconsolidation of the divested Indonesia flour company's borrowings.

All the banking facilities carry variable interest rates.

36% or RM155 million are foreign currency denominated working capital loans for grains procurement and foreign operations of *Grains & Agribusiness* segment, these are mainly in Vietnamese Dong and United States Dollar.

Group Capital Expenditure

The Group incurred a total capital expenditure of RM197 million during the financial year ended 31 December 2023.

Major areas of spent are as follows:

- RM122 million in *Film Exhibition & Distribution* segment mainly for the construction of new cinemas and upgrading of existing cinemas;
- RM42 million in *Grains & Agribusiness* segment, mainly for the construction and upgrading of plant, machineries and equipment;
- RM26 million in *Consumer Products* segment, mainly for the purchase of workers' hostel and upgrading of plant and equipment; and
- RM4 million in *Property* segment, mainly for the refurbishment of investment properties.

ANALYSIS OF THE GROUP'S TOP RISKS

For a conglomerate like the PPB Group, identification and management of risks are important for business sustainability. Therefore, minimal disruption to the value-creation process is imperative. The Group has identified the following six top risks that must be managed to maintain continued long-term success:

1. Reliance on certain income streams

The PPB Group has an 18.8%-stake in Wilmar. For FY2023, it relied to a large extent on contributions from Wilmar to meet one of our key objectives, which is to reward shareholders with sustainable and consistent dividends. The Group, therefore, invests in and expands our other business segments both domestically and overseas, while continually seeking investment opportunities to diversify our portfolio and income stream.

2. Compliance with regulatory requirements

The PPB Group places high priority on compliance with relevant regulatory requirements. As such, the Group endeavours to create awareness and equip employees through relevant trainings and engagement of professional consultants, or with regulators 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 appointment of occupational safety and health (OSH) coordinators, the formation of OSH committees and stringent enforcement of Occupational Safety and Health Act (OSHA) requirements.

4. Foreign exchange risk

The fluctuation of the Ringgit has presented challenges to the PPB Group as most of the raw materials for the *Grains & Agribusiness* segment, film rights purchases and overseas investments are denominated in foreign currencies. The Group monitors currency fluctuations closely and hedges part of our exposure.

5. Fluctuation of commodity prices

Some of the raw materials used in the Group's production are traded in the commodities market, which are exposed to price fluctuation risks. Changes in consumer demand, extreme weather changes, and geopolitical tensions 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 our exposure appropriately to preserve our margin.

MANAGING DIRECTOR'S REVIEW

6. Supply chain disruption risk

Disruptive worldwide events such as adverse weather and geopolitical tensions expose the Group to supply chain disruption risks. The Group recognises the need for our supply chains to be resilient. To mitigate the impact, action being taken includes close monitoring of 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.

GROUP OUTLOOK & PROSPECTS FOR 2024

The Malaysian economy expanded by 3% in the fourth quarter of 2023 (3Q2023: 3.3%). Household spending remained supported by improving labour market conditions and easing cost pressures. Meanwhile, growth in investment activity was underpinned by the progressive realisation of multi-year projects and capacity expansion by firms.

Looking at the overall performance in 2023, growth for the Malaysian economy moderated to 3.7% amid a challenging external environment, following a strong growth registered in the previous year (2022: 8.7%).

For 2024, the growth of the Malaysian economy is anticipated to be driven by robust domestic expenditure and a positive shift in external demand. Household spending is expected to be supported by ongoing employment stability and continued wage growth. Additionally, investment activity is set to be bolstered by further progress of multi-year projects in both private and public sectors, along with the implementation of catalytic initiatives under national master plans.

With the correction of world grain prices in 2023 from its peak in 2022, the performance of the *Grains & Agribusiness* segment improved significantly in 2023, particularly the Malaysia operations. Nevertheless, we expect competition to be intense with continued volatility in the global grain commodity markets primarily influenced by the ongoing

risks associated with uncertain weather conditions in major grains-growing countries. We will continue to leverage our extensive experience in grain procurement and expertise in product formulation to drive operational efficiency. We are cautiously optimistic that the *Grains & Agribusiness* segment will deliver a satisfactory set of results in 2024.

The consumer market is expected to face challenges from prevailing consumer sentiment and spending patterns. However, we expect the *Consumer Products* segment to continue to perform well in 2024, as the segment remains focused on the business of the manufacturing and distribution of consumer staple food and continues to expand our product range.

The *Film Exhibition & Distribution* segment recorded a loss in the fourth quarter of 2023 as a result of the deferment of several key blockbuster titles due to the actors' and writers' strikes in Hollywood, and cinema impairments. The strikes which ended in the last quarter of 2023, have also affected production and supply of movie content in the medium term. We anticipate a challenging 2024 for this segment as it is substantially dependent on the supply of content. However, the impact will be partially cushioned by local and regional releases as well as contributions from events and F&B business.

With several property development projects at various stages of planning, improving mall performance will be the key driver for the *Property* segment in 2024.

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

LIM SOON HUAT
Managing Director

21 March 2024

GROUP FINANCIAL HIGHLIGHTS

	2023 RM'Million	2022 RM'Million	Change %
INCOME STATEMENT			
Revenue	5,721	6,257*	(8.6)
Profit before taxation	1,488	2,250*	(33.9)
Profit after taxation	1,421	2,220	(36.0)
Profit attributable to owners of the parent	1,394	2,197	(36.5)
STATEMENT OF FINANCIAL POSITION			
Equity attributable to owners of the parent	27,137	25,831	5.1
Total equity	27,811	26,569	4.7
RATIOS			
Return on equity attributable to owners of the parent	(%)	5.1	8.5
Earnings per share	(sen)	98.01	154.43
Debt to equity ratio	(times)	0.02	0.05
Net assets per share	(RM)	19.07	18.16
Dividend per share	(sen)	42	40
Share price - 31 December	(RM)	14.48	17.44

* Including discontinued operations

5-YEAR GROUP FINANCIAL STATISTICS

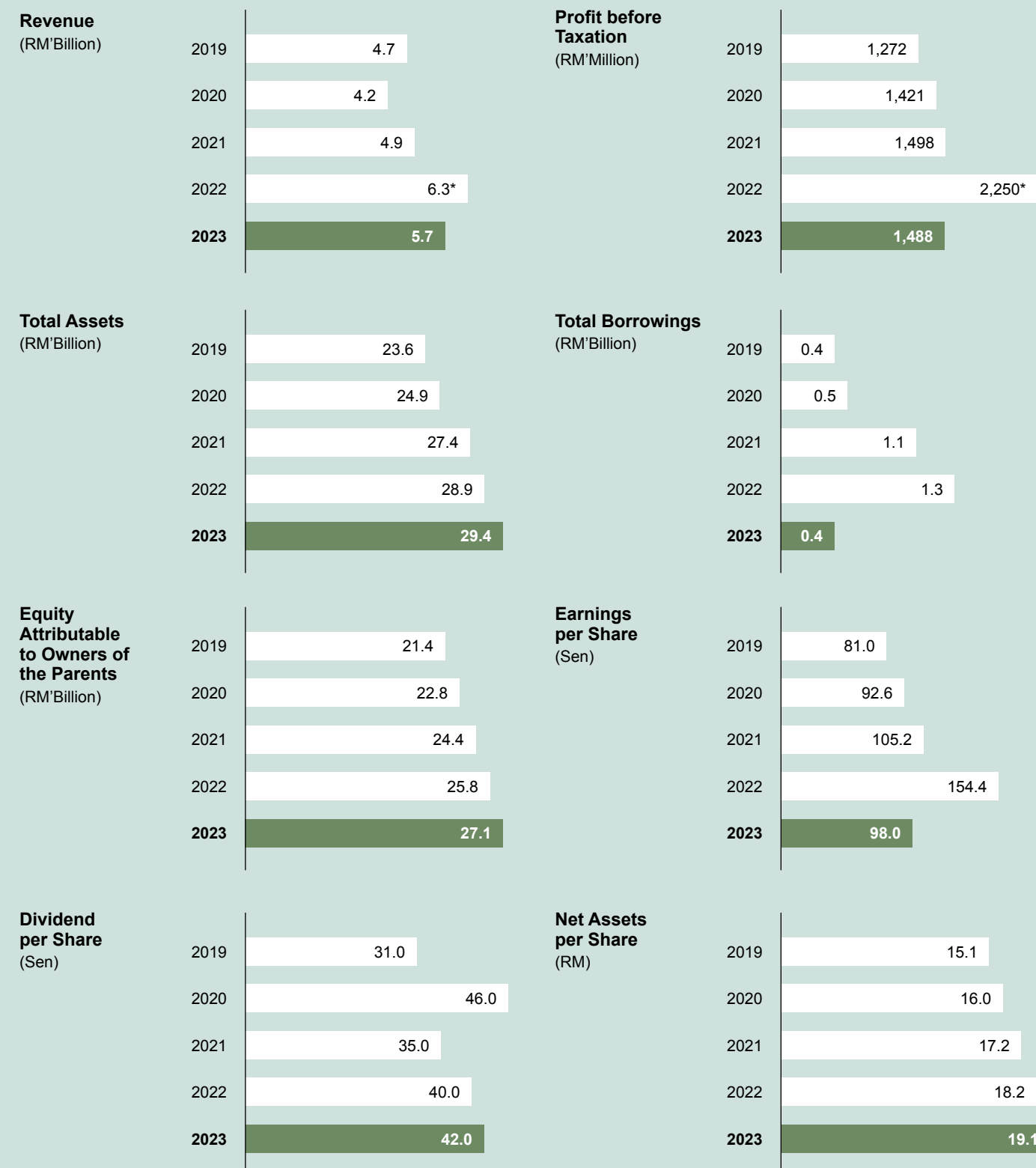
Year ended 31 December		2023	2022	2021	2020	2019
Revenue	RM'Million	5,721	6,257*	4,857	4,191	4,684
Share of results of associates	RM'Million	1,327	2,178	1,573	1,343	1,040
Profit before taxation	RM'Million	1,488	2,250*	1,498	1,421	1,272
Profit for the year	RM'Million	1,421	2,220	1,507	1,363	1,199
Dividend for the financial year	RM'Million	597	569	498	654	441
Issued and paid-up share capital	RM'Million	1,429	1,429	1,429	1,429	1,429
Equity attributable to owners of the parent	RM'Million	27,137	25,831	24,431	22,819	21,435
Total assets	RM'Million	29,408	28,933	27,397	24,884	23,580
Total borrowings	RM'Million	433	1,347	1,103	481	361
Earnings per share	Sen	98.01	154.43	105.17	92.57	81.02

FTSE Bursa KLCI Quotes

31 December closing price	RM	14.48	17.44	17.10	18.52	18.84
No. of shareholders		9,966	9,108	9,199	9,080	8,989

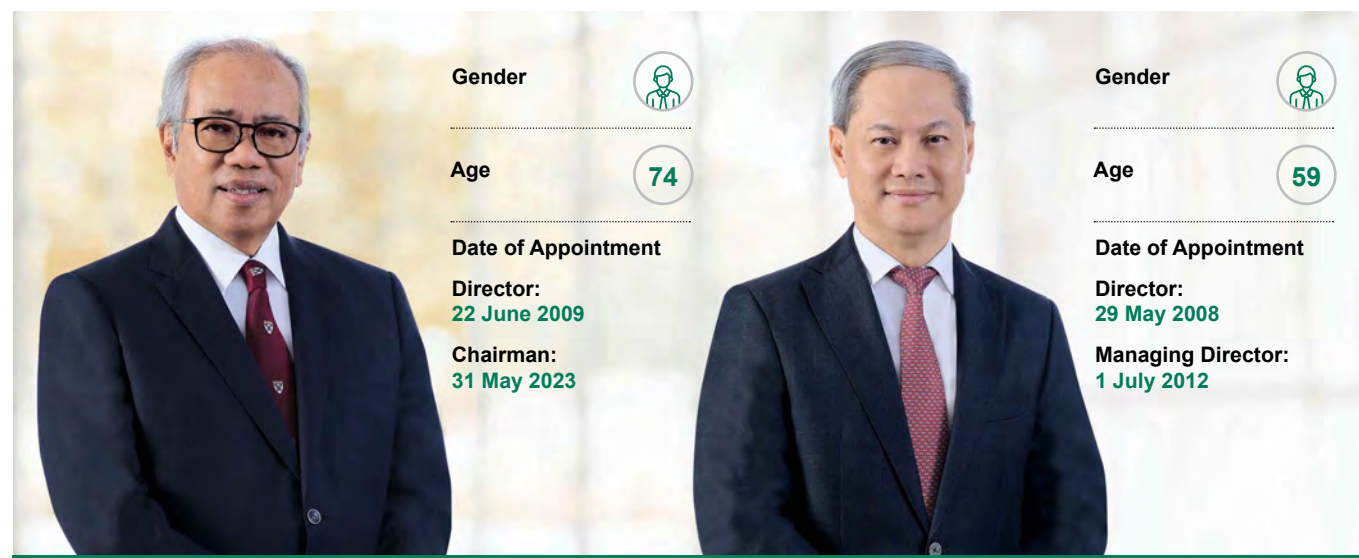
* Including discontinued operations

5-YEAR GROUP FINANCIAL STATISTICS



* Including discontinued operations

DIRECTORS' PROFILES



DATO' CAPT AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID

Non-independent Non-executive Director
Chairman of the Board of Directors

Qualifications and experience

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

Other directorships in public companies and listed companies

- Nil

MR LIM SOON HUAT

Non-independent Executive Director
Managing Director

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 companies

- Ponderosa Golf & Country Resort Berhad
- FFM Berhad
- Kuok Foundation Berhad

DIRECTORS' PROFILES



DATUK ONG HUNG HOCK

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

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 companies

- Nil

MR SOH CHIN TECK

Independent Non-executive Director
Chair of Audit and Risk Committee
Member of Nomination Committee

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 and New Zealand.
- Member of the Malaysian Institute of Accountants.
- More than 13 years audit experience and held various senior positions in member firms of Deloitte in Singapore, Sydney and Kuala Lumpur.
- Former Executive Director and General Manager of CSR Building Materials (M) Sdn Bhd.
- Former Business Director and board member of Rockwool Malaysia Sdn Bhd.
- Former Chairman of FMM-Malaysian Insulation Manufacturers Group.
- Former Deputy Managing Director of Saint-Gobain Malaysia Sdn Bhd.

Other directorships in public companies and listed companies

- FM Global Logistics Holdings Berhad

DIRECTORS' PROFILES



ENCIK AHMAD RIZA BIN BASIR

Independent Non-executive Director
Chair of Nomination Committee

MADAM TAM CHIEW LIN

Independent Non-executive Director
Chair of Remuneration Committee
Member of Audit and Risk Committee

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.
- Director of Jerneh Asia Berhad (now known as JAB Capital Berhad) from 1996 to 2012.
- Independent director of United Plantations Berhad from 2000 to April 2022.

Other directorships in public companies and listed companies

- Nil

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.
- Former Non-independent Non-executive Director of FWD Takaful Berhad from 2019 to March 2024.

Other directorships in public companies and listed companies

- JAB Capital Berhad

DIRECTORS' PROFILES



TENGGU NURUL AZIAN BINTI TENGGU SHAHRIMAN

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

MS YIP JIAN LEE

Independent Non-executive Director
Member of Audit and Risk Committee

Qualifications and experience

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

Other directorships in public companies and listed companies

- Dutch Lady Milk Industries Berhad
- FM Global Logistics Holdings Berhad
- Sunway REIT Management Sdn Bhd

Qualifications and experience

- Chartered Accountant with the Institute of Chartered Accountants in England and Wales (1981).
- Member of the Malaysian Institute of Accountants.
- Independent Non-Executive Director of Carimin Petroleum Berhad.
- Director of the Institute of Bankers Malaysia from 1985 to 2000.
- Former Independent Non-executive Director of FWD Takaful Berhad from 2020 to August 2023.

Other directorships in public companies and listed companies

- Carimin Petroleum Berhad
- Land and General Berhad
- Professional Golf of Malaysia

Notes

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

KEY SENIOR MANAGEMENT TEAM



MR LIM SOON HUAT

Managing Director of PPB Group Berhad

Mr Lim's profile is set out on page 32.



MR JEREMY GOON KIN WAI @ JEREMY RUAN JIANWEI

Chief Executive Officer of FFM Berhad

Year of Joining PPB Group:
2019

Date Appointed to the Key Senior Management Position:
1 October 2019

Qualifications and Experience:

- Bachelor of Arts (Honours) degree in Management Science & Law from Keele University, United Kingdom.
- Currently the Chief Sustainability Officer of Wilmar International Ltd.
- Held several senior positions in the Kuok group of companies since 2002 and has management experience in edible oils processing operations, plantation management, trading, brand management, marketing and sustainability.
- Serves on the boards of several local and overseas entities amongst them, Kuok Brothers Sdn Berhad, 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.

Directorships in Public Companies and Listed Issuers:

- FFM Berhad
- Rainbow Ridge Berhad

Gender	Age	Nationality
Male	52	Malaysian



MS KOH MEI LEE

Chief Executive Officer of Golden Screen Cinemas Sdn Bhd (GSC)

Year of Joining PPB Group:
1990

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.
- Held the position of the Group Head of Corporate Affairs of PPB overseeing the investor relations and corporate affairs matters of PPB Group from 2000 until 2022. Additionally, she was the Group Chief Sustainability Officer of PPB from 2018 to 2022.
- Appointed as Director of GSC Group in February 2001 and has been Chief Executive Officer of GSC Group since January 2002. She also oversees the Group's leisure operations.

Directorship in Public Companies and Listed Issuers:

Nil

Gender	Age	Nationality
Female	58	Malaysian

KEY SENIOR MANAGEMENT TEAM



MR LOW ENG HOOI

Chief Executive Officer of PPB Properties

Year of Joining PPB Group:
2019

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 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 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:

Nil

Gender	Age	Nationality
Male	59	Malaysian



MS YAP CHOI FOONG

Group Chief Financial Officer of PPB Group Berhad

Year of Joining PPB Group:
2017

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:

Nil

Gender	Age	Nationality
Female	59	Malaysian



MR MAH TECK KEONG

Company Secretary of PPB Group Berhad

Year of Joining PPB Group:
1989

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:

Nil

Gender	Age	Nationality
Male	61	Malaysian

KEY SENIOR MANAGEMENT TEAM



Gender	Age	Nationality
Female	50	Malaysian

MS OH SOK TUAN, AMANDA

Group Chief Human Resources Officer of PPB Group Berhad

Year of Joining PPB Group:
2019

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.
- 19 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:
Nil

KEY SENIOR MANAGEMENT TEAM



Gender	Age	Nationality
Male	51	Malaysian

MR SENG KIAN AIK

Group Head of Internal Audit

Year of Joining PPB Group:
2021

Date Appointed to the Key Senior Management Position:
4 January 2021

Qualifications and Experience:

- Member of Institute of Internal Auditors Malaysia, Malaysian Institute of Accountants, Malaysian Institute of Certified Public Accountants and Chartered Accountants Australia and New Zealand.
- Prior to joining PPB Group Berhad, he has held senior positions in Internal Audit of Sunway REIT and AirAsia X Berhad and has worked in professional assurance services firm, PricewaterhouseCoopers.
- Has over 25 years of working experience in internal and external audit.

Directorship in Public Companies and Listed Issuers:
Nil



Gender	Age	Nationality
Female	50	Malaysian

MS GOH WEI-MIN

Group Chief Risk Officer

Year of Joining PPB Group:
2015

Date Appointed to the Key Senior Management Position:
13 August 2015

Qualifications and Experience:

- Bachelor of Arts (Econ) Accounting & Finance (Honours), The University of Manchester, United Kingdom.
- Fellow member of the Association of Chartered Certified Accountants, United Kingdom.
- Certified Business Continuity Professional (CBCP).
- Over 25 years of experience in risk management, system implementations, business continuity, consulting and governance. She was formerly with government-linked companies, one of the Big Fours' risk advisory consulting firm, and multinational corporation.

Directorship in Public Companies and Listed Issuers:
Nil



Gender	Age	Nationality
Male	44	Malaysian

MR TEE CHIN YI

Group Head of Information Technology

Year of Joining PPB Group:
2021

Date Appointed to the Key Senior Management Position:
1 June 2021

Qualifications and Experience:

- Master in Information & Communication Technology Management and Executive Master in Management (General) from Asia E University, Malaysia.
- Prior to joining PPB Group Berhad, he was the Head of Information Technology of Heineken Malaysia Berhad.
- Has over 14 years extensive experience in leadership roles within Asia Pacific in driving IT strategic transformation which includes design and execution of digital roadmap, IT infrastructure modernisation projects and IT security strategy and governance.

Directorship in Public Companies and Listed Issuers:
Nil



Gender	Age	Nationality
Female	41	Malaysian

MS LEE MEI FONG, AUDREY

Group Head of Sustainability

Year of Joining PPB Group:
2023

Date Appointed to the Key Senior Management Position:
3 January 2023

Qualifications and Experience:

- Bachelor of Science (Honours) degree in Industrial Biology, from the University of Technology Malaysia.
- Oversees sustainability and CSR initiatives of PPB Group.
- Over 19 years of sustainability programme implementation experience within financial institutions, multinational companies, and not-for-profit organisations.

