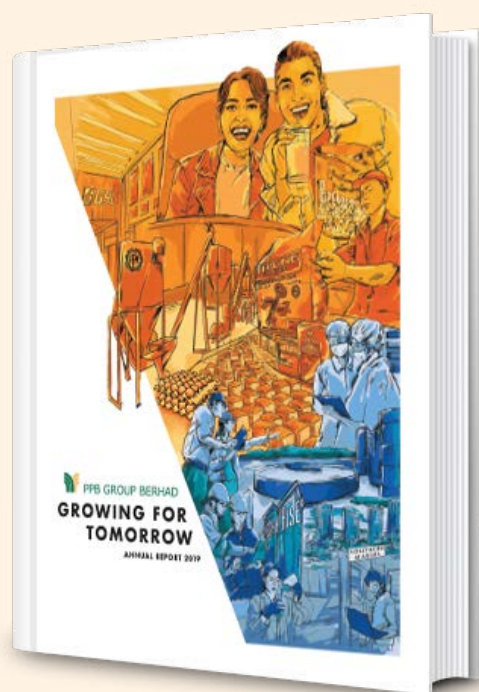


PPB GROUP BERHAD

GROWING FOR TOMORROW

ANNUAL REPORT 2019

ANOTHER YEAR OF GROWTH



GROWING FOR TOMORROW

COVER RATIONALE

PPB Group continues to fortify the foundations of our businesses, and strengthen our leading positions in the various segments in which we operate. Our core businesses, illustrated on the cover, drive us forward even in the most challenging times. Aided by a dedicated workforce and a strong desire to innovate, we are building resilience for the future. We are growing for tomorrow.

1

OVERVIEW OF PPB

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OTHER COMMUNICATION TOOLS

- » **Corporate Website**
For more information on PPB Group, please visit our corporate website.

[https://
www.ppbgroup.com/](https://www.ppbgroup.com/)

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

Or log on to

http://www.ppbgroup.com/images/pages/investor-relations/annual_report/2020-2017/ppb-annual-report-2019.pdf



OUR MISSION

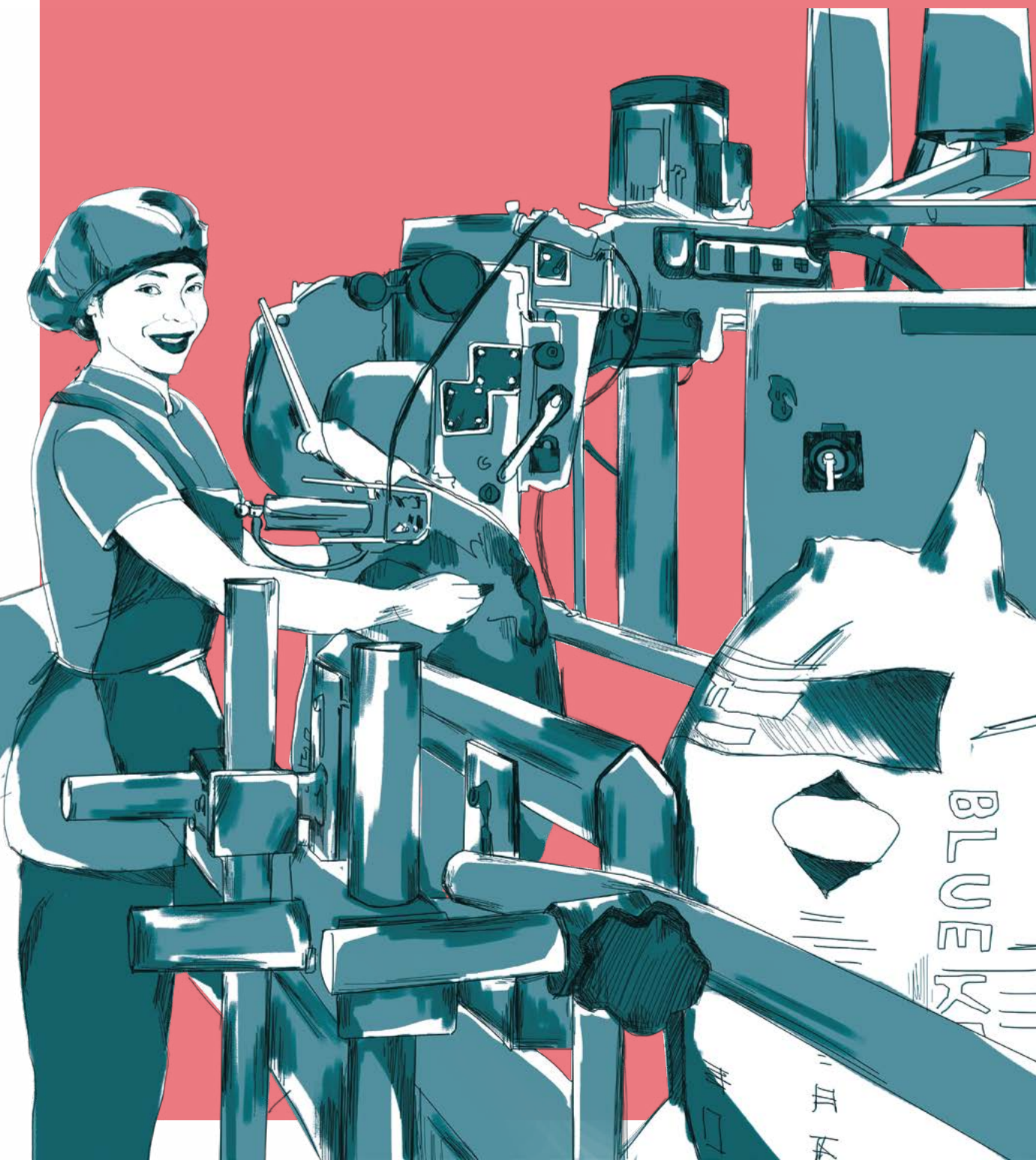
To strengthen our leadership position in our core businesses in Malaysia, expand regionally for further growth, invest in related activities for greater synergy and increase shareholder value, in a socially and environmentally responsible manner through management excellence.



OUR VISION

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

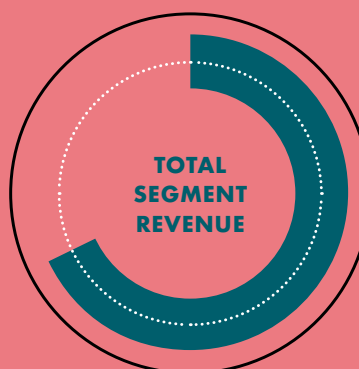
GRAINS AND AGRIBUSINESS





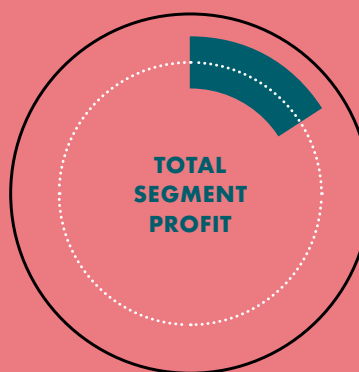
FFM Farms' table eggs are sold under the "Seri Murni" brand name

CONTRIBUTION OF GRAINS AND AGRIBUSINESS IN 2019



68%

RM3.3 billion



16%

RM213.0 million



"Cap Sauh" flour is packed in 1 kg PE bags for consumers' convenience

FLOUR MILLING

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

ANIMAL FEED MILLING

FFM Group is one of the key feed millers in Malaysia and operates five feed mills in Peninsular and East Malaysia with a total production capacity of 150 mt/hour.

LIVESTOCK FARMING

FFM Farms Sdn Bhd operates 2 broiler breeder farms with a combined production capacity of 3 million broiler chicks per month, and a layer farm with a monthly production capacity of 20 million eggs to complement the Group's animal feed milling operations.

CONSUMER PRODUCTS

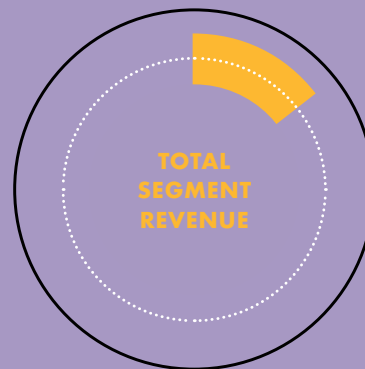




Massimo cream rolls are convenient snacks for those on-the-go

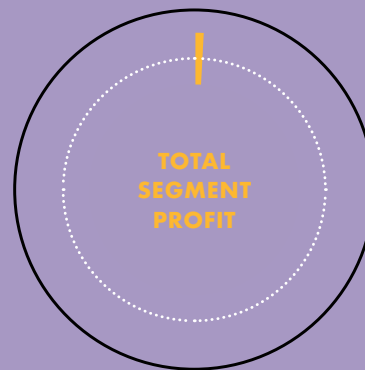


CONTRIBUTION OF CONSUMER PRODUCTS IN 2019



13%

RM627.4 million



<1%

RM0.6 million

CONSUMER PRODUCTS DISTRIBUTION

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

BAKERY

The Italian Baker Sdn Bhd operates a state-of-the-art baking plant in Pulau Indah with four fully automated production lines using the latest American and European technology. The production lines comprise a 16,000 loaves-per-hour bread line; a 24,000 rolls-per-hour line; a 15,000 cake-per-hour line; and a 6,000 buns-per-hour line.

FILM EXHIBITION AND DISTRIBUTION



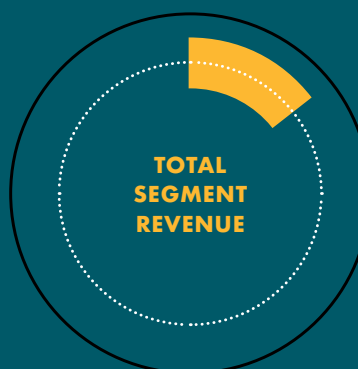


Luxurious recliners at the Getha Lux Suite in Aurum Theatre



Escape Studio Hall at Aurum Theatre, The Gardens

CONTRIBUTION OF FILM EXHIBITION AND DISTRIBUTION IN 2019



12%

RM556.1 million



5%

RM66.8 million

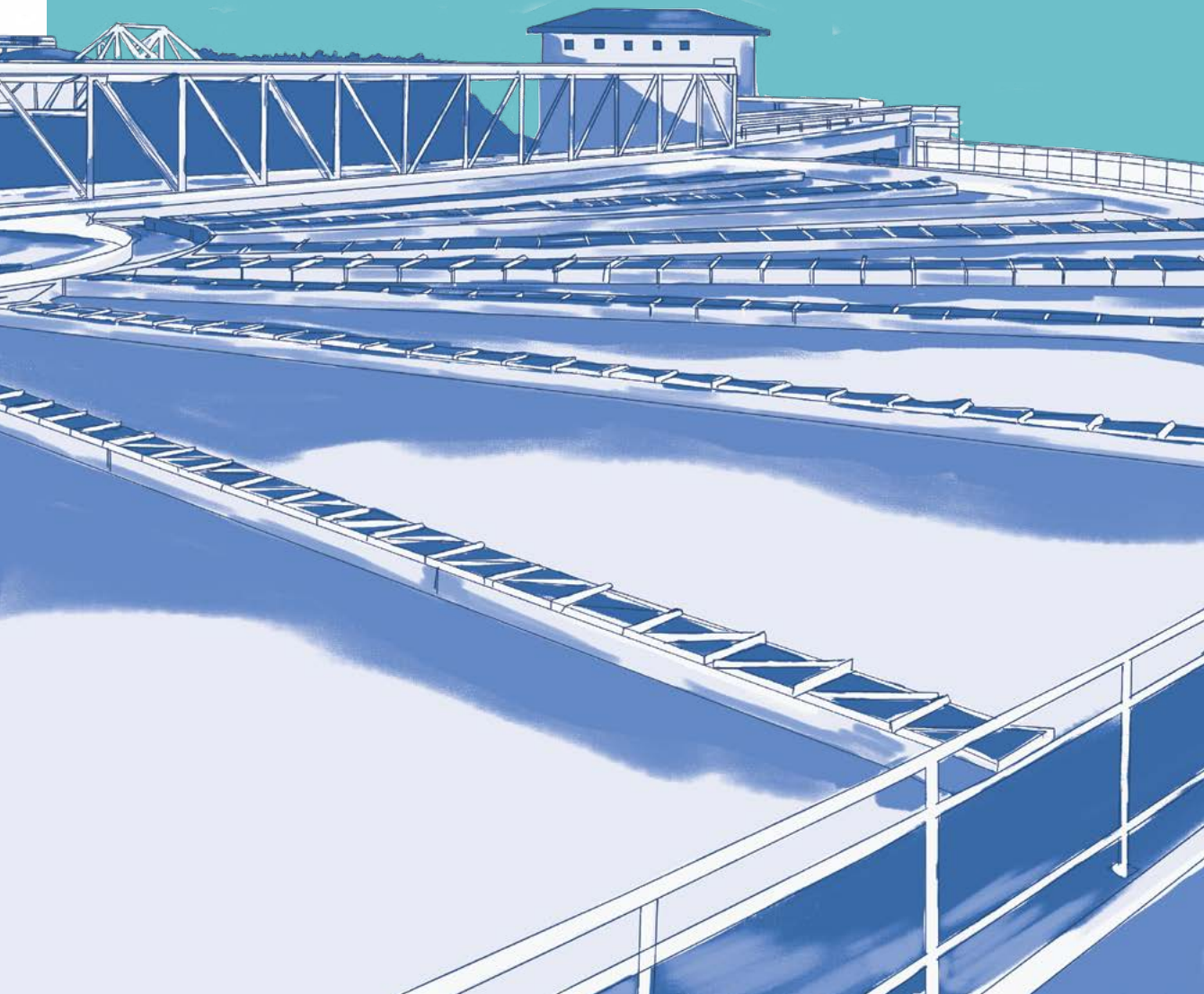
FILM EXHIBITION

Golden Screen Cinemas Sdn Bhd is the leading cinema exhibitor in Malaysia and operates the largest cinema chain in the country with 361 screens totaling 56,602 seats at 37 locations in major cities nationwide. In Vietnam, the Group operates at 18 locations with a total of 108 screens and 16,547 seats.

FILM DISTRIBUTION

GSC Movies Sdn Bhd acquires and distributes films to cinemas and sub-licences movie content to television (pay TV & free TV), over-the-top (OTT) platform and hotel operators. It is the largest local distributor of Chinese, independent English and foreign language films, and distributes films to cinemas throughout Malaysia, Brunei, Vietnam, Myanmar and Cambodia. GSC Movies distributed a total of 67 films in 2019.

ENVIRONMENTAL ENGINEERING AND UTILITIES



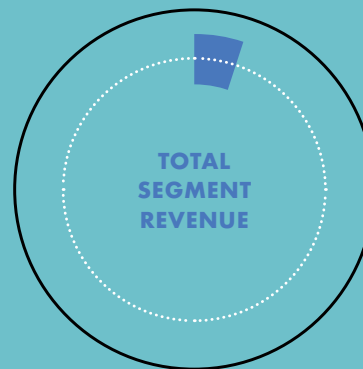


Labohan Dagang Water Treatment Plant



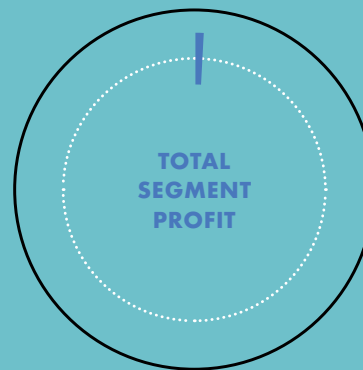
River Gate of KLIA Intake Plant

CONTRIBUTION OF ENVIRONMENTAL ENGINEERING & UTILITIES IN 2019



4%

RM194.8
million



1%

RM11.3
million

WATER ENGINEERING

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

SEWAGE TREATMENT

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

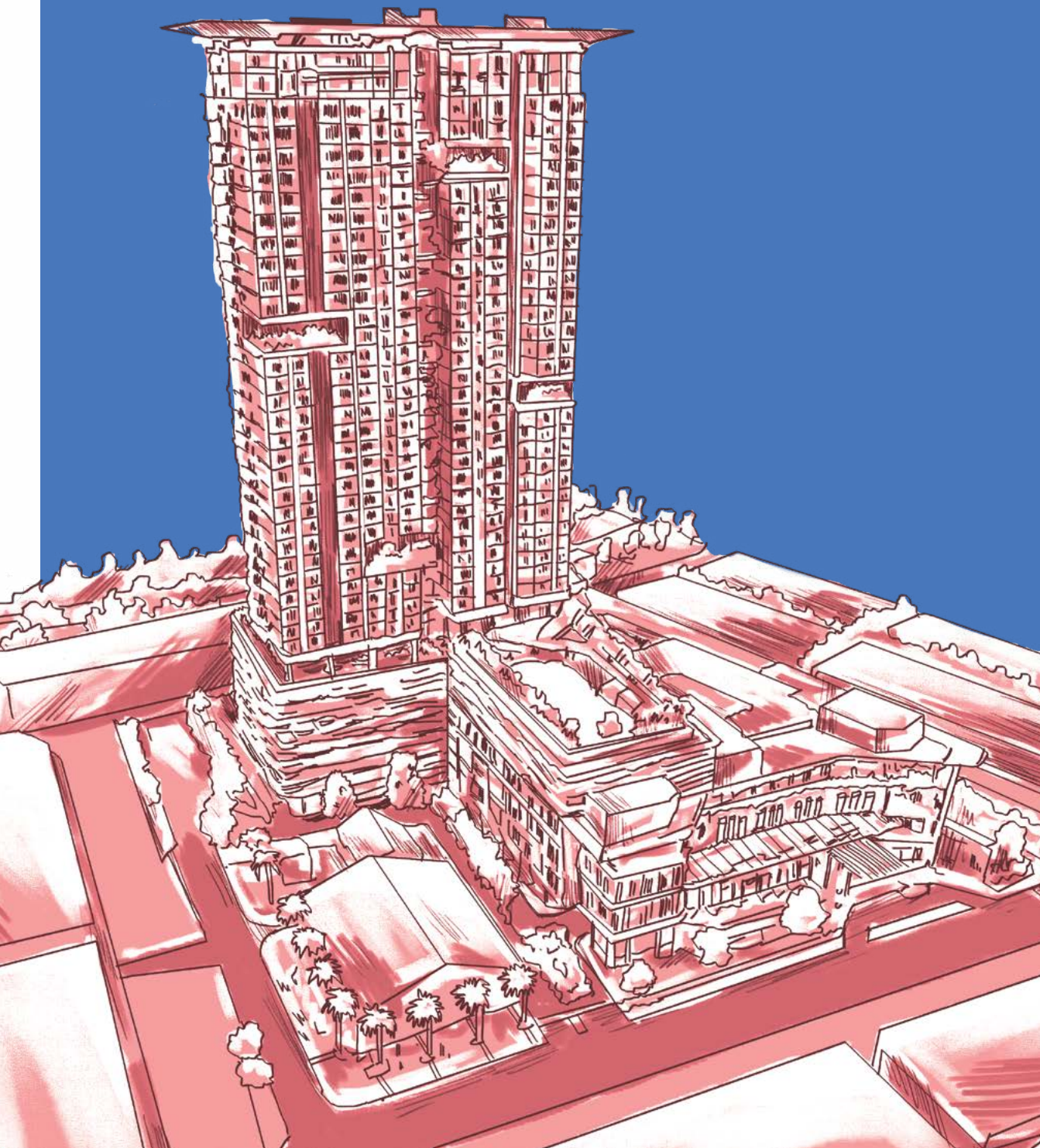
SOLID WASTE MANAGEMENT

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

FLOOD MITIGATION

Provide turnkey solutions for flood mitigation schemes.