Directorship in Public Companies and Listed Issuers:
Nil

Notes:

1. None of the key senior management team has any family relationship with any other Director and/or major shareholder of the Company, nor any conflict of interest with the Company.
2. Other than traffic offences, 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

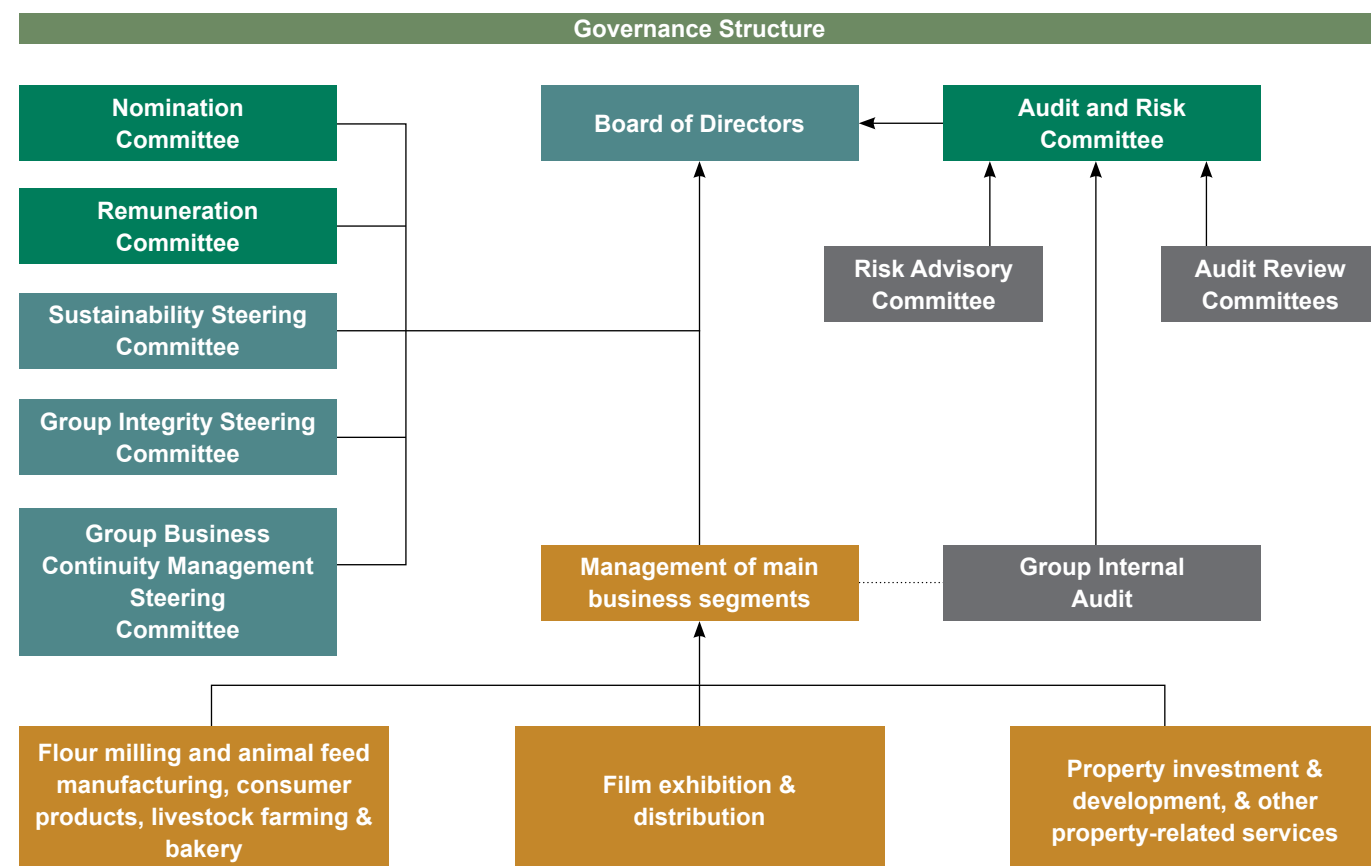
This Corporate Governance Overview Statement (“CGS”) provides a summary of the corporate governance practices of PPB Group Berhad (“PPB”) and its subsidiaries (“Group”) during the financial year ended 31 December 2023 (“FY2023”) with reference to the three Principles in the Malaysian Code on Corporate 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 FY2023 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 2023 Annual Report, viz the Audit and Risk Committee Report, Statement on Risk Management and Internal Control, and the Sustainability Report.

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



CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

Board responsibilities

The board charter sets out matters reserved for the Board’s decision and outlines the Board’s roles and responsibilities. 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 charter includes the Board’s responsibilities on environmental, social and governance (“ESG”) matters which are pertinent and material to the Group and its stakeholders; as well as effective stakeholder communication and engagement.

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 several 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. An updated Group-wide code of ethics and conduct was adopted by the Board in 2018, which is embedded in the respective Group employee handbooks. This was further updated and approved by the Board in March 2024. A set of ‘Whistleblowing Policy and Procedures’ has been adopted by the respective business units throughout the Group, and is incorporated in the employee handbook. It is also available on the Company’s website:

<https://www.ppbgroup.com/index.php/governance-sustainability/code-policies/whistleblowing-policy-and-procedures>

Anti-bribery and corruption

The Board is 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 and Procedures’ (“ABAC P&Ps”) applies to all directors and employees of PPB Group as well as business associates. The ABAC P&Ps 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. It may be viewed at the Company’s website:

<https://www.ppbgroup.com/index.php/governance-sustainability/code-policies/group-anti-bribery-and-corruption-policy-and-procedures>

The ABAC P&Ps 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. 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 and employees attended the annual ABAC training session conducted by the Company’s Risk Management and Integrity Department during the year.

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 presently comprises the Group Head of Sustainability, PPB’s department heads, as well as the chief executive and sustainability officers of the business units. The respective business units set, monitor and review ESG/sustainability targets, and report the performance/results achieved to the board through the SSC.

Our updated Group Strategic Plan (2024-2028) includes sustainability goals, strategies and plans of the various business units. The Board adopted a 5-year sustainability roadmap in 2022 for the period from 2022 to 2026, which translates the Group’s vision and strategy into targets and initiatives to be achieved within the set timelines. 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 2023 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 FY2023 and attendance record are set out below:

Meetings/Name of Director/ Committee member	Number of meetings	
	Held	Attended
Board of Directors		
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	5	5
Mr Lim Soon Huat	5	5
Datuk Ong Hung Hock	5	5
Mr Soh Chin Teck	5	5
En Ahmad Riza bin Basir	5	5
Madam Tam Chiew Lin	5	5
Tengku Nurul Azian binti Tengku Shahriman	5	5
Ms Yip Jian Lee (Appointed on 2 January 2023)	5	4
Tan Sri Datuk Oh Siew Nam (Retired on 17 May 2023)	2	2
Audit and Risk Committee		
Mr Soh Chin Teck	5	5
Madam Tam Chiew Lin	5	5
Tengku Nurul Azian binti Tengku Shahriman	5	5
Ms Yip Jian Lee (Appointed on 17 May 2023)	2	2
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid (Resigned on 31 May 2023)	3	3
Nomination Committee		
En Ahmad Riza bin Basir	2	2
Datuk Ong Hung Hock	2	2
Mr Soh Chin Teck	2	2
Remuneration Committee		
Madam Tam Chiew Lin	1	1
Datuk Ong Hung Hock	1	1
Tengku Nurul Azian binti Tengku Shahriman (Appointed on 31 May 2023)	n/a	n/a
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid (Resigned on 31 May 2023)	1	1

In exercising their duties, directors have access to Company information 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 eight Board members in FY2023, five are independent. The remainder of the Board comprised the Chairman, a non-independent non-executive director, and the Managing Director.

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

The Board has agreed that annual shareholders' approval be sought to extend the tenure of any director who has served for more than nine years as an independent director. Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid, Mr Soh Chin Teck and En Ahmad Riza bin Basir's tenures as independent directors were further extended at the 54th Annual General Meeting ("AGM") of the Company in 2023 for the respective further terms. The Nomination Committee ("NC") and the Board were satisfied that Dato' Sufian, Mr Soh and En Riza are able to exercise independent judgment and act in the best interests of the Company, and recommended the continuation of Dato' Sufian, Mr Soh and En Riza's tenures as independent directors beyond nine years for shareholders' approval at the 54th AGM.

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 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. No director shall serve for more than three years from his/her last election.

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. The Company organised several in-house training sessions in 2023 which directors attended, and the topics included the following:

- The annual integrity training pursuant to the group's anti-bribery and corruption framework, which focused on various aspects of integrity such as ethics, honesty, trustworthiness, etc.
- IT security awareness training aimed to better recognise and understand organisational and personal cyber-threats, protect information assets, defence recommendations etc.
- An overview of the regulatory framework on conflict-of-interest issues; and directors' duties and responsibilities relating thereto.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors are also progressively attending Bursa Malaysia's mandatory programme on sustainability. The programme came into effect in August 2023 and directors have

24 months (ie until August 2025) to complete the programme. To-date, seven directors have attended the programme.

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

Name of Director	Title/Topic
Soh Chin Teck	<ul style="list-style-type: none"> • Audit Committee Conference 2023 - <i>Audit Committee: Catalyst of change</i> • Cybersecurity risk • Advocacy session for Main Market listed issuers
Tam Chiew Lin	<ul style="list-style-type: none"> • Engagement Session Between Board and Shariah Advisory Council of Securities Commission Malaysia • Climate risk management • Updates on information security by FWD Takaful Berhad • Contemporary market and shariah development in takaful industry by ISRA Consulting • Cybersecurity awareness by Kroll • Risk Management: Back to Basics
Tengku Nurul Azian binti Tengku Shahriman	<ul style="list-style-type: none"> • Sunway Leadership Conference • <i>Board's At-A-Glance</i>: Bursa Malaysia's Enhanced Sustainability Reporting Framework • A Dialogue with Bursa Malaysia – FTSE4Good ESG Rating for all Public Listed Companies • 30th Tunku Abdul Rahman (TAR) Lecture Series: Will ASEAN and Malaysia be torn or prosper from US-China geopolitical contest? • A Specialist Talk by Knight Frank Malaysia – Real Estate Investment in Malaysia: The Landscape and Opportunities ahead • Cybersecurity Risk – What Boards need to Know • Blowing the Whistle on Corporate Wrongdoing – A Director's Responsibility • Advocacy Sessions for Directors and CEOs of Main Market Listed Issuers • A Specialist Talk by DBS Singapore – Net Zero & Sustainable Finance: Relevance for Real Estate
Yip Jian Lee	<ul style="list-style-type: none"> • Can America Stop China's Rise? Will ASEAN be damaged? • The key amendments to the Main Market Listing Requirements of Bursa Msia Securities Bhd relating to sustainability training for directors, Conflict of Interest & other amendments • Audit Committee Conference 2023 - Audit Committee : Catalyst of change • Management of Cyber Risk • Conflict of Interest ("COI") & Governance of COI • Budget 2024 Highlights By Pricewaterhousecoopers

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 immediate 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. During the year, the NC reviewed and recommended the appointment of Ms Yip Jian Lee as an Independent Director. The NC assessed the proposed candidate's character, experience, integrity, competence and time commitment to discharge her role effectively as a director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The NC reviews annually the Board size and composition, gender diversity, as well as the mix of Directors necessary for the successful direction of the Company and Group's businesses. The NC also conducted an assessment of the Board and independent directors for 2023 which 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 matters

The assessment included a review of the directorships of each board member, and their performance and contribution to the Board and respective Board Committees during the year. The NC also assessed the performance of the Audit and Risk Committee for FY2023. Based on the NC's review and recommendation, the Board is satisfied with the number and composition of its members, and is of the view that the Board and the Board Committees have discharged their respective duties and responsibilities effectively.

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 continues to review board gender diversity, and it will continue to 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 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' remuneration paid/payable for FY2023 on a Group and Company basis are set out below:

GROUP							
Figures in RM'000	Fees	Salary	Bonus	Allowances	Benefits-in-kind	Other emoluments	Total
Tan Sri Datuk Oh Siew Nam	206	-	-	3	17	3,000	3,226
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	375	-	-	11	20	-	406
Lim Soon Huat	30	1,320	2,300	-	35	580	4,265
Datuk Ong Hung Hock	106	-	-	11	-	-	117
Soh Chin Teck	138	-	-	25	-	-	163
Ahmad Riza bin Basir	100	-	-	12	-	-	112
Tam Chiew Lin	124	-	-	13	-	-	137
Tengku Nurul Azian binti Tengku Shahrman	120	-	-	11	-	-	131
Yip Jian Lee	105	-	-	11	-	-	116

CORPORATE GOVERNANCE OVERVIEW STATEMENT

COMPANY							
Figures in RM'000	Fees	Salary	Bonus	Allowances	Benefits-in-kind	Other emoluments	Total
Managing Director							
Lim Soon Huat	-	1,320	2,300	-	35	580	4,235
Non-executive Directors							
Tan Sri Datuk Oh Siew Nam	206	-	-	3	17	3,000	3,226
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	375	-	-	11	20	-	406
Datuk Ong Hung Hock	106	-	-	11	-	-	117
Soh Chin Teck	138	-	-	25	-	-	163
Ahmad Riza bin Basir	100	-	-	12	-	-	112
Tam Chiew Lin	124	-	-	13	-	-	137
Tengku Nurul Azian binti Tengku Shahrman	120	-	-	11	-	-	131
Yip Jian Lee	105	-	-	11	-	-	116

The remuneration of the top five senior management of the PPB Group (excluding those who are also Directors of PPB) paid/payable for FY2023 on an aggregated basis in RM50,000 bands is as follows:

Remuneration bands	Number of senior management staff
RM1,100,001 - RM1,150,000	1
RM1,450,001 - RM1,500,000	1
RM1,500,001 - RM1,550,000	1
RM2,050,001 - RM2,100,000	1
RM2,500,001 - RM2,550,000	1

The Group senior management remuneration is commensurate with their duties and responsibilities, their work performance, and the performance of the respective business entity. 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.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit and Risk Committee

The Audit and Risk Committee ("A&RC") comprises entirely of independent directors; the A&RC Chairman is also separate from the Chairman of the Board.

The principal functions of the A&RC 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 A&RC possess a mix of skills, knowledge and experience to enable them to discharge their duties and responsibilities pursuant to the A&RC's terms of reference, which are available on the Company's website. An annual self and peer evaluation of the A&RC is carried out and reviewed by the NC. The Audit and Risk Committee Report on pages 59 to 61 of this annual report provides more details on the A&RC's functions during the year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 57 and 58 of this 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.

PPB's 2023 Sustainability Report is guided by the Bursa Securities Malaysia Main Market Listing Requirements, Sustainability Reporting Guide (3rd Edition) and Illustrative

Sustainability Reporting Guide. PPB has referenced the Global Reporting Initiative ("GRI") Standards since 2016 and transitioned to reporting against the new GRI Standards 2021. The Company continues to support the United Nations Sustainable Development Goals ("SDGs"), and has aligned our sustainability priorities with the relevant SDGs. We have also included climate change-related disclosures as per the Task Force on Climate-related Financial Disclosures ("TCFD") framework.

Conduct of general meetings

The 54th Annual General Meeting ("AGM") held on 17 May 2023 was convened as a fully physical meeting. Notwithstanding this, shareholders were able to submit questions and their proxy votes prior to the meeting.

The notice of the 54th 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. 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. Questions from shareholders relating to the Company's financial and business operations were dealt with by the Chairman, the Managing Director and Group Chief Financial Officer of the Company.

The minutes of the 54th AGM were also uploaded to PPB's website and can be read via the link below:

https://www.ppbgroup.com/images/pages/investor-relations/annual_general_meeting/54th_agm/Minutes-of-54th-AGM.pdf

FOCUS AREAS ON CORPORATE GOVERNANCE

The Group Strategic Plan was reviewed and adopted during the year, which covers the various business units, and takes into consideration inter alia, new trends and developments, and enhanced ESG considerations. The continuing focus in 2024 will be to enhance directors' and senior management's awareness, knowledge and application of ESG considerations in the Group's business operations and activities.

This statement was approved by the Board on 21 March 2024.

SUSTAINABILITY STATEMENT

This Sustainability Statement provides a summary of PPB's approach to sustainability and performance for the reporting period of 1 January 2023 to 31 December 2023. The Statement is to be read alongside the standalone 2023 Sustainability Report ("Report"). The Report details the Environmental, Social and Governance ("ESG") performance of four of our main business segments in Malaysia: Grains & Agribusiness, Consumer Products, Film Exhibition & Distribution and Property, and includes PPB's Head Office in Kuala Lumpur.

REPORTING FRAMEWORK AND GUIDELINES

The Report is guided by the Bursa Malaysia Main Market Listing Requirements, Sustainability Reporting Guide (3rd Edition) and Illustrative Sustainability Reporting Guide. PPB is reporting against the Global Reporting Initiative ("GRI") Standards and has included climate change-related disclosures aligned with the Task Force on Climate-related Financial Disclosures ("TCFD") recommendations.

DATA AND ASSURANCE

Our data collection and external assurance processes are being developed and we currently rely on manual sourcing and categorisation of data. We continue to work towards improving the processes of standardising data collected across our operations to ensure the accuracy, objectivity, and transparency of the information. The Company's Internal Audit Department conducted a review of the data collection process for the energy consumption and Scope 1 & Scope 2 greenhouse gas ("GHG") emissions within the key business segments operating in Malaysia, including verifying the data using a sampling approach.

FEEDBACK

We welcome feedback from our stakeholders to improve our sustainability reporting. All comments and enquiries on this Report can be directed to:

Email : corporateaffairs@ppb.com.my

Telephone no. : 603-2726 0088

Office address: PPB Group Berhad
(Sustainability Department),
Letter Box No.115, 12th Floor UBN Tower,
No. 10 Jalan P. Ramlee,
50250 Kuala Lumpur, Malaysia.

Website : www.ppbgroup.com

KEY SUSTAINABILITY HIGHLIGHTS

PROTECTING THE ENVIRONMENT

Environment

- ▶ New investment of **RM9.2 million in renewable energy**
- ▶ Completion of **three PV solar energy systems** with **3.7MWp capacity**
- ▶ **Energy efficiency**
 - Performed **steam energy audit** at two sites to increase energy efficiency
 - Installed **new laser projectors** in selected cinema halls, expected to **reduce energy consumption by 70%**
 - Performed **energy audit** at Cheras LeisureMall to **optimise Air Handling Unit (“AHU”)**
- ▶ **88%** of non-hazardous **waste diverted from landfill**

TAKING CARE OF PEOPLE

Workplace

- ▶ Out of over **6,000 employees**, Female representation
 - **29%** of total workforce
 - **41%** of management positions
- ▶ **100%** of employees returned to work after completion of parental leave
- ▶ **453 employees** received long service awards (more than 20 years)
- ▶ GSC recognised at the **Graduates’ Choice Award 2023** (Entertainment and Leisure)
- ▶ Maintained **zero work-related fatalities** across the Group
- ▶ FFM Sabah awarded the **Best SOHELP-DIY Workplace award** for employee health and safety

TAKING CARE OF PEOPLE

Community

- ▶ **Invested RM2.4 million** in the community impacting over **16,000 beneficiaries**
- ▶ **Collaborated** with over **80 reputable organisations**
- ▶ **500 CSR hours** contributed for Cooking for A Cause, project management on restoration of a school in Penang, and Stream Restoration initiatives

MAINTAINING STRONG GOVERNANCE

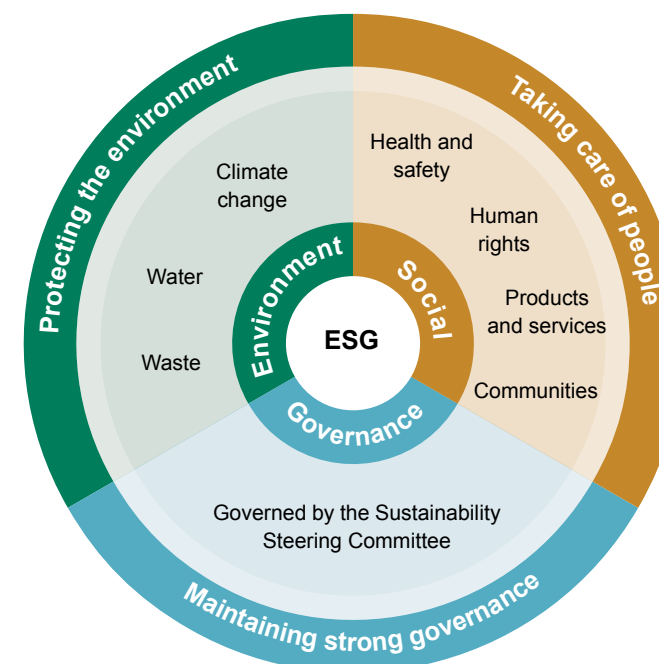
Governance

- ▶ **100%** of PPB Group Berhad and subsidiary companies assessed for **Anti-Bribery and Corruption risks**
- ▶ **100% completion** of Anti-Bribery and Corruption training for all directors and employees across the Group

- ▶ Listed on the **FTSE4Good Index Series since 2018**

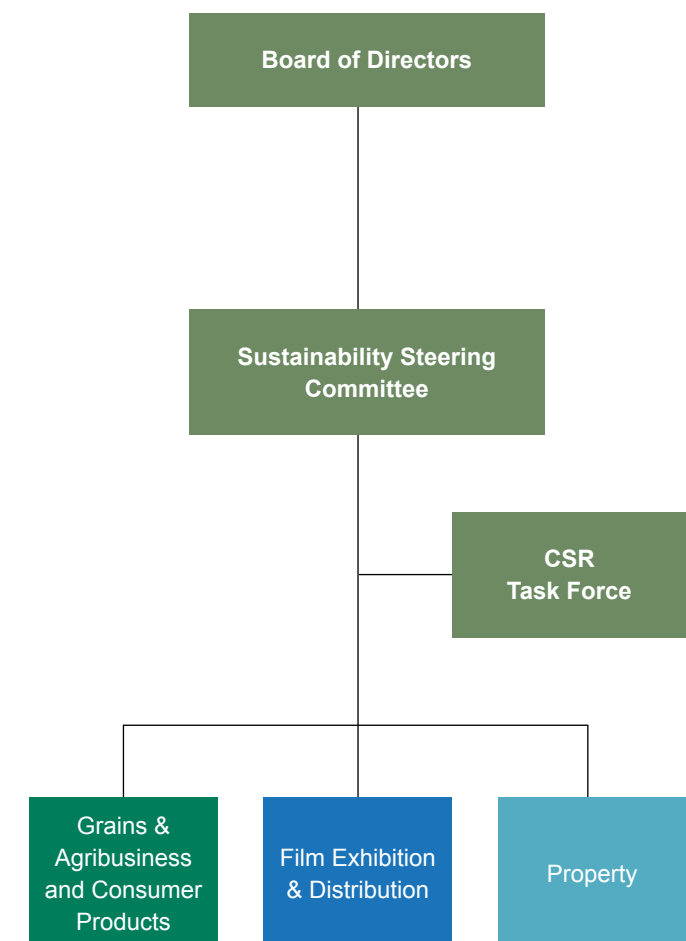
SUSTAINABILITY AT PPB

PPB adopted its Group Sustainability Policy in 2018, followed by the implementation of a 5-year sustainability roadmap (2022 to 2026). Our sustainability approach encompasses three goals on maintaining strong governance, taking care of people, and protecting the environment. These goals address eight priority issues that will continue to drive PPB’s sustainability performance throughout our businesses.



SUSTAINABILITY GOVERNANCE STRUCTURE

Since 2017, we have put in place a sustainability governance structure to ensure cohesive implementation of our sustainability strategies and initiatives across the Group. The Sustainability Steering Committee (“SSC”) was formed to assist the Board in fulfilling its responsibilities outlined in the charter pertaining to sustainability considerations and related matters. The Board’s responsibilities are described in the Board Charter available on PPB’s corporate website.



The SSC is led by the Managing Director of PPB and its members comprise PPB’s Heads of Department, Chief Executive Officers of the business segments and their sustainability representatives. The SSC is responsible for supporting the management of sustainability matters and ensures collaboration to streamline the Group’s sustainability approach. The SSC meets and reports their progress to the Board bi-annually.

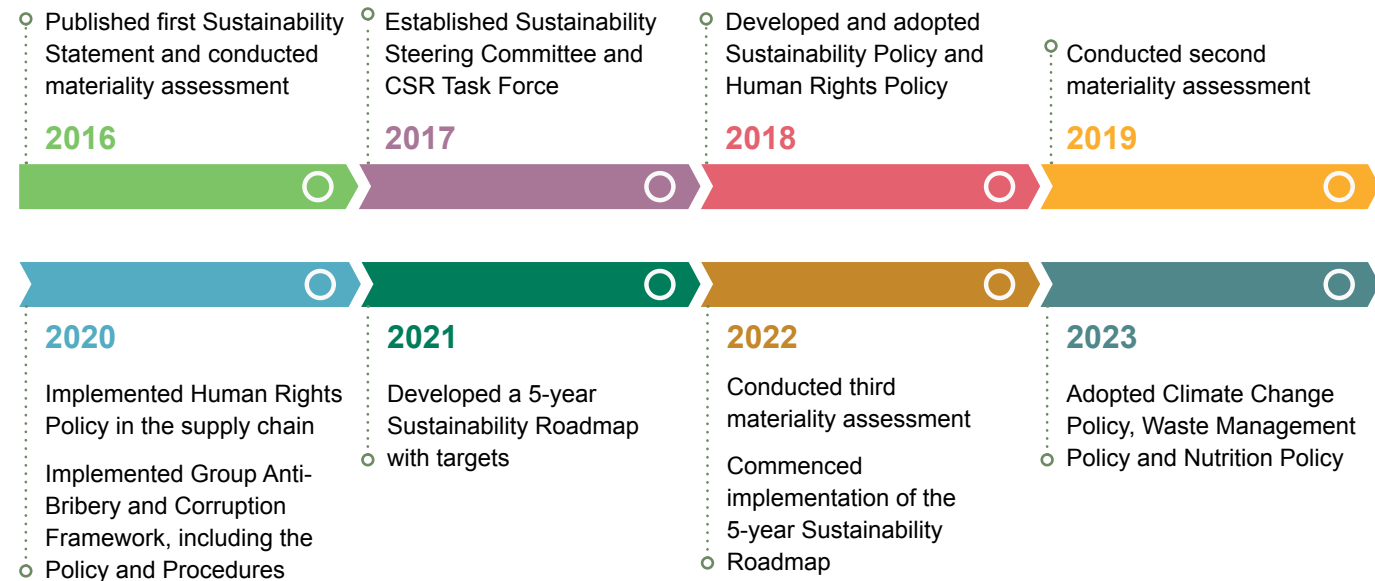
The CSR Task Force reports to the SSC and is responsible for establishing a common and coherent Group-wide approach on strategic community investment.

SUSTAINABILITY AT PPB

KEY DEVELOPMENTS IN OUR SUSTAINABILITY JOURNEY

As part of our efforts to support transparency and good governance, several policies are available on PPB's corporate website. The policies guide the integration of sustainability

practices into our daily operations and align them with our vision and core values.

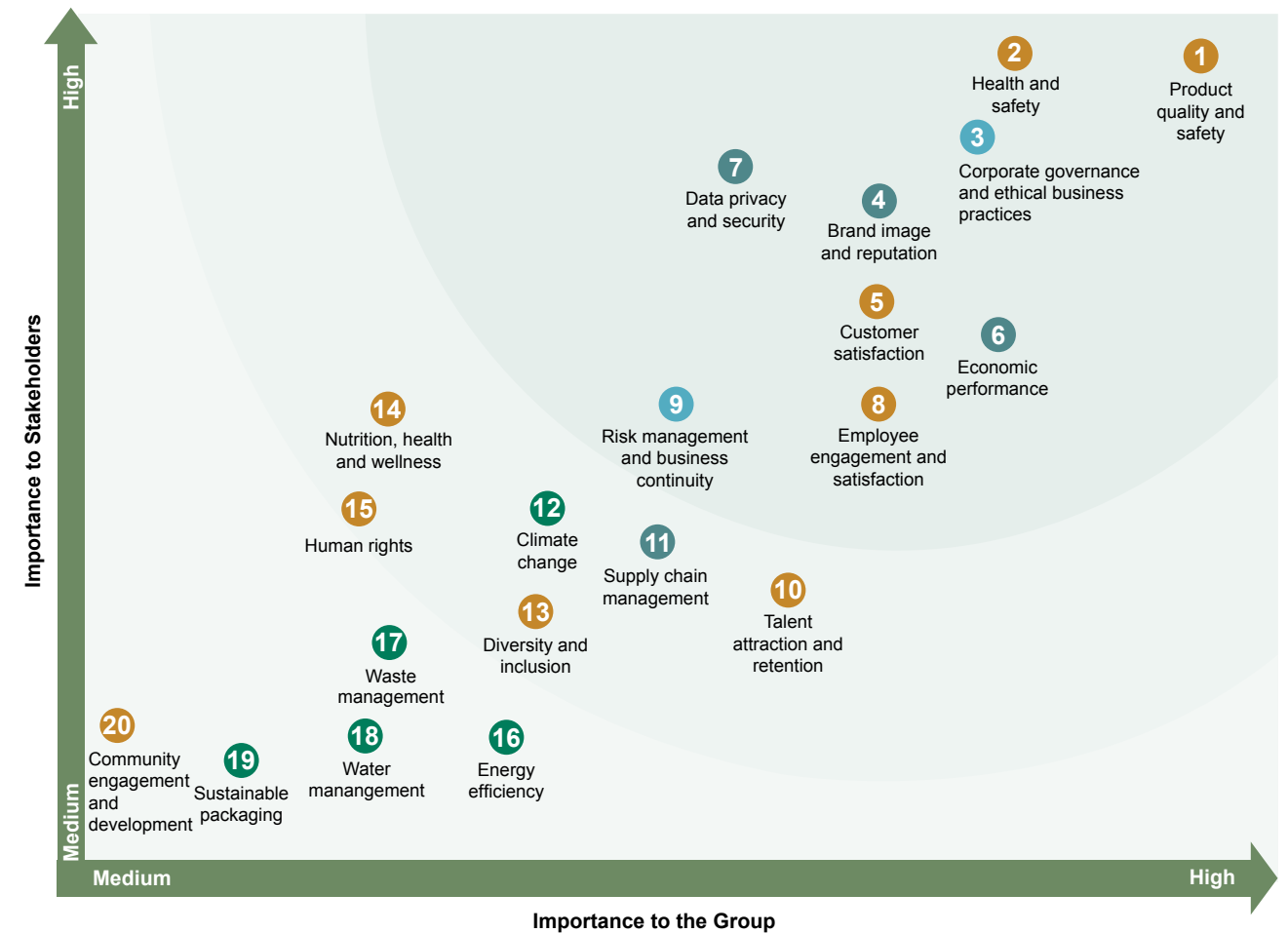


MATERIALITY AND STAKEHOLDER ENGAGEMENT

PPB's success relies on its capability to understand and respond to the dynamic sustainability landscape and related issues that may influence future strategic decisions. The Group continually assesses its material matters to reflect the priorities of the Group and its stakeholders. There were no significant changes to the identified material matters in the matrix from the previous year.

The Group reviews its material matters in line with the current sustainability regulatory requirements, reporting expectations and industry developments. PPB is committed to providing accurate and objective information, as well as timely disclosure of material information pertaining to our sustainability performance to all stakeholders.

MATERIALITY MATRIX



Legend: ● Environment ● Social ● Governance ● Others

The following sections provide more details on how we address each material topic:

Response To The TCFD Our Carbon Footprint Energy Consumption

12 16

Minimising Waste

17

Water Management And Effluents

18

Sustainable Packaging

19

Customer Satisfaction Through Quality Industry Recognition And Awards

1 4 5 14

Supply Chain

6 11

Community

20

Workplace

2 8 10 13 15

Corporate Governance And Ethical Business Practices

3

Risk Management And Business Continuity

9

Enhancing Data Privacy And Cyber Security

7

ENVIRONMENT

PPB strives to operate responsibly with consideration for the environment and surrounding communities. The Group recognises the importance of environmental protection, climate action and biodiversity conservation, as stated in PPB's Sustainability Policy. The Group complies with regulatory requirements and progressively innovates to improve processes to strengthen our environmental performance.

Some highlights:

- Completed **three solar** projects
- **88%** of non-hazardous waste diverted from landfill
- Maintained **zero** non-compliance incidents related to environmental laws or regulations

RESPONSE TO THE TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD")

As part of PPB's efforts in driving climate actions, we aspire to align our strategy with Malaysia's pledge to meet Net Zero emissions by 2050. To understand and manage these climate-related impacts on our businesses, the Group embarked on a journey to align climate-related disclosures with the TCFD recommendations. The framework is outlined in four pillars: Governance, Strategy, Risk Management, and Metrics & Targets.

In the context of climate governance, the Board Charter has responsibility in ensuring responsibility in ensuring the Group has appropriate internal controls, risk management and regulatory compliance policies in place. We are addressing climate-related issues and incorporating climate considerations into our business processes to achieve the updated 5-year Group Strategic Plan ("GSP") (2024-2028).

PPB's Group Enterprise Risk Management ("ERM") Framework provides a structured and comprehensive approach for identifying, assessing, managing and monitoring risks across the Group. Moving forward, we will conduct qualitative scenario analysis and facilitate management workshops to establish strategic responses to climate risks. Our goal is to develop a climate-resilient strategy that can effectively tackle the risks and opportunities associated with climate change and embed climate risk considerations into the existing ERM framework.

Data on GHG Emissions including Scope 1 and Scope 2, as well as energy consumption and efficiency is reported in the 2023 Sustainability Report.

OUR CARBON FOOTPRINT

The Group adopted a Climate Change Policy (available on the corporate website) in the reporting year. The Policy highlights the Group's commitment to addressing climate issues through the principles of adaptation and mitigation.

In 2023, the Group recorded a combined emission of 129,459 tCO₂e. Scope 2 accounts for 86% of the total emissions. This reporting year, we integrated business travel (Scope 3) into our emissions inventory. We are committed to further broadening our Scope 3 coverage to gain a deeper understanding of our environmental impact.

Emissions are expressed in tCO₂e or metric tonnes of carbon dioxide equivalent. This is the metric used to express the global warming potential of various greenhouse gases, such as carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (NO₂) in terms of their equivalent amount of CO₂.

The Grains & Agribusiness segment accounted for 49% of the Group's total emissions due to their large proportion of Scope 2 emissions arising from the purchase of electricity and steam. The increase in Scope 3 emissions is largely due to the increase in business travel among the Grains & Agribusiness and Film Exhibition & Distribution segments, with a 56% and 38% increase respectively. This is also the first year that the Property segment is reporting its Scope 3 emissions (business travel).

Business segment	Total emission (tCO ₂ e)
Grains & Agribusiness	63,543
Consumer Products	20,622
Film Exhibition & Distribution	35,705
Property	9,589
Total	129,459

ENVIRONMENT

ENERGY CONSUMPTION

The Group is focusing on enhancing energy efficiency across its operations by integrating new technologies within its processes. In 2023, the Group consumed 164,590,078 kWh of energy from purchased electricity, chilled water, steam and solar generated electricity. The business segments are also performing energy audits at selected sites to evaluate energy management and usage patterns to optimise consumption.

Business segment	Energy consumption (kWh)
Grains & Agribusiness	84,071,922
Consumer Products	17,869,789
Film Exhibition & Distribution	50,067,763
Property	12,580,604
Total	164,590,078

- **FFM**
 - Generated 3.7 MWh of electricity from solar projects
 - Conducted a Steam System Energy Audit and is implementing recommendations to reduce the cost of energy consumption
- **GSC**
 - Implemented a building management system to manage energy efficiency and reduce idle time
 - Installed new laser projectors in selected halls, which is expected to reduce energy consumption by 70%
- **PPB Properties**
 - Conducted an energy audit in April 2023 and implemented energy-saving measures that achieved 3% savings on electricity consumption

MINIMISING WASTE

In February 2023, the Group adopted a Waste Management Policy (available on the corporate website), which is in line with our vision of a circular economy. In 2023, the total waste generated by the Group was 36,061 MT. We saw an increase of 40% in waste from the previous year mainly contributed by manure from our livestock farms. This waste was recovered through composting efforts. Out of the 36,048 MT of non-hazardous waste, 88% was diverted from landfills.

Waste and disposal method	Weight (MT)
Non-hazardous waste	36,048
Hazardous waste	13
Total waste generated	36,061

Disposal method (Non-hazardous)	Weight (MT)
Recovered	30,663
Recycled	976
Reused	18
Diverted from disposal	31,657
Landfilled	4,148
Incinerated	243
Directed to disposal	4,391
Total waste generated	36,048

WATER MANAGEMENT AND EFFLUENTS

We focus our efforts on managing water consumption as well as water discharge quantity and quality. The Group withdrew a total of 998,289 m³ of water from a variety of sources, 80% of which is from municipal water supply. This is an increase of 16% water withdrawn from the previous year and is largely due to the opening of five new GSC cinemas and inclusion of water from tenant and occupant activities in the Property segment. In terms of the effluent, we fully adhere to the limits set out by the Department of Environment and regularly perform compliance checks on effluent discharged.

Business segment	Water withdrawn (m ³)
Grains & Agribusiness	395,070
Consumer Products	119,234
Film Exhibition & Distribution	195,103
Property	288,882
Total	998,289

LAND USE AND BIODIVERSITY

We mainly operate in industrialised zones and urban areas which have relatively little direct impact on biodiversity. None of our sites are adjacent to critical biodiversity ecosystems and have had no conversion of land for agriculture use in more than five years. The Group manages three oil palm plantations with a total certified area of 875 hectares and a total production of 8,775 MT of fresh fruit bunches in 2023. These plantations are Malaysian Sustainable Palm Oil ("MSPO") certified, a national scheme to promote sustainable palm oil production.

SOCIAL

We understand the importance of working closely with all our stakeholders to ensure collaboration and alignment with our long-term goals. We believe not only in building trust among our various stakeholders but also in developing and nurturing the communities around us.

INDUSTRY RECOGNITION AND AWARDS

PPB Group Berhad
Received an award for the “Highest Growth in Profit after tax over three years” under the Consumer Products and Services Category at The Edge Billion Ringgit Club 2023

GSC Cinemas
Listed on the Putra Brand Award Hall of Fame 2023 and won the Platinum Award for the Entertainment Category

PPB Properties
Received the GreenRE Sustainable Development Awards for the Highest Scoring Residential Building – High Rise Category

CUSTOMER SATISFACTION

The Group seeks to continually enhance the reputation and trust in its brand products by committing to the highest food safety and quality standards. PPB's Nutrition Policy, available on the corporate website, commits to providing consumers with knowledge and information required to make an informed decision. In the reporting year, there were no incidences of non-compliance with regulatory requirements on labelling or marketing concerning the health and safety impacts of our products across the Group.

SUPPLY CHAIN

Stakeholders such as regulators and consumers are demanding greater traceability into supply chains. PPB operates in multiple industries and relies on an intricate network of suppliers.


A local supplier is defined as a direct supplier in Malaysia that provides a product or service without any transnational payments. In 2023, the Group spent approximately 33% on local suppliers. The data is derived from the two key business segments i.e. Grains & Agribusiness and Consumer Products. The Group engages local suppliers including producers of raw materials where feasible. However, for some materials, such as corn and wheat, local sourcing is not possible.

COMMUNITY

PPB invests in the community through four pillars – community development; education; environment; and arts, culture and heritage. In 2023, the Group contributed RM 2.4 million towards the four pillars, including disaster preparedness and relief. PPB has a separate fund for disaster relief efforts to provide immediate assistance, support, and resources to individuals, communities, or regions affected by natural disasters. The Group ensures that aid reaches these communities by working with various non-governmental organisations (“NGOs”) and humanitarian groups.

The Group encourages employee volunteerism, where employees are provided with resources to volunteer their time and in some instances, share their expertise with the community. Employees are entitled to 5 days of CSR Leave every year to participate in a CSR activity of their choice during work hours.

The CSR Task Force comprising representatives from PPB Head Office and business segments was formed in 2017 to oversee the Group's investment to drive positive social impacts. The Task Force meets twice a year and reports to the SSC, which is chaired by the Managing Director.



RM 2.4 million
invested in the community in 2023

Community Development
Supports underserved communities such as low-income groups, single-parent families, indigenous peoples and children with special needs
Education
Established two endowment funds amounting to RM30 million to alleviate poverty through education
Environment
Partners with environmental organisations to advocate for and take action in conserving critical ecosystems
Arts, Culture and Heritage
Preserves local culture, arts and heritage in and among members of the community

Impacted **16,397** beneficiaries

SOCIAL

WORKPLACE

PPB's workforce is made up of over 6,000 employees, including permanent and contract staff. People are essential to the successful delivery of PPB's business strategy and to sustaining business performance over the long term. PPB's Group-wide competency framework – B.U.I.L.D.E.R. – was introduced and reinforced through various interventions,

including integration of the competency framework into the performance management metrics in 2022. The framework guides the set of behaviour standards across the Group, builds a cohesive and collaborative culture and lays the foundation for growth and development.

BUILDER

Believe
in the
purpose

Unite
by common
goal

Innovate
our ways of
work

Lead
through
results

Deliver
on customers'
promise

Energise
and
inspire

Responsible
for our
people

PPB employees are covered by statutory employment laws, with equitable-based remuneration based on qualifications, skills and experience relevant to the work performance expectations. The performance-based appraisal system integrates position-specific indicators that present our people with merit-based recognition and rewards, including welfare compensation and benefits.

PPB Group's Human Rights Policy is guided by the principles expressed in the Universal Declaration of Human Rights and the International Labour Organization (“ILO”) Declaration on Fundamental Principles and Rights at Work. The Policy extends our commitment towards maintaining a decent working environment ensuring non-discrimination, fair employment conditions, health and safety, workplace security, privacy/ data protection, community rights and no child labour, forced labour or human trafficking. In the reporting year, there were no instances of child labour or forced labour. All our employees have legal contracts and we do not employ any individual below the age of 16.

- **38%** female representation at PPB's Board level
- **41%** of female representation in management positions
- Female representation accounts for **29%** of the total workforce
- **89%** Malaysians make up the Group's total workforce
- Employees within the Group achieved a total of **97,548 training hours**
- **GSC won First Runner-Up** in the Graduates' Choice Award 2023 (Entertainment and Leisure Category)

HEALTH, SAFETY AND WELLBEING

The health, safety and wellbeing of PPB Group's employees remains a top priority. PPB continues to strengthen its focus on working across business segments to create a safe and healthy work environment which supports employees' wellbeing. In 2023, the Group reported zero work-related fatalities.

- **2,176** employees were trained on health and safety standards and 205 employees have health and safety certifications
- **FFM**
Launched the Environment, Health and Safety Champion Programme to drive improvements in health and safety compliance
- **GSC**
Established Emergency Response Teams and hosts health training and awareness talks for employees
- **Property**
Implemented a Safety Policy across all sites which included Emergency Response and First Aid Training

FFM (Sabah) Sdn Bhd received third place for Best SOHELP-DIY Workplace at the National Systematic Occupational Health Enhancement Level Programme - Do it Yourself (SOHELP-DIY) Convention 2023 and was presented the award by the Department of Occupational Health and Safety.

In 2023, we continued to evolve and expand our employee engagement initiatives and health and wellbeing programmes. PPB put in place the Employee Assistance Programme in 2022, an intervention programme in partnership with Malaysian Mental Health Association (“MMHA”), designed to help support employees' mental wellbeing.

GOVERNANCE

CORPORATE GOVERNANCE AND ETHICAL BUSINESS PRACTICES

The Group has a zero-tolerance approach to all forms of bribery and corruption, which is outlined in the Anti-Bribery and Corruption Policy & Procedures ("ABAC P&Ps") Framework (available on the corporate website). ABAC P&Ps apply to all Group Personnel and stakeholders included within our supply chain. We achieved 100% completion of ABAC training for all directors and employee categories across the Group. All of the Group's operations have undergone a bribery and corruption risk assessment. During this reporting year, we recorded zero cases of bribery and zero requests for facilitation payment.

ENHANCING DATA PRIVACY AND CYBER SECURITY

We treat personal data seriously and extend our efforts to protect the privacy of our stakeholders such as customers, suppliers and employees. PPB Group is compliant with relevant regulation, including the Personal Data Protection Act ("PDPA") 2010. There were no substantiated complaints concerning breaches of customer privacy and losses of customer data in 2023.

We recognise the importance of adopting digital technologies and solutions to drive efficiencies, collaborations, consistency and business agility across the Group. Efforts on enhancing the Group's Information Technology ("IT") infrastructure and security, namely on cloud migration and data analytics solutions, continues in the reporting year. In 2023, we rolled out a series of cybersecurity awareness and training sessions for our employees.

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 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, and supported by the incorporation of a competency framework into the employee performance management system.

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 and Risk Committee ("A&RC") 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, A&RC, 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 A&RC, and the A&RC 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), Heads of Risk at the respective Business Units ("BU") 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, corruption, health, safety and environment. The key risks identified in these areas are deliberated and assessed during the risk assessment workshops;
- The risk assessment sessions are mainly carried out through questionnaires, meetings or facilitated workshops by the Risk Management and Integrity teams at the holding company/ BU/ subsidiaries. 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;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- The GCRO/ BU Heads of Risk/ subsidiaries' 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 BU, with assistance from their Head of Risk and 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, A&RC 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 awareness sessions, risk assessment, business impact analysis, development of 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 A&RC, 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 Group 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 as the Group does not have full management and control over them.

28 February 2024

AUDIT AND RISK COMMITTEE REPORT

COMPOSITION

The members of the PPB Group Berhad ("PPB") Audit and Risk Committee ("A&RC") during the financial year ended ("FYE") 31 December 2023 comprised the following Directors:

Name of A&RC member
Mr Soh Chin Teck (<i>Chair</i>)
Madam Tam Chiew Lin
Tengku Nurul Azian binti Tengku Shahrman
Ms Yip Jian Lee (<i>Appointed on 31 May 2023</i>)
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid (<i>Resigned on 31 May 2023</i>)

Note
All the members of the A&RC are Independent Non-executive Directors.