PROPERTY



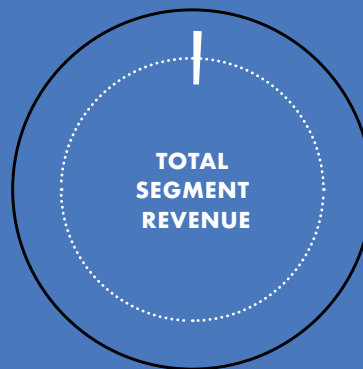


Exterior facade of Southern Marina Residences



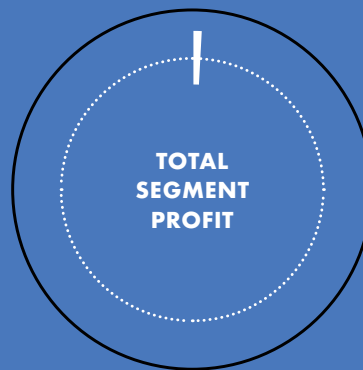
Facilities Floor, Megah Rise (Artist Impression Only)

CONTRIBUTION OF PROPERTY IN 2019



1%

 RM64.6 million



1%

 RM13.9 million

INVESTMENT PROPERTIES

PPB owns and manages four retail/commercial properties namely:

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

PROPERTY DEVELOPMENT

PPB Hartabina Sdn Bhd (PPBH) is engaged in property development. Megah Rise, its latest mixed development in Taman Megah, Petaling Jaya consists of 228 condominium units and a retail podium.

PROJECT MANAGEMENT

PPB Property Development Sdn Bhd & PPBH provide project management services for property development projects under various PPB Group of companies and affiliates. The major projects include:

- Southern Marina Residences in Iskandar Puteri, Johor
- The Linc in Kuala Lumpur

CORPORATE PROFILE

PPB Group Berhad (“PPB”) is an investment holding and property investment company listed on the Main Market of Bursa Malaysia Securities Berhad, the Malaysian stock exchange. Incorporated in Malaysia in 1968, the PPB Group today is a conglomerate with total assets and market capitalisation of RM23.6 billion and RM26.8 billion respectively as at 31 December 2019.

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

Our businesses are principally divided into six business segments viz:



Grains and Agribusiness



Consumer Products



Film Exhibition and Distribution



Environmental Engineering and Utilities



Property



Other Operations

The Group’s main contributor, *Grains and Agribusiness*, comprises flour and animal feed milling; grains trading and livestock farming. The FFM Group in which PPB has 80% equity interest, owns and operates a total of five flour mills in the country, two in Vietnam and one each in Thailand and Indonesia. FFM Group also has 20% interest in nine associates in China with a combined flour milling capacity of 12,550 mt/day. Under the *Consumer Products* segment, the Group has moved into downstream activities including food processing, bakery, marketing and distribution of edible oils and consumer products as well as manufacturing of toiletries and household products.

In the *Film Exhibition and Distribution* segment, wholly-owned Golden Screen Cinemas Sdn Bhd is the largest film exhibitor in Malaysia with 361 screens in 37 locations nationwide, capturing about 40% of domestic box office collections.

PPB’s strategic acquisitions and business ventures over the years have enabled it to successfully diversify its businesses to include *Environmental Engineering and Utilities* led by the Chemquest Group in which PPB has 55% equity interest. This segment

provides water engineering, sewage treatment, solid waste management and flood mitigation services.

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

PPB owns 18.5% 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, processing, merchandising to manufacturing of a wide range of agricultural products. It has over 500 manufacturing plants and an extensive distribution network covering China, India, Indonesia and some 50 other countries.

CORPORATE OBJECTIVES



»» CREATE VALUE FOR SHAREHOLDERS

To reward shareholders with sustainable and attractive dividends.



»» FOCUS ON CORE BUSINESSES

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



»» STRENGTHEN MARKET POSITION

To further strengthen our leadership position in our core businesses.



»» CAPITALISE ON SYNERGIES

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



»» IMPROVE EFFICIENCY AND PRODUCTIVITY

To leverage on technology and embrace innovation to further drive operational effectiveness to ensure best-of-class operating standards.



»» SECURE FUTURE GROWTH

To create new business opportunities through prudent and smart investment strategies in new and emerging areas, as well as market segments both locally and regionally.



»» COMMIT TO CORPORATE SOCIAL RESPONSIBILITY

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



»» CARE FOR THE ENVIRONMENT

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



»» PRACTISE GOOD CORPORATE GOVERNANCE

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

GROUP CORPORATE STRUCTURE

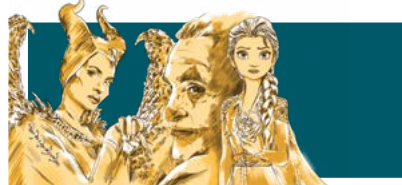
As at 30 April 2020



Grains and Agribusiness



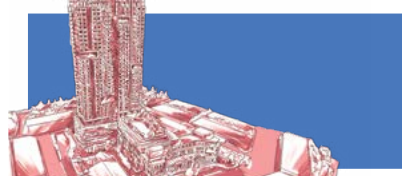
Consumer Products



Film Exhibition and Distribution



Environmental Engineering and Utilities



Property



Other Operations

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.

GRAINS AND AGRIBUSINESS

Investment holding, grains trading, flour and feed milling

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

CONSUMER PRODUCTS

Consumer products distribution

● FFM Marketing Sdn Bhd	100 %
Bakery	
● The Italian Baker Sdn Bhd	100 %
Contract manufacturing	
● Products Manufacturing Sdn Bhd	70 %
Food processing	
● Meizan CLV Corporation	50 %
● Kart Food Industries Sdn Bhd	45 %
● FFM Further Processing Sdn Bhd	30 %

GROUP CORPORATE STRUCTURE

As at 30 April 2020

FILM EXHIBITION AND DISTRIBUTION

Investment holding		
● PPB Leisure Holdings Sdn Bhd	100 %	
Exhibition of movies and content		
● Golden Screen Cinemas Sdn Bhd	100 %	
● Berjaya-GSC Sdn Bhd	50 %	
Distribution of movies and content		
● GSC Movies Sdn Bhd	100 %	
Screen advertising		
● Cinead Sdn Bhd	100 %	
Exhibition and distribution of movies and content		
● Galaxy Studio Joint Stock Company	40 %	

ENVIRONMENTAL ENGINEERING AND UTILITIES

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

PROPERTY

Project and property management and other related services		
● PPB Property Development Sdn Bhd	100 %	
Property development, project and property management and other related services		
● PPB Hartabina Sdn Bhd	100 %	
Investment holding and oil palm cultivation		
● South Island Mining Company Sdn Bhd	100 %	
Property development		
● Seletar Sdn Bhd	100 %	
Property investment		
● Cathay Screen Cinemas Sdn Bhd	100 %	
● Cathay Theatres Sdn Bhd	100 %	
● Shaw Brothers (M) Sdn Bhd	34 %	
Investment holding		
● Huge Quest Realty Sdn Bhd	40 %	
Property development		
● Southern Marina Development Sdn Bhd	70 %	
Real property development		
● Hillcrest Gardens Sdn Bhd	16.8 %	

OTHER OPERATIONS

Investment holding & trading		
● Chemquest Sdn Bhd	55 %	
Chemicals manufacturing		
● Malayan Adhesives and Chemicals Sdn Bhd	99.6 %	
Investment holding		
● Masuma Trading Company Limited	100 %	
● Hexarich Sdn Bhd	100 %	
● Orion Fund Pte Ltd	40 %	
IT services		
● Easi (M) Sdn Bhd	60 %	
● Enterprise Advanced System Intelligence Pte Ltd	60 %	
● Easi Ticketing Sdn Bhd	100 %	
Integrated agribusiness		
● Wilmar International Limited	18.5 %	

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Datuk Oh Siew Nam
Chairman
Non-independent Non-executive Director

Mr Lim Soon Huat
Managing Director

Datuk Ong Hung Hock
Non-independent Non-executive Director

Mr Soh Chin Teck
Independent Non-executive Director

Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid
Independent Non-executive Director

En Ahmad Riza bin Basir
Independent Non-executive Director

Madam Tam Chiew Lin
Independent Non-executive Director

AUDIT COMMITTEE

Mr Soh Chin Teck
Chairman

Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid

Madam Tam Chiew Lin

NOMINATION COMMITTEE

En Ahmad Riza bin Basir
Chairman

Datuk Ong Hung Hock

Mr Soh Chin Teck

REMUNERATION COMMITTEE

Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid
Chairman

Tan Sri Datuk Oh Siew Nam

Madam Tam Chiew Lin

COMPANY SECRETARY

Mr Mah Teck Keong

REGISTERED OFFICE

12th Floor UBN Tower
10 Jalan P Ramlee
50250 Kuala Lumpur
Telephone: 03-2726 0088
Facsimile: 03-2726 0099
Website: www.ppbgroup.com

PRINCIPAL BANKERS

Malayan Banking Berhad
Hong Leong Bank Berhad
AmBank (M) Berhad
HSBC Amanah Malaysia Berhad

AUDITORS

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

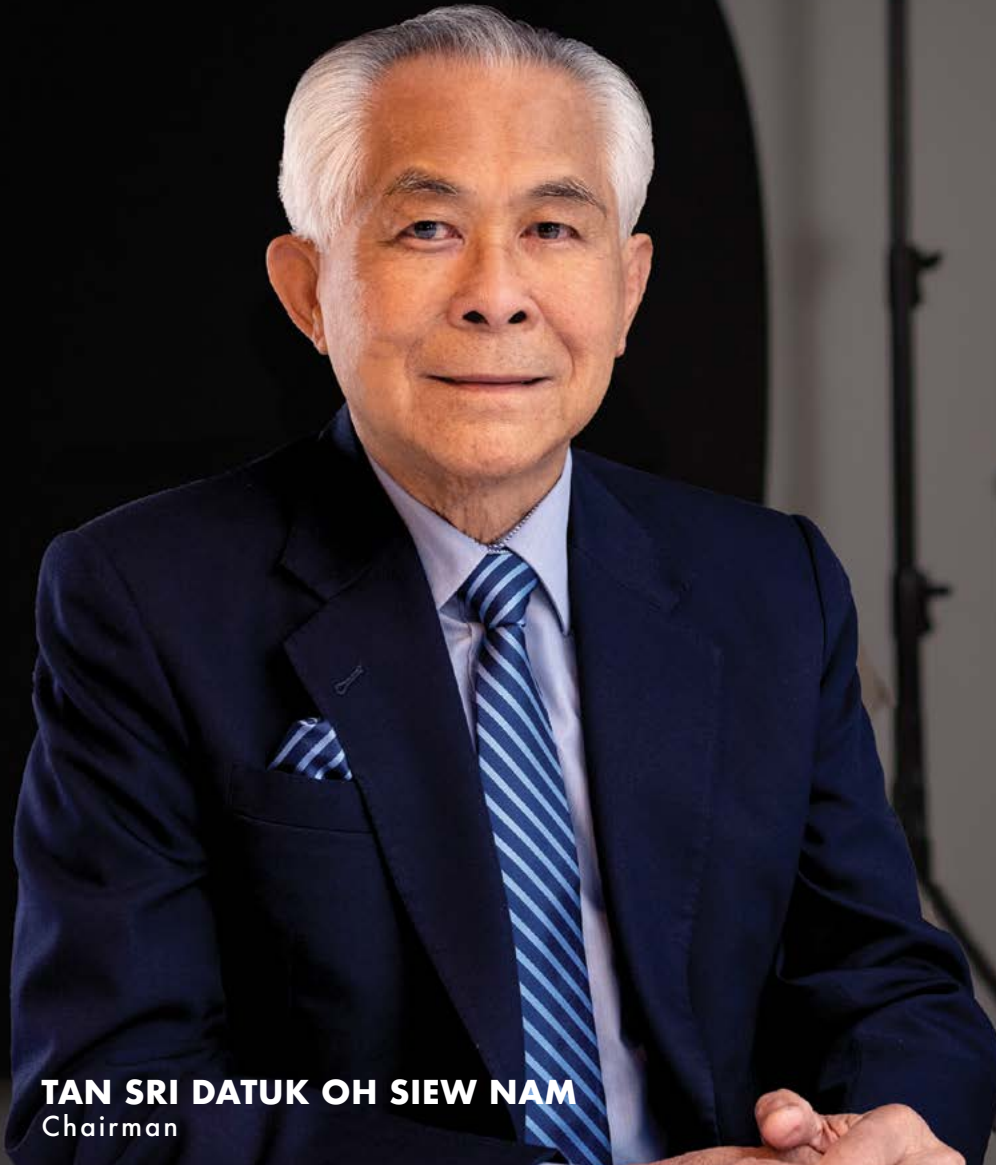
REGISTRAR

PPB Corporate Services Sdn Bhd
12th Floor UBN Tower
10 Jalan P Ramlee
50250 Kuala Lumpur
Telephone: 03-2726 0088
Facsimile: 03-2726 0099
Email: pcs@ppb.com.my

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad
(Main Market)
Sector : Consumer Products and Services
Stock Name: PPB
Stock Number: 4065
ISIN: MYL406500008
Reuters Code: PEPT.KL

CHAIRMAN'S STATEMENT



TAN SRI DATUK OH SIEW NAM
Chairman

» SUSTAINABILITY PRACTICES

PPB Group is deeply committed to ensuring its business operations integrate sustainability practices as we believe they will lead to the long-term success of the Group and benefit its stakeholders.

DEAR SHAREHOLDERS,

PPB Group Berhad (PPB) remains steadfast in creating value for you. We have demonstrated resilience to produce a strong financial performance in 2019 despite market uncertainties. The Group's ability to weather challenges is clearly the result of our diversified portfolio of businesses with leadership positions in the segments in which we operate. We will continue to develop our business in a sustainable way, while practising good corporate governance, for the long-term prosperity of our businesses to benefit our stakeholders.

CHAIRMAN'S STATEMENT

GROUP RESULTS

Revenue for the Group increased by 3% to RM4.68 billion for the financial year ended 31 December 2019. This was largely due to higher revenue recorded by our *Grains and Agribusiness*, *Film Exhibition and Distribution* and *Property* segments.

The Group's profit was also higher by 9% year-on-year, supported by increased contributions from our 18.5%-owned associate, Wilmar International Ltd ("Wilmar") as well as higher profits from our *Grains and Agribusiness* segment. Earnings per share was 81.02 sen while profits attributable to shareholders totalled RM1.2 billion.

In the year ahead, we will continue to strengthen our business to face various challenges by managing our resources efficiently and driving operational excellence across our operations. We are however concerned with the recent Covid-19 pandemic and the severe and long-drawn out effects on the global economy. Notwithstanding this, we are confident that the strategies we have put in place will enable us to sustain our growth.

Please refer to the Managing Director's Review on pages 20 to 34 of this Annual Report for a detailed management discussion and analysis of our businesses, operations and performance in 2019.

DIVIDENDS

We are committed to sharing value with our shareholders. The Board is thus pleased to inform you that we have declared a second interim dividend of 23 sen per share. Together with the 8 sen per share first interim dividend, this would bring our total dividend for FY2019 to 31 sen per share (FY2018 – 28 sen per share). The second interim dividend is payable on 2 June 2020.

THE BOARD'S COMMITMENT TO CORPORATE GOVERNANCE

The Board continues to uphold and enforce high standards of corporate governance. We continually strengthen our governance and internal controls, which play a pivotal role in helping us safeguard the integrity of the business. Our corporate governance initiatives, risk and internal control processes are detailed in the relevant sections of this Annual Report.

SUSTAINABILITY

The PPB Group is deeply committed to ensuring its business operations integrate sustainability practices as we believe they will lead to the long-term success of the Group and benefit its stakeholders.

Our Sustainability Statement on pages 60 to 89 of this Annual Report outlines our achievements in the areas of mitigating the environmental impact, ensuring our employees are safe and healthy, building marketplace engagement and community investment. The Statement also tracks our progress against our sustainability targets and plans.

With the Group's commitment to strong governance, good sustainability practices and continued investment in human capital, we should be well-positioned to overcome challenges and continue on our path to achieving better results.

PPB50 FUND

PPB celebrated its 50th anniversary on 1 November 2018 and to commemorate this special occasion, PPB established a RM20 million endowment fund named as "The PPB50 Fund" to assist the needy through education-related projects. During the year, the fund (which is managed by Kuok Foundation) contributed RM200,000 to SJK (C) Sin Kuo Min for the reconstruction of a school block; executed a Food Program at 35 secondary schools in Sungei Petani, Kedah where 730 needy students were given meal vouchers; carried out an Educare Project where 1,575 needy students were provided essential school items; and distributed school uniforms and shoes to 1,416 needy students from 23 primary schools in Bedong, Kedah under the "Back To School" project.



PROSPECTS AND CHALLENGES FOR 2020

Malaysia's economic growth is expected to moderate further in 2020, not least due to the COVID-19 pandemic which has severely disrupted global supply chains and hit important consumer-led markets such as tourism, aviation, hospitality and manufacturing. With countries, including Malaysia, implementing movement restrictions and shutting down economic activity to stem the spread, this has led to greater economic uncertainty and volatility in commodity markets. The scale and duration of these uncertainties cannot be determined at this juncture but may impact the Group's earnings, cash flows and financial condition going forward into 2020. Nevertheless, the essential and basic food products that we produce will remain in demand, and provide a resilient base. The Group's overall results will, however, still depend on Wilmar's business performance in 2020.

Increase of

104
RM million

Profit before taxation

ACKNOWLEDGEMENTS

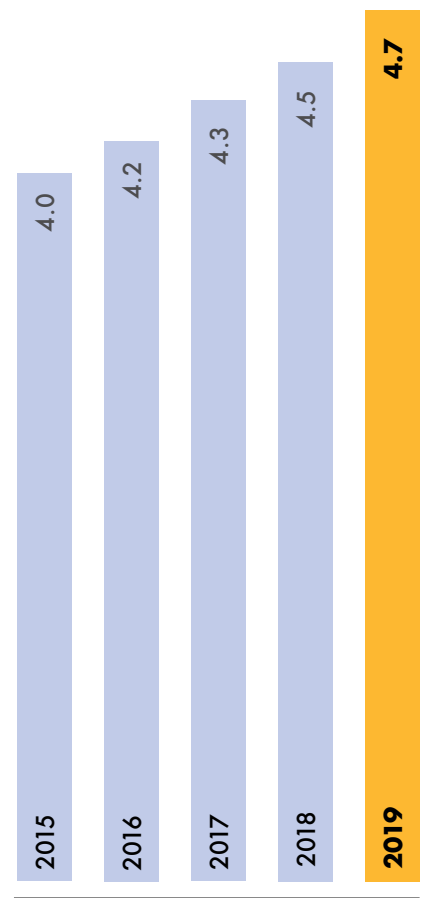
On behalf of the Board and management, I would like to thank our employees across the Group for your continued dedication and support, without which we could not have turned in yet another stellar year. I am also grateful to our shareholders, customers, business partners and other stakeholders for their unwavering trust in us.

My sincere appreciation extends to my fellow Board members for their sustained support, contributions and guidance.

Tan Sri Datuk Oh Siew Nam
Chairman

30 April 2020

REVENUE
RM billion



RM 4.7 billion

MANAGING DIRECTOR'S REVIEW

» STRENGTH AND LEADERSHIP

Our strong performance on ensuring sustainable value creation was made possible by constantly building on the strength and leadership positions of our core businesses, strong teamwork and a commitment to operational excellence.



LIM SOON HUAT
Managing Director

DEAR SHAREHOLDERS,

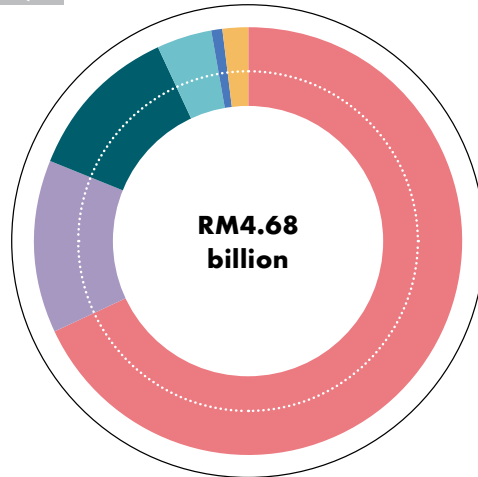
PPB Group Berhad continues to demonstrate its resilience by delivering a good set of results in 2019, despite a challenging operating environment. Our strong performance was a result of our unrelenting focus on ensuring sustainable value creation for our shareholders. This was made possible by constantly building on the strength and leadership positions of our core businesses, strong teamwork and a commitment to operational excellence.

We are pleased to report that Group revenue increased by 3% to RM4.68 billion (2018: RM4.53 billion), largely due to higher revenue recorded by the *Grains and Agribusiness*, *Film Exhibition and Distribution* and *Property* segments. Group profit before taxation was also higher by 9% at RM1.27 billion for 2019 (2018: RM1.17 billion) due to higher contribution from Wilmar of RM960 million (2018: RM837 million), as well as higher profits from the *Grains and Agribusiness* segment, which saw an increase of 17% to RM213 million (2018: RM183 million).