MEETINGS

The number of A&RC meetings held in 2023 and details of attendance of each committee member are as follows:

Name of A&RC member	Number of meetings	
	Held	Attended
Mr Soh Chin Teck	5	5
Madam Tam Chiew Lin	5	5
Tengku Nurul Azian binti Tengku Shahrman	5	5
Ms Yip Jian Lee	2#	2
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	3#	3

Number of A&RC meetings held in 2023 after/before their respective appointment/resignation as members of the committee.

The A&RC performed the duties specified in its terms of reference in FYE 31 December 2023 as follows:

Financial reporting

1. At the close of each quarter, the A&RC reviewed the quarterly financial statements of PPB with the Group Chief Financial Officer ("GCFO") and the respective Heads of Finance of the main business units ("BU") 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 A&RC on the financial statements are addressed accordingly.

External audit

2. For the annual statutory audit, the A&RC together with the GCFO of PPB and the respective Heads of Finance of the BU's, reviewed the external auditors' audit plan and scope of work for FYE 31 December 2023. The A&RC 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 A&RC.

3. The A&RC reviewed with the GCFO and the external auditors, 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 GCFO addressed the A&RC's concerns accordingly.

4. Pursuant to the amendments to the International Ethics Standards Board for Accountants (IESBA) Code, the A&RC has put in place a process and general policy to provide pre-concurrence to the external auditor on the provision of non-audit services, and that the provision of these services would not create a threat to the external auditor's independence. Nevertheless, non-audit fees incurred are monitored by management, and any significant increase would be highlighted to the A&RC with justifications. Thus far, there has not been any significant non-audit fee incurred by the Group.

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

6. The A&RC met with the external auditors without the presence of management after the conclusion of their audit. At the meeting, the external auditors informed the A&RC that they are satisfied with the co-operation and support given by management and staff of the Group in the course of their audit.

AUDIT AND RISK COMMITTEE REPORT

Internal audit

7. Three 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 A&RC meetings, and chaired by PPB’s GCFO. 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. A&RC members may attend selected ARC meetings to seek explanations or participate in deliberations between management and ARC members.

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

9. The A&RC reviewed the findings of PPB Internal Audit Department (“PPBIAD”) reports and noted the discussions at ARC meetings. 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 A&RC at the quarterly meetings.

10. The A&RC reviewed and approved PPBIAD’s 2023 audit plan, scope and audit approach which is guided by the risk-based assessment approved by the A&RC.

11. At the A&RC meeting held on 28 November 2023, the A&RC assessed the performance and competency of PPBIAD including assessing the adequacy of their manpower and other resources, and is satisfied with PPBIAD’s performance and adequacy of its resources.

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

12. The A&RC 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 the Group’s procedures and processes to identify, track and monitor RRPTs.

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

14. The A&RC noted the RPTs and RRPTs entered into by the Group in FYE 2023.

Risk management

15. The A&RC provided oversight, direction and resources for the implementation of the risk management framework in the following key areas:

- a) assessing the effectiveness of the Group’s enterprise-wide risk management framework.
- b) reviewing the risk reports of the Group on a quarterly basis.
- c) ensuring the risk management activities of risk identification, assessment, action plans and monitoring of key risks are implemented throughout the organisation.
- d) ensuring key risks of the Group are managed appropriately in order to assure the Board that the residual risk ratings meet the Group’s risk appetite.

Others

16. The A&RC reviewed the Audit and Risk Committee Report, and the Statement on Risk Management and Internal Control for inclusion in the 2023 annual report.

AUDIT AND RISK COMMITTEE REPORT

INTERNAL AUDIT FUNCTION

The internal audit function of the Group is performed in-house by staff of PPBIAD. PPBIAD reports directly to the A&RC and all its internal auditors are free from any relationships or conflicts 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 2023 was about RM2.4 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 of the Institute of Internal Auditors, as well as the annual audit plan approved by the A&RC. PPBIAD adopts a risk-based approach in the development of its audit plan.

During FYE 31 December 2023, 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.

7. Reviewed the data collection processes for the energy consumption and Scope 1 & Scope 2 greenhouse gas emissions of the key business segments operating in Malaysia, which included verifying the data using a sampling approach.

Reporting and communication flow

8. PPBIAD staff attended a total of 8 ARC meetings held to discuss their audit reports.

9. The Group Head of Internal Audit (“GHIA”) met with the A&RC Chair on seven occasions to review key audit issues and discussed audit-related matters prior to scheduled A&RC meetings. At such discussions, the A&RC Chair may also provide guidance and support to further improve the efficiency and effectiveness of PPBIAD, where applicable.

10. The GHIA highlights at each A&RC meeting, critical and important audit issues in the internal audit reports.

Resources

11. PPBIAD’s head count as at 31 December 2023 was 10. The GHIA, Mr Seng Kian Aik, is a member of the Institute of Internal Auditors Malaysia, 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.

12. 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 A&RC can be viewed on PPB’s website at www.ppbgroup.com)

Soh Chin Teck
Audit and Risk Committee Chair

20 March 2024

EVOLVING CAPABILITIES TOWARDS GREATER OPPORTUNITIES

FINANCIAL STATEMENTS

63	Directors' Responsibility Statement	78	Statement of Comprehensive Income
64	Directors' Report	79	Statement of Financial Position
69	Appendix to the Directors' Report	80	Statement of Changes in Equity
70	Consolidated Income Statement	81	Statement of Cash Flows
71	Consolidated Statement of Comprehensive Income	83	Notes to the Financial Statements
72	Consolidated Statement of Financial Position	156	Statement by Directors
74	Consolidated Statement of Changes in Equity	156	Statutory Declaration
76	Consolidated Statement of Cash Flows	157	Independent Auditors' Report
78	Income Statement		

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 financial year ended 31 December 2023 set out on pages 70 to 155 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 21 March 2024.

DIRECTORS' REPORT

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 2023.

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; property; 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	1,420,639	787,877
Attributable to:		
Owners of the parent	1,394,305	787,877
Non-controlling interests	26,334	-
	1,420,639	787,877

DIVIDENDS

The dividends paid and 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 2022 as disclosed in the Directors' report of that year:	
Final dividend of 28 sen per share paid on 8 June 2023	398,328
In respect of the financial year ended 31 December 2023:	
Interim dividend of 12 sen per share paid on 22 September 2023	170,712
Proposed final dividend of 30 sen per share payable on 7 June 2024*	426,780
	597,492

* The Directors have recommended a final dividend of 30 sen per share in respect of the financial year ended 31 December 2023, for shareholders' approval at the forthcoming Annual General Meeting. The financial statements for the current financial year do not reflect this 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 2024.

RESERVES AND PROVISIONS

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

DIRECTORS' REPORT

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:

Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	<i>(Chairman)</i>
Lim Soon Huat*	<i>(Managing Director)</i>
Datuk Ong Hung Hock	
Soh Chin Teck	
Ahmad Riza bin Basir	
Tam Chiew Lin	
Tengku Nurul Azian binti Tengku Shahrman	
Yip Jian Lee	
Tan Sri Datuk Oh Siew Nam	<i>Retired on 17 May 2023</i>

* This Director is also a director of the Company's subsidiaries.

Mr Soh Chin Teck retires pursuant to the Constitution of the Company at the forthcoming Annual General Meeting ("AGM") and being eligible, offers himself for re-election as a Director.

Datuk Ong Hung Hock who also retires at the AGM pursuant to the Constitution, has decided not to seek re-election.

DIRECTORS OF THE COMPANY'S SUBSIDIARIES

All the other directors of the Company's subsidiaries during the financial year up to the date of this report are disclosed in the Appendix to the 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 31.12.23
	As at 1.1.23	Bought	Sold	
Direct interest				
Tam Chiew Lin	7,200	-	-	7,200
Deemed interest				
Dato' Capt. Ahmad Sufian @ Qurnain bin Abdul Rashid	-	30,000	-	30,000
Tam Chiew Lin	12,000	-	-	12,000

DIRECTORS' REPORT

Interest in holding company - Kuok Brothers Sdn Berhad

Name of Director	No. of ordinary shares			As at 31.12.23
	As at 1.1.23	Bought	Sold	
Deemed interest				
Lim Soon Huat	200,000	-	-	200,000
Datuk Ong Hung Hock	290,000	-	-	290,000

The other Directors holding office as at 31 December 2023 did not have any interest in the ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' INTERESTS IN CONTRACTS, BENEFITS AND EMOLUMENTS

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

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

The remuneration of the Directors for the current financial year is set out below:

	Group RM'000	Company RM'000
Directors' fees	1,304	1,274
Other emoluments (including salaries and other benefits)	7,369	7,369
	8,673	8,643

The amount of insurance premium paid, and coverage effected for directors and officers of the Group amounted to RM82,425 and RM50 million respectively.

DIRECTORS' REPORT

INFORMATION ON THE FINANCIAL STATEMENTS

- (a) Before the income statements and statements of financial position of the Group and the Company were prepared, the Directors took reasonable steps:
- 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
 - to ensure that any current assets which were unlikely to realise in the ordinary course of business, the value of the current assets 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:
- 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
 - 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:
- 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
 - any contingent liability which has arisen in the Group or in the Company since the end of the financial year, except as disclosed in Note 43 to the financial statements.

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:

- 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;
- 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; and
- 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.

DIRECTORS' REPORT

SUBSIDIARIES

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

AUDITORS

The remuneration of the auditors for the financial year on a Group and Company basis amounted to RM1.1 million and RM185,000 respectively.

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 21 March 2024.

On behalf of the board

**DATO' CAPT. AHMAD SUFIAN @
QURNAIN BIN ABDUL RASHID**
Chairman

LIM SOON HUAT
Managing Director

Kuala Lumpur
21 March 2024

APPENDIX TO THE DIRECTORS' REPORT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

DIRECTORS OF THE COMPANY'S SUBSIDIARIES

The directors of the Company's subsidiaries during the financial year up to the date of the Directors' Report are as follows:

Existing

Alfred Chin Siu Wa
Beh Meng Lee
Chang Hung Chieh
Chan Kok Chee
Chew Chuen Wei
Datuk Haji Musa @ Ayob bin Saad
Dinh Xuan Quang
Dr Liew Kai Wah
Goh Choon Pin, Julie
Goon Kin Wai @ Jeremy Ruan Jianwei
Heng Beng Fatt
Hoh Yean Jiun
Hor Kok Ching
Irving Chee Huan Tong
Keren Chen
Koh Hong Lian
Koh Mei Lee
Koh Mei Leng
Ku Lai Wa
Kuok Khoon Chen
Kuok Khoon Hong
Liew Tau Kuek
Lim Kim Haw
Lim Kwo Kuang
Low Eng Hooi
Mah Teck Keong
Nasiet Othsman
Olvy Othsman
Pan Yue
Pang Boon Hong
Pua Seck Guan
Soh Kian Kiat
Sophia Felicia Siregar
Tan Sri Dato' Lee Lam Thye
Teh Lam Chuan
Yap Choi Foong

Resigned

Chin Kok Wooi
(Resigned on 31 March 2023)
Dr Liew Pit Kang
(Resigned on 3 October 2023)
Francis Quah Chuan Hoe @ Quah Chuan Hoe
(Resigned on 31 March 2023)
Hairuddin Halim
(Resigned on 9 February 2023)
Leong Yew Weng
(Resigned on 28 February 2023)

Ceased

Anandakirti Luhur*
Bings Untono*
Kefas Prasetya Pratama*
(Appointed on 9 February 2023)
Mulyo Setiawan*
Tonny Muksim*

* *These are directors of a company which ceased to be subsidiary on 12 September 2023.*

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000
Continuing operations			
Revenue	3	5,720,693	6,151,181
Cost of sales		(5,131,964)	(5,545,550)
Gross profit		588,729	605,631
Other operating income/(expenses)		209,908	(14,352)
Distribution costs		(206,342)	(216,155)
Administrative expenses		(250,254)	(201,204)
Other expenses		(117,796)	(37,329)
Share of results of associates		1,327,465	2,178,089
Share of results of joint venture		4,766	3,831
Finance costs	4	(68,002)	(68,173)
Profit before taxation from continuing operations	5	1,488,474	2,250,338
Tax expense	6	(67,835)	(29,964)
Profit for the year from continuing operations		1,420,639	2,220,374
Discontinued operations			
Profit before tax from discontinued operations		-	86
Income tax expense	6	-	(222)
Loss after tax for the year from discontinued operations	7	-	(136)
Profit for the year		1,420,639	2,220,238
Attributable to:			
Owners of the parent			
Profit from continuing operations		1,394,305	2,196,954
Loss from discontinued operations		-	(136)
Profit for the year attributable to owners of the parent		1,394,305	2,196,818
Non-controlling interests			
Profit for the year attributable to non-controlling interests		26,334	23,420
Profit for the year		1,420,639	2,220,238
Earnings per share - basic and diluted (sen)			
- Profit from continuing operations	8	98.0	154.4
- Loss from discontinued operations		-	-
		98.0	154.4

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2023 RM'000	2022 RM'000
Profit for the year	1,420,639	2,220,238
Other comprehensive income/(loss), net of tax		
Items that will not be subsequently reclassified to profit or loss		
Fair value loss on investment in equity instruments designated as fair value through other comprehensive income	(37,860)	(24,560)
Share of associates' other comprehensive income/(loss)		
- Fair value reserve	24	(47,523)
- Capital reserve	(4,959)	4,180
Items that will be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	1,006,622	1,073,716
Share of associates' other comprehensive (loss)/income		
- Exchange foreign reserve	(437,755)	(1,124,640)
- Hedging reserve	5,452	(30,394)
Total comprehensive income, net of tax	1,952,163	2,071,017
Attributable to:		
Owners of the parent		
Total comprehensive income from continuing operations	1,906,306	2,047,022
Total comprehensive loss from discontinued operations	-	(136)
Total comprehensive income attributable to owners of the parent	1,906,306	2,046,886
Non-controlling interests		
Total comprehensive income from continuing operations	45,857	24,131
Total comprehensive income	1,952,163	2,071,017

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	1,206,554	1,322,671
Investment properties	10	359,761	366,682
Right-of-use assets	11	484,173	373,976
Bearer plants	12	4,204	3,893
Land held for property development	13	98,170	98,170
Goodwill	14	70,232	70,232
Other intangible assets	15	18,008	12,604
Investment in associates	17	23,435,075	22,329,590
Investment in joint ventures	18	36,614	31,159
Other investments	19	321,429	351,945
Deferred tax assets	20	43,526	55,695
Total non-current assets		26,077,746	25,016,617
Current assets			
Inventories	21	764,541	1,090,095
Biological assets	12	25,200	19,980
Property development costs	22	3,009	2,523
Trade and other receivables	24	884,913	1,146,505
Derivative financial assets	25	7,855	289
Current tax assets		15,776	28,334
Cash and cash equivalents	26	1,629,324	1,587,047
Total current assets		3,330,618	3,874,773
Assets classified as held for sale	7	-	41,287
		3,330,618	3,916,060
TOTAL ASSETS		29,408,364	28,932,677

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital	27	1,429,314	1,429,314
Reserves	28	4,649,720	4,115,216
Retained earnings		21,057,596	20,286,311
Equity attributable to owners of the parent		27,136,630	25,830,841
Non-controlling interests		674,548	737,667
Total equity		27,811,178	26,568,508
Non-current liabilities			
Borrowings	29	55,444	68,691
Lease obligations	11	455,548	339,949
Deferred tax liabilities	20	117,754	114,433
Provision for restoration cost	31	51,850	45,320
Total non-current liabilities		680,596	568,393
Current liabilities			
Contract liabilities	23	26,700	24,151
Trade and other payables	30	449,468	403,744
Derivative financial liabilities	25	7,075	41,110
Borrowings	29	377,654	1,278,516
Lease obligations	11	46,018	41,318
Current tax liabilities		9,675	2,732
Total current liabilities		916,590	1,791,571
Liabilities associated with assets classified as held for sale	7	-	4,205
		916,590	1,795,776
Total liabilities		1,597,186	2,364,169
TOTAL EQUITY AND LIABILITIES		29,408,364	28,932,677

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Note	Attributable to owners of the parent						Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
	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			
At 1 January 2023	1,429,314	3,569,305	(197,340)	(36,757)	780,008	20,286,311	25,830,841	737,667	26,568,508
Other comprehensive income/(loss)	-	549,344	(39,525)	5,452	(4,959)	1,689	512,001	19,523	531,524
Profit for the year	-	-	-	-	-	1,394,305	1,394,305	26,334	1,420,639
Total comprehensive income/(loss)	-	549,344	(39,525)	5,452	(4,959)	1,395,994	1,906,306	45,857	1,952,163
Share of other changes in equity of associates	-	1,311	(518)	-	(32,572)	-	(31,779)	-	(31,779)
Transfer of reserves	-	-	-	-	55,876	(55,876)	-	-	-
Dividends paid to shareholders of the Company	-	-	-	-	-	(569,040)	(569,040)	-	(569,040)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(60,186)	(60,186)
Disposal of subsidiaries	-	-	-	-	-	-	-	(50,775)	(50,775)
Realisation upon liquidation of a subsidiary	-	-	-	-	-	-	-	(1,792)	(1,792)
Issue of shares to non-controlling interests	-	-	-	-	-	-	-	4,434	4,434
Acquisition of shares in a subsidiary	-	95	-	-	-	207	302	(657)	(355)
At 31 December 2023	1,429,314	4,120,055	(237,383)	(31,305)	798,353	21,057,596	27,136,630	674,548	27,811,178
At 1 January 2022	1,429,314	3,620,819	(111,944)	(6,363)	774,843	18,724,819	24,431,488	748,815	25,180,303
Other comprehensive (loss)/income	-	(51,635)	(69,426)	(30,394)	4,180	(2,657)	(149,932)	711	(149,221)
Profit for the year	-	-	-	-	-	2,196,818	2,196,818	23,420	2,220,238
Total comprehensive (loss)/income	-	(51,635)	(69,426)	(30,394)	4,180	2,194,161	2,046,886	24,131	2,071,017
Share of other changes in equity of associates	-	121	(15,970)	-	(105,322)	-	(121,171)	-	(121,171)
Transfer of reserves	-	-	-	-	106,307	(106,307)	-	-	-
Dividends paid to shareholders of the Company	-	-	-	-	-	(526,362)	(526,362)	-	(526,362)
Dividends paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	(38,748)	(38,748)
Disposal of subsidiary	-	-	-	-	-	-	-	2,840	2,840
Issue of shares to non-controlling interests	-	-	-	-	-	-	-	629	629
At 31 December 2022	1,429,314	3,569,305	(197,340)	(36,757)	780,008	20,286,311	25,830,841	737,667	26,568,508

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation		
Continuing operations	1,488,474	2,250,338
Discontinued operations	-	86
	1,488,474	2,250,424
Adjustments for non-cash items:		
Amortisation and depreciation	199,175	195,040
Impairment/(Reversal of impairment) of trade and other receivables	21,680	(42)
Property, plant and equipment and other assets written off	1,336	2,696
Reversal of provision for restoration cost	-	(824)
Impairment of property, plant and equipment	47,341	-
Impairment of right-of-use assets	5,340	-
Impairment of other intangible assets	48	-
Impairment of investment in an associate	59,554	26,732
Rental waiver income	(1,619)	(6,246)
Loss on disposal of property, plant and equipment	721	784
Gain on disposal of an associate	-	(550)
Gain on disposal of subsidiaries	(55,786)	(11,411)
Fair value gain on biological assets	(3,518)	(6,141)
Share of results of associates	(1,327,465)	(2,178,089)
Share of results of joint ventures	(4,766)	(3,870)
Inventories written down	98	1,123
Unrealised net foreign exchange loss/(gain)	16,546	(22,739)
Unrealised net (gain)/loss on fair value of derivative financial instruments	(31,735)	93,081
Interest expense	68,002	68,902
Dividend income	(7,261)	(18,942)
Income from short-term fund placements	(40,661)	(19,981)
Interest income	(17,949)	(10,459)
Operating profit before working capital changes	417,555	359,488
Adjustments for working capital changes:		
(Increase)/Decrease in property development costs	(486)	39,058
Decrease/(Increase) in inventories	160,521	(9,404)
Decrease/(Increase) in trade and other receivables	154,634	(147,143)
Increase in contract liabilities	2,549	7,599
Increase/(Decrease) in trade and other payables	43,556	(108,643)
Cash generated from operations	778,329	140,955
Taxation	(31,787)	(29,390)
Net cash generated from operating activities	746,542	111,565

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2023 RM'000	2022 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of property, plant and equipment	(175,226)	(103,456)
Addition of investment properties and other intangible assets	(13,230)	(33,426)
Proceeds from disposal of property, plant and equipment	821	3,724
Distribution of profit from joint venture	6,752	7,125
Dividends received	681,960	634,619
Income received from short-term fund placements	40,157	14,919
Interest received	17,826	10,256
Investment in associates	(169)	(1,612)
Proceeds from disposal of subsidiaries (Note 16)	124,498	11,837
Proceeds from disposal of an associate	-	4,000
Proceeds from liquidation of a subsidiary	3,722	-
Net (payment)/repayment from amount due from associates	(761)	2,744
Proceeds from disposal of other investment	-	1,000
Addition of other investment	(6,755)	-
Net cash generated from investing activities	679,595	551,730
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayment)/Drawdown of borrowings, net	(675,323)	292,450
Payment of lease obligations	(52,903)	(44,391)
Interest paid	(52,598)	(52,054)
Dividends paid	(629,226)	(565,110)
Acquisition of shares in a subsidiary	(355)	-
Shares issued to non-controlling interests of subsidiaries	4,434	629
Net cash used in financing activities	(1,405,971)	(368,476)
NET INCREASE IN CASH AND CASH EQUIVALENTS	20,166	294,819
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	1,596,559	1,296,316
EFFECTS OF EXCHANGE RATE CHANGES	12,599	5,424
CASH AND CASH EQUIVALENTS CARRIED FORWARD	1,629,324	1,596,559
Represented by:		
Cash and bank balances	282,034	451,558
Deposits	160,411	213,672
Short-term fund placements	1,186,879	931,329
	1,629,324	1,596,559
Less: Cash and cash equivalents under assets classified as held for sale	-	(9,512)
	1,629,324	1,587,047

The accompanying notes form an integral part of the financial statements

INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000
Revenue	3	805,773	707,752
Cost of sales		(26,669)	(25,573)
Gross profit		779,104	682,179
Other operating income		45,848	19,651
Administrative expenses		(36,672)	(30,191)
Finance costs	4	(145)	(173)
Profit before taxation	5	788,135	671,466
Tax (expense)/credit	6	(258)	230
Profit for the year		787,877	671,696

STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2023 RM'000	2022 RM'000
Profit for the year	787,877	671,696
Other comprehensive loss, net of tax		
Items that will not be subsequently reclassified to profit or loss		
Fair value loss on investment in equity instruments designated as fair value through other comprehensive income	(36,068)	(24,963)
Total comprehensive income, net of tax	751,809	646,733

The accompanying notes form an integral part of the financial statements

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	2023 RM'000	2022 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	9	2,549	844
Investment properties	10	278,985	284,191
Right-of-use assets	11	2,937	2,902
Investment in subsidiaries	16	1,606,761	1,625,006
Investment in associates	17	8,997,771	8,997,602
Other investments	19	252,371	288,111
Total non-current assets		11,141,374	11,198,656
Current assets			
Trade and other receivables	24	7,210	26,104
Current tax asset		1,149	1,484
Cash and cash equivalents	26	1,167,373	902,193
Total current assets		1,175,732	929,781
TOTAL ASSETS		12,317,106	12,128,437
EQUITY AND LIABILITIES			
Equity			
Share capital	27	1,429,314	1,429,314
Fair value reserve		(471,986)	(435,918)
Retained earnings		11,333,057	11,114,220
Total equity		12,290,385	12,107,616
Non-current liabilities			
Lease obligations	11	1,755	2,067
Total non-current liabilities		1,755	2,067
Current liabilities			
Trade and other payables	30	23,557	17,722
Borrowings	29	-	14
Lease obligations	11	1,409	1,018
Total current liabilities		24,966	18,754
Total liabilities		26,721	20,821
TOTAL EQUITY AND LIABILITIES		12,317,106	12,128,437

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Share Capital RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	Total RM'000
At 1 January 2023		1,429,314	(435,918)	11,114,220	12,107,616
Other comprehensive loss		-	(36,068)	-	(36,068)
Profit for the year		-	-	787,877	787,877
Total comprehensive (loss)/income		-	(36,068)	787,877	751,809
Dividends paid to shareholders	32	-	-	(569,040)	(569,040)
At 31 December 2023		1,429,314	(471,986)	11,333,057	12,290,385
At 1 January 2022		1,429,314	(410,955)	10,968,886	11,987,245
Other comprehensive loss		-	(24,963)	-	(24,963)
Profit for the year		-	-	671,696	671,696
Total comprehensive (loss)/income		-	(24,963)	671,696	646,733
Dividends paid to shareholders	32	-	-	(526,362)	(526,362)
At 31 December 2022		1,429,314	(435,918)	11,114,220	12,107,616

The accompanying notes form an integral part of the financial statements

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2023 RM'000	2022 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	788,135	671,466
Adjustments for non-cash items:		
Amortisation and depreciation	8,823	8,396
Property, plant and equipment written off	10	-
Gain on disposal of property, plant and equipment	(168)	-
Reversal of impairment of trade and other receivables	(406)	(588)
Unrealised foreign exchange gain	(5,975)	(5,376)
Interest expense	145	173
Dividend income	(778,909)	(683,248)
Income from short-term fund placements	(35,448)	(16,239)
Interest income	(4,121)	(3,927)
Operating loss before working capital changes	(27,914)	(29,343)
Adjustments for working capital changes:		
Decrease in trade and other receivables	6,361	5,126
Increase/(Decrease) in trade and other payables	5,835	(1,475)
Cash used in operations	(15,718)	(25,692)
Taxation	77	(427)
Net cash used in operating activities	(15,641)	(26,119)
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition of property, plant and equipment	(2,619)	(240)
Addition of investment properties	(1,328)	(4,043)
Proceeds from disposal of other investment	-	1,000
Proceeds from disposal of property, plant and equipment and investment properties	170	-
Redemption of redeemable preference shares in a subsidiary	25,000	-
Investment in subsidiary	(6,755)	(4,794)
Net advances to subsidiaries and associates	(939)	(146)
Investment in associates	(169)	(1,612)
Dividends received	792,909	669,248
Income received from short-term fund placements	35,448	12,239
Interest received	3,815	3,732
Net cash generated from investing activities	845,532	675,384

The accompanying notes form an integral part of the financial statements

STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2023 RM'000	2022 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(145)	(173)
Payment of lease obligations	(1,487)	(1,439)
Dividends paid	(569,040)	(526,362)
Repayment of borrowing	(14)	(85)
Net cash used in financing activities	(570,686)	(528,059)
NET INCREASE IN CASH AND CASH EQUIVALENTS	259,205	121,206
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	902,193	775,611
EFFECTS OF EXCHANGE RATE CHANGES	5,975	5,376
CASH AND CASH EQUIVALENTS CARRIED FORWARD	1,167,373	902,193
Represented by:		
Cash and bank balances	2,202	1,705
Deposits	97,617	94,804
Short-term fund placements	1,067,554	805,684
	1,167,373	902,193

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. GENERAL

The Company is a public company limited by 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 principal activities of the Company during the financial year. The principal activities of the subsidiaries are set out in Note 40.

2. MATERIAL 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 material 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 2023:

Amendments to MFRS 101 Presentation of Financial Statements and MFRS Practice Statement 2: 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
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 112 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112 Income Taxes: International Tax Reform - Pillar Two Model Rules	1 January 2023

Adoption of the above amended standards did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies (continued)

The following is a more detailed discussion on one of the changes in the accounting policies:

Amendments to MFRS 112 Income Taxes: International Tax Reform - Pillar Two Model Rules

The Amendments clarify that MFRS 112 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD"), including tax law that implements Qualified Domestic Minimum Top-up Taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

The Amendments introduce:

- A mandatory temporary exception to the requirements of MFRS 112 under which a company does not recognise or disclose information about deferred tax assets and liabilities related to the proposed OECD Pillar Two model rules.
- Disclosure requirements for affected entities to help users of the financial statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The Group is in the scope of the Pillar Two model rules as its revenue is more than EUR 750 million/year, however the Group has yet to apply the temporary exceptions during the current financial period because the Group's entities are operating in jurisdictions which the Pillar Two legislation has not yet been enacted or substantially enacted.

The Group will disclose known or reasonably estimable information that helps users of financial statements to understand the Group's exposure to Pillar Two income taxes in the Group's annual financial statements when it is in effect.

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 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 16 Leases: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 Statement of Cash Flows and MFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	1 January 2025

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 2023

2. MATERIAL 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 amount of assets and liabilities and disclosures of contingent assets and liabilities at the end of the reporting period, and reported amount 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 and the Company'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 11.

(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 associates*

Investments in associates 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 estimates the recoverable amount by using the estimated fair value less cost to sell or expected future cash flows from the associates and applies a suitable discount rate in order to calculate the present value of those cash flows. The carrying value of the Group's and the Company's investments in associates at the end of the reporting period are disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 Significant accounting estimates and judgements (continued)

(b) Key sources of estimation uncertainty (continued)

(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 14.

(iii) Impairment assessment of property, plant and equipment and right-of-use assets

The Group and the Company are required to assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. This requires an estimation of the value-in-use of the asset or cash-generating unit. When value-in-use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

There is a high degree of estimation uncertainty inherent in estimating the recoverable amount of the asset or cash-generating unit. As a result, the estimates and assumptions used in the cash flow projections which form the basis of the recoverable amounts attributable to the asset or cash-generating unit require significant estimation to be made over areas including ticket price, occupancy rate, revenue growth rate and discount rates. Further details of the carrying value of property, plant and equipment and right-of-use assets are disclosed in Notes 9 and 11.

(iv) Provision for expected credit losses of trade receivables

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 24.

2.5 Separate financial statements of the Company

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 Basis of consolidation

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

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

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

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

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

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

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

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

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

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 Associates and joint venture

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

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

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

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

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

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

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.8 Property, plant and equipment (continued)

(a) Measurement basis (continued)

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

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

(b) Depreciation

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

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

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

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

2.9 Investment properties

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

(a) Measurement basis

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

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

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 Company 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 Investment properties (continued)

(b) Depreciation

Freehold land is not depreciated.

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

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

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

2.10 Biological assets and bearer plants

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

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

Livestock

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

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

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

2.11 Leases

The Group and the Company as lessee

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

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

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

In calculating the present value of lease payments, the Group and the Company use their 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.11 Leases (continued)

The Group and the Company as lessee (continued)

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 and the Company 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.

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 - 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 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.13 Intangible assets - Computer software and film rights (continued)

(ii) Amortisation

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

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

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

2.14 Financial instruments

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

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

(a) Financial assets

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

Subsequent measurement

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

Financial assets of the Group and the Company are measured subsequently in the following manner:

- at amortised cost (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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(a) Financial assets (continued)

Financial assets at amortised cost (continued)

Financial assets at amortised cost are subsequently measured using the effective interest rate 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 rate method is a method of calculating the amortised cost of a financial assets and of allocating interest income over the relevant period.

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 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(a) Financial assets (continued)

Financial assets at FVTPL (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 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 and the Company measure the loss allowance for those financial assets at an amount equal to 12-month ECL. For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring, a loss allowance is required for credit losses expected over the remaining life of the financial assets (lifetime ECL).

Derecognition of financial assets

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(a) Financial assets (continued)

Derecognition of financial assets (continued)

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 rate method) or at FVTPL.

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 rate method.

The effective interest rate 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 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 upon initial recognition 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 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(b) Financial liabilities (continued)

Financial liabilities at FVTPL (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 guarantee contracts

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

Financial guarantee contracts issued are initially measured at their fair values and, if not designated as FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with MFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the revenue recognition policies.

Derecognition of financial liabilities

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

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

(c) Equity instrument

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (continued)

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements 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.

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials and consumables: purchase costs on a weighted average basis.
- Finished goods and work-in-progress: costs of raw materials and labour and a proportion of overheads based on normal operating capacity. These costs are assigned on a weighted average basis.
- Completed properties: costs comprise costs of acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects and direct building costs.
- Land held for development and property development costs: please refer to Note 2.12.

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

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

2.16 Provisions

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

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

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

2.17 Non-current assets held for sale and discontinued operations

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

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. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

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.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the income statement.

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

Sales of goods include predominantly sales of flour, feed, bakery products, livestock and consumer goods such as cooking oil, frozen food and household products. 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 to the customers.

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

Rendering of services

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.18 Revenue recognition (continued)

(a) Revenue from contracts with customers (continued)

Rendering of services (continued)

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.

Revenue from cinema operations

Revenue from cinema operations consist mainly of:

- Revenue from film exhibition reflects the gross value of receipt from ticket sales net of entertainment duty and is recognized upon exhibition of the film;
- Sales of concessions, food and beverages are recognized upon delivery to the customers; and
- Screen advertising is recognized upon the screening of the advertisement or content and is generally carried out over a period of time.

Advance sales of tickets, concession vouchers or billings are recorded as contract liability until the goods or services have been delivered.

Loyalty points programme from cinema operations

The Group has a loyalty points programme (i.e. GSC Rewards), which allows customers to accumulate GSCoins that can be redeemed for free movie tickets, and food and beverage vouchers. The GSCoins give rise to a separate performance obligation as they provide a material right to the customer.

A portion of the transaction price is allocated to the GSCoins awarded to customers based on the relative stand-alone selling price and recognised as a contract liability until the points are redeemed. Revenue is recognised upon redemption of free movie tickets, and food and beverage vouchers by the customer.

When estimating the contract liability, the Group considers the likelihood of redemption of the GSCoins. The Group updates its estimates of the GSCoins that will be redeemed on a periodic basis and any adjustments to the contract liability balance are charged against revenue.

Sales of completed properties and development properties

Revenue from sales of completed and development properties is measured at the fixed transaction price agreed under the sale and purchase agreement. 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 from sales of completed properties is recognised at a point in time when control of the properties has been passed to the buyer.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.18 Revenue recognition (continued)

(a) Revenue from contracts with customers (continued)

Sales of completed properties and development properties (continued)

Revenue from sales of development properties 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.

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).

A refund liability is recognised for the obligation to refund some, or all of the consideration received (or receivable) from a customer. The Group's refund liabilities arise from customers' right of return and volume rebates. The liability is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. 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.

Cost to obtain a contract

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

(b) Other income

Other income is recognised as follows:

- interest income and income from short-term fund placement are recognised using the effective interest rate method;
- dividend income is recognised when the right to receive payment is established; and
- leasing of investment properties (refer to Note 2.11).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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.

(b) Non-financial assets

The Group and the Company assess 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 and the Company 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 2023

2. MATERIAL 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.

Deferred tax

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

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

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

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.23 Taxation (continued)

Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.24 Cash and cash equivalents

Cash and cash equivalents are cash in hand, short-term and highly liquid investments that are readily convertible to known amounts of cash which are subject to insignificant risk of changes in value.

For the purpose of the statements 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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

3. REVENUE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contracts with customers				
(a) Recognised at a point in time				
Sales of goods	5,030,688	5,483,312	-	-
Sales of completed properties	71,617	14,069	-	-
Revenue from cinema operations	541,972	495,928	-	-
(b) Recognised over time				
Sales of development properties	-	87,713	-	-
Rendering of services	34,593	25,295	-	-
	5,678,870	6,106,317	-	-
Rental from leasing of investment properties	34,562	25,922	26,864	24,504
Dividend income				
- subsidiaries	-	-	97,981	42,900
- associates	-	-	673,892	621,640
- other investments	7,261	18,942	7,036	18,708
	5,720,693	6,151,181	805,773	707,752

Reconciliation of revenue from contract customers and segmental information:

	Grains & agribusiness RM'000	Consumer products RM'000	Film exhibition & distribution RM'000	Property RM'000	Other operations RM'000	Total RM'000
2023						
Sales of goods	4,255,957	761,035	-	5,733	7,963	5,030,688
Sales of completed properties	-	-	-	71,617	-	71,617
Revenue from cinema operations	-	-	541,972	-	-	541,972
Rendering of services	-	-	28,297	5,532	764	34,593
	4,255,957	761,035	570,269	82,882	8,727	5,678,870
2022						
Sales of goods	4,655,906	751,118	-	7,567	68,721	5,483,312
Sales of completed properties	-	-	-	14,069	-	14,069
Sales of development properties	-	-	-	87,713	-	87,713
Revenue from cinema operations	-	-	495,928	-	-	495,928
Rendering of services	-	-	18,881	5,640	774	25,295
	4,655,906	751,118	514,809	114,989	69,495	6,106,317

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. There is no amount of the transaction price allocated to the RUPO of the Group as at year end (2022: RM nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

4. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<i>Interest expense on:</i>				
Banker's acceptance	890	1,515	-	-
Revolving credits	23,596	26,569	-	-
Bank term loans	25,455	24,409	-	-
Bank overdrafts	237	390	-	-
Interest expense on lease obligations	17,824	15,287	145	170
Hire purchase	-	3	-	3
	68,002	68,173	145	173

5. PROFIT BEFORE TAXATION

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<i>Profit before taxation is stated after charging/(crediting):</i>				
Amortisation of other intangible assets	5,414	6,658	-	-
Auditors' remuneration				
- statutory audit	1,112	1,048	185	131
- non-audit services	12	81	7	7
Other auditors' remuneration				
- statutory audit	309	373	-	-
Net impairment/(Reversal of impairment) of trade and other receivables	21,680	(42)	(406)	(588)
Depreciation				
- property, plant and equipment	137,581	140,009	902	625
- investment properties	7,946	5,924	6,534	6,472
- right-of-use assets	48,006	42,221	1,387	1,299
- bearer plants	228	228	-	-
Direct operating expenses from investment properties	29,848	28,585	28,274	27,132
Directors' remuneration				
- fees	1,304	1,129	1,274	1,099
- other emoluments	7,369	4,238	7,369	4,238
Net foreign exchange (gain)/loss				
- realised	(14,173)	7,903	(2,861)	2,141
- unrealised	16,546	(22,739)	(5,975)	(5,376)
Net fair value (gain)/loss on				
- derivative financial instruments	(107,836)	110,422	5,356	6,080
- biological assets	(3,518)	(6,141)	-	-
Reversal of provision of restoration cost	-	(824)	-	-
Net loss/(gain) on disposal of				
- property, plant and equipment	721	784	(168)	-
- subsidiary	(55,786)	(11,411)	-	-
- associate	-	(550)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

5. PROFIT BEFORE TAXATION (CONTINUED)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Impairment of				
- property, plant and equipment	47,341	-	-	-
- right-of-use asset	5,340	-	-	-
- other intangible assets	48	-	-	-
- investment in an associate	59,554	26,732	-	-
Rental rebate/waiver income	(1,619)	(6,246)	-	-
Short-term and low value asset leases	1,101	675	-	-
Property, plant and equipment and other assets written off	1,336	2,696	10	-
Inventories written down	98	1,123	-	-
Interest income	(17,949)	(10,459)	(4,121)	(3,927)
Income from short-term fund placements	(40,661)	(19,981)	(35,448)	(16,239)
Rental income	(6,327)	(5,989)	-	-

6. TAX EXPENSE/(CREDIT)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<u>Continuing operations</u>				
Malaysian taxation				
Current	35,183	23,869	104	319
Deferred	25,742	(7,447)	-	(172)
	60,925	16,422	104	147
Foreign taxation				
Current	2,229	3,609	-	-
Deferred	5,713	10,129	-	-
	7,942	13,738	-	-
	68,867	30,160	104	147
(Over)/under provision in prior year				
Malaysian taxation				
Current	7,637	(29)	154	(267)
Deferred	(8,669)	(163)	-	(110)
Foreign taxation				
Current	-	(4)	-	-
	(1,032)	(196)	154	(377)
Tax attributable to continuing operations	67,835	29,964	258	(230)
Tax attributable to discontinued operations (Note 7)	-	222	-	-
	67,835	30,186	258	(230)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

6. TAX EXPENSE/(CREDIT) (CONTINUED)

The difference between the provision for taxation and the amount of taxation determined by applying the applicable statutory tax rate of 24% to the profit before taxation is analysed as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Accounting profit from:				
- continuing operations	1,488,474	2,250,338	788,135	671,466
- discontinued operations	-	86	-	-
Profit before taxation	1,488,474	2,250,424	788,135	671,466
Taxation at applicable tax rate	357,234	540,102	189,152	161,152
<i>Tax effects arising from:</i>				
Effect of share of results of:				
- associates	(318,592)	(522,741)	-	-
- joint ventures	(1,144)	(929)	-	-
Non-taxable income	(29,952)	(17,008)	(198,588)	(169,360)
Non-deductible expenses	63,380	22,207	9,540	8,355
Utilisation of reinvestment allowance	(5,251)	-	-	-
Utilisation of previously unrecognised tax losses	(2,235)	(25)	-	-
Withholding tax on undistributed profits of foreign associates	3,464	5,591	-	-
Deferred tax assets not recognised on other deductible temporary differences	1,963	2,825	-	-
(Over)/under provision in prior year				
- continuing operations	(1,032)	(196)	154	(377)
- discontinued operations	-	360	-	-
	67,835	30,186	258	(230)

7. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

a) Disposal of CWM Group Sdn Bhd ("CWM")

In prior year, Chemquest Sdn Bhd ("CQ"), a 55%-owned subsidiary of the Company had on 18 April 2022 entered into a conditional share sale agreement with Saraworks Sdn Bhd to dispose its entire 100% equity interest comprising 17,000,000 ordinary shares in CWM Group Sdn Bhd ("CWM") for a consideration of RM20 million plus net tangible assets as at the completion date. Following the satisfaction of all conditions precedent, the transaction was completed on 11 November 2022, and CWM has ceased to be a subsidiary of CQ with effect from that date. Further details are disclosed in Note 16.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

7. DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE (CONTINUED)

a) Disposal of Group Sdn Bhd (continued)

(i) The results of the discontinued operations are as follows:

	10 Months ended 31 October 2022 RM'000
Revenue	106,214
Cost of sales	(101,133)
Gross profit	5,081
Other operating income	3,041
Administrative expenses	(7,363)
Other income	17
Share of results of joint venture	39
Finance costs	(729)
Profit before tax from discontinued operations	86
Tax expense	(222)
Loss after tax from discontinued operations	(136)

(ii) The net cash flows incurred by CWM Group are as follows:

	2022 RM'000
Net operating cash flows	(14,801)
Net investing cash flows	32,126
Net financing cash flows	(51,216)
Net cash outflow	(33,891)

b) Disposal of Malayan Adhesives and Chemicals Sdn Bhd ("MAC")

In prior year, CQ had on 27 December 2022 entered into a conditional share sale agreement with Techbond Group Bhd ("Techbond") to divest of its entire 99.57% equity interest comprising 13,940,000 ordinary shares in MAC for a cash consideration of RM57 million. The disposal of MAC to Techbond has been completed on 28 February 2023. Further details are disclosed in Note 16.

As at 31 December 2022, the assets and liabilities of MAC have been classified as "Assets held for sale" and "Liabilities directly associated with the assets held for sale", respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

8. 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	
	2023	2022
Profit for the year attributable to owners of the parent (RM'000):		
- Profit from continuing operations	1,394,305	2,196,954
- Loss from discontinued operations	-	(136)
Profit for the year attributable to owners of the parent (RM'000)	1,394,305	2,196,818
Number of ordinary shares in issue ('000)	1,422,599	1,422,599
Earnings per share - basic and diluted (sen)		
- Profit from continuing operations	98.0	154.4
- Profit from discontinued operations	-	-
	98.0	154.4

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.

9. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings			Motor vehicles	Furniture, fittings, office and other equipment	Capital work-in-progress	Total
	Freehold RM'000	Leasehold RM'000	Plant and machinery RM'000				
Group							
Cost							
At 1.1.2023	179,937	1,113,498	1,115,043	76,140	213,390	71,755	2,769,763
Additions	939	17,479	26,322	2,571	17,426	118,745	183,482
Disposals	-	(32)	(2,566)	(1,162)	(540)	-	(4,300)
Disposal of subsidiaries	-	(172,389)	(163,222)	(2,073)	(4,183)	-	(341,867)
Exchange differences	7	15,190	15,171	192	473	(22)	31,011
Write-offs	(118)	(808)	(8,279)	(77)	(9,902)	-	(19,184)
Reclassifications	-	34,659	31,029	3,217	11,476	(80,381)	-
Transfer to other intangible assets (Note 15)	-	-	-	-	-	(687)	(687)
At 31.12.2023	180,765	1,007,597	1,013,498	78,808	228,140	109,410	2,618,218

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings		Plant and machinery	Motor vehicles	Furniture, fittings, office and other equipment	Capital work-in-progress	Total
	Freehold RM'000	Leasehold RM'000					
Accumulated depreciation							
At 1.1.2023	88,902	495,500	672,188	33,080	153,157	-	1,442,827
Charge for the year	3,695	51,006	58,314	5,957	18,609	-	137,581
Disposals	-	(18)	(1,322)	(940)	(478)	-	(2,758)
Disposal of subsidiaries	-	(85,676)	(124,814)	(1,089)	(3,720)	-	(215,299)
Exchange differences	-	5,889	10,447	88	377	-	16,801
Write-offs	(74)	(108)	(8,014)	(51)	(9,603)	-	(17,850)
At 31.12.2023	92,523	466,593	606,799	37,045	158,342	-	1,361,302
Group							
Accumulated impairment losses							
At 1.1.2023	-	877	3,158	-	230	-	4,265
Charge for the year	-	31,162	10,809	-	4,826	544	47,341
Disposal	-	-	(1,244)	-	-	-	(1,244)
At 31.12.2023	-	32,039	12,723	-	5,056	544	50,362
Net book value at 31.12.2023	88,242	508,965	393,976	41,763	64,742	108,866	1,206,554
Cost							
At 1.1.2022	178,556	1,097,836	1,124,056	91,674	205,249	85,339	2,782,710
Additions	510	10,859	18,490	6,832	10,685	64,353	111,729
Disposals	-	-	(1,285)	(12,477)	(577)	-	(14,339)
Disposals of subsidiaries	-	(5,236)	(3,072)	(12,275)	(2,076)	-	(22,659)
Exchange differences	7	(2,736)	(1,343)	(29)	(83)	308	(3,876)
Write-offs	-	(4,359)	(3,412)	(435)	(2,715)	(3,320)	(14,241)
Reclassifications	864	38,241	23,509	3,257	8,247	(74,118)	-
Transfer to disposal group classified as held for sale (Note 7)	-	(14,565)	(41,900)	(407)	(5,340)	-	(62,212)
Transfer from investment properties (Note 10)	-	(6,542)	-	-	-	-	(6,542)
Transfer to other intangible assets (Note 15)	-	-	-	-	-	(807)	(807)
At 31.12.2022	179,937	1,113,498	1,115,043	76,140	213,390	71,755	2,769,763

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	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					
Accumulated depreciation							
At 1.1.2022	85,264	462,525	654,654	45,173	145,062	(356)	1,392,322
Charge for the year	3,634	50,381	61,586	6,187	18,221	-	140,009
Disposals	-	-	(841)	(8,497)	(493)	-	(9,831)
Write-offs	-	(2,175)	(3,163)	(391)	(2,492)	-	(8,221)
At 31.12.2022	88,902	495,500	672,188	33,080	153,157	-	1,442,827
Accumulated impairment losses							
At 1.1.2022	-	877	3,158	-	230	3,035	7,300
Disposal of subsidiary	-	-	-	-	-	293	293
Write-offs	-	-	-	-	-	(3,328)	(3,328)
At 31.12.2022	-	877	3,158	-	230	-	4,265
Net book value at 31.12.2022							
	91,035	617,121	439,697	43,060	60,003	71,755	1,322,671

During the financial year, the Group has estimated the recoverable amounts of certain property, plant and equipment and right-of-use assets relating to cinema properties under film exhibition and distribution segment. The assessment has led to the recognition of impairment losses of RM47 million on property, plant and equipment and RM5 million on right-of-use assets as disclosed in Note 11 with aggregate recoverable amounts of RM87 million for a number of cinemas. The impairment losses which were recorded in other expenses in the Consolidated Income Statement, were attributable to the lower admission rates in certain non-strategic locations, coupled with the deferment of several key blockbuster titles as a result of actors and writers' strikes in Hollywood during the financial year, which halted production, postponement of movie releases and affected the supply of movie contents in the medium term.

The recoverable amounts have been determined by value-in-use calculation using cash flow projections based on financial budgets approved by the management, with a pre-tax discount rate of 12.5%. The key assumptions used to determine the recoverable amounts include revenue growth rate and discount rate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Motor vehicles RM'000	Furniture, fittings, office and other equipment RM'000	Total RM'000
At 1.1.2023	1,049	5,418	6,467
Additions	398	2,221	2,619
Disposals	(423)	(250)	(673)
Write-offs	-	(35)	(35)
At 31.12.2023	1,024	7,354	8,378
Accumulated depreciation			
At 1.1.2023	851	4,772	5,623
Charge for the year	197	705	902
Disposals	(423)	(248)	(671)
Write-offs	-	(25)	(25)
At 31.12.2023	625	5,204	5,829
Net book value at 31.12.2023			
	399	2,150	2,549
Cost			
At 1.1.2022	1,049	5,224	6,273
Additions	-	240	240
Write-offs	-	(46)	(46)
At 31.12.2022	1,049	5,418	6,467
Accumulated depreciation			
At 1.1.2022	664	4,380	5,044
Charge for the year	187	438	625
Write-offs	-	(46)	(46)
At 31.12.2022	851	4,772	5,623
Net book value at 31.12.2022			
	198	646	844

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

10. INVESTMENT PROPERTIES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cost				
At 1 January	516,839	461,396	363,286	359,243
Additions	2,876	48,901	1,328	4,043
Reversal of provision	(1,851)	-	-	-
Transfer from property, plant and equipment (Note 9)	-	6,542	-	-
At 31 December	517,864	516,839	364,614	363,286
Accumulated depreciation				
At 1 January	145,355	139,431	75,073	68,601
Charge for the year	7,946	5,924	6,534	6,472
At 31 December	153,301	145,355	81,607	75,073
Accumulated impairment losses				
At 1 January/31 December	4,802	4,802	4,022	4,022
Net book value at 31 December	359,761	366,682	278,985	284,191
Fair value at 31 December	1,032,255	1,013,537	510,261	507,956

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.

11. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

The Group and Company as Lessee:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Right-of-use assets:				
Properties	489,513	373,976	2,937	2,902
Less: Impairment loss	(5,340)	-	-	-
	484,173	373,976	2,937	2,902
Lease obligations:				
Non-current	455,548	339,949	1,755	2,067
Current	46,018	41,318	1,409	1,018
	501,566	381,267	3,164	3,085

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

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 RM163.8 million (2022: RM111.3 million).

Leases of land and buildings are disclosed in Notes 9 and 13.

The changes in lease obligations (fixed lease payments) are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Balance as at 1 January	381,267	318,215	3,085	4,313
Lease payment	(52,903)	(44,391)	(1,487)	(1,439)
Rental waiver income (Note 5)	(1,619)	(6,246)	-	-
Interest expense (continuing operations)	17,824	15,287	145	170
Interest expense (discontinued operations)	-	105	-	-
Addition	157,293	98,432	1,421	41
Disposal of a subsidiary	(339)	(108)	-	-
Termination	-	(45)	-	-
Exchange differences	43	18	-	-
Balance as at 31 December	501,566	381,267	3,164	3,085

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	
	2023 RM'000	2022 RM'000
- within one year	-	6,294
- more than one year but less than five years	19,427	58,590
- over five years	21,300	68,845
	40,727	133,729

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

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

The Group and Company as Lessor:

Operating leases

Investment properties are leased out typically for 1 to 3 years.

Analysis of undiscounted lease payments to be received after the reporting date, on an annual basis:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
- within one year	28,295	22,123	21,176	17,574
- more than one year but less than five years	21,237	23,706	14,310	15,824
	49,532	45,829	35,486	33,398

12. BIOLOGICAL ASSETS AND BEARER PLANTS

(a) Bearer Plants (included under non-current assets)

	Group	
	2023 RM'000	2022 RM'000
Carrying amount	4,204	3,893

(b) Livestock (included under current assets)

	Group	
	2023 RM'000	2022 RM'000
At 1 January	19,980	13,422
Changes in fair value	3,518	6,141
Purchases	7,189	5,232
Disposals	(5,487)	(4,815)
At 31 December	25,200	19,980

During the financial year, the Group produced approximately 29.7 million (2022: 33.8 million) day-old-chicks and 223.9 million (2022: 219.0 million) table eggs.

As at 31 December 2023, the quantities of poultry and hatchable eggs were 1.4 million birds and 3.2 million eggs (2022: 1.3 million birds and 2.4 million eggs) respectively.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

13. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Cost				
At 1 January 2023/31 December 2023	66,104	263	31,803	98,170
At 1 January 2022	67,289	263	32,918	100,470
Additions	-	-	5	5
Transfer to property development costs (Note 22)	(1,185)	-	(1,120)	(2,305)
At 31 December 2022	66,104	263	31,803	98,170

14. GOODWILL

	Group	
	2023 RM'000	2022 RM'000
Cost		
At 1 January	70,232	71,201
Disposal of subsidiaries	-	(969)
At 31 December	70,232	70,232

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	
	2023 RM'000	2022 RM'000
Film exhibition and distribution	70,232	70,232

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% (2022: 2.0%) per annum ("p.a."). A pre-tax discount rate of 12.5% (2022: 13.3%) 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 industry 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. OTHER INTANGIBLE ASSETS

Group	Film rights RM'000	Computer software RM'000	Total RM'000
Cost			
At 1 January 2023	118,320	29,691	148,011
Additions	4,739	5,615	10,354
Disposal of a subsidiary	-	(1,366)	(1,366)
Write-offs	-	(1,019)	(1,019)
Transfer from property, plant and equipment (Note 9)	-	687	687
Exchange differences	-	69	69
At 31 December 2023	123,059	33,677	156,736
Accumulated amortisation			
At 1 January 2023	115,423	19,984	135,407
Charge for the year	2,743	2,671	5,414
Disposal of a subsidiary	-	(1,199)	(1,199)
Write-offs	-	(1,017)	(1,017)
Exchange differences	-	75	75
At 31 December 2023	118,166	20,514	138,680
Accumulated impairment losses			
At 1 January 2023	-	-	-
Charge for the year	-	48	48
At 31 December 2023	-	48	48
Carrying amount as at 31 December 2023	4,893	13,115	18,008
Cost			
At 1 January 2022	119,988	23,520	143,508
Additions	877	5,646	6,523
Write-offs	-	(248)	(248)
Transfer from property, plant and equipment (Note 9)	-	807	807
Rights expired	(2,545)	-	(2,545)
Exchange differences	-	(34)	(34)
At 31 December 2022	118,320	29,691	148,011

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

15. OTHER INTANGIBLE ASSETS (CONTINUED)

	Film rights RM'000	Computer software RM'000	Total RM'000
Accumulated amortisation			
At 1 January 2022	113,071	18,492	131,563
Charge for the year	4,891	1,767	6,658
Write-offs	-	(244)	(244)
Rights expired	(2,539)	-	(2,539)
Exchange differences	-	(31)	(31)
At 31 December 2022	115,423	19,984	135,407
Carrying amount as at 31 December 2022	2,897	9,707	12,604

16. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
Unquoted shares at cost	1,632,299	1,650,544
Impairment loss on unquoted shares at cost	(25,538)	(25,538)
	1,606,761	1,625,006

Details of the subsidiaries are set out in Note 40.

The Group has assessed the non-controlling interests in the subsidiaries of the Group and has determined that the non-controlling interests are not individually material to the Group's financial position, performance and cash flows.

For the current financial year ended 31 December 2023

- On 28 February 2023, Chemquest Sdn Bhd ("CQ"), a 55%-owned subsidiary of the Company completed the disposal of its entire 99.57% equity interest in Malayan Adhesives and Chemicals Sdn Bhd ("MAC") for a consideration of RM57 million.
- On 11 September 2023, Mantap Aman Sdn Bhd, an indirect 100%-owned subsidiary of the Company held via the Company's 80% equity interest in FFM Berhad ("FFM"), completed the disposal of its entire 51% equity interest in PT Pundi Kencana for a cash consideration of Rp290.7 billion (equivalent to RM88.5 million).

For the previous financial year ended 31 December 2022

- On 24 February 2022, CQ had disposed its 100% equity interest in Sitamas Environmental Systems Sdn Bhd ("Sitamas") for a consideration of RM9 million.
- On 11 November 2022, CQ completed the disposal of its entire 100% equity interest in CWM Group Sdn Bhd ("CWM") to Saraworks Sdn Bhd for a consideration of RM20 million plus net tangible assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The effects of the disposal of MAC and PT Pundi Kencana (2022: Sitamas and CWM) on cash flows were as follows:

Group	2023 RM'000	2022 RM'000
Net assets disposed	89,696	130,084
Attributable goodwill	-	969
	89,696	131,053
Total disposal proceeds	(145,482)	(142,464)
Gain on disposal recognised in profit or loss	(55,786)	(11,411)
Disposal proceeds settled by:		
Cash	145,482	65,931
Deferred payment	-	76,533
	145,482	142,464
Cash inflow arising on disposals:		
Cash considerations	145,482	65,931
Cash and cash equivalents of subsidiaries disposed	(20,984)	(54,094)
Net cash inflow on disposal	124,498	11,837

17. INVESTMENT IN ASSOCIATES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Quoted shares at cost	8,080,369	8,080,369	8,684,629	8,684,629
Unquoted shares at cost	740,506	740,337	313,167	312,998
	8,820,875	8,820,706	8,997,796	8,997,627
Impairment loss on unquoted shares	(87,995)	(28,441)	(25)	(25)
Group's share of post-acquisition reserves	14,702,195	13,537,325	-	-
	23,435,075	22,329,590	8,997,771	8,997,602
Market value of quoted shares	14,562,655	16,009,217	14,562,655	16,009,217

The Group's share of the associates' current year loss and accumulated losses amounted to RM113,000 and RM2,440,910 (2022: RM159,000 and RM3,977,000) respectively have not been recognised in the Group's income statement as equity accounting 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 2023

17. INVESTMENT IN ASSOCIATES (CONTINUED)

The Group regards Wilmar International Limited ("Wilmar") as material associate to the Group. The summarised financial information below represents the amounts in the financial statements of Wilmar and not the Group's share of those amounts:

	2023 RM'000	2022 RM'000
Non-current assets	125,926,650	121,908,368
Current assets	157,775,246	143,256,280
Non-current liabilities	(43,148,791)	(34,501,269)
Current liabilities	(136,122,266)	(131,446,886)
Net assets	104,430,839	99,216,493
Revenue	306,516,762	323,285,790
Profit for the year	7,568,404	11,316,680
Other comprehensive loss	(2,547,646)	(7,368,517)
Total comprehensive income	5,020,758	3,948,163
Other disclosures		
Cash and cash equivalents	20,107,679	12,497,017
Current financial liabilities (excluding trade and other payables and provision)	(109,183,840)	(106,030,678)
Non-current financial liabilities (excluding trade and other payables and provision)	(38,882,230)	(30,814,086)
Depreciation and amortisation	(5,566,114)	(5,080,212)
Finance income	2,296,559	1,866,345
Finance expense	(5,712,340)	(3,841,094)
Income tax expense	(1,360,527)	(2,410,200)

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:

	2023 RM'000	2022 RM'000
Net assets	104,430,839	99,216,493
Proportion of ownership interest held by the Group	18.8%	18.8%
Group's share of net assets	19,612,112	18,632,857
Goodwill	4,716,399	4,510,961
Other adjustments		
- Non-controlling interests' share of associate's net assets	(2,223,085)	(2,155,777)
- Others	(70,863)	(61,694)
Carrying amount of the Group's interest in the associate	22,034,563	20,926,347

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 RM671.5 million (2022: RM616.7 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

17. INVESTMENT IN ASSOCIATES (CONTINUED)

As at 31 December 2023, 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 five-year period. Cash flows beyond that five-year period have been extrapolated using a terminal growth rate of 3.5% (2022: 3.5%) p.a. A pre-tax discount rate of 9.4% (2022: 9.3%) was applied to the cash flow projections. All the above key assumptions are based on management knowledge in the respective industries and historical information.

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

During the financial year, the Group recognised an impairment loss of RM60 million (2022: RM27 million) with recoverable amount of RM82 million (2022: RM133 million), which was determined based on a fair value model on the investment in Galaxy Studio Joint Stock Company using a pre-tax discount rate of 15.0% (2022: 15.9%). The impairment loss was due to the continued challenges and slower-than-expected recovery within the Vietnam cinema industry. The key assumptions used to determine the recoverable amounts include revenue growth rate and discount rate.

The above fair value measurements are classified in Level 3 of the fair value hierarchy.

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

	2023 RM'000	2022 RM'000
Profit for the year	28,128	78,456
Other comprehensive loss	(3,623)	(19,394)
Total comprehensive income	24,505	59,062
Carrying amount of the Group's interests in other associates	1,400,512	1,403,243

Details of the associates are set out in Note 41.

The Group has received dividends from non-material associates in the current financial year amounted to RM3.2 million (2022: RM12.9 million).

18. INVESTMENT IN JOINT VENTURES

	Group	
	2023 RM'000	2022 RM'000
Group's share of post-acquisition reserves	36,614	31,159

	Group	
	2023 RM'000	2022 RM'000
Profit for the year	4,766	3,831

Details of the joint ventures are set out in Note 42.

The distribution of profit from joint venture in the current financial year amounted to RM6.8 million (2022: RM7.1 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

19. OTHER INVESTMENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<u>Equity instruments designated at FVTOCI</u>				
Quoted shares	262,338	299,938	246,680	282,748
Unquoted shares	427	427	266	266
	262,765	300,365	246,946	283,014
<u>Financial instruments designated at FVTPL</u>				
Other investments	58,664	51,580	5,425	5,097
	321,429	351,945	252,371	288,111

Equity instruments designated at FVTOCI

The Group and the Company have elected to measure these equity instruments at FVTOCI due to the Group's and the Company's intention to hold these equity instruments for long-term appreciation.

The Group and the Company received dividends of RM7.3 million (2022: RM18.9 million) and RM7.0 million (2022: RM18.7 million) respectively from these investments during the year.

20. DEFERRED TAX ASSETS/(LIABILITIES)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	(58,738)	(57,149)	-	(282)
Arising from disposal of subsidiary companies	7,610	(251)	-	-
Transfer to disposal groups	-	954	-	-
Exchange differences	(314)	227	-	-
Recognised in profit or loss	(22,786)	(2,519)	-	282
At 31 December	(74,228)	(58,738)	-	-

Presented after offsetting as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax assets	43,526	55,695	-	-
Deferred tax liabilities	(117,754)	(114,433)	-	-
	(74,228)	(58,738)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

20. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred Tax Assets

Group	Unabsorbed tax losses and capital allowances RM'000	Others RM'000	Total RM'000
2023			
At beginning of the financial year	85,501	2,471	87,972
Recognised in profit or loss	(25,264)	(46)	(25,310)
Arising from disposal of subsidiary companies	7,610	-	7,610
Exchange differences	-	(314)	(314)
At end of financial year	67,847	2,111	69,958
Set-off deferred tax liability			(26,432)
			43,526

Deferred Tax Liabilities

Group	Property, plant and equipment RM'000	Withholding tax on undistributed profits of foreign associates RM'000	Total RM'000
2023			
At beginning of the financial year	(91,087)	(55,623)	(146,710)
Recognised in profit or loss	5,988	(3,464)	2,524
At end of financial year	(85,099)	(59,087)	(144,186)
Set-off deferred tax asset			26,432
			(117,754)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

20. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (continued)

Deferred Tax Assets

Group	Unabsorbed tax losses and capital allowances RM'000	Others RM'000	Total RM'000
2022			
At beginning of the financial year	83,619	3,648	87,267
Arising from disposal of subsidiary companies	-	(251)	(251)
Recognised in profit or loss	1,882	(1,153)	729
Exchange differences	-	227	227
At end of financial year	85,501	2,471	87,972
Set-off deferred tax liability			(32,277)
			55,695

Deferred Tax Liabilities

Group	Property, plant and equipment RM'000	Withholding tax on undistributed profits of foreign associates RM'000	Total RM'000
2022			
At beginning of the financial year	(94,384)	(50,032)	(144,416)
Transfer to disposal groups	954	-	954
Recognised in profit or loss	2,343	(5,591)	(3,248)
At end of financial year	(91,087)	(55,623)	(146,710)
Set-off deferred tax asset			32,277
			(114,433)

The temporary differences and unused tax credits exist as at 31 December of which the deferred tax assets have not been recognised in the financial statements are as follows:

	Group	
	2023 RM'000	2022 RM'000
Unabsorbed tax losses, capital allowances and reinvestment allowance*	132,794	163,987

* Based on the tax rules enacted from Malaysia Finance Act 2021, the time limit for the carry forward of the unutilised tax losses has been extended from 7 years to 10 years. As a result of this change, the unutilised tax losses accumulated up to the YA 2018 are allowed to be carried forward for 10 consecutive years of assessment (i.e. from YA 2019 to 2028) and any balance of the unutilised tax losses thereafter shall be disregarded.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

20. 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	
	2023 RM'000	2022 RM'000
- With no expiry	38,771	25,838
- Within 12 months	-	2,075
- More than 12 months	94,023	136,074
	132,794	163,987

21. INVENTORIES

	Group	
	2023 RM'000	2022 RM'000
At cost:		
Raw materials	571,755	834,250
Goods in transit - raw materials	9,384	8,932
Work-in-progress	8,130	3,302
Finished goods	129,618	150,420
Completed properties	14,612	58,202
Consumables	31,042	34,989
	764,541	1,090,095
Recognised in income statement:		
Inventories recognised in cost of sales	4,618,820	5,108,483

22. PROPERTY DEVELOPMENT COSTS

	Group	
	2023 RM'000	2022 RM'000
Freehold land - at cost	1,404	1,404
Development and construction costs	1,119	40,177
At 1 January	2,523	41,581
Additions	486	66,216
Cost recognised in income statement during the year	-	(47,403)
Transfer to inventories (Note 21)	-	(60,176)
Transfer from land held for property development (Note 13)	-	2,305
At 31 December	3,009	2,523

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

23. CONTRACT LIABILITIES

	Group	
	2023 RM'000	2022 RM'000
Provision for cinema redemption points and advanced sales	26,700	13,221
Other contract related liabilities:		
- Refund liabilities and expected rebates	-	10,930
	26,700	24,151

24. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current				
Receivables from contract with customers				
- third parties	627,809	798,898	-	-
- associates	8,639	19,681	-	-
	636,448	818,579	-	-
Other trade receivables				
- third parties	1,770	3,728	1,554	3,034
	638,218	822,307	1,554	3,034
Impairment	(20,085)	(13,122)	(532)	(938)
Total trade receivables (a)	618,133	809,185	1,022	2,096
Other receivables (b)	172,499	246,208	3,040	21,799
Amount due from subsidiaries (c)	-	-	3,148	2,205
Amount due from associates (d)	94,281	91,112	-	4
Trade and other receivables	884,913	1,146,505	7,210	26,104

(a) Trade receivables

The balances are subject to normal credit terms of the Group and the Company ranging from 7 to 120 days.