MANAGING DIRECTOR'S REVIEW

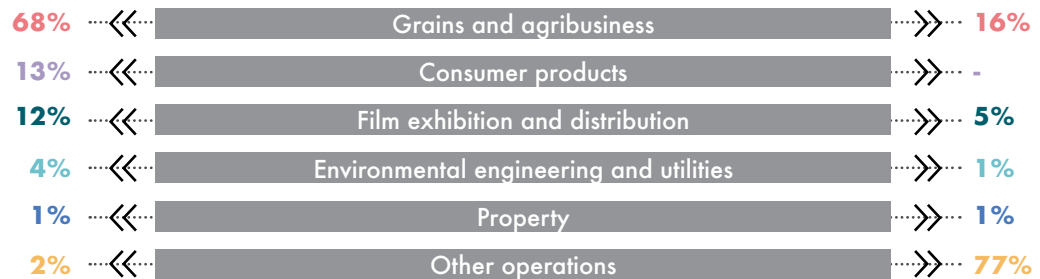
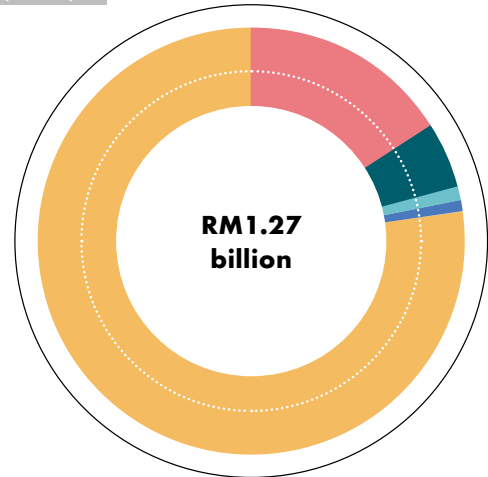
Total Segment Revenue

(2019)



Total Segment Profit

(2019)



“DESPIE THE OVERALL MACROECONOMIC CHALLENGES, RISING COSTS AND INTENSE COMPETITION IN ALL THE MARKETS IN WHICH WE OPERATE, THE GROUP PERFORMED WELL, ILLUSTRATING THE STRENGTH OF OUR DIVERSIFIED BUSINESSES.”

ECONOMIC AND OPERATING ENVIRONMENT IN 2019

The growth of the Malaysian economy moderated to 4.3% in 2019 from 4.7% in 2018 due to lower output in the commodities sector and disruptions to our export sector as a result of the US-China trade war. Growth was however, supported by private sector spending and investments.

Despite the overall macroeconomic challenges, rising costs and intense competition in all the markets in which we operate, the Group performed well, illustrating the strength of our diversified businesses. To mitigate the challenges we face, the Group adopted a range of measures including optimising management resources, automating production lines and pricing our products competitively.

We also leveraged on our trading experience and maximised synergies within our diversified businesses whenever possible.

The Covid-19 outbreak that took place towards the end of 2019 has severely disrupted the global economy and social activities. As Covid-19 continues to spread rapidly across the world at an alarming rate, the Malaysian government implemented a Movement Control Order (MCO) from 18 March 2020 to contain the spread of the pandemic. This has posed unprecedented challenges to businesses and the economy.

MANAGING DIRECTOR'S REVIEW

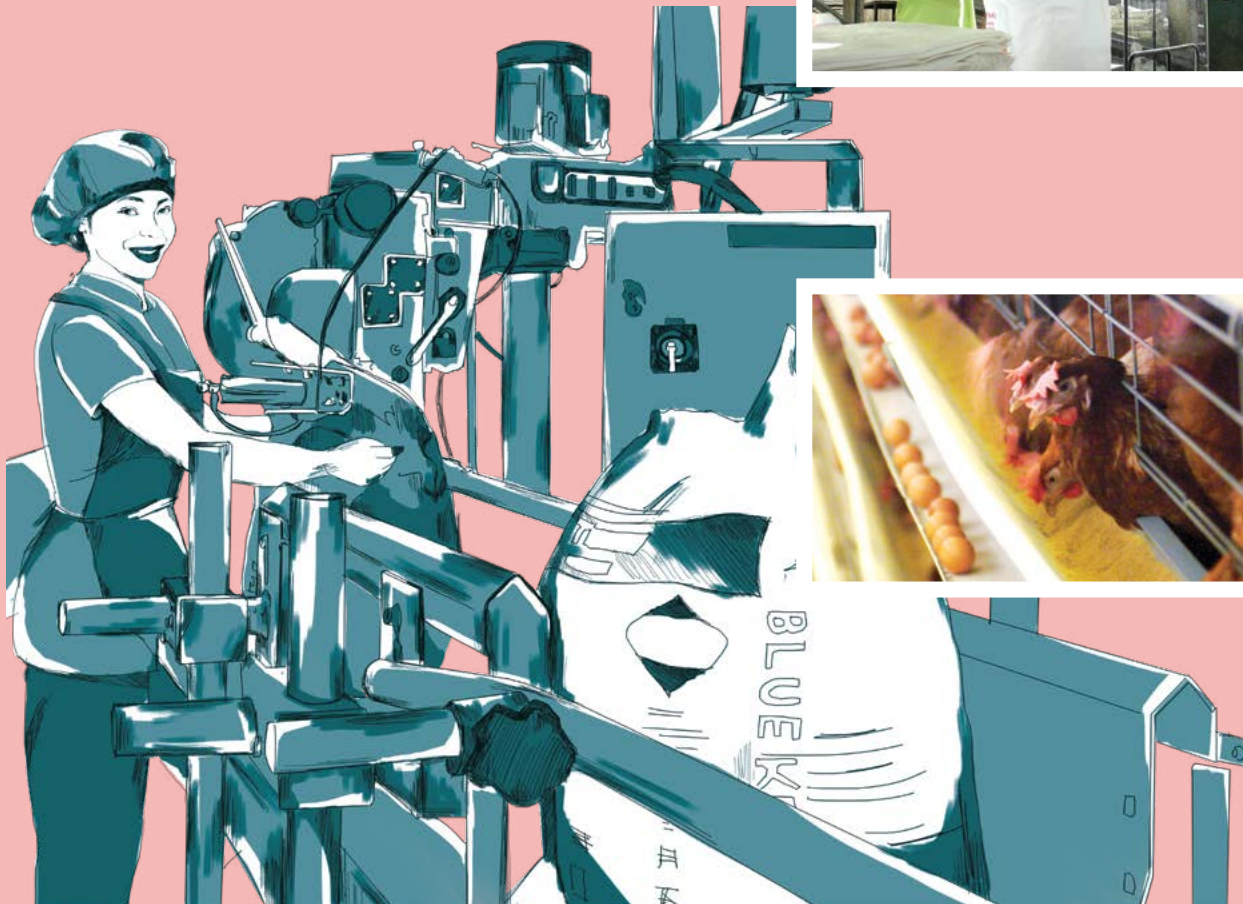
GRAINS AND AGRIBUSINESS SEGMENT

The *Grains and Agribusiness segment* remains the largest contributor to the Group's revenue. This segment which comprises flour milling, feed milling and livestock farming contributed 68% of Group revenue and 16% of profit in 2019.

FFM Group owns and operates nine flour mills – five in Malaysia, two in Vietnam and one each in Thailand and Indonesia – with a total flour milling capacity of 7,040 mt/day. FFM Group also has a 20% interest in nine associates in China with a combined flour milling capacity of 12,550 mt/day.

Livestock farming operations consist of a layer farm in Trong, Perak, which produces 20 million eggs per month. FFM also owns two breeder farms in Sua Betong, Negeri Sembilan and Gurun, Kedah, which produce 3 million chicks per month.

FFM Group has five feed mills in Malaysia, with a total production capacity of 150 mt/hour. Our feed products are marketed under the *Friendship* brand.



MANAGING DIRECTOR'S REVIEW

Flour Milling

FFM Berhad delivered higher revenue and profits on the back of improved flour prices across all our flour operations in Malaysia, Vietnam and Indonesia. The cost of wheat, however, rose and coupled with the weak Malaysian Ringgit, weighed on our price competitiveness. Consequently, we took steps to mitigate this through hedging both our wheat and foreign currency requirements.

We navigated the challenging flour milling business through aggressive marketing to institutional clients to buy larger volumes. To grow market share among these clients requires quality, consistency and prompt delivery. In addition, good after-sales service in terms of technical assistance and always putting the customer first helped us to build future business.

Looking ahead, we are optimistic that domestic demand will remain strong even under the unique circumstances brought about by Covid-19 because flour and flour products is the second most important staple food for Malaysia. Total volume may end up slightly lower depending on the duration of the MCO. We expect that the decline in volume would be due to lower exports of finished products such as instant noodles, biscuits and snack foods by institutional clients due to the MCO and logistical issues.

Even during these challenging times, we will be targeting growth through higher sales to our institutional clients.

Increasing Capacity in Vietnam

VFM-Wilmar Flour Mills is constructing a new 500 mt/day wheat flour mill at its existing factory in Quang Ninh Province in Northern Vietnam in which FFM owns a 51% equity interest. The project is expected to complete in the third quarter of 2021.

Animal Feed Milling

The industry continues its strong push towards greater consolidation. Smaller farms are exiting the business or joining contract farming schemes and bigger players are integrating upstream and downstream to gain a stronger foothold in the market. The increasing level and pace of integration are now combining previously independent and fragmented operations of feed mills, hatcheries, farms, slaughterers and processors into large conglomerates that manage all stages of production. The market for standalone commercial feed producers thus continues to shrink as integrators capture market share from non-integrated producers.

Going forward, we are bracing for a tough 2020 amid the COVID-19 pandemic and its impact on the economy. Many broiler producers incurred large losses due to a sharp decline in demand across large swathes of the economy such as hotels, restaurants, wet markets, schools, colleges and tourism related businesses. Many will be forced to downsize their production which will lead to a reduction in feed demand.

Although not downplaying the seriousness of the situation, the Group is cautiously optimistic that business will slowly return to normal, and we are well-positioned to take advantage of the eventual market recovery. We are confident of this because chicken meat remains an important staple food item.

Livestock Farming

Malaysia's poultry meat and egg consumption is among the highest in the world due to its wide acceptance and value as a cheap source of protein, providing good support for the Group's revenue and the industry's growth in general. However, the industry experienced weaker prices on average due to slower economic growth in 2019, while egg production was affected by difficult poultry farming environment.

Furthermore, structural issues still persist in the livestock farming business, with over-production, price controls during festive seasons and the import of frozen chicken from various countries. Intense competition from the trend of independent farmers joining contract schemes is also adding pressure to the industry.

Moving forward, the business is expected to be challenging as demand for broiler and day-old-chicks is expected to be impacted by the enforcement of the MCO and an immediate recovery is not expected post-MCO due to unfavourable prices. However, the sales of eggs will be more stable given that it is a more convenient product.

MANAGING DIRECTOR'S REVIEW

CONSUMER PRODUCTS SEGMENT

The Group's *Consumer Products* segment houses the marketing and distribution of fast-moving consumer goods (FMCG), representing both in-house and agency products. Our businesses under this segment cover bakery goods, edible oils, chilled and frozen foods and the contract manufacturing of household and personal care products.



MANAGING DIRECTOR'S REVIEW

Popular Brands

Our FMCG products are distributed and marketed by FFM Marketing Sdn Bhd (FMSB), which has 13 fully integrated marketing and distribution warehouses nationwide, with more than 300,000 sq ft of storage space and reaching out to more than 42,000 retail outlets in Malaysia.

Brands like *Blue Key flour*, *Anchor flour* and *Seri Murni* cooking oil are in leading positions in the categories we represent. During the year, FMSB added one new agency line in the form of Pro-Dental B toothbrushes and oral care products but discontinued lines of Reckitt Benckiser health and household products; Jordon oral care; S & P Food coconut cream powder and milk; and Orang Kampung herbal energy drinks.

Both Goodman Fielder and Super Food, which were agency lines that we added in 2018, delivered good results and impacted our top line growth positively in 2019. We also expanded our Kart's range of products by introducing the *Kart's Quick Meal To Go* range in 7-Eleven chain outlets in 2019.

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

In 2019, we added the Kurma Milk Loaf to a strong portfolio of bread products that includes white, wheat germ, whole wheat, fine wholemeal and Ricco Chocolato loaves.

In contract manufacturing, Products Manufacturing Sdn Bhd (PMSB) – our 70%-owned subsidiary through Chemquest Sdn Bhd – continues to make inroads into the household and personal care retail space. In 2019, we introduced more than a dozen new personal care products and we are on track to launch more products in 2020. We expect these products to impact the business positively, although we are also wary of the less buoyant consumer sentiment.

Staying Resilient

The FFM Group has put in place several initiatives to ensure that our businesses stay resilient against the multitude of challenges that face us in this segment. For example, in the bakery segment, we have successfully reduced production costs, and we intend to do the same for distribution costs. We have also invested in new equipment to improve operational efficiency.

Looking ahead, the Covid-19 pandemic has affected consumer sentiment and will reduce private consumption, which has been a key contributor to Malaysia's economic growth.

However, we have seen a surge in demand for bread products, which is benefiting our business, and we hope to launch more new products to cater to increasing consumer demand.

The Group is confident that our established brands and in-house products will provide a solid base for long-term business sustainability. We expect to capture more opportunities through our distribution of Goodman Fielder and Kart products in the foodservice sector and will continue to widen all other product offerings to improve overall turnover.

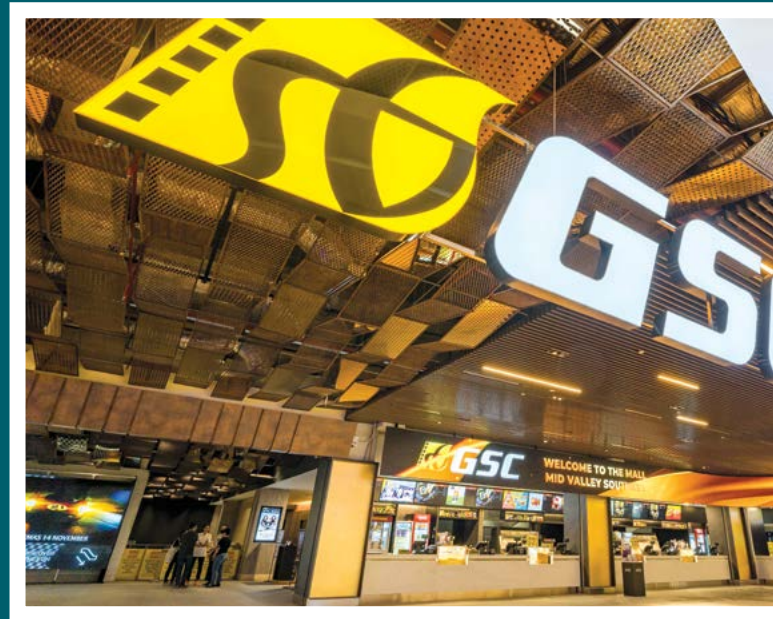


MANAGING DIRECTOR'S REVIEW

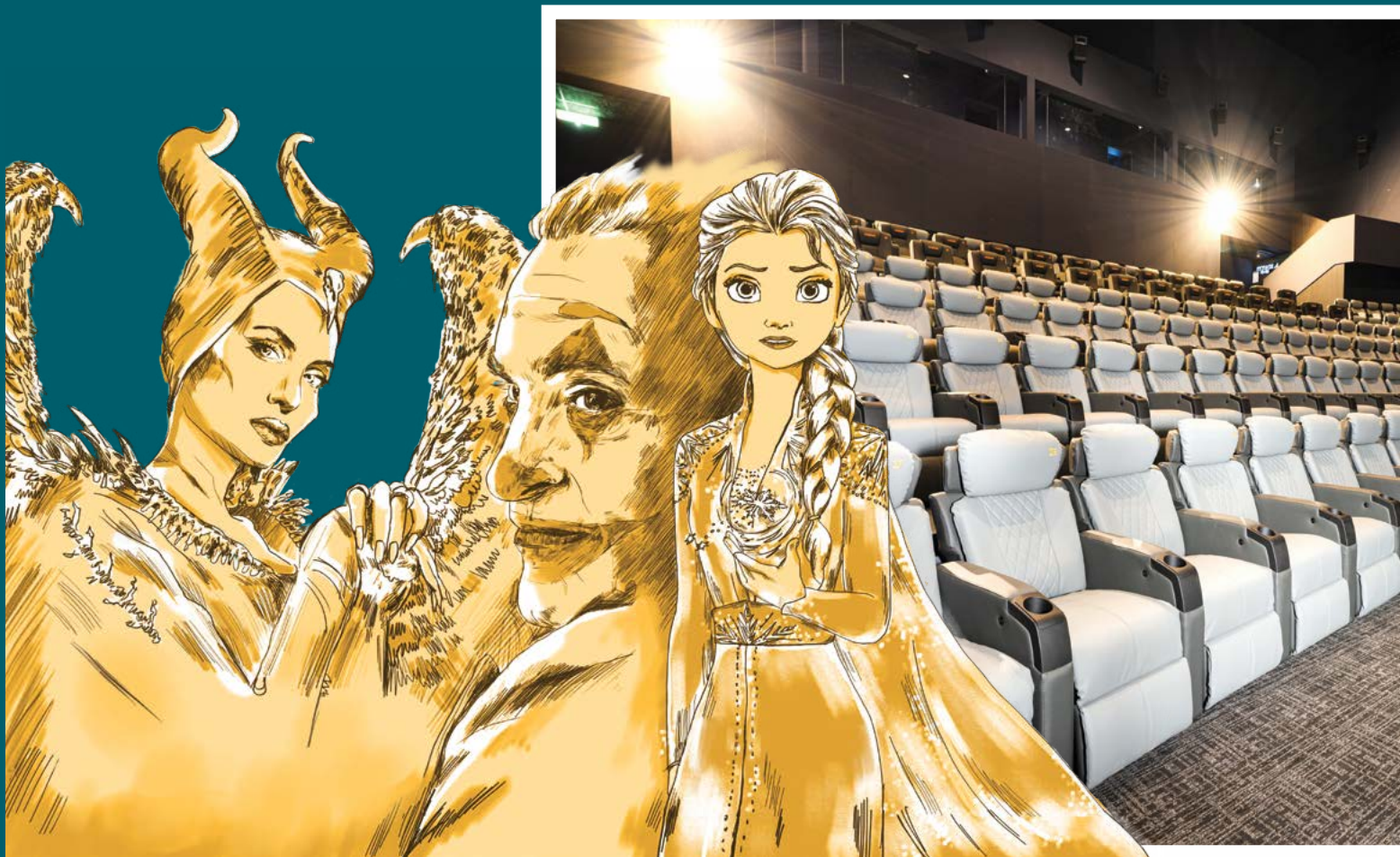
FILM EXHIBITION AND DISTRIBUTION SEGMENT

Golden Screen Cinemas Sdn Bhd (GSC) continues to be the leading exhibitor in the local cinema industry with 37 locations showing movies on 361 screens in Malaysia. GSC remains committed to adding new cinematic experiences and products to cater to the preferences of various segments of customers.

In Vietnam, the Group owns a 40% stake in Galaxy Studio Joint Stock Company through GSC Vietnam Limited, which extends our revenue stream beyond Malaysian shores. Galaxy Studio is the third largest exhibitor in Vietnam, operating in 18 locations with 108 screens nationwide.



GSC The Mall, Mid Valley Southkey in Johor Bahru



Hall 4 at GSC The Mall, Mid Valley Southkey has a SkyBox on the second floor

MANAGING DIRECTOR'S REVIEW



The Industry Continues to Grow; GSC Keeps Up with the Times

Net box office collections in Malaysia grew by 2.8% to RM905 million on the back of strong local titles in 2019. Most major industry players added new locations and screens, while the entry of new Chinese exhibitors increased competition.

GSC had a busy year opening two new cinemas at EkoCheras Mall in Kuala Lumpur and The Mall, Mid Valley Southkey in Johor Bahru, adding 26 screens to its chain. In addition, GSC undertook major renovations at its key locations to equip cinema halls with the latest cinematic technologies, and more comfortable seating; and offer social spaces with added facilities like cafes, children play areas and virtual reality games to allow movie goers to spend time with their family and friends. We expect these renovations to be completed in 2020.

For movie goers wanting the extra comfort and luxurious experience, GSC introduced Aurum Theatre, an ultra-luxe boutique cinema at The Gardens, Kuala Lumpur and The Mall, Mid Valley Southkey, Johor Bahru. Aurum Theatre offers Jin Gastrobar, a contemporary restaurant and bar which serves freshly made-to-order continental cuisine and handcrafted drinks to complete the premium movie experience.

In addition, GSC added PlayPlus, a family-friendly hall to cater to families with young children at GSC IOI Mall, Puchong and GSC Mid Valley Southkey, Johor Bahru.

Always at the forefront of bringing in the latest cinematic technologies, GSC 1Utama introduced the first and only Screen X hall in the country, a panoramic, 270-degree screen theatre.

Looking Forward

Operating in an increasingly saturated industry coupled with disruption from streaming services, we expect competition to intensify in the future. Nevertheless, we believe that GSC will continue to stay ahead by targeting various segments of the market with more unique and personalised experiences like Aurum Theatre, PlayPlus and private screening halls.

We expect the Covid-19 pandemic to impact the industry negatively as cinemas globally have faced voluntary and mandated restrictions and closures depending on the timing and severity of the pandemic in the region. As a result, most blockbuster movies have been postponed to the later part of the year when the situation is expected to recover.

We are, however, optimistic that when this crisis is over, people in view of their social nature, will return to the communal experience of watching movies at the cinemas. When these deferred titles are rescheduled for release, the cinemas will benefit from a much fuller slate of movie offerings. The fatigue of staying at home and mandatory restricted movements will motivate more people to return to the cinemas to catch their favourite movies when life returns to normal. This will help in the recovery of the financial performance of this segment.

Despite the challenges, GSC is well positioned to overcome this difficult period. We have implemented various cost reduction measures to mitigate the loss of income and stringent cashflow management to meet our operational requirements.

GSC remains committed to the industry. We will proceed with our refurbishment plans on a prudent scale at key locations and complete a new eight-screen 1,140-seat cinema in Sunway Iskandar, Johor, to capitalise on the increased traffic when the market recovers. We will also revamp our existing membership programme into a full-fledged loyalty programme to reward existing customers and attract new ones.



MANAGING DIRECTOR'S REVIEW

ENVIRONMENTAL ENGINEERING AND UTILITIES SEGMENT

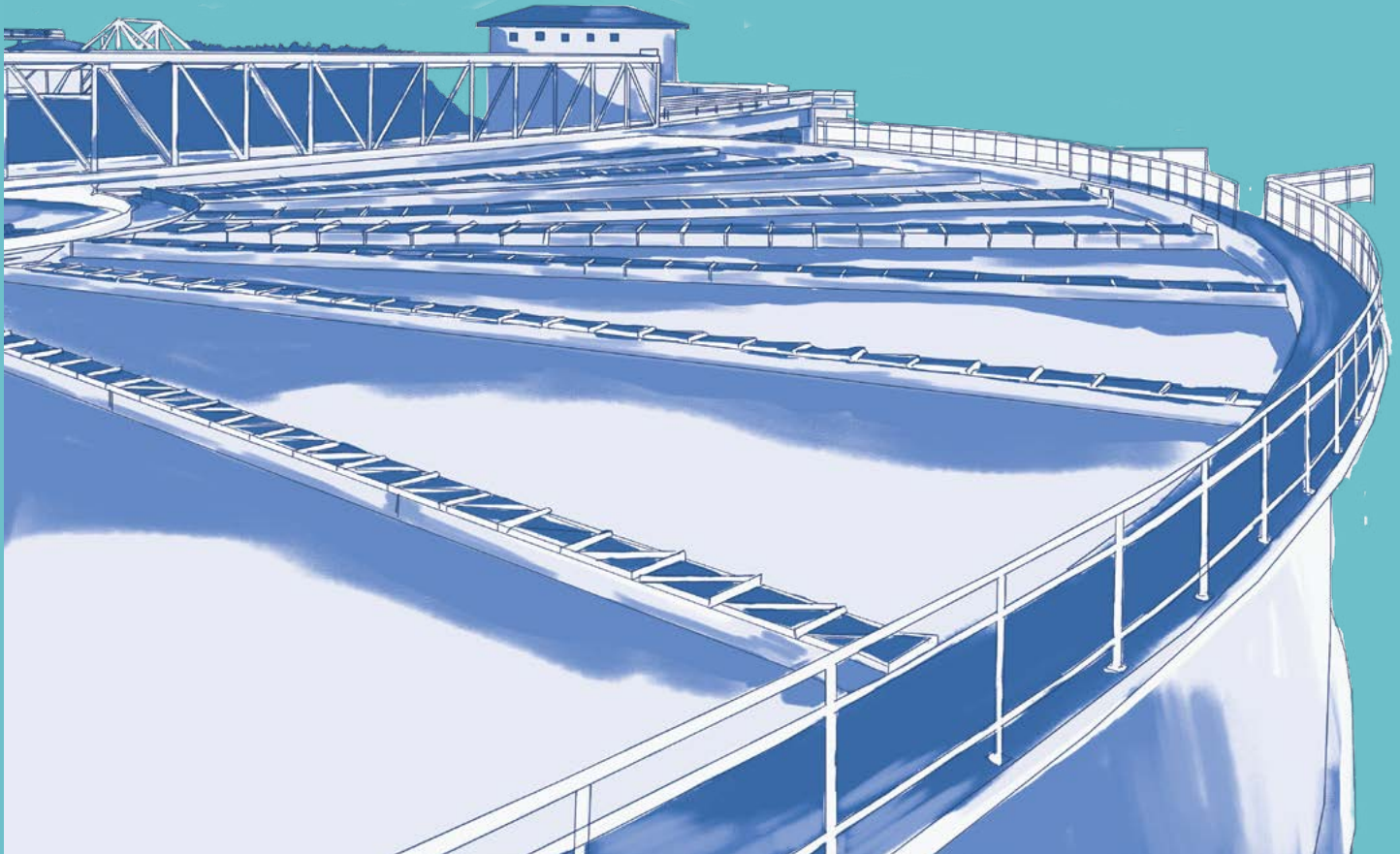
Chemquest Sdn Bhd (CQ) Group is a leading provider of innovative solutions, advanced technologies and professional management for the water and sewage industry. To date, CQ Group has successfully constructed and commissioned about 140 water and sewage projects with a combined contract value of approximately RM3.3 billion.

CQ Group is also engaged in solid waste collection and disposal services for the industrial and commercial sectors in the central and southern regions of Peninsular Malaysia. Through its 40%-associate, Worldwide Landfills Sdn Bhd, it is a member of the concessionaire operating sanitary landfills in the state of Selangor.

In 2019, the Group implemented new projects that were previously secured. This included the completion of two water projects and ten sewage network pump stations with a total contract value of RM272 million.

The Group has since secured three water projects and one infrastructure project with a total contract value of RM544 million.

To further add value for our customers, and to improve operational excellence, we have our own process technologies for water and sewage treatment plants, based on our experience working on Design & Build projects where our teams have been carrying out the design work. Thus over time, we have acquired our own in-house process technologies for water and sewage treatments. Moreover, CQ Group now has an in-house construction team for its newly-established infrastructure sector.



MANAGING DIRECTOR'S REVIEW



Seluyut Dam in Kota Tinggi, Johor



Batu Kintang Water Treatment Plant in Kuching with a treatment capacity of 100,000 m³/day

Looking Ahead

To drive sustainable growth, CQ Group will continue to enhance its knowledge and skills while embracing technology to stay ahead of competition. Prudent management of our finances and the cultivation of dependable business networks are also key to unlocking new opportunities. In the long term, CQ Group targets to provide consistent and better-than-average returns to our stakeholders.

Moving forward, we will continue to focus on opportunities in the water, sewage, flood mitigation and infrastructure industries.

MANAGING DIRECTOR'S REVIEW

PROPERTY SEGMENT

The Group strives to maintain its position as a reliable boutique property developer of residential and mixed-use developments. As the operator and owner of various retail and commercial properties, we continue to work towards enhancing the value and profitability of our properties.

In Kuala Lumpur and Penang, our main properties are Cheras LeisureMall and Cheras Plaza in Taman Segar, Cheras; New World Park and The Whiteaways Arcade in Penang.

Our latest development is Megah Rise in Taman Megah, Petaling Jaya, comprising 228 condominium units and a retail podium. Construction is now ongoing and is expected to be completed by end-2021.

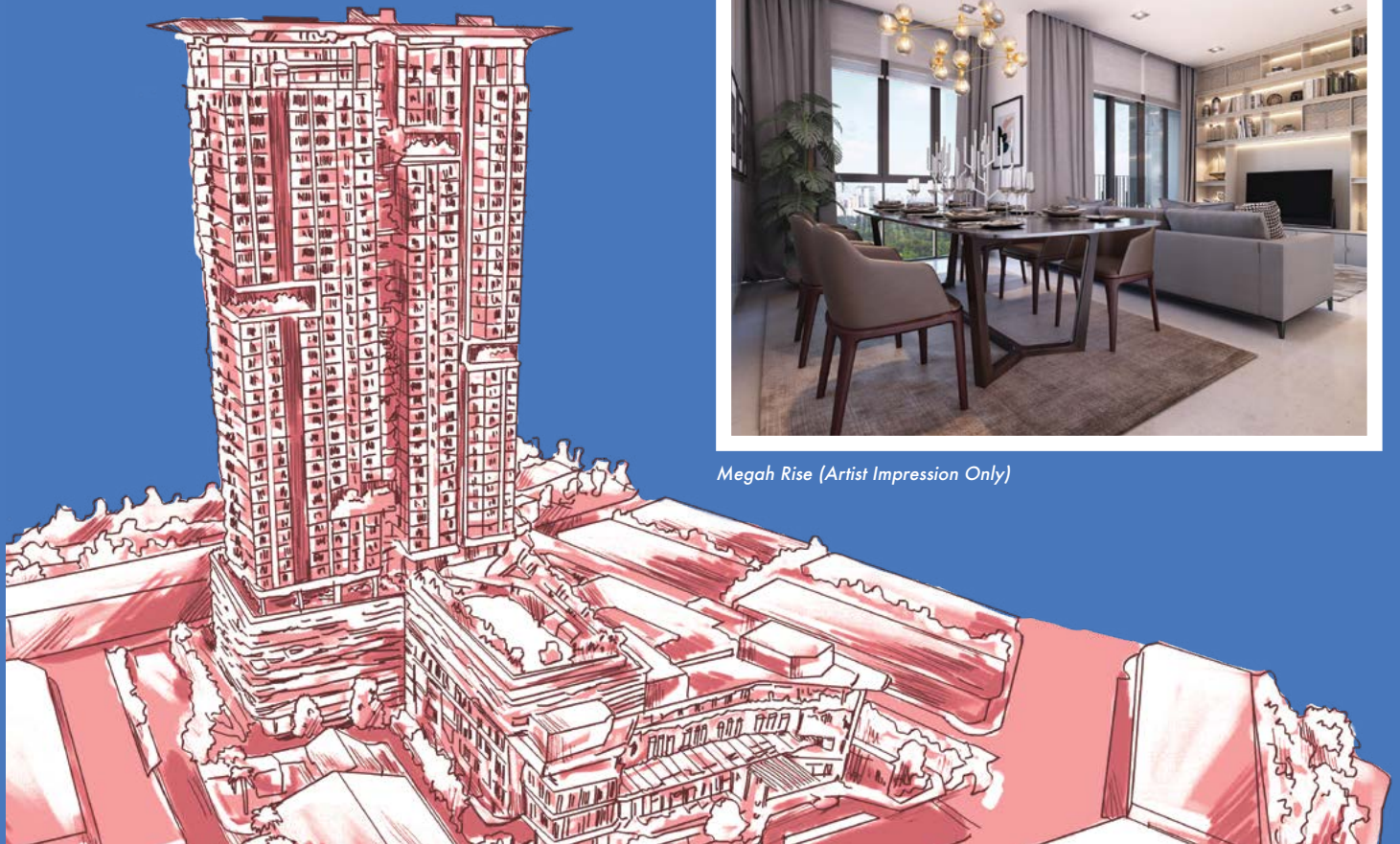
In our project management business, we have handed over the units under Phase 1 of the Southern Marina Residences development in Iskandar Puteri, Johor after the Certificate of Completion and Compliance was issued at end-2018.



Bayu Residencia, Taman Tanah Aman



Megah Rise (Artist Impression Only)



MANAGING DIRECTOR'S REVIEW



Navigating Challenging Times

We expect 2020 to continue to be challenging due to weak property market sentiment and the impact of the Covid-19 pandemic which has affected the domestic and worldwide economies. In the short term, the Group will continue to ensure customer service standards remain high and that we deliver quality properties on time and within budget. We are fully committed to riding out this current down-cycle, and will take this opportunity to enhance our business operations and upgrade our assets; for instance we are refurbishing our Cheras Plaza property in 2020 to improve its value and rental yields.

The Group is also on its way to completing ongoing projects such as Megah Rise, and planning for upcoming projects in the northern region such as the remaining phases of Taman Tanah Aman in Bukit Tengah, Seberang Perai, a proposed residential development in Georgetown, Penang and the landed residential development in Bedong, Kedah spanning 87 acres.

Over the longer term, the Group has plans to acquire more strategic land banks for future development. The Group will continue to innovate and stay abreast of current trends that affect the property industry.

FINANCIAL REVIEW

Group Financial Performance

RM'000

	2018	2019
Revenue	4,528,260	4,683,776
Profit before taxation	1,167,683	1,271,628
Profit attributable to shareholders	1,075,096	1,152,551
Earnings per share (sen)	75.6	81.0

In FY2019, Group revenue increased by 3% to RM4.68 billion. The increase was mainly attributable to higher contribution from the *Grains and agribusiness*, *Film exhibition and distribution* and *Property* segments.

Group pre-tax profit was higher by 9% to RM1.27 billion for FY2019 (FY2018: RM1.17 billion); it was attributable to higher contribution from Wilmar at RM960 million (FY2018: RM837 million) as well as higher profits from the *Grains and agribusiness* segment by 17% to RM213 million (FY2018: RM183 million).

Profit attributable to shareholders was at RM1.15 billion with earnings per share at 81.0 sen (FY2018: 75.6 sen).

MANAGING DIRECTOR'S REVIEW

Financial Performance by Business Segments

Grains and agribusiness

Segment revenue (RM'000)	
2019	2018
3,304,147	3,145,965

Segment profit before taxation (RM'000)	
2019	2018
213,010	182,554

For FY 2019, segment revenue increased by 5% to RM3.30 billion (FY2018: RM3.15 billion) mainly attributable to higher flour prices. Segment profit increased by 17% to RM213 million (FY2018: RM183 million) due mainly to higher flour prices, partially offset by higher raw material costs.

Consumer products

Segment revenue (RM'000)	
2019	2018
627,440	640,567

Segment profit before taxation (RM'000)	
2019	2018
647	7,088

Film exhibition and distribution

Segment revenue (RM'000)	
2019	2018
556,127	545,439

Segment profit before taxation (RM'000)	
2019	2018
66,838	67,174

For FY2019, segment revenue was higher by 2% to RM556 million. The higher revenue was driven by improved F&B sales and advertising income. Segment profit was marginally lower at RM67 million mainly due to higher operating costs.

Property

Segment revenue (RM'000)	
2019	2018
64,635	56,534

Segment profit before taxation (RM'000)	
2019	2018
13,891	32,087

Environmental engineering and utilities

Segment revenue (RM'000)	
2019	2018
194,839	204,891

Segment profit before taxation (RM'000)	
2019	2018
11,272	20,916

For FY2019, segment revenue and profit was at RM195 million (FY2018: RM205 million) and RM11 million (FY2018: RM21 million) respectively. The lower profit was mainly due to one-off impairment of an overseas joint venture.

Group Financial Position

Total assets (RM'000)	
2018	23,244,663
2019	23,605,661

Total liabilities (RM'000)	
2018	1,507,792
2019	1,448,966

Net assets per share (RM)	
2018	14.79
2019	15.07

MANAGING DIRECTOR'S REVIEW

Segment revenue for FY2019 was lower by 2% to RM627 million (FY2018: RM641 million) mainly due to lower sales of in-house products. Segment profit was lower at RM647,000 (FY2018: RM7 million) due mainly to lower sales of in-house products and higher operating costs at the bakery division.

Segment revenue increased by 14% to RM65 million mainly due to higher progress billings from the Megah Rise project. Segment profit for FY2019 was lower at RM14 million (FY2018: RM32 million), mainly attributable to lower share of profit from an associate.

Total assets increased by 1.6% to RM23.6 billion as at 31 December 2019.

Total liabilities decreased by 3.9% to RM1.45 billion as at 31 December 2019. The decrease was mainly due to decrease in short-term bank borrowings by RM111 million to RM357 million.

Net assets per share stood at RM15.07 as at 31 December 2019.

Group Cash and Cash Equivalents

Group cash and cash equivalents remained strong at RM1.50 billion (FY2018: RM1.39 billion).

Group Bank Borrowings

Group Bank Borrowings decreased by RM128 million to RM361 million as at 31 December 2019. 93.1% of the Group's bank borrowings were trade finance-related facilities. Of the remaining 6.9% or RM25 million other borrowings, 83.6% are repayable within 12 months.

94.3% of the Group's bank borrowings are unsecured and bear variable interest rates.

99.7% or RM360 million are foreign currency denominated loans, mainly in Indonesian Rupiah.

Group Capital Expenditure

During the financial year ended 31 December 2019, the Group incurred total capital expenditure of RM193 million. Major areas of spend are as follows:

- RM50 million in *Grains and agribusiness* segment, mainly for construction of flour milling new plants and upgrading of existing plants;
- RM110 million in *Film exhibition and distribution* segment for the opening of new cinemas and upgrading of existing cinemas;
- RM20 million in *Property* segment, mainly for the construction, upgrading and refurbishment of investment properties; and
- RM12 million in *Consumer products* segment, mainly for the construction of a frozen food production factory.

MANAGING DIRECTOR'S REVIEW

ANALYSIS OF THE GROUP'S TOP RISKS

With the multitude of challenges we face in the various businesses in which we are involved, the identification and management of risks are important to ensure the sustainability of the business.

For a conglomerate like PPB Group, minimal interruption to the value creation process for its stakeholders is imperative.

The Group has identified the following top four risks that must be managed to ensure its continued long-term success:

RELIANCE ON CERTAIN INCOME STREAMS

» PPB Group is a conglomerate that also has an 18.5% stake in Wilmar. Currently, it relies to a large extent on contributions from Wilmar and FFM Group to meet one of its key objectives, which is to reward shareholders with sustainable and consistent dividends. The Group has therefore been investing in and expanding its other segments both domestically and overseas while continuously looking for investment opportunities to diversify its portfolio.

COMPLIANCE WITH REGULATORY REQUIREMENTS

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

HEALTH AND SAFETY HAZARDS

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

FOREIGN EXCHANGE RISK

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

GROUP OUTLOOK & PROSPECTS FOR 2020

Malaysia's GDP grew by 3.6% for the fourth quarter of 2019, which dragged down the annual GDP growth to 4.3% for the year. The slowdown in economic growth is expected to continue in 2020 in light of the Covid-19 pandemic that has disrupted the global supply chain and adversely affected the tourism, hospitality, entertainment and non-food manufacturing sectors.

The ongoing Covid-19 pandemic has significantly weakened global growth prospects with the outlook heavily contingent on how countries across the world successfully contain the pandemic over the remainder of the year. Crude oil prices suffered a further shock as members of the Organization of Petroleum Exporting Countries (OPEC) failed to reach an agreement on production cuts, consequently dragging prices down to almost 30-year lows. We expect uncertainties to continue and will adversely impact global economic growth and financial markets. The scale and duration of these uncertainties cannot be determined at this juncture but could impact the Group's earnings, cash flows and financial condition going forward. On the domestic front, risks emanate mainly from the duration of the MCO to curb the spread of the Covid-19, weakness in the commodities sector and delays in project implementation.

The *Grains and Agribusiness* segment is expected to perform satisfactorily, supported by our well-established market position and technical strength in maintaining products of good and consistent quality, while also riding on the fact that demand for essential basic food products will remain resilient in any economic environment.

The *Consumer Products* segment is expected to be stable with the support of new agency products. While the *Film Exhibition and Distribution* segment is affected by disruptions from the Covid-19 pandemic and the MCO, we are implementing safety measures to provide assurance to movie goers to return to the cinemas when the MCO is lifted. We are well positioned to weather through this challenging period and will be able to capitalise on the new cinemas opened in 2019 when the situation improves, and titles which have been postponed are released.