Included in trade receivables of the Group is a retention sum of RM5.7 million (2022: RM11.5 million) arising from contract customers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

24. TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Other receivables

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Sundry receivables	92,322	123,164	1,907	20,730
Impairment	(15,147)	(165)	-	-
	77,175	122,999	1,907	20,730
Interest receivable	352	229	253	121
Deposits	55,300	94,822	666	638
Surplus from liquidation of a subsidiary	-	3,653	-	-
Prepayments - shipment in transit	23,735	12,234	-	-
Prepayments - others	15,937	12,271	214	310
	172,499	246,208	3,040	21,799

Included in sundry receivables is an amount of RM57.8 million (2022: RM76.5 million) related to the remaining deferred payment for the disposal of CWM as disclosed in Note 16.

(c) Amount due from subsidiaries

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

	Company	
	2023 RM'000	2022 RM'000
Non-interest bearing	3,148	2,205

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

(d) Amount due from associates

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest-bearing at 2.80% (2022: 2.80%) p.a.	50,622	47,790	-	-
Non-interest bearing	52,109	52,037	-	4
	102,731	99,827	-	4
Allowance for impairment	(8,450)	(8,715)	-	-
	94,281	91,112	-	4

Included in the non-interest bearing balance is an amount of RM51.7 million (2022: RM50.6 million) which is non-trade in nature, unsecured and has a tenure of 3 years.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

25. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Group	Notional value RM'000	Derivative financial assets RM'000	Derivative financial liabilities RM'000
2023			
Foreign currency forward contracts	97,566	70	(667)
Futures and options contracts	375,846	7,785	(6,408)
		7,855	(7,075)
2022			
Foreign currency forward contracts	598,838	162	(20,650)
Futures and options contracts	1,210,276	127	(20,460)
		289	(41,110)

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 contracts to manage the commodity price risk associated with anticipated purchases of raw materials.

26. CASH AND CASH EQUIVALENTS

		Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash and bank balances	(a)	282,034	447,072	2,202	1,705
Deposits	(b)	160,411	213,672	97,617	94,804
Short-term fund placements	(c)	1,186,879	926,303	1,067,554	805,684
		1,629,324	1,587,047	1,167,373	902,193

(a) Cash and bank balances

Included in cash and bank balances of the Group is an amount of RM76.3 million (2022: RM81.1 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 interest rate for the Group and Company is at 2.60% to 5.54% per annum (2022: 1.81% to 4.95% per annum) and 3.73% to 5.12% per annum (2022: 3.68% to 4.14% 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

27. SHARE CAPITAL

	2023		2022	
	Number of shares RM'000	RM'000	Number of shares RM'000	RM'000
Issued and fully paid ordinary shares:				
At 1 January/31 December	1,422,599	1,429,314	1,422,599	1,429,314

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

28. OTHER NON-DISTRIBUTABLE RESERVES

		Group	
		2023 RM'000	2022 RM'000
Exchange translation reserve	(a)	4,120,055	3,569,305
Fair value reserve	(b)	(237,383)	(197,340)
Hedge reserve	(c)	(31,305)	(36,757)
Capital reserve	(d)	798,353	780,008
		4,649,720	4,115,216

(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.

Capital reserve includes the share of all other reserves of associates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. BORROWINGS

		Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current					
Term loans					
- RM	(a)	38,800	44,500	-	-
- VND	(b)	16,644	24,191	-	-
		55,444	68,691	-	-
Current					
Term loans					
- USD		28,036	427,766	-	-
- VND		110,155	189,467	-	-
- RM	(a)	5,700	204,110	-	-
Revolving credits					
- IDR		-	275,514	-	-
- RM		113,763	113,645	-	-
- RM	(a)	120,000	68,000	-	-
Hire purchase		-	14	-	14
		377,654	1,278,516	-	14
Total borrowings		433,098	1,347,207	-	14

IDR - Indonesian Rupiah

VND - Vietnam Dong

USD - United States Dollar

RM - Malaysian Ringgit

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

(a) The RM-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:

	2023 % p.a.	2022 % p.a.
Term loans		
- USD	5.49	4.43 - 6.35
- VND	2.50 - 6.70	4.30 - 9.40
- RM	4.42	2.89 - 3.50
Revolving credits		
- IDR	N/A	5.85 - 6.70
- RM	4.02 - 4.42	3.25 - 4.34

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

29. BORROWINGS (CONTINUED)

The changes in borrowings are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Balance as at 1 January	1,347,207	1,102,585	14	99
Net (repayment)/drawdown of debts	(675,323)	292,450	(14)	(85)
Disposal of a subsidiary	(275,514)	(25,000)	-	-
Exchange differences	36,728	(22,828)	-	-
Balance as at 31 December	433,098	1,347,207	-	14

30. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade payables				
- third parties	161,690	184,406	453	220
- associates	31,665	40,700	-	-
(a)	193,355	225,106	453	220
Interest accrued	-	2,412	-	-
Other payables	64,900	64,285	3,428	3,552
Accruals	158,445	99,766	10,573	6,309
Refund liabilities and expected rebates (b)	18,880	-	-	-
Refundable deposits	13,888	12,175	8,443	7,500
Amount due to subsidiaries (c)	-	-	660	141
	449,468	403,744	23,557	17,722

(a) Trade payables

The normal credit terms extended by suppliers range from 30 to 90 days. Retention sums for construction contracts of RM5.3 million (2022: RM10.6 million) are payable upon the expiry of the defects liability period of the respective construction contracts.

(b) Refund liabilities and expected rebates

Refund liabilities and expected rebates are estimated based on terms in trade agreements entered into with customers.

(c) Amount due to subsidiaries

The amount due to subsidiaries is interest-free, unsecured and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

31. PROVISION FOR RESTORATION COST

	Group	
	2023 RM'000	2022 RM'000
At 1 January	45,320	34,233
Additional provision	6,530	12,047
Utilisation of provision	-	(136)
Unused amount reversed	-	(824)
At 31 December	51,850	45,320
Non-current	51,850	45,320

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.

32. DIVIDENDS

	Group/Company	
	2023 RM'000	2022 RM'000
In respect of the financial year ended 31 December 2021:		
- Final dividend of 25 sen per share	-	355,650
In respect of the financial year ended 31 December 2022:		
- Interim dividend of 12 sen per share	-	170,712
- Final dividend of 28 sen per share	398,328	-
In respect of the financial year ended 31 December 2023:		
- Interim dividend of 12 sen per share	170,712	-
	569,040	526,362

A final dividend of 30 sen per share totaling RM426.8 million in respect of the financial year ended 31 December 2023 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 2024.

33. 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Transactions with subsidiaries				
Management fee income	-	-	1,149	1,032
Management fee expense	-	-	3,905	4,389
Purchase of goods	-	-	379	505

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

33. 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Transactions with associates				
Purchase of goods	8,524	9,175	-	-
Sales of goods	11,358	14,434	-	-
Film rental income	-	3,042	-	-
Transactions with subsidiaries of the ultimate holding company				
Sales of goods	14,619	20,543	-	-
Supervision fees income	2,778	2,725	-	-
Transactions with subsidiaries of associates				
Purchase of goods	649,833	538,156	-	-
Sales of goods	97,098	187,528	-	-
Rental income	3,398	3,362	-	-
Security and other services expense	15,996	16,904	-	-
Freight cost	95,754	222,873	-	-
IT service fee expenses	1,180	1,838	-	-
Supervision fees income	1,340	1,785	-	-
Disposal of a subsidiary	88,482	-	-	-

- (b) Key management personnel compensation

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors				
Short-term employee benefits	8,093	4,806	8,063	4,776
Contributions to defined contribution plan	580	561	580	561
Sub-total	8,673	5,367	8,643	5,337
Other key management personnel				
Short-term employee benefits	21,531	23,193	5,784	5,603
Contributions to defined contribution plan	3,034	2,773	920	889
Sub-total	24,565	25,966	6,704	6,492
Total compensation	33,238	31,333	15,347	11,829

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

34. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short-term employee benefits	418,283	365,547	25,944	21,954
Contributions to defined contribution plan	46,258	45,136	3,106	3,068
Total employee benefits expense	464,541	410,683	29,050	25,022

35. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Capital commitments				
Property, plant and equipment, investment properties, and other intangible assets				
- contracted	83,011	58,635	1,014	263
- not contracted	357,540	398,300	13,116	15,860
	440,551	456,935	14,130	16,123
Other commitments				
- contracted	395,998	385,226	34,884	49,510
	395,998	385,226	34,884	49,510
Total commitments	836,549	842,161	49,014	65,633

36. 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 (2022: 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 (discontinued operations) - Construction works specialising in the water and environmental industries and provision of waste management services
- (v) Property - Letting of commercial properties and development of residential and commercial properties
- (vi) Other operations - Investment holding, chemical trading and manufacturing, and others

- (b) Segment capital expenditure

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, investment properties, intangible assets and bearer plants.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

36. SEGMENTAL REPORTING (CONTINUED)

2023	Grains & agribusiness RM'000	Consumer products RM'000	Film exhibition & distribution RM'000	Property RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
REVENUE							
External sales	4,255,957	761,035	570,269	117,483	15,949	-	5,720,693
Inter-segment sales	112,936	5,497	-	602	-	(119,035)	-
Total revenue	4,368,893	766,532	570,269	118,085	15,949	(119,035)	5,720,693
RESULTS							
Segment results	214,565	26,571	(127,092)	14,985	62,300	-	191,329
Share of results of associates	15,346	(644)	6,692	2,415	1,303,656	-	1,327,465
Share of results of joint venture	-	-	-	-	4,766	-	4,766
Unallocated corporate expense	-	-	-	-	-	-	(35,086)
Profit/(loss) before taxation	229,911	25,927	(120,400)	17,400	1,370,722	-	1,488,474
Tax expense	-	-	-	-	-	-	(67,835)
Profit for the year	-	-	-	-	-	-	1,420,639
OTHER INFORMATION							
Segment assets	2,105,427	573,049	963,565	654,839	1,558,274	(861)	5,854,293
Investment in associates	876,688	9,965	83,243	328,528	22,136,651	-	23,435,075
Investment in joint venture	-	-	-	-	36,614	-	36,614
Tax assets	-	-	-	-	-	-	59,302
Unallocated corporate assets	-	-	-	-	-	-	23,080
Consolidated total assets	-	-	-	-	-	-	29,408,364
Segment liabilities	173,559	81,028	696,969	69,317	2,844	(861)	1,022,856
Borrowings	-	-	-	-	-	-	433,098
Tax liabilities	-	-	-	-	-	-	127,429
Unallocated corporate liabilities	-	-	-	-	-	-	13,803
Consolidated total liabilities	-	-	-	-	-	-	1,597,186
Capital expenditure	41,777	26,483	122,243	4,180	304	-	194,987
Unallocated corporate capital expenditure	-	-	-	-	-	-	2,288
	-	-	-	-	-	-	197,275
Amortisation and depreciation	63,447	17,281	107,915	7,888	585	-	197,116
Amortisation and depreciation of unallocated capital expenditure	-	-	-	-	-	-	2,059
	-	-	-	-	-	-	199,175
Non-cash items other than amortisation and depreciation - gain/(loss)	37,089	(306)	(110,829)	407	15,555	-	(58,084)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

36. SEGMENTAL REPORTING (CONTINUED)

2022	Grains & agribusiness RM'000	Consumer products RM'000	Film exhibition & distribution RM'000	Environmental engineering & utilities (discontinued operations) RM'000	Property RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
REVENUE								
External sales	4,655,906	751,118	514,809	106,214	140,959	88,389	-	6,257,395
Inter-segment sales	130,906	5,361	-	37	802	42	(137,148)	-
Total revenue	4,786,812	756,479	514,809	106,251	141,761	88,431	(137,148)	6,257,395
RESULTS								
Segment results	50	35,643	(17,341)	47	33,066	45,646	-	97,111
Share of results of associates	74,279	(2,036)	253	-	1,843	2,103,750	-	2,178,089
Share of results of joint venture	-	-	-	39	-	3,831	-	3,870
Unallocated corporate expense	-	-	-	-	-	-	-	(28,646)
Profit/(loss) before taxation	74,329	33,607	(17,088)	86	34,909	2,153,227	-	2,250,424
Tax expense	-	-	-	-	-	-	-	(30,186)
Profit for the year	-	-	-	-	-	-	-	2,220,238
OTHER INFORMATION								
Segment assets	2,920,785	570,459	862,600	-	657,309	1,454,937	(1,271)	6,464,819
Investment in associates	832,789	9,668	136,159	-	330,218	21,020,756	-	22,329,590
Investment in joint venture	-	-	-	-	-	31,159	-	31,159
Tax assets	-	-	-	-	-	-	-	84,029
Unallocated corporate assets	-	-	-	-	-	-	-	23,080
Consolidated total assets	-	-	-	-	-	-	-	28,932,677
Segment liabilities	152,593	92,303	554,818	-	75,590	14,114	(1,271)	888,147
Borrowings	-	-	-	-	-	-	-	1,347,207
Tax liabilities	-	-	-	-	-	-	-	117,165
Unallocated corporate liabilities	-	-	-	-	-	-	-	11,650
Consolidated total liabilities	-	-	-	-	-	-	-	2,364,169
Capital expenditure	41,378	14,339	59,936	310	48,560	2,704	-	167,227
Unallocated corporate capital expenditure	-	-	-	-	-	-	-	205
	-	-	-	-	-	-	-	167,432
Amortisation and depreciation	66,584	16,296	101,636	1,175	5,893	2,007	-	193,591
Amortisation and depreciation of unallocated capital expenditure	-	-	-	-	-	-	-	1,449
	-	-	-	-	-	-	-	195,040
Non-cash items other than amortisation and depreciation - (loss)/gain	(68,671)	(1,029)	(9,227)	6,822	291	13,468	-	(58,346)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

36. SEGMENTAL REPORTING (CONTINUED)

(c) 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 goodwill, investments in associates and joint venture, other investments and deferred tax assets.

	Revenue		Carrying amount of non-current assets	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysia	4,207,398	4,123,739	1,995,694	1,866,612
Indonesia	461,151	868,753	-	123,588
Vietnam	823,340	845,527	174,106	187,531
Other ASEAN countries	200,579	179,008	1,070	265
Other Asian countries	26,145	67,689	-	-
Others	2,080	66,465	-	-
	5,720,693	6,151,181	2,170,870	2,177,996

37. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

	At amortised cost RM'000	At FVTOCI ¹ RM'000	At FVTPL ² RM'000	Total RM'000
Financial assets				
Group				
2023				
Other investments	-	262,765	58,664	321,429
Receivables	836,923	-	-	836,923
Derivative financial assets	-	-	7,855	7,855
Deposits, cash and bank balances	442,445	-	-	442,445
Short-term fund placements	-	-	1,186,879	1,186,879
Total financial assets	1,279,368	262,765	1,253,398	2,795,531
2022				
Other investments	-	300,365	51,580	351,945
Receivables	1,108,057	-	-	1,108,057
Derivative financial assets	-	-	289	289
Deposits, cash and bank balances	660,744	-	-	660,744
Short-term fund placements	-	-	926,303	926,303
Short-term fund placements	1,768,801	300,365	978,172	3,047,338

FVTOCI¹ represents fair value through other comprehensive income

FVTPL² represents fair value through profit or loss

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

37. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

	At amortised cost RM'000	At FVTOCI ¹ RM'000	At FVTPL ² RM'000	Total RM'000
Financial assets				
Company				
2023				
Other investments	-	246,946	5,425	252,371
Receivables	7,093	-	-	7,093
Deposits, cash and bank balances	99,819	-	-	99,819
Short-term fund placements	-	-	1,067,554	1,067,554
Total financial assets	106,912	246,946	1,072,979	1,426,837
2022				
Other investments	-	283,014	5,097	288,111
Receivables	25,794	-	-	25,794
Deposits, cash and bank balances	96,509	-	-	96,509
Short-term fund placements	-	-	805,684	805,684
Total financial assets	122,303	283,014	810,781	1,216,098

	At amortised cost RM'000	At FVTPL ² RM'000	Total RM'000
Financial liabilities			
Group			
2023			
Payables	447,302	-	447,302
Borrowings	433,098	-	433,098
Lease obligations	501,566	-	501,566
Derivative financial liabilities	-	7,075	7,075
Total financial liabilities	1,381,966	7,075	1,389,041
2022			
Payables	399,489	-	399,489
Borrowings	1,347,207	-	1,347,207
Lease obligations	381,267	-	381,267
Derivative financial liabilities	-	41,110	41,110
Total financial liabilities	2,127,963	41,110	2,169,073

FVTOCI¹ represents fair value through other comprehensive income

FVTPL² represents fair value through profit or loss

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

37. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

Financial liabilities	At amortised cost RM'000	At FVTPL ¹ RM'000	Total RM'000
Company			
2023			
Payables	23,557	-	23,557
Lease obligations	3,164	-	3,164
Total financial liabilities	26,721	-	26,721
2022			
Payables	17,722	-	17,722
Lease obligations	3,085	-	3,085
Borrowings	14	-	14
Total financial liabilities	20,821	-	20,821

FVTPL¹ 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.

(ii) Derivatives

Fair value of foreign currency forward contracts has been determined by reference to current forward exchange rates for contracts with similar maturity profiles.

Fair value of commodities futures and options contracts have 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

37. 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
Group				
2023				
Other investments	267,764	-	53,665	321,429
Short-term fund placements	1,186,879	-	-	1,186,879
Derivative financial assets	-	7,855	-	7,855
	1,454,643	7,855	53,665	1,516,163
2022				
Other investments	305,035	-	46,910	351,945
Short-term fund placements	926,303	-	-	926,303
Derivative financial assets	-	289	-	289
	1,231,338	289	46,910	1,278,537
Company				
2023				
Other investments	252,105	-	266	252,371
Short-term fund placements	1,067,554	-	-	1,067,554
	1,319,659	-	266	1,319,925
2022				
Other investments	287,845	-	266	288,111
Short-term fund placements	805,684	-	-	805,684
	1,093,529	-	266	1,093,795

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value of financial instruments (continued)

Financial liabilities	Level 2 RM'000	Total RM'000
Group		
2023		
Forward contracts	667	667
Futures and options contracts	6,408	6,408
	7,075	7,075
2022		
Forward contracts	20,650	20,650
Futures and options contracts	20,460	20,460
	41,110	41,110

There were no transfers between Level 1, Level 2 and Level 3 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.

38. 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Foreign currency exchange risk (continued)

The carrying amounts of material foreign currency denominated monetary assets and liabilities at the reporting date are as follows:

	Group	
	2023 RM'000	2022 RM'000
Assets		
- United States Dollar ("USD")	108,838	235,306
- Singapore Dollar ("SGD")	15,049	104,015
- Indonesian Rupiah ("IDR")	-	13,314
- Vietnamese Dong ("VND")	52,937	62,752
Liabilities		
- USD	48,081	443,299
- SGD	3,515	2,398
- IDR	-	295,090
- VND	147,296	234,848

A sensitivity analysis has been performed on changes in exchange rates of key 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	
	2023 RM'000	2022 RM'000
USD	3,038	(10,400)
SGD	577	5,081
IDR	-	(14,089)
VND	(4,718)	(8,605)

(b) 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 managing 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Commodity price risk (continued)

In the course of managing its purchases, 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.

(c) 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.

Trade receivables

Management applied a simplified approach (i.e. lifetime ECL) in measuring the loss allowance for trade receivables. 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 two customers of subsidiaries (2022: two customers of subsidiaries), the Group does not have significant credit risk exposure to any single debtor or any group of debtors. The amount due from the said customers amounted to RM74.5 million (2022: RM66.3 million) as at the end of the reporting period in which certain ECL has been provided for. The credit risk associated with trade receivables from the customers are mitigated by immoveable property charged to the subsidiaries and personal guarantee pledged in favour of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Credit risk (continued)

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Not past due	482,196	610,973	185	241
Less than 30 days past due	102,510	135,512	45	54
Between 30 and 90 days past due	27,024	57,147	125	308
More than 90 days past due	26,488	18,675	1,200	2,431
	638,218	822,307	1,555	3,034
Impaired	(20,085)	(13,122)	(533)	(938)
	618,133	809,185	1,022	2,096

Movements in the impairment of trade receivables are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	13,122	13,970	938	1,526
Impairment recognised	9,255	3,030	-	-
Bad debts written off	-	(988)	-	-
Reversal of impairment	(2,293)	(2,891)	(405)	(588)
Exchange translation differences	1	1	-	-
At 31 December	20,085	13,122	533	938

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.

(d) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Liquidity risk (continued)

Therefore, the policy seeks to ensure that each business unit, through efficient working capital management (i.e. inventory, accounts receivable and accounts payable management), must be able to convert its current assets into cash to meet all demands for payment as and when they fall due.

Owing to the nature of its businesses, the Group also seeks to maintain sufficient credit lines available to meet its liquidity requirements while ensuring effective working capital management within the Group.

The table below summarises the maturity profile of the Group's and the Company's financial liabilities based on contractual undiscounted cash flows.