The *Environmental Engineering and Utilities* segment will continue to focus on replenishing its order book and exploring new project opportunities. Meanwhile, the *Property* segment will continue to execute its existing projects and improve the yield of its existing investment properties.

Therefore, while the overall Group financial results depend substantially on Wilmar's business performance, most of the Group's main business segments are expected to perform satisfactorily in financial year 2020.

30 April 2020

GROUP FINANCIAL HIGHLIGHTS

		2019 RM' Million	2018 RM' Million	Change %
INCOME STATEMENT				
Revenue		4,684	4,528	3.4
Profit before taxation		1,272	1,168	8.9
Profit after taxation		1,199	1,103	8.7
Profit attributable to owners of the parent		1,153	1,075	7.3
STATEMENT OF FINANCIAL POSITION				
Equity attributable to owners of the parent		21,435	21,040	1.9
Total equity		22,157	21,737	1.9
RATIOS				
Return on equity attributable to owners of the parent	(%)	5.38	5.11	
Earnings per share	(sen)	81.02	75.57	
Interest cover	(times)	38.41	35.35	
Debt to equity	(times)	0.02	0.02	
Net assets per share	(RM)	15.07	14.79	
Dividend per share	(sen)	31.00	28.00	
Share price – 31 December	(RM)	18.84	17.58	

5-YEAR GROUP FINANCIAL STATISTICS

YEAR ENDED 31 DECEMBER		2019	2018	2017	2016	2015
Revenue	RM Million	4,684	4,528	4,284	4,186	4,048
Share of results of associates	RM Million	1,040	920	1,032	830	790
Profit before taxation	RM Million	1,272	1,168	1,271	1,211	1,181
Profit for the year	RM Million	1,199	1,103	1,217	1,107	1,076
Dividend for the financial year	RM Million	441	398	356	296	296
Issued and paid up share capital	RM Million	1,429	1,429	1,192	1,186	1,186
Equity attributable to owners of the parent	RM Million	21,435	21,040	20,680	20,973	19,917
Total equity and liabilities	RM Million	23,606	23,245	22,939	22,703	21,926
Earnings per share	Sen	81.02	75.57	83.20	73.46	73.90

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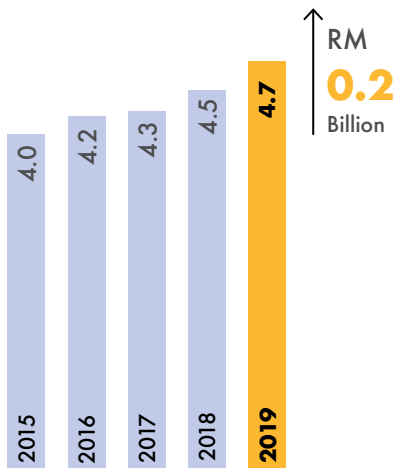
31 December closing price	RM	18.84	17.58	14.37	13.22	13.25
No. of shareholders		8,989	9,025	8,821	9,073	9,236

5-YEAR GROUP FINANCIAL STATISTICS

5-YEAR STATISTICS HIGHLIGHTS

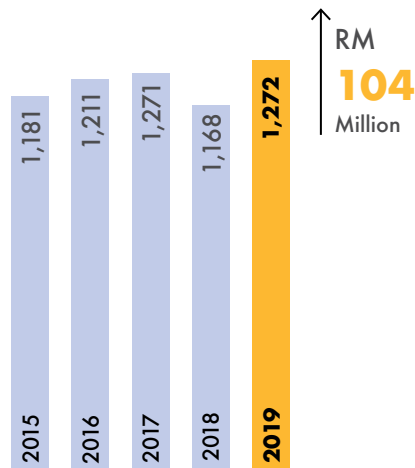
Revenue

RM Billion



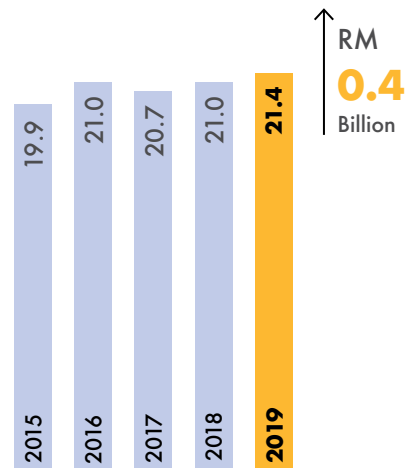
Profit before taxation

RM Million



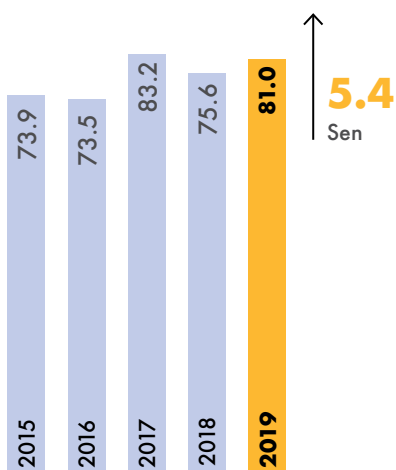
Equity attributable to owners of the parent

RM Billion



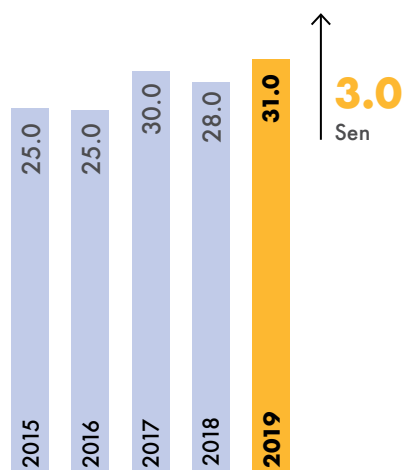
Earnings per share

Sen



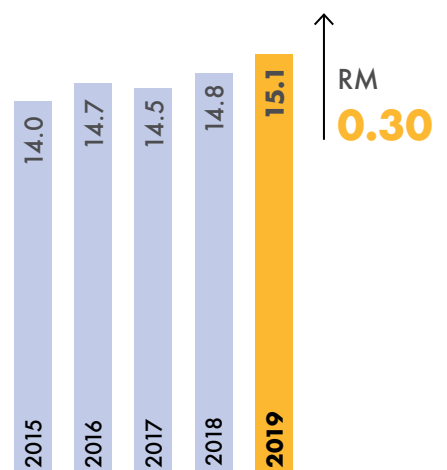
Dividend per share

Sen



Net assets per share

RM



BOARD OF DIRECTORS

01



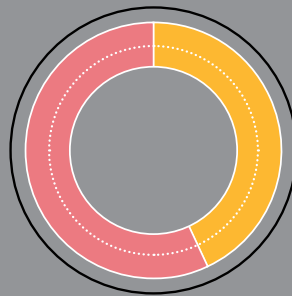
02



03



BOARD COMPOSITION



57% – Independent Directors
43% – Non-independent Directors

04



05



06



07



01



TAN SRI DATUK OH SIEW NAM

Gender Male
Age 81

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

Date of Appointment

Director - 2 March 1988
Executive Chairman - 1 July 2004
Chairman - 1 February 2008

Qualifications and Experience

- Bachelor of Engineering (Honours) degree in Electrical Engineering from the University of Canterbury, New Zealand.
- Assistant Controller of Telecom Malaysia for 5 years before joining FFM Berhad ("FFM") Group in 1968.
- Managing Director of FFM from 1982 to 2002, and Executive Chairman from 2002 to 2006.
- Board member of Bank Negara Malaysia from 1989 to 2015.
- Served as a member of the Capital Issues Committee and the National Economic Consultative Council II (MAPEN II).
- Chairman of PPB Oil Palms Berhad from 2004 to 2007.

Other Directorships in Public Companies and Listed Issuers

- Kuok Foundation Berhad

02



MR LIM SOON HUAT

Gender Male
Age 55

- Managing Director
- Non-independent Executive Director

Date of Appointment

Director - 29 May 2008
Managing Director - 1 July 2012

Qualifications and Experience

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

Other Directorships in Public Companies and Listed Issuers

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

DIRECTORS' PROFILES

03


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

Gender Male
Age 70

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

Date of Appointment

22 June 2009

Qualifications and Experience

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

Other Directorships in Public Companies and Listed Issuers

- Malaysian Bulk Carriers Berhad
- GD Express Carrier Berhad

04


DATUK ONG HUNG HOCK

Gender Male
Age 66

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

Date of Appointment

1 July 2012

Qualifications and Experience

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

Other Directorships in Public Companies and Listed Issuers

Nil

05



MR SOH CHIN TECK

Gender Male
Age 62

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

Date of Appointment

8 October 2012

Qualifications and Experience

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

Other Directorships in Public Companies and Listed Issuers

- Freight Management Holdings Berhad

06



ENCIK AHMAD RIZA BIN BASIR

Gender Male
Age 59

- Independent Non-executive Director
- Chairman of Nomination Committee

Date of Appointment

25 July 2013

Qualifications and Experience

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

Other Directorships in Public Companies and Listed Issuers

- United Plantations Berhad

DIRECTORS' PROFILES

07



MADAM TAM CHIEW LIN

Gender Female

Age 69

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

Date of Appointment

25 July 2013

Qualifications and Experience

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

Other Directorships in Public Companies and Listed Issuers

- JAB Capital Berhad
 - FWD Takaful Berhad
-

NOTES

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

KEY SENIOR MANAGEMENT TEAM

01



02



03



04



05



06



07



08



KEY SENIOR MANAGEMENT TEAM

01

LIM SOON HUAT

- Managing Director
- Non-independent Executive Director



(refer to page 39)

02

MR JEREMY GOON KIN WAI @ JEREMY RUAN JIANWEI

- Director and General Manager of FFM Berhad



Year of joining PPB Group • **2019**

Gender • **Male** Age • **48**

Date Appointed to the
Key Senior Management Position

- **1 October 2019**

Qualifications and Experience

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

Directorship in Public Companies and Listed Issuers

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

KEY SENIOR MANAGEMENT TEAM

03

IR LEONG YEW WENG

- Managing Director of Chemquest Group



Year of joining PPB Group • **1993**

Gender • **Male** Age • **60**

Date Appointed to the
Key Senior Management Position

- **7 June 2005**

Qualifications and Experience

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

Directorship in Public Companies and Listed Issuers

- None

04

MS KOH MEI LEE

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



Year of joining PPB Group • **1990**

Gender • **Female** Age • **54**

Date Appointed to the
Key Senior Management Position

- **1 January 2002**

Qualifications and Experience

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

Directorship in Public Companies and Listed Issuers

- None

KEY SENIOR MANAGEMENT TEAM

05

MR LOW ENG HOOI

- Chief Executive Officer of PPB Group (Property Division)



Year of joining PPB Group • **2019**

Gender • **Male** Age • **55**

Date Appointed to the
Key Senior Management Position

- **3 July 2019**

Qualifications and Experience

- Bachelor of Science (Honours) degree in Housing, Building & Planning and Bachelor of Architecture (Honours) degree from University of Science Malaysia.
- Registered architect with Board of Architects Malaysia; corporate member of Pertubuhan Akitek Malaysia.
- Has more than 29 years working experience in property development.
- Held executive positions in major conglomerates namely Keppel Land, Boustead Holdings, Khazanah Group and Shangri-La Group of companies.

Directorship in Public Companies and Listed Issuers

- None

06

MS YAP CHOI FOONG

- Chief Financial Officer of PPB Group Berhad



Year of joining PPB Group • **2017**

Gender • **Female** Age • **55**

Date Appointed to the
Key Senior Management Position

- **1 November 2017**

Qualifications and Experience

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

Directorship in Public Companies and Listed Issuers

- None

KEY SENIOR MANAGEMENT TEAM

07

MR MAH TECK KEONG

- Company Secretary of PPB Group Berhad



Year of joining PPB Group • **1989**

Gender • **Male** Age • **57**

Date Appointed to the
Key Senior Management Position

- **27 November 2008**

Qualifications and Experience

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

Directorship in Public Companies and Listed Issuers

- None

08

MS OH SOK TUAN, AMANDA

- Chief Human Resources Officer of PPB Group Berhad



Year of joining PPB Group • **2019**

Gender • **Female** Age • **47**

Date Appointed to the
Key Senior Management Position

- **15 May 2019**

Qualifications and Experience

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

Directorship in Public Companies and Listed Issuers

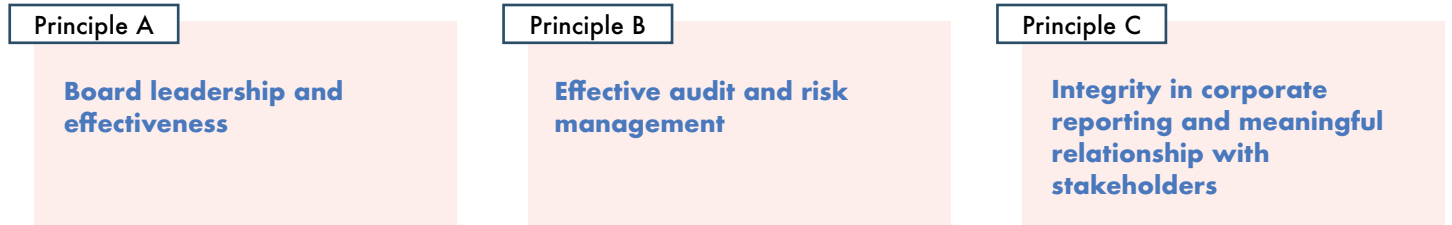
- None

NOTES

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

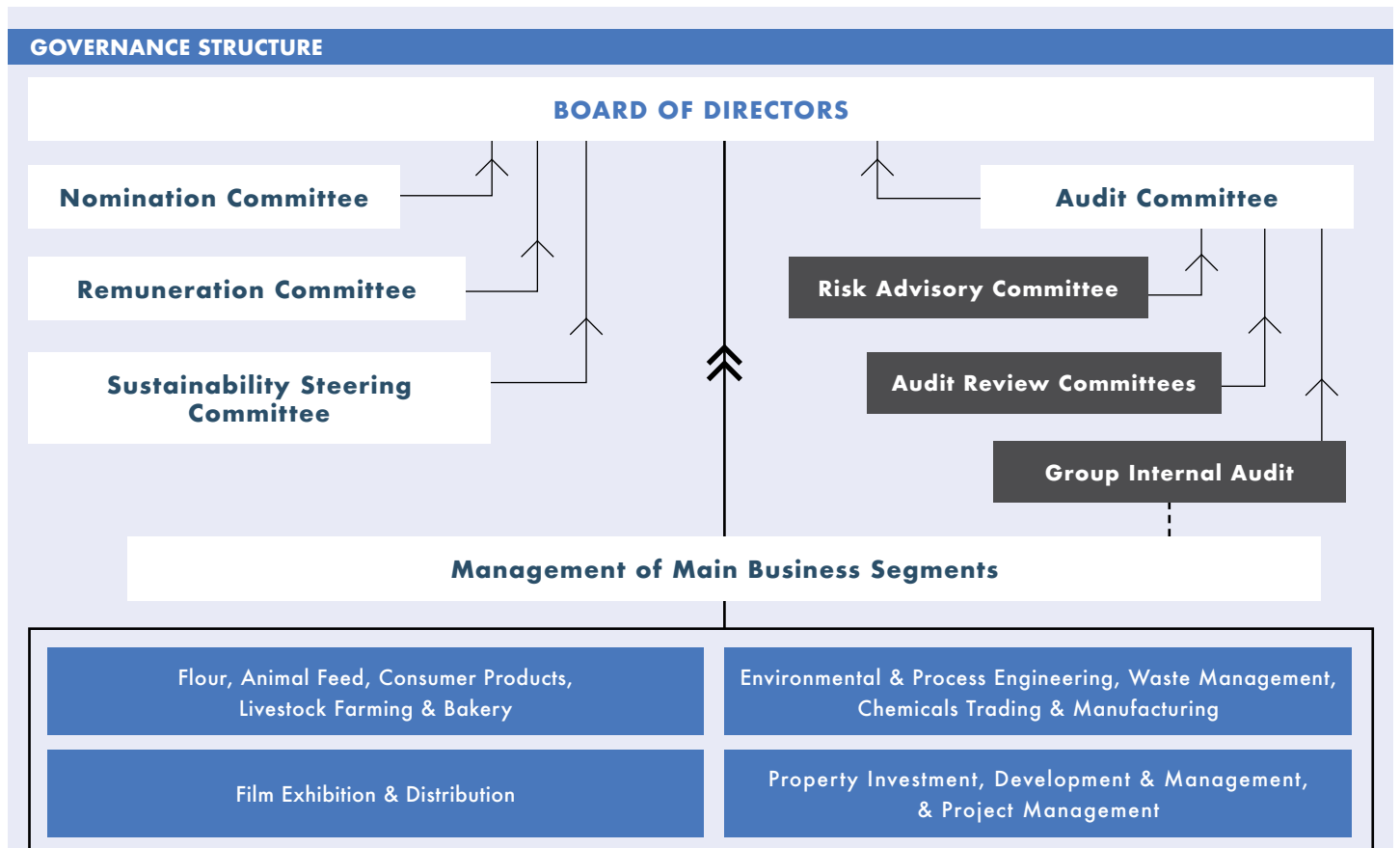
This Corporate Governance Overview Statement (“CGS”) provides a summary of the corporate governance practices of PPB Group Berhad (“PPB”) and its subsidiaries (“Group”) during the financial year ended 31 December 2019 (“FYE2019”) with reference to the three Principles in the Malaysian Code on Corporate Governance (“MCCG”), viz:



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 FYE2019 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 the other statements in the 2019 Annual Report, viz the Audit Committee Report, Statement on Risk Management and Internal Control, and Sustainability Statement.

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; it will be reviewed to align with the updated PPB Group Strategic Plan and Group anti-bribery and corruption ("ABAC") framework which is being developed; as well as to include sustainability considerations. The schedule of matters for the Board's decision includes amongst others, the overall Group strategy and direction; major policies, board and board committee appointments; approval of financial statements, corporate plans and budgets, material acquisitions and disposals of assets, and major investments.

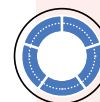
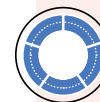
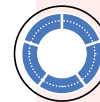
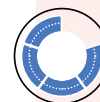
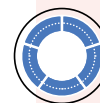
The Board is responsible for the overall performance and control of the Group, setting and reviewing the strategic direction of the Group, and monitoring the implementation by management of that strategy. Specific responsibilities are delegated to the three main Board committees, namely the Audit, Nomination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

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

The Board sets the minimum standards of conduct and personal behaviour; to maintain a uniform set of values and ethics within the Group, a Group-wide code of ethics and code of conduct has been adopted and embedded in the respective Group employee handbooks. The codes are being reviewed and will be strengthened/expanded if necessary. A whistle-blower policy was adopted by the Company in 2015 which is incorporated in the employee handbook, and has also been adopted by the respective business units throughout the Group. The above are also being reviewed to align with the ABAC framework.

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

During the year ended 31 December 2019, the Board met five times and the attendance record of each Director is set out below:

Tan Sri Datuk Oh Siew NamNumber of meetings attended: **5/5****100%****Lim Soon Huat**Number of meetings attended: **5/5****100%****Dato' Capt Ahmad Sufian @
Qurnain bin Abdul Rashid**Number of meetings attended: **5/5****100%****Datuk Ong Hung Hock**Number of meetings attended: **4/5****80%****Soh Chin Teck**Number of meetings attended: **5/5****100%****Ahmad Riza bin Basir**Number of meetings attended: **5/5****100%****Tam Chiew Lin**Number of meetings attended: **5/5****100%**

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Board composition

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

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

The board has agreed that annual shareholders' approval be sought to extend the tenure of any director who has served for more than nine years as an independent director. Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid's tenure as an independent director was extended at the 50th Annual General Meeting ("AGM") of the Company in 2019 until the conclusion of the next AGM, pursuant to the recommendation in the MCCG. The Nomination Committee ("NC") and the Board are satisfied that Dato' Sufian is able to exercise independent judgment and act in the best interests of the Company, and recommended the continuation of Dato' Sufian's term as an independent director beyond nine years, for shareholders' approval at the 51st AGM of the Company.

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

The NC also reviews annually the training undertaken by Directors and recommends topics which are relevant or of interest to the Board to keep abreast with business and regulatory developments. In 2019, the Directors attended PPB's annual in-house training session for directors and senior management, and the topics selected included the following:

- impact of the Companies Act 2016 on directors' duties and responsibilities.
- the introduction of corporate liability provisions under the Malaysian Anti-Corruption (Amendment) Act 2018.
- an overview of The Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 ("AMLA"), how money laundering affects corporations and individuals, and ways to deal with investigations on money laundering and corruption under the AMLA.
- the paradigm shift in cyber-security, implications of recent cyber-security incidents and challenges faced by organisations, and how to protect from cyber-threats.

In addition to the above, Directors also attended other training sessions during the year:

NAME OF DIRECTOR	TITLE/SUBJECT
Mr Soh Chin Teck	<ul style="list-style-type: none"> • Governance Symposium 2019 – Building a Governance Eco-System • The Essence of Independence • Custom In-house Training for Internal Audit Department • Raising Defences: Section 17A, MACC Act
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	<ul style="list-style-type: none"> • Corporate Liability Provision • Corporate Governance and Anti-Corruption
Madam Tam Chiew Lin	<ul style="list-style-type: none"> • "Let's Get Real" on Anti-Bribery • Governance Symposium 2019 – Building a Governance Eco-System • Empower Women For Sustainable Results • Cyber Security In The Boardroom – Accelerating from Acceptance to Action • Understanding Fintech and Its Implications for Insurance Companies • Emerging Risks, the Future Board and Return on Compliance
Encik Ahmad Riza bin Basir	<ul style="list-style-type: none"> • The role of Audit Committee in ensuring organizational integrity, risk and governance

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

Board evaluation

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

The NC reviews annually the Board size and composition, as well as the mix of Directors necessary for the successful direction of the Company and Group's businesses. This includes an annual Board assessment, and an assessment of the independent directors, as well as an annual review of the Audit Committee. For the year under review, the Board is satisfied with the present number and composition of its members and is of the view

that the Board had discharged its duties and responsibilities effectively with the current mix of skills, knowledge, experience and strengths.

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. Going forward, gender diversity will be one of the factors to be considered in evaluating prospective candidates when a board vacancy arises.

Remuneration

The Board reviews the overall remuneration of executive and non-executive directors 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 details of the individual directors' remuneration paid/payable for FYE2019 on a Group and Company basis are set out below:

GROUP								
Figures in RM'000	Fees	Salary	Bonus	Meeting allowances	Benefits-in-kind	EPF*	Gratuity	Total
Executive Director								
Lim Soon Huat	22	1,152	2,000	-	35	504	-	3,713
Non-executive Directors								
Tan Sri Datuk Oh Siew Nam	505	-	-	7	48	-	-	560
Datuk Ong Hung Hock	79	1,122	1,400	6	23	125	2,000	4,755
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	93	-	-	14	-	-	-	107
Soh Chin Teck	100	-	-	24	-	-	-	124
Ahmad Riza bin Basir	77	-	-	13	-	-	-	90
Tam Chiew Lin	90	-	-	17	-	-	-	107

CORPORATE GOVERNANCE OVERVIEW STATEMENT

COMPANY							
Figures in RM'000	Fees	Salary	Bonus	Meeting allowances	Benefits-in-kind	EPF*	Total
Executive Director							
Lim Soon Huat	-	1,152	2,000	-	35	504	3,691
Non-executive Directors							
Tan Sri Datuk Oh Siew Nam	505	-	-	7	48	-	560
Datuk Ong Hung Hock	75	-	-	6	-	-	81
Dato' Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	93	-	-	14	-	-	107
Soh Chin Teck	100	-	-	21	-	-	121
Ahmad Riza bin Basir	77	-	-	13	-	-	90
Tam Chiew Lin	90	-	-	17	-	-	107

* Employees Provident Fund

The remuneration of the top five senior management of the PPB Group (excluding those who are also Directors of PPB) paid/ payable for FYE2019 on an aggregated basis in RM50,000 bands is as follows:

REMUNERATION BANDS	NUMBER OF SENIOR MANAGEMENT STAFF
RM1,100,001 – RM1,150,000	1
RM1,200,001 – RM1,250,000	1
RM1,450,001 – RM1,500,000	2
RM1,850,001 – RM1,900,000	1

The Board is of the opinion that the disclosure of the senior management's names and remuneration components (salary, bonus, benefits in-kind, other emoluments) would not be in the best interest of the Group due to confidentiality, business and personal security concerns.

The above disclosure is deemed sufficient to enable stakeholders to assess senior management remuneration vis a vis the Group's performance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B

EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee

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

The principal functions of the AC include the following :

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

The members of the AC possess a mix of skills, knowledge and experience to enable them to discharge their duties and responsibilities pursuant to the AC's terms of reference. An annual self and peer evaluation of the AC is carried out and reviewed by the NC.

The Audit Committee Report on pages 55 to 57 of the annual report provides more details on the AC's functions during the year.

Risk Management and Internal Control Framework

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

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

The Statement on Risk Management and Internal Control set out on pages 58 and 59 of the 2019 Annual Report provides a more detailed description of the state of risk management and internal controls.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communication with stakeholders

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

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, the objective of which is 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 also makes every attempt to meet requests for meetings or information from the investing community.

In respect of integrated reporting <IR>, the Board is of the opinion that there must be a sufficient timeframe for <IR> to be better understood and appreciated by management; and that there should be minimal duplication of the same information which is required to be disclosed pursuant to other legislation. The present contents of the annual report contain financial and non-financial information are considered to provide a fairly comprehensive overview of the Group. No timeframe has been fixed for the adoption of <IR> for the time being.

Conduct of general meetings

Meetings of the Company's shareholders are held in the Klang Valley, Peninsular Malaysia. The venue of the meeting is centrally located, accessible by public transport, and there is ample parking space in and around the premises.

The notice of the 50th 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 can exercise their votes either in person, or appoint a representative or proxy to attend and vote on their behalf.

It is the Company's practices 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.

The Company will explore the use of technology to facilitate voting in absentia and/or remote shareholders' participation at general meetings, taking into consideration the accuracy and stability of such technologies, applicable laws and regulations, and resources required vis a vis the benefits.

FOCUS AREAS ON CORPORATE GOVERNANCE

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

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

The 5-year strategic plans of the various business units were updated in 2019/2020 to align their business operations, and operational and tactical plans with the Group's objectives in response to a dynamic environment; and include economic, environmental and social (ie sustainability) considerations. The Board approved the overall PPB Group Strategic Plan (2019-2023) in February 2020.

This statement is made in accordance with a resolution of the Board of Directors dated 6 April 2020.

AUDIT COMMITTEE REPORT

COMPOSITION

The members of the Audit Committee (“AC”) of PPB Group Berhad (“PPB”) during the financial year ended (“FYE”) 31 December 2019 comprised the following Directors:

NAME OF AC MEMBER	MEMBERSHIP	DIRECTORSHIP
Mr Soh Chin Teck	Chairman	Independent Non-executive
Dato’ Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	Member	Independent Non-executive
Madam Tam Chiew Lin	Member	Independent Non-executive

MEETINGS

The number of AC meetings held in 2019 and details of attendance of each committee member are as follows:

NAME OF AC MEMBER	NO. OF AC MEETINGS	
	HELD	ATTENDED
Mr Soh Chin Teck	5	5
Dato’ Capt Ahmad Sufian @ Qurnain bin Abdul Rashid	5	5
Madam Tam Chiew Lin	5	5

The AC performed the duties specified in its terms of reference in FYE 31 December 2019 as follows:

External audit

- For the annual statutory audit, the AC together with the Chief Financial Officer (“CFO”) and the respective Heads of Finance of the main subsidiary business units, reviewed the external auditors’ audit plan and scope of work for FYE 31 December 2019. The AC was also briefed on the status of the audit and resolution of areas of audit emphasis which the external auditors noted during their course of audit. Other observations and opportunities for improvement, together with management’s responses, were also highlighted to the AC.
- At the close of each quarter, the AC reviewed the quarterly financial statements of PPB with the CFO and the respective Heads of Finance of the main subsidiary business units, prior to approval by the Board, to ensure that the condensed financial statements are in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the applicable financial reporting standards. Questions and/or concerns raised by the AC on the financial statements are addressed accordingly.
- The AC reviewed with the CFO, the audited financial statements for the year under review prior to approval by the Board, to ensure that they were prepared in accordance with the provisions of the Companies Act 2016 and the applicable financial reporting standards. The CFO addressed all concerns from the AC accordingly.
- The AC reviewed non-audit services provided by the external auditors and its affiliates to PPB Group and is satisfied that the provision of the non-audit services did not impair their independence as external auditors.
- The AC reviewed the annual assessment conducted on the effectiveness, suitability and independence of the external auditors.

AUDIT COMMITTEE REPORT

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

Internal audit

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

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

8. Significant audit issues raised in ARC meetings are further discussed at AC meetings and where necessary, the chief executives of the subsidiaries may be invited to attend AC meeting to provide further information and explanation.
9. The AC reviewed the findings of PPB Internal Audit Department (“PPBIAD”) reports and noted the discussions at ARC meetings. ARC members of the respective business units ensure prompt follow-up on key outstanding audit issues not resolved at ARC meetings.
10. The AC reviewed and approved PPBIAD’s 2019 audit plan, scope and audit approach which is guided by the risk-based assessment approved by the AC.
11. At the AC meeting held on 20 November 2019, the AC assessed the performance and competency of PPBIAD including assessing the adequacy of their manpower and other resources, and is satisfied with PPBIAD’s performance and adequacy of its resources.

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

12. The AC noted the methods and procedures (which are reviewed by PPBIAD) by which prices and other terms of recurrent related party transactions (“RRPT”) are determined, and inter-alia covers PPB Group’s procedures and processes to identify, track and monitor RRPTs.
13. The AC reviewed RPT issues including any COI situations as and when highlighted in internal audit reports.
14. The AC noted the RPTs and RRPTs entered into by the Group in FYE 2019.

Risk management

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

Others

16. The AC reviewed the Audit Committee Report and the Statement on Risk Management and Internal Control for inclusion in the 2019 annual report.

INTERNAL AUDIT FUNCTION

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

The total cost incurred by PPBIAD for the internal audit function of the Group for FYE 31 December 2019 was about RM2.8 million.

AUDIT COMMITTEE REPORT

In 2019, Deloitte Risk Advisory Sdn Bhd (formerly known as Deloitte Enterprise Risk Services Sdn Bhd) ("Deloitte") was engaged to perform a quality assurance review ("QAR") on PPBIAD. Deloitte in their QAR report rated PPBIAD's activities as generally conforming to the Institute of Internal Auditors ("IIA") Standards and IIA's Code of Ethics. Deloitte's review took into account PPBIAD's key strengths, and also identified opportunities for further improvements, which are being progressively adopted where applicable.

SUMMARY OF THE WORK OF PPBIAD

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

During FYE 31 December 2019, PPBIAD:

Key audit areas

1. Reviewed the top risks identified by management of PPB and its subsidiaries, including additional risk areas identified by PPBIAD and tested the adequacy and effectiveness of the key internal controls to manage those risks.
2. Reviewed the systems in place to ensure compliance with policies, plans, rules and regulations which may have significant impact on PPB Group.
3. Reviewed controls to safeguard assets and where appropriate, verified the existence of such assets.
4. Reviewed the effectiveness and efficiency of operations and ascertained whether results are consistent with PPB's objectives and goals.
5. Reviewed the Company's application of the relevant principles and recommendations in the Malaysian Code on Corporate Governance.
6. Reviewed RPTs and RRPTs and reported on any COI situations identified during the course of audit which did not adhere to relevant policies, rules and regulations.

Reporting and communication flow

7. Staff attended 13 ARC meetings held to discuss their audit reports.
8. The Head of Internal Audit ("HIA") met on a one-on-one basis with the AC Chairman on 8 occasions to review key audit issues prior to scheduled AC meetings; at these discussions, the AC Chairman provided guidance and support to further improve the efficiency and effectiveness of PPBIAD.
9. Highlights at each AC meeting, critical and important audit issues in the internal audit reports with particular emphasis on any key unresolved issues.

Resources

10. Head count as at 31 December 2019 was 11. The HIA, Mr Lim Thiam Beng is a Member of IIA Malaysia, Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. All PPBIAD's auditors have at least a relevant tertiary education.
11. Staff attended relevant courses and seminars organized by IIA Malaysia and other professional/regulatory bodies to keep abreast with the latest auditing techniques and regulatory requirements.

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

Soh Chin Teck

Audit Committee Chairman

6 April 2020

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

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

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

1. Control environment

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

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

2. Risk management

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

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

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

- A formal set of risk policy and guidelines has been established and approved by the Board and communicated to employees throughout the Group through risk awareness sessions and workshops;
- A risk reporting structure which outlines the lines of reporting and responsibilities of the Board, AC, Risk Advisory Committee ("RAC") and the various subsidiary risk committees, has been established and approved;

- The RAC reports on the Group risk profile for review by the AC, and the AC reports on the significant risks and controls available to mitigate those risks to the Board for its consideration;
- The appointment of a Group Chief Risk Officer ("GCRO") at the holding company (PPB Group Berhad) and risk officers at the subsidiaries to ensure leadership, direction and coordination of the Group-wide application of risk management;
- The scope of the Group-wide risk assessment process encompasses strategic, financial, operational, health and safety, asset security, human resources, legal and regulatory. 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 meetings or facilitated workshops by the ERM team or the subsidiaries' risk officers. They provide independent assessment of new/existing risks identified, and risk ratings determined by the respective risk owners based on the risk appetite set by the Board;
- The risk officers also provide guidance to the risk owners on the development and adoption of appropriate management action plans to mitigate the risks, should the control effectiveness of the existing controls be assessed to require further improvements;
- The heads of the strategic business units, with assistance from their risk officers are responsible for identifying, analysing and evaluating risks, as well as developing, implementing and monitoring management action plans and reporting all risks to the GCRO, who will subsequently table the Group's key risks to the RAC, AC and Board;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

3. Control activities

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

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

4. Information and communication

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

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

5. Monitoring

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

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

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

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

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

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

27 February 2020

SUSTAINABILITY STATEMENT

As a diversified conglomerate, PPB Group Berhad (“PPB”) aspires to achieve excellence in sustainability by integrating sustainable practices into its business activities in line with the Group’s vision and core values.

The PPB Board (“the Board”) has oversight responsibility to deliver sustainable value to stakeholders through the principles, policies, objectives and strategies of PPB and its subsidiaries in Malaysia (“the Group”). To assist the Board in fulfilling its responsibilities, a Sustainability Steering Committee (“SSC”) was established in August 2017. The SSC is chaired by PPB’s Managing Director and comprises PPB’s Head of Corporate Affairs as Group Chief Sustainability Officer, PPB’s Department Heads and the Sustainability Officers of the various divisions. The SSC reports twice yearly to the Board and is responsible for:



Developing and driving the implementation of sustainability policies and strategies, plans and project budgets.



Reviewing and reporting on progress against sustainability strategies, targets, plans and budgets.



Developing an annual Sustainability Statement.



Identifying, communicating and promoting best sustainability practices in the Group.

About this Statement

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

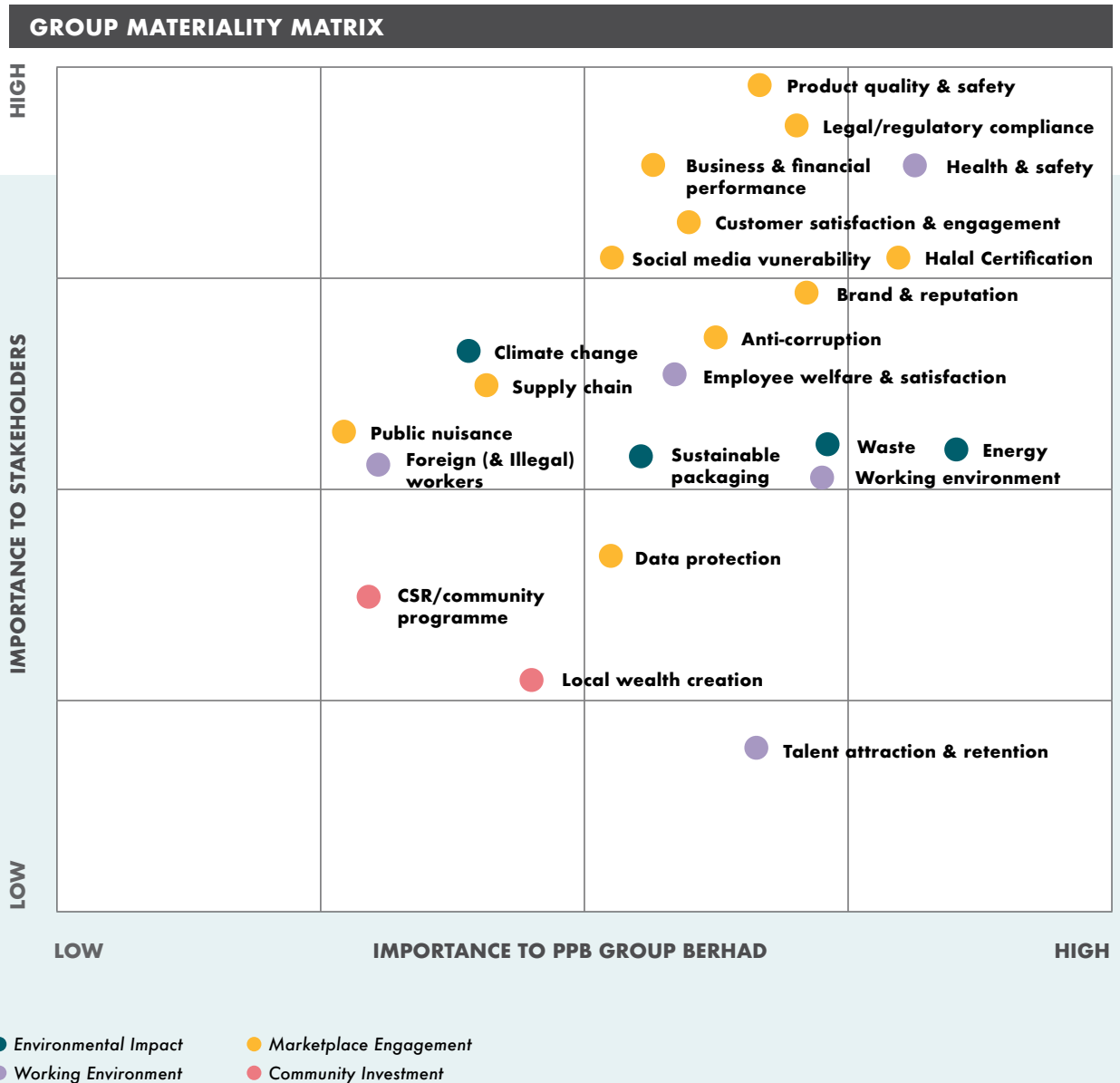
During our first reporting process in 2016, a materiality matrix of issues was validated by our various divisions, combined into a consolidated matrix of issues relating to the activities of the Group and approved by the Board. To ensure that new developments within our businesses are taken into consideration, as well as to reflect wider changes to the sustainability agenda, we undertook a benchmark study and a review of the



materiality assessment in 2019 which involved carrying out in-depth workshops for our key business divisions – flour and animal feed milling, cinemas, and bakery, to further improve disclosure and performance related to the relevant industries. Following the workshops and assessments, an updated materiality matrix with 22

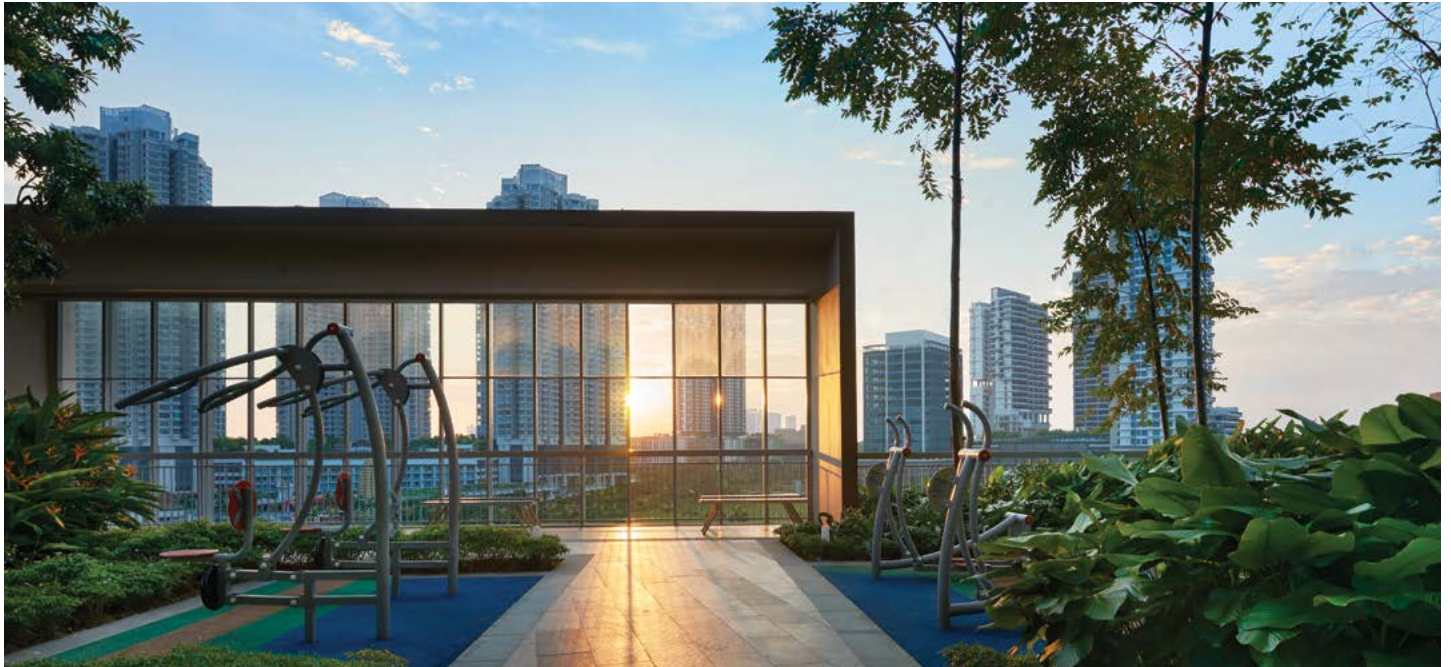
SUSTAINABILITY STATEMENT

prioritised issues was produced and targets were recommended. These were subsequently approved by the PPB Board and form the basis of an agreed set of key performance indicators (“KPIs”) which will be used for reporting on our sustainability performance.