Group	Less than 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2023				
Payables	447,302	-	-	447,302
Borrowings	396,667	62,939	-	459,606
Derivative financial liabilities	7,075	-	-	7,075
Lease obligations	60,052	245,046	327,173	632,271
	911,096	307,985	327,173	1,546,254
2022				
Payables	399,489	-	-	399,489
Borrowings	1,335,400	74,259	-	1,409,659
Derivative financial liabilities	41,110	-	-	41,110
Lease obligations	55,371	195,883	216,978	468,232
	1,831,370	270,142	216,978	2,318,490

Company	Less than 1 year RM'000	1 to 5 years RM'000	Total RM'000
2023			
Payables	23,557	-	23,557
Lease obligations	1,522	1,895	3,417
	25,079	1,895	26,974
2022			
Payables	17,722	-	17,722
Lease obligations	1,135	2,175	3,310
Borrowings	15	-	15
	18,872	2,175	21,047

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

39. CAPITAL MANAGEMENT

The Group aims to maintain 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	
	2023 RM'000	2022 RM'000
Share capital	1,429,314	1,429,314
Reserves	25,707,316	24,401,527
Total capital	27,136,630	25,830,841
Short-term borrowings	377,654	1,278,516
Long-term borrowings	55,444	68,691
Total borrowings	433,098	1,347,207
Total borrowings to capital ratio (times)	0.02	0.05

40. SUBSIDIARIES

The subsidiaries are as follows:

Companies	Group's equity interest		Place of incorporation	Principal activities
	2023 %	2022 %		
FFM Berhad	80.0	80.0	Malaysia	Investment holding, flour milling, animal feed manufacturing, grains trading and trading in rice products
Johor Bahru Flour Mill Sdn Bhd	100.0	100.0	Malaysia	Flour milling, manufacturing of animal feed and provision of management services
FFM (Sabah) Sdn Bhd	100.0	100.0	Malaysia	Manufacturing and trading of animal feed
FFM Feedmills (Sarawak) Sdn Bhd	100.0	100.0	Malaysia	Manufacturing and trading of animal feed and its by-products
Mantap Aman Sdn Bhd	100.0	100.0	Malaysia	Investment holding
# PT Pundi Kencana	-	51.0	Indonesia	Disposed on 12 September 2023

Subsidiary audited by a network firm of Ernst & Young PLT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

40. SUBSIDIARIES (CONTINUED)

The subsidiaries are as follows:

Companies	Group's equity interest		Place of incorporation	Principal activities
	2023 %	2022 %		
FFM Marketing Sdn Bhd	100.0	100.0	Malaysia	Distribution and marketing of edible oils and consumer products
FFM Flour Mills (Sabah) Sdn Bhd	100.0	100.0	Malaysia	Provision of management services
Taloh Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Waikari Sdn Bhd	100.0	100.0	Malaysia	Investment holding
* Buxton Ltd	100.0	100.0	Samoa	Investment holding
Friendship Trading Sdn Bhd	100.0	100.0	Malaysia	Provision of transportation management services
* Glowland Ltd	100.0	100.0	Samoa	Investment holding
JBFM Flour Mill Sdn Bhd	100.0	100.0	Malaysia	Provision of management services
FFM Farms Sdn Bhd	100.0	100.0	Malaysia	Poultry farming and breeding, production of organic fertilisers and oil palm cultivation
FFM Pulau Indah Sdn Bhd	100.0	100.0	Malaysia	Provision of management services
FFM Grains & Mills Sdn Bhd	100.0	100.0	Malaysia	Flour milling and manufacturing of animal feed
FFM SMI Sdn Bhd	100.0	100.0	Malaysia	Investment holding
* Vietnam Flour Mills Ltd	100.0	100.0	Vietnam	Flour milling
* VFM-Wilmar Flour Mills Company Ltd	51.0	51.0	Vietnam	Wheat flour milling and the sale of flour, flour based products and by-products
Tego Sdn Bhd	97.2	96.4	Malaysia	Investment holding
Tego Multifil Sdn Bhd	100.0	100.0	Malaysia	Under members' voluntary liquidation
The Italian Baker Sdn Bhd	100.0	100.0	Malaysia	Manufacturing and distribution of bakery products
FFM Further Processing Sdn Bhd	100.0	100.0	Malaysia	Manufacturing and processing of nuggets, sausages and burgers
PPB Hartabina Sdn Bhd	100.0	100.0	Malaysia	Property development, and provision of project management and other property-related services
South Island Mining Company Sdn Bhd	100.0	100.0	Malaysia	Investment holding and oil palm cultivation
Seletar Sdn Bhd	100.0	100.0	Malaysia	Oil palm cultivation and property development
PPB Property Development Sdn Bhd	100.0	100.0	Malaysia	Provision of project management and other property-related services

* Subsidiaries not audited by Ernst & Young PLT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

40. SUBSIDIARIES (CONTINUED)

The subsidiaries are as follows:

Companies	Group's equity interest		Place of incorporation	Principal activities
	2023 %	2022 %		
Peakland Property Management Sdn Bhd	100.0	100.0	Malaysia	Dormant
PPB Leisure Holdings Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Cathay Screen Cinemas Sdn Bhd	100.0	100.0	Malaysia	Property investment and investment holding
Cathay Theatres Sdn Bhd	100.0	100.0	Malaysia	Property investment
Golden Screen Cinemas Sdn Bhd	100.0	100.0	Malaysia	Exhibition of movies and content
Cinead Sdn Bhd	100.0	100.0	Malaysia	Advertising contractor and consultant
Glitters Café Sdn Bhd	100.0	100.0	Malaysia	Operator of cafés and sales of merchandise goods
Easi (M) Sdn Bhd	60.0	60.0	Malaysia	Provision of information technology solutions, consultation services and sales of related products and services
* Enterprise Advanced System Intelligence Pte Ltd	60.0	60.0	Singapore	Provision of information technology solutions, consultation services and sales of related products and services
Easi Ticketing Sdn Bhd	100.0	100.0	Malaysia	Provision of information technology services and sales of related products
GSC Movies Sdn Bhd	100.0	100.0	Malaysia	Distribution of movies and content
Mediamore Sdn Bhd	100.0	100.0	Malaysia	Investment holding
GSC Vietnam Ltd	100.0	100.0	Malaysia	Investment holding
GSC Cambodia Ltd	100.0	100.0	Malaysia	Investment holding
* Golden Screen Cinemas (Cambodia) Co., Ltd	60.0	60.0	Kingdom of Cambodia	Under dissolution and liquidation
* LGSC Cambodia Limited	-	100.0	Malaysia	Struck off on 6 July 2023
PPB Corporate Services Sdn Bhd	100.0	100.0	Malaysia	Provision of corporate secretarial, and share nominee services
PPB Ventures Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Hexarich Sdn Bhd	100.0	100.0	Malaysia	Investment holding
* Masuma Trading Co Ltd	100.0	100.0	Hong Kong	Investment holding

* Subsidiaries not audited by Ernst & Young PLT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

40. SUBSIDIARIES (CONTINUED)

The subsidiaries are as follows:

Companies	Group's equity interest		Place of incorporation	Principal activities
	2023	2022		
	%	%		
Chemquest Sdn Bhd	55.0	55.0	Malaysia	Trading in chemical products, investment holding and provision of management services
Malayan Adhesives And Chemicals Sdn Bhd	-	99.6	Malaysia	Disposed on 28 February 2023
* 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 KVV Wastewater Technology Company Ltd.	51.0	51.0	The People's Republic of China	Investment holding
* Beijing CQ Environmental Management Consultancy Services Co Ltd	100.0	100.0	The People's Republic of China	Provision of consultancy services
* Chemquest Pte. Ltd.	100.0	100.0	Singapore	Wholesale of industrial, construction and related machinery and equipment, variety of goods without a dominant product

* Subsidiaries not audited by Ernst & Young PLT

41. ASSOCIATES

The associates are as follows:

Companies	Group's equity interest		Place of incorporation	Principal activities
	2023	2022		
	%	%		
* Shaw Brothers (M) Sdn Bhd	34.0	34.0	Malaysia	Investment holding, property investment, and hotel ownership and 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
* Veolia Water Kerry Water Services Ltd	49.0	49.0	Hong Kong	Investment holding

* Associates not audited by Ernst & Young PLT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

41. ASSOCIATES (CONTINUED)

The associates are as follows:

Companies	Group's equity interest		Place of incorporation	Principal activities
	2023	2022		
	%	%		
* Meizan CLV Corporation	50.0	50.0	Vietnam	Manufacturing of value added grain food processed from all kinds of grains
# Wilmar International Limited	18.8	18.8	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
* 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

* Associates not audited by Ernst & Young PLT

Associate audited by a network firm of Ernst & Young PLT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

41. ASSOCIATES (CONTINUED)

The associates are as follows:

Companies	Group's equity interest		Place of incorporation	Principal activities
	2023 %	2022 %		
Raintree Profits Sdn Bhd	31.5	31.5	Malaysia	Intellectual property owner and production of cinematography films
* Dream Talents Pictures Sdn Bhd	-	35.0	Malaysia	Disposed on 16 June 2023
* 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 management
Orion Capital Sdn Bhd	-	40.0	Malaysia	Struck off on 9 June 2023
# 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

Associates audited by a network firm of Ernst & Young PLT

The financial year ends of the associates are co-terminous with that of the Group except for the following:

Company	Financial year end
Shaw Brothers (M) Sdn Bhd	31 March

For the purpose of applying equity accounting, management financial statements of the associate is prepared to the same reporting date as the Group.

42. JOINT VENTURE

The joint venture is as follows:

	Proportion of ownership interest		Place of operation	Principal activities
	2023 %	2022 %		
* Beijing Drainage Group Co Ltd Veolia Kerry Wastewater Treatment Plant	42.0	42.0	The People's Republic of China	Own, operate and maintain a waste water treatment plant

* Joint venture not audited by Ernst & Young PLT

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

43. CONTINGENT LIABILITY RELATED TO AN ASSOCIATE OF THE GROUP

In January 2024, Yihai (Guangzhou) Oils & Grains Industries Co., Ltd. ("Guangzhou Yihai"), a subsidiary of Wilmar in China, received a criminal indictment from the People's Procuratorate of Huaibei City alleging that: (1) Guangzhou Yihai and its former general manager colluded with third parties to commit contract fraud; and (2) the former general manager illegally accepted bribes from a third party from 2008 to 2014 (the "Case").

Wilmar had considered the opinion of its external legal counsel and believes that the allegation against Guangzhou Yihai is not justified. As at the date of this audited financial statements, the court proceedings in respect of the Case are ongoing and Wilmar's management has determined that they cannot reasonably predict the eventual outcome of the Case. Accordingly, no provision has been recognised as at year end.

44. SIGNIFICANT EVENT

On 5 August 2022, FFM received a Notice of Proposed Decision issued by the Malaysia Competition Commission ("MyCC") pursuant to Section 36 of the Competition Act 2010 ("the Act"). The Proposed Decision was premised primarily on the allegation that FFM had engaged in agreements and/or concerted practices to fix the quantum of poultry feed prices in breach of Section 4 of the Act.

On 22 December 2023, MyCC issued a Notice of Finding of An Infringement under Section 40 of the Competition Act 2010 and the Decision of Infringement of Section 4(1) read with Sections 4(2)(a) and 4(3) of the Competition Act 2010, with a final penalty of RM42.7 million.

FFM is of the view that the Decision is without merit and had on 9 January 2024 appealed against the Decision via the filing of a notice of appeal with the Competition Appeal Tribunal ("CAT") and applied for a stay of the Decision.

Pending the outcome of the CAT, on prudent grounds, the Group has made full provision for the penalty amounting to RM42.7 million in the current year financial statements.

45. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Directors on 21 March 2024.

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 70 to 155 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 2023 and of the financial performance and cash flows for the year ended on that date.

On behalf of the Board

SOH CHIN TECK
Director

TAM CHIEW LIN
Director

Kuala Lumpur
21 March 2024

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 70 to 155 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 21st day of March, 2024.

Before me,

MAZLEE BIN ISMAIL

Commissioner for Oaths
Malaysia
No. W864

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 2023 of the Group and of the Company, and the income statements, 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 material accounting policy information, as set out on pages 70 to 155.

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 2023, 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. 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 determined that there are no key audit matters to communicate in our report on the financial statements of the Company.

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 these matters. 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 matters 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 17 to the financial statements)

As at 31 December 2023, the Group's investment in an associate, Wilmar International Limited, amounted to RM22,035 million, representing 84% and 75% of the Group's total non-current assets and total assets respectively. In accordance with MFRS 136: Impairment of Assets, the Group is 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 the associate using the VIU method.

INDEPENDENT AUDITORS' REPORT

to the members of PPB Group Berhad

Report on the audit of the financial statements (continued)

Key audit matter (continued)

Impairment assessment of investment in an associate, Wilmar International Limited (continued)
(Refer to Note 17 to the financial statements)

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 17 to the financial statements.

We considered this as an area of audit focus due to the magnitude of the carrying value of the investment in associates. Further, significant judgement is involved in the estimation, which requires substantial audit effort in the assessment of possible variations in the assumptions used by management.

In addressing the matter above, we have amongst others, performed the following audit procedures:

- i) Obtained an understanding of the relevant processes and internal controls over the impairment assessment process;
- ii) Evaluated the key assumptions used by management in the cash flow projections on whether they are reasonable by comparing to historical results and cash flows of the associate;
- iii) Corroborated the key assumptions with industry analysts' views and available market information;
- iv) Evaluated the discount rates, growth rates and methodology used in deriving the present value of the cash flows with the support of our valuation specialist;
- v) Performed sensitivity analysis on the key inputs to understand the impact that alternative assumptions would have had on the overall carrying value;
- vi) Considered other facts and circumstances to indicate whether any impairment exists; and
- vii) Assessed the adequacy of the disclosures made in the financial statements.

Information other than the financial statements and auditors' report

The directors of the Company are responsible for the other information. The other information comprises the director's report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Group's Annual Report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITORS' REPORT

to the members of PPB Group Berhad

Report on the audit of the financial statements (continued)

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- 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.

INDEPENDENT AUDITORS' REPORT

to the members of PPB Group Berhad

Report on the audit of the financial statements (continued)

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 40 to the financial statements.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

Ng Yee Yee
No. 03176/05/2025 J
Chartered Accountant

Kuala Lumpur, Malaysia
21 March 2024

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 in financial year ended ("FYE") 31 December 2023 were as follows:

	Group RM'000	Company RM'000
Audit fees	1,112	185
Non-audit fees	12	7

2. Material contracts

There were no material contracts entered into by PPB involving the interests of directors and major shareholders since the end of the previous financial year nor still subsisting at the end of the FYE 31 December 2023.

3. Recurrent related party transactions of a revenue or trading nature ("RRPT")

The actual values of RRPTs entered into by PPB with PGEO Group Sdn Bhd ("PGSB") and/or its connected persons in FYE 31 December 2023 pursuant to the shareholders' mandate obtained at the 54th Annual General Meeting are as follows:

Nature of transactions undertaken by PPB and/or its subsidiaries	Transacting party	FYE 2023 Actual RM'000	Nature of relationship
Purchase of cooking oil, soyabean and related products from PGSB Group FFM Berhad* ("FFM") Group	PGSB Group	276,939	PGSB is a major shareholder of FFM.
Charter hire of vessels from RSI FFM Group	Raffles Shipping International Pte Ltd ("RSI")	100,894	RSI is a 100%-owned subsidiary of Wilmar International Limited ("Wilmar"), a person connected with PGSB.
Purchase of crude palm oil and refined palm products from Wilmar Group FFM Group	Wilmar Group	22,596	Wilmar is a person connected with PGSB.
Sale of flour, pollard and soya bean meal to Wilmar Group FFM Group	Wilmar Group	96,964	Wilmar is a person connected with PGSB.
Payment of agency commission to Wilmar Group for sale of flour, pollard, corn and soya bean meal FFM Group	Wilmar Group	10,925	Wilmar is a person connected with PGSB.

ADDITIONAL COMPLIANCE INFORMATION

3. 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 2023 Actual RM'000	Nature of relationship
Rental of land and buildings to PGEO Taloh Sdn Bhd	PGEO Edible Oils Sdn Bhd ("PGEO")	1,980	PGEO is a wholly-owned subsidiary of PGSB.
Purchase of meat bone meal, wheat, gluten and soyabean related products FFM Group	Wilmar Group	314,612	Wilmar is a person connected with PGSB.
Payment of advisory fee to WTA FFM	Wilmar Trading (Asia) Pte Ltd ("WTA")	3,044	WTA is an indirect 100%-owned subsidiary of Wilmar.
Purchase of consumer products FFM Group	Goodman Fielder Pte Ltd ("GFP")	28,297	GFP is an indirect 100%-owned subsidiary of Wilmar.
Purchase of consumer products Golden Screen Cinemas Sdn Bhd	FFM Marketing Sdn Bhd ("FFMM")	5,497	FFMM is a wholly-owned subsidiary of FFM, a person connected with PGSB.

* FFM is an 80%-owned subsidiary of PPB.

LIST OF TOP 10 PROPERTIES OWNED

By PPB Group Berhad and Its Subsidiaries

Location	Description & existing use of properties	Date of acquisition/ revaluation	Age of buildings in years	Land area	Built up area	Tenure	Year of expiry	Net book value at 31.12.2023 RM'000
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	14	501,774 sq metres	-	Freehold	-	23,704
Lot No. 31, 336-339, 340, 342, 343 & 438, Seksyen 15, Bandar Georgetown, Daerah Timor Laut, Pulau Pinang	Commercial building leased out & vacant land	30.9.1976 12.7.2013	17 -	2 hectares 264 sq metres	10,638 sq metres -	Freehold Freehold	- -	19,111
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
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	25	221 hectares	47,606 sq metres	Freehold	-	31,705
Lot 64531-64532, Lot 142827, Mukim Klang, Daerah Klang	Factory, warehouse & vacant industrial land	6.6.1995	7 to 22	207,499 sq metres	82,285 sq metres	Leasehold	2097	179,709
Lots 2824-2827 & PT 45125, Mukim Sg Buloh, Daerah Petaling Jaya	Warehouse cum office & vacant industrial land	19.10.1993 1.6.1994	13 to 26	243,419 sq metres	13,177 sq metres	Freehold	-	58,820
Megah Rise Mall, No Hakmilik: 334105, Lot 60949 Seksyen 39, Bandar Petaling Jaya, Petaling, Selangor (formerly known as PT Nos. 10989 & 10991, Jalan SS24/10 & SS24/5, Taman Megah, Petaling Jaya, Selangor (Commercial))	Shopping mall	16.4.1990	2	13,615 sq metres	36,426 sq metres	Freehold	-	122,125
Cheras Leisure Mall, Jln Manis 6, Taman Segar, Cheras, 56100 Kuala Lumpur	Shopping mall	9.3.1982	29	21,225 sq metres	73,339 sq metres	Leasehold	2077 & 2080	65,226
Lot 66243, Mukim Plentong, Daerah Johor Bahru	Factory & office building	7.1.1989	7 to 49	36,394 sq metres	20,823 sq metres	Leasehold	2057	45,605
CL 015582233, Kota Kinabalu Industrial Park, Kota Kinabalu	Factory & office building	19.10.2006	13	14,520 sq metres	5,230 sq metres	Leasehold	2096	21,223

STATEMENT OF SHAREHOLDINGS

AS AT 15 MARCH 2024

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	1,281	13.04	24,985	0.00
100 - 1,000	2,447	24.90	1,152,427	0.08
1,001 - 10,000	4,218	42.92	15,601,816	1.10
10,001 - 100,000	1,469	14.95	45,707,262	3.21
100,001 to less than 5% of issued shares	410	4.17	550,624,425	38.71
5% and above of issued shares	2	0.02	809,488,024	56.90
Total	9,827	100.00	1,422,598,939	100.00

DIRECTORS' INTERESTS IN SHARES

	Direct Interest		Deemed Interest	
	No. of Issued Shares	% of Issued Shares %	No. of Issued Shares	% of Issued Shares %
IN THE COMPANY				
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	-	-	30,000	0.00
Tam Chiew Lin	7,200	0.00	12,000	0.00
IN RELATED CORPORATIONS				
Kuok Brothers Sdn Berhad - Holding company				
Lim Soon Huat	-	-	200,000	0.04
Datuk Ong Hung Hock	-	-	290,000	0.06

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 2024

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	718,200,716	50.49	4,571,436	0.32	722,772,152	50.81
Employees Provident Fund Board	138,976,254	9.77	-	-	138,976,254	9.77

THIRTY LARGEST SHAREHOLDERS (as per Record of Depositors)

Name of Shareholder	No. of Issued Shares	% of Issued Shares %
1. Kuok Brothers Sdn Berhad	567,253,646	39.87
2. Kuok Brothers Sdn Berhad	91,792,686	6.45
3. Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	91,285,876	6.42
4. Kuok Brothers Sdn Berhad	59,155,816	4.16
5. Nai Seng Sdn Berhad	48,991,800	3.44
6. Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (Islamic)</i>	40,270,078	2.83
7. Kuok Foundation Berhad	20,543,664	1.44
8. HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN for Morgan Stanley & Co. International PLC (Client)</i>	19,600,562	1.38
9. Cartaban Nominees (Asing) Sdn Bhd <i>Exempt AN for State Street Bank & Trust Company (West CLT OD67)</i>	15,395,139	1.08
10. Citigroup Nominees (Asing) Sdn Bhd <i>Exempt AN for UBS AG Hong Kong (Foreign)</i>	14,213,100	1.00
11. Citigroup Nominees (Asing) Sdn Bhd <i>Exempt AN for UBS AG Singapore (Foreign)</i>	14,213,100	1.00
12. Kumpulan Wang Persaraan (Diperbadankan)	13,485,980	0.95
13. Chinchoo Investment Sdn Berhad	12,220,920	0.86
14. UOB Kay Hian Nominees (Asing) Sdn Bhd <i>Exempt AN for UOB Kay Hian (Hong Kong) Limited (A/C Clients)</i>	11,839,895	0.83
15. UOBM Nominees (Asing) Sdn Bhd <i>United Overseas Bank Nominees (Pte) Ltd For Sin Heng Chan (1960) Pte Ltd</i>	10,320,000	0.73
16. Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)</i>	10,000,000	0.70
17. HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA for Vanguard Total International Stock Index Fund</i>	9,267,845	0.65

STATEMENT OF SHAREHOLDINGS

AS AT 15 MARCH 2024

Name of Shareholder	No. of Issued Shares	% of Issued Shares %
18. HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA for Vanguard Emerging Markets Stock Index Fund</i>	9,106,160	0.64
19. Cartaban Nominees (Tempatan) Sdn Bhd <i>PAMB for Prulink Equity Fund</i>	8,721,460	0.61
20. HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA For Flexshares Morningstar Global Upstream Natural Resources Index Fund</i>	8,072,500	0.57
21. Citigroup Nominees (Asing) Sdn Bhd <i>Exempt AN for Bank of Singapore Limited (Foreign)</i>	6,711,892	0.47
22. Cartaban Nominees (Tempatan) Sdn Bhd Prudential Assurance Malaysia Berhad for Prulink Strategic Fund	6,428,400	0.45
23. Key Development Sdn Berhad	6,000,000	0.42
24. Cartaban Nominees (Tempatan) Sdn Bhd <i>PBTB for Takafulink Dana Ekuiti</i>	5,274,000	0.37
25. HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN for CACEIS Bank (Lux BR-UCITSCLT)</i>	5,167,240	0.36
26. Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt AN for AIA Bhd</i>	5,158,340	0.36
27. Amanahraya Trustees Berhad <i>Public Ittikal Sequel Fund</i>	5,083,820	0.36
28. Citigroup Nominees (Asing) Sdn Bhd <i>CB Spore GW for Government of Singapore (GIC C)</i>	4,967,601	0.35
29. Maybank Securities Nominees (Asing) Sdn Bhd <i>Exempt AN for Lim & Tan Securities Pte Ltd (Clients A/C)</i>	4,913,576	0.35
30. Cartaban Nominees (Asing) Sdn Bhd <i>State Street London Fund OQ78 for IShares IV Public Limited Company</i>	4,597,700	0.32
Total	1,130,052,796	79.44

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