Our Sustainability Statement describes our performance based on key non-financial metrics, highlights areas where our sustainability management and processes can be strengthened and provides a basis for us to continually improve our reporting to better meet our stakeholders’ expectations. We started by setting targets in 2016, and have worked towards the achievement of those targets, while enhancing our reporting along the way. The Group is committed to continual improvements in our sustainability reporting and going forward, will focus on the most material challenges identified and achieving set targets.

SUSTAINABILITY STATEMENT



All our targets set for 2017 to 2019 have been met and an overview of our achievements and progress is presented below, along with our targets for 2020.

ACHIEVEMENTS AND PROGRESS

2019	2018	2017
<ul style="list-style-type: none"> Reviewed Group materiality assessment and carried out benchmark study for key business divisions. Flour and animal feed milling and cinemas divisions implemented applicable and practicable recommendations made in energy reduction plan. Cinemas and property divisions implemented applicable and practicable recommendations made in water reduction plan. Zero fatalities for all business divisions. 	<ul style="list-style-type: none"> Adopted Group Sustainability Policy and Human Rights Policy. Commissioned energy audit/reduction plan for flour and animal feed milling and cinemas divisions. Commissioned water footprint assessment/reduction plan for cinemas and property divisions. Livestock farming division achieved 30.8% reduction in accidents. GSC reduced its water consumption by 4.27%. PPB Group Berhad included in the FTSE4Good Index Series. Launched nutritional information for GSC’s hot foods. Zero fatalities for all business divisions. 	<ul style="list-style-type: none"> Established a Sustainability Steering Committee to drive policy implementation and strategy. Established a CSR Task Force to develop a community development strategy. Commissioned carbon footprint assessment for flour and animal feed milling and cinemas divisions. GSC launched single-use plastic bottle recycling programme for its cinemas. Livestock farming division achieved 31.6% reduction in accidents. Zero fatalities for all business divisions.

SUSTAINABILITY STATEMENT

ALL SEGMENTS	
2020 Targets	Material Issues
Zero fatalities for all business divisions.	Health & safety, Working environment, Employee welfare & satisfaction
Commence implementation of Group Human Rights Policy in our supply chain in stages.	Health & safety, Working environment, Supply chain, Brand & reputation
Implement a Group Anti-Bribery and Corruption Policy and Framework including roll-out of anti-bribery and corruption awareness to employees throughout the Group and incorporation into staff induction process.	Anti-Corruption, Brand & reputation, Legal/regulatory compliance
GRAINS & AGRIBUSINESS	
2020 Targets	Material Issues
Flour & animal feed division	
- Energy use intensity to not exceed the kWh/MT set for the respective flour and animal feed operations in the division.	Climate change, Energy
- Obtain 100% FSSC22000 certification for all our flour mills.	Product quality & safety
Livestock farming division	
- Energy use intensity to achieve at least 16.21 parent stock/kWh for breeder farm and at least 77.72 commercial layers/kWh for layer farm.	Climate change, Energy
- Water use intensity to achieve at least 725 parent stock/m ³ for breeder farm and at least 4,400 commercial layers/m ³ for layer farm.	Climate change
- Complete conversion of fluorescent to LED bulbs at all its chicken houses.	Climate change, Energy
FILM EXHIBITION AND DISTRIBUTION	
2020 Targets	Material Issues
Cinemas division	
- Energy use intensity to not exceed 107,453 kWh/screen per year.	Climate change, Energy
- To progressively convert remaining cinemas to full LED lighting.	
- Obtain HACCP certification for 7 cinema concessions.	Product quality & safety
- Establish food product traceability list for items that are prepared in-house for cinema concessions.	Product quality & safety, Supply chain
- Convert all existing packaging for cinema concessions from plastics to biodegradable.	Sustainable packaging, Waste, Legal/regulatory compliance
PROPERTY	
2020 Targets	Material Issues
- Energy use and water use intensities to not exceed 7.28 kWh psf and 0.32 m ³ psf respectively for all buildings under management and office spaces.	Climate change, Energy
- Obtain Malaysian Sustainable Palm Oil (MSPO) certification for the Group's oil palm entities.	Legal/regulatory compliance

Note: Energy use intensity is calculated by dividing absolute energy use over an organisation-specific metric.
Water use intensity is calculated by dividing absolute water use over an organisation-specific metric.

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

Our sustainability reporting covers only our Malaysian operations from our main segments – Grains and agribusiness, Consumer products, Film exhibition and distribution, Environmental engineering and utilities, and Property.

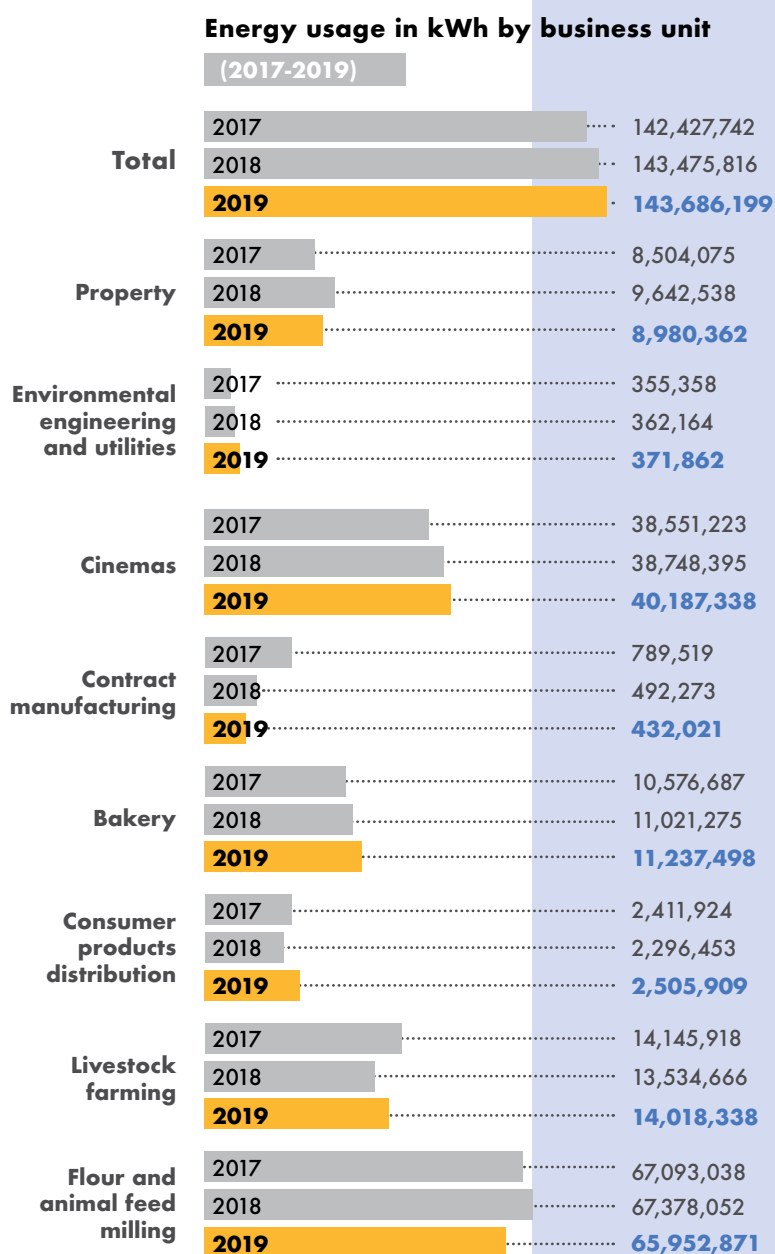
SUSTAINABILITY STATEMENT



Lugouqiao Sewage Treatment Plant in Beijing is the Group's first sewage treatment plant in China

We recognise the importance of environmental protection for the long term sustainability of our businesses. Our materiality assessment in 2016 showed that the most immediate issues within our own operations relate to resource use and the impact of this use – particularly water and energy, and the waste generated from our operations. We mainly operate in industrialised zones and urban areas, primarily in the Klang Valley, Malaysia and our activities have relatively little direct impact on biodiversity. Our most significant action points therefore target the reduction of our climate impacts through minimising our carbon footprint and energy consumption, reducing our water impact and improving waste management.

ENVIRONMENTAL IMPACT



Note: Energy usage does not include PPB Head Office or operations outside Malaysia.

The Group's energy usage saw a slight overall increase of 0.15%, mainly due to the opening of two new sites by our cinemas division in the second half of 2019, GSC EkoCheras in Kuala Lumpur and GSC The Mall, MidValley Southkey in Johor Bahru.

Carbon footprint and energy consumption

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

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

As a first step to address our impact on climate change, we commissioned a carbon footprint assessment in 2017 of our top energy-consuming divisions – flour and animal feed milling, and cinemas – which helped establish a baseline for future reporting. In 2018, we continued to map our energy use across all business divisions, and commissioned an energy audit/reduction plan for all our flour and animal feed mills, and four of our cinemas in the Klang Valley, which is representative of cinema types in the GSC circuit.

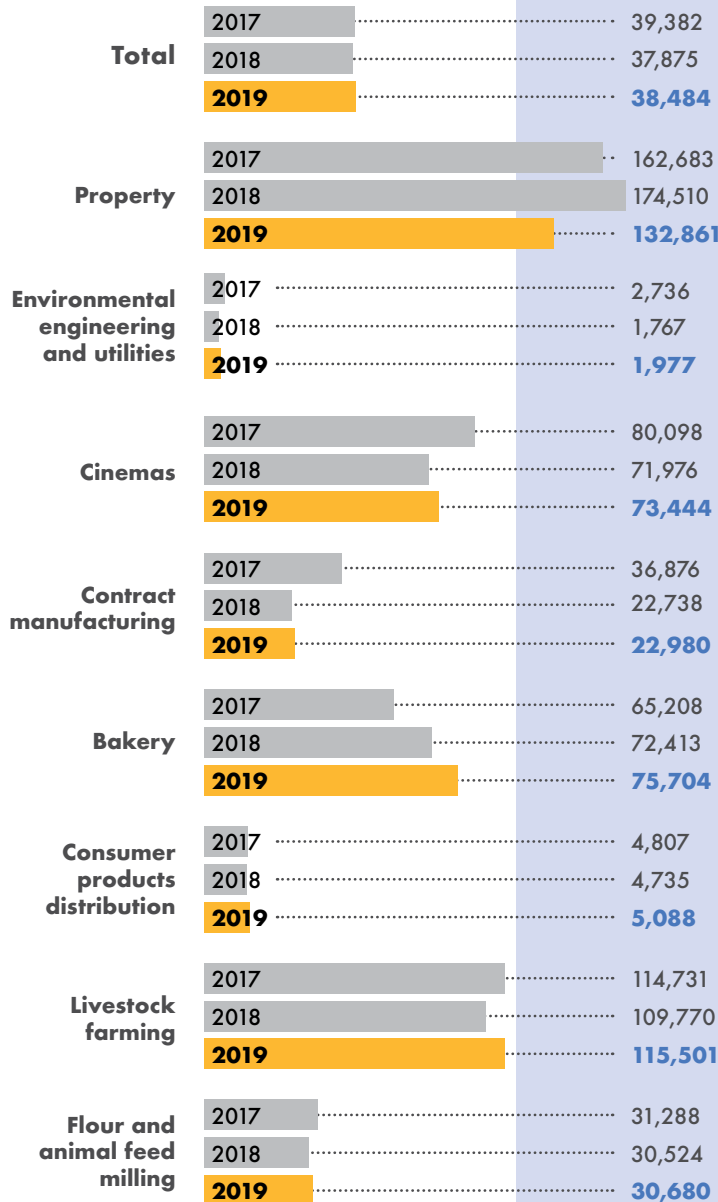
Based on the carbon footprint reports and the energy reduction plans, we implemented recommendations where applicable and practicable in 2019 and continued to monitor conservation of energy and reduction of carbon footprints of these same divisions.

SUSTAINABILITY STATEMENT

Due to our diverse businesses, energy use intensity in the chart below is calculated by dividing absolute energy use of the respective business units over a common metric (per million RM revenue) to equalize the way that energy use is compared within the Group.

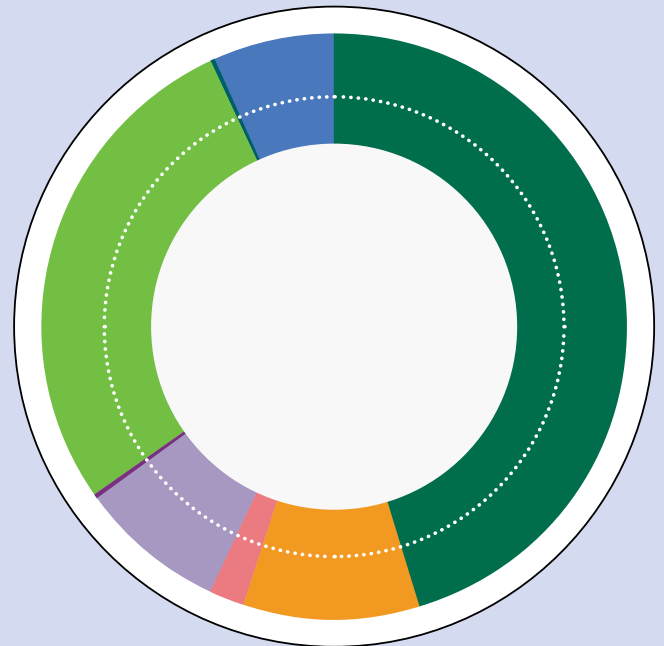
Energy use intensity by business unit in kWh per million RM revenue

(2017-2019)



% breakdown of energy usage by business unit

(2019)



45.90% Flour and animal feed milling

9.76% Livestock farming

1.74% Consumer products distribution

7.82% Bakery

0.30% Contract manufacturing

27.97% Cinemas

0.26% Environmental engineering and utilities

6.25% Property

SUSTAINABILITY STATEMENT

Flour and animal feed milling

Milling is an energy-intensive activity and our flour and animal feed milling division accounted for about 46% of total Group energy usage in 2019. Energy consumption intensity in this division is measured in kilowatt-hours per tonne of milled product (kWh/MT) and we strive to achieve optimum mill energy efficiency.

For 2019, the overall energy use intensity (kWh/MT) in our flour milling operations was 97.42 kWh/MT flour, a small reduction of 0.22% from the intensity of 97.64 kWh/MT in 2018ⁱ, while our animal feed milling operations recorded 26.66 kWh/MT feed products, a small increase of 0.58% as compared to 2018.

The flour and animal feed division is committed to reducing energy use intensity and have set their 2020 targets in kWh/MT for their respective mills.

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

Flour Energy Use Intensity In kWh/Tonne by Mill

(2017-2019) Malaysian Operations Only

Pulau Indah	2017	107.36
	2018	108.82
	2019	109.28
Pasir Gudang	2017	98.83
	2018	96.84
	2019	93.02
Prai	2017	112.64
	2018	103.91
	2019	108.84
Sabah	2017	78.85
	2018	78.29
	2019	78.95
Sarawak	2017	64.98
	2018	63.22
	2019	66.93
Total	2017	99.34
	2018	97.64
	2019	97.42

Feed Energy Use Intensity In kWh/Tonne by Mill

(2017-2019) Malaysian Operations Only

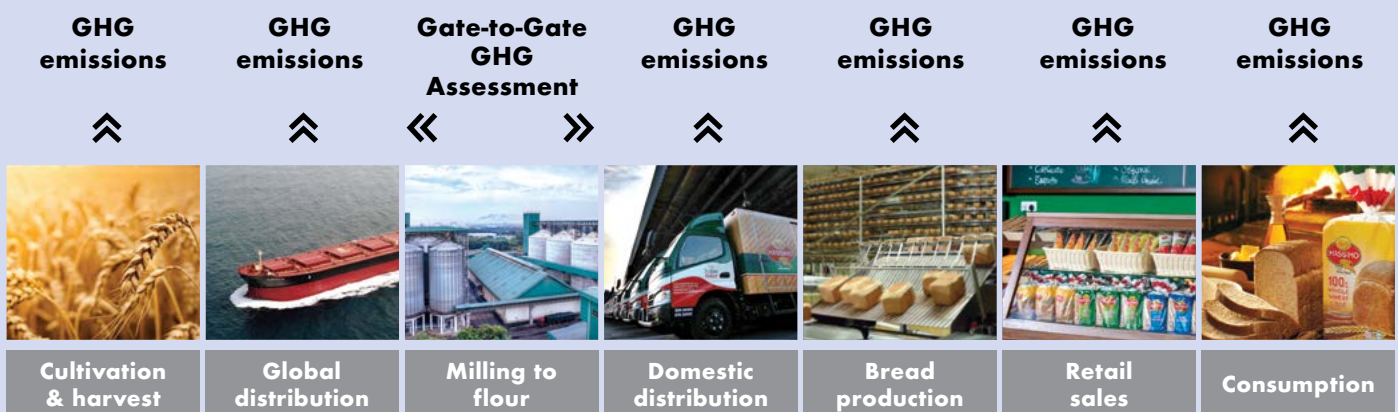
Pulau Indah	2017	30.11
	2018	32.44
	2019	31.89
Pasir Gudang	2017	28.69
	2018	24.86
	2019	23.27
Prai	2017	22.42
	2018	18.96
	2019	21.03
Sabah	2017	26.29
	2018	28.04
	2019	30.40
Sarawak	2017	27.07
	2018	27.74
	2019	27.38
Total	2017	27.40
	2018	26.51
	2019	26.66

SUSTAINABILITY STATEMENT

Greenhouse gas (GHG) emissions – Flour and animal feed milling

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

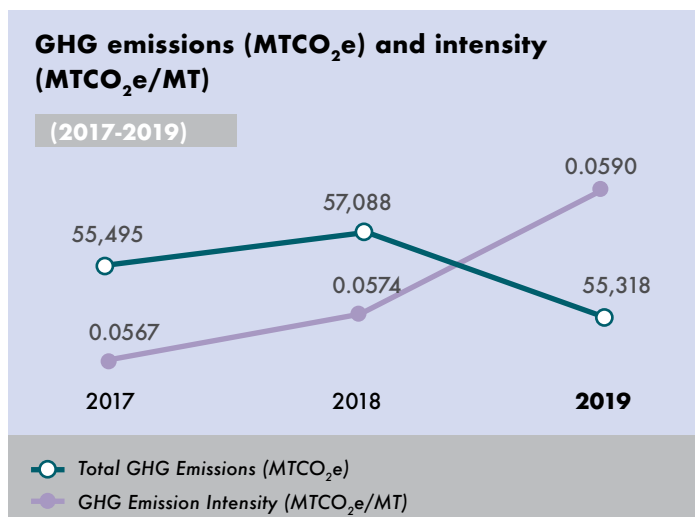
The carbon calculations were undertaken on a gate-to-gate basis. This means they exclude emissions from all external sources attributed to the production and transport of raw materials into the division’s operational sites, the transport of products out of the sites, as well as emissions from downstream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



(GHG=Greenhouse gas)

For 2018 and 2019, the total emissions from our flour and animal feed milling operations were 57,088 tonnes of CO₂ equivalent (MT CO₂e) and 55,318 MT CO₂e respectively. The slight year-to-year decrease of 3.1% is mainly due to a lower production output of 5.95% in 2019 as compared to 2018.

The 3-year trend of our overall GHG emissions and intensity are as follows:

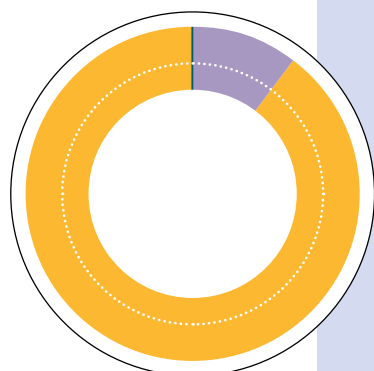


In order to quantify emissions per unit of production, the product carbon footprint of the output of the flour and animal feed mills has to be calculated. This metric is important to external buyers and end-users who require the information for incorporation into the calculation of their own product footprint. The product carbon footprint per tonne of our flour and feed in 2019 is at 0.0590 MT CO₂e, a small increase of 2.8% as compared to 2018, due to the lower production output.

In terms of emissions type, indirect emissions under Scope 2 (i.e. grid electricity) remain the largest contributor to the overall emissions at 89.3%, while direct emissions under Scope 1 (derived from diesel, petrol, natural gas and fuel oil used at the mills) constituted only 10.5%. Indirect emissions under Scope 3 (for land and air travel by our employees) are negligible, at only 0.18%.

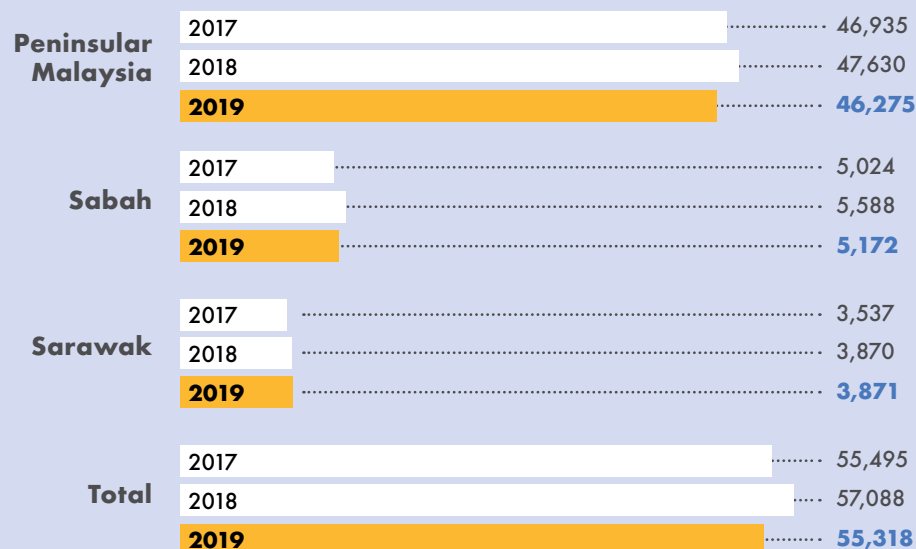
SUSTAINABILITY STATEMENT

GHG Emissions for 2019
(55,318 MT CO₂e)



- 10.5%** Scope 1 (Petrol/Diesel/Fuel Oil/Natural Gas)
- 89.3%** Scope 2 (Electricity)
- 0.18%** Scope 3 (Employees' Land/Air Travel)

Total emissions (MTCO₂e) by region



Our milling operations in Peninsular Malaysia constitute 80.6% of our total production and therefore generated higher total emissions than our operations in Sabah and Sarawak.

The division strives to reduce consumption where possible by establishing a number of energy-saving best practices, including the adoption of energy efficient laser projectors, improving programming of shows, as well as air-conditioning management and concession workflow processes. As at end-2019, the division has fully outfitted seven cinemas with LED lighting and is committed to progressively convert all halogen and fluorescent lights to LED for its remaining cinemas.

Cinemas division

Energy consumption is a material sustainability issue for our cinemas division as energy usage is a significant cost to the business. Electricity is used most of the day for the operation of air-conditioning and ventilation, projectors, sound systems, and food and beverage equipment. The division operated a total of 374 digital screens in 38 locations in Malaysia as at end-2019 and accounts for about 28% of the Group's total energy footprint.

Despite having opened two new cinemas with 26 screens in the second half of 2019, the division recorded an increase of only 3.7% in its overall energy consumption, as well as a reduction in kWh/screen and average energy use/show by 4.6% and 3kWh respectively in the same year.

Cinema energy use intensity in kWh per screen and per show (Malaysian operations only)



SUSTAINABILITY STATEMENT

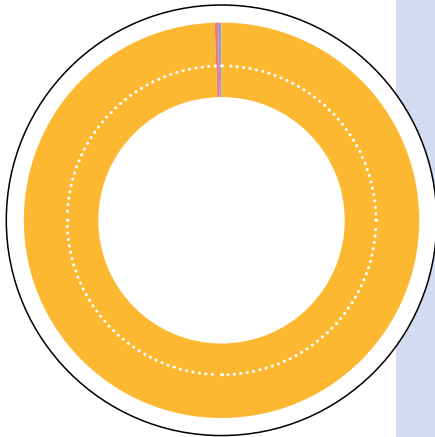
GHG emissions – Cinemas

In 2019, we started tracking emissions from employees’ land and air travel under Scope 3 and the results have been added to this emissions report, which covers all GSC cinemas, as well as GSC’s Head Office in Damansara Jaya, Selangor in Scopes 1, 2 and 3 under the GHG Protocol.

Total GHG emissions from the cinemas division for 2019 was 29,852 MT CO₂e, with Scope 2 (electricity and chilled water) remaining the largest contributor at 29,759 MT CO₂e or 99.7% of total emissions. Emissions under Scope 1 derived from consumption of fuels such as petrol and diesel remain insignificant at 0.15% while Scope 3 (air and land travel) was at only 0.16%.

The slight increase in total emissions of 3.95% between 2018 and 2019 is mainly due to the opening of the two new cinemas.

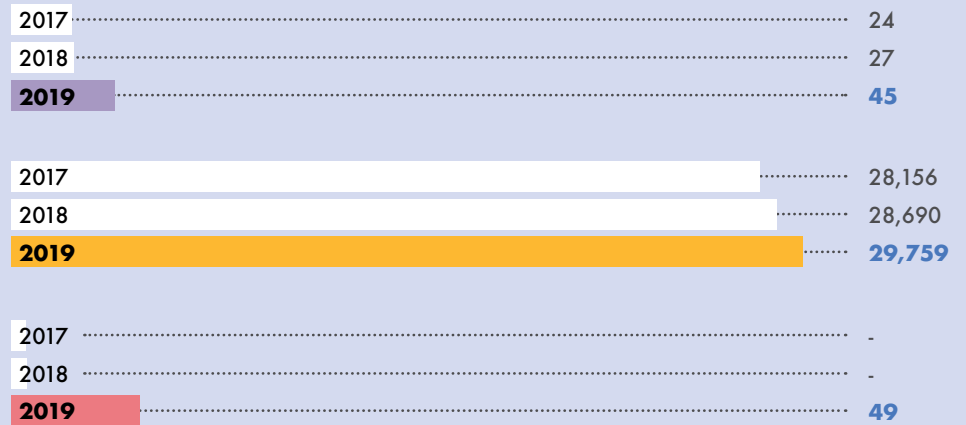
GHG Emissions for 2019 (29,852 MT CO₂e)



0.15% 99.7% 0.16%

- Scope 1 (Petrol & Diesel)
- Scope 2 (Electricity & chilled water)
- Scope 3 (Employee’s land/air travel)

GHG Emissions (MT CO₂e)



Total in 2017
28,180

Total in 2018
28,717

Total in 2019
29,852

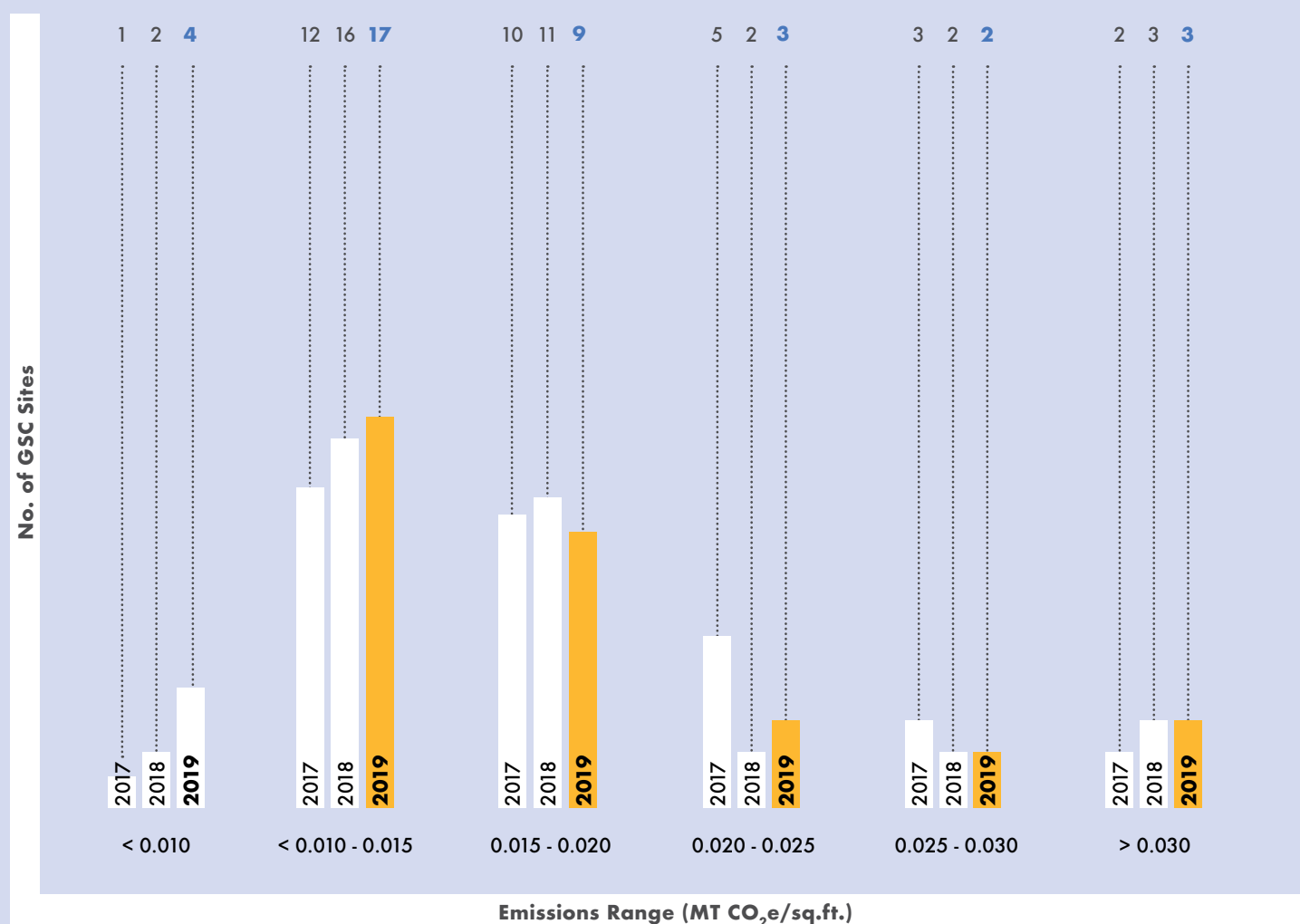
Emissions intensity

Our cinemas division managed to reduce its specific emissions (MT CO₂e per square foot) significantly by 23% from 0.0195 MT CO₂e/sq. ft. in 2018 to 0.0150 MT CO₂e/sq. ft. in 2019. This is an encouraging indicator of our continuous effort and commitment to monitor and manage our energy use and hence, GHG emissions from our cinema operations.

More than 70% of our cinema sites have achieved emissions per square foot lower than the national average for Malaysian buildings (0.01721 MT CO₂e/sq. ft.) in 2019.

Number of GSC sites by specific emissions range (MT CO₂e/sq.ft.)

(Malaysian building average=0.01721 MT CO₂e/sq.ft. (equiv. to 17.21 kgCO₂e/sq.ft.))



Livestock farming division

Our livestock farming divisionⁱⁱ accounts for about 9.8% of the Group's total energy usage. The division recorded an increase of 3.6% in its overall energy consumption over 2018 due to an increase in production output. Electricity is mainly used for ventilation, water chillers, incubators, feeding and manure removal in chicken houses, and heating and air-conditioning at hatcheries. Almost all this equipment runs 24 hours on a daily basis. While we believe our energy consumption is on par with peers in the industry, the division continues striving to reduce usage where possible. Ongoing efforts include replacing all fluorescent lights with LEDs bulbs at all its chicken houses by 2020 and replacing old equipment with energy-efficient models.

SUSTAINABILITY STATEMENT

Water usage

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

In 2016, we set a 2018 target to commission a water footprint assessment of our top water-consuming divisions – property and cinemas – as a first step in addressing our water impact, as well as to establish a baseline for future reporting. The water footprint assessments of Cheras LeisureMall (CLM), a Klang Valley shopping mall owned and managed by PPB, and Cheras Plaza, both under our property division, as well as, three cinemas that are representative of GSC’s cinema types, were completed per target in 2018. In 2019, we implemented the recommendations made in the water reduction plan where applicable and practicable, and continued to map and monitor our water use across all business divisions.

As a Group, we consumed 1,028,682 m³ of water in 2019, which is a 2.0% drop from our overall usage in 2018. The reduction is mainly from our flour and animal feed milling, bakery, and property divisions.

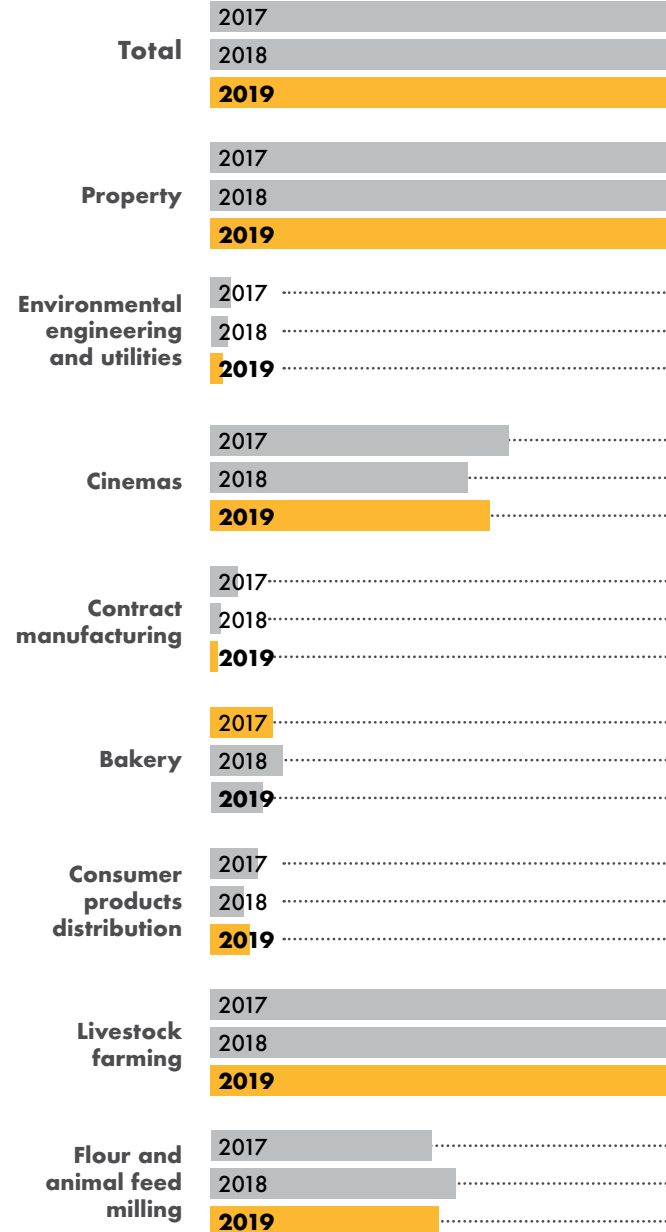
Our property division accounts for more than a third of our total combined water consumption. Its consumption include usage by tenants (often food and beverage outlets) and lavatory use. The division recorded a reduction of 1.9% in 2019 mainly due to switching to sensor taps at CLM to better manage the flow rate of its water fixtures.

Our cinemas division, which consumed 163,133 m³ of water in 2019, exhibits a similar consumption pattern as our property division, with soft drinks and lavatory use making up the major portion of its water footprint. The division saw a slight increase of 3.74% in its water usage from 2018 due mainly to the opening of two new cinemas in the second half of 2019, GSC EkoCheras in Kuala Lumpur and GSC The Mall, MidValley Southkey in Johor Bahru. To further manage and reduce water consumption, the division will continue to raise water conservation awareness amongst employees and customers, and train employees in best kitchen practices.

Livestock farming accounted for about 25.8% of the Group’s total water consumption. Almost half of this was consumed by poultry, while the other half was mainly used for cleaning hatcheries. To reduce water consumption, the division uses high-pressure pumps to wash the chicken housing. Water is also recycled for the cooling pad and washing hatchery baskets. Supply line checks and maintenance are carried out regularly to prevent leaks.

Water usage in m³ by business unit

(2017-2019)



Note: Water usage figures do not include PPB Head Office or operations outside Malaysia.

SUSTAINABILITY STATEMENT

**Water use intensity by business unit
in m³ per million RM revenue**

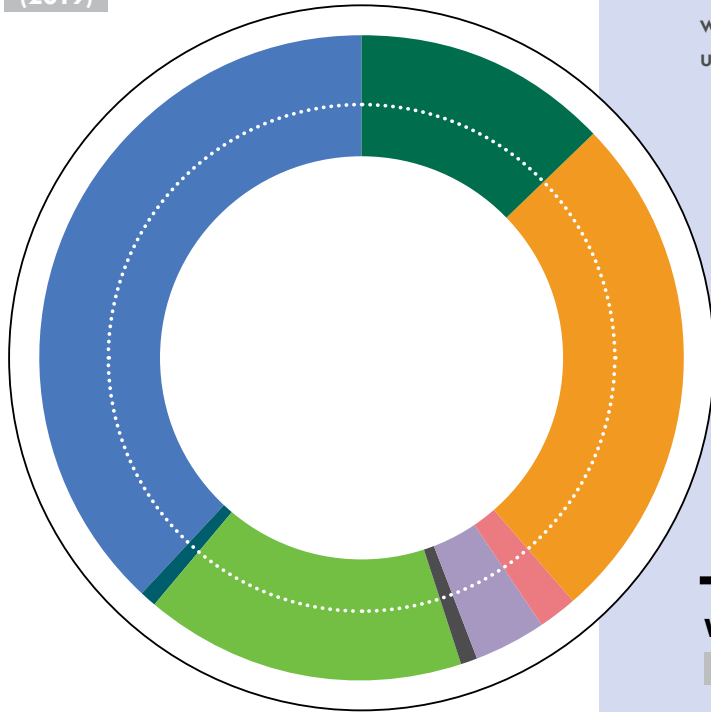
(2017-2019)

1,001,697	2017	277
1,050,214	2018	277
1,028,682	2019	276
372,881	2017	7,133
398,824	2018	7,218
391,262	2019	5,789
8,956	2017	69
8,826	2018	43
8,568	2019	46
164,258	2017	341
157,252	2018	292
163,133	2019	298
13,434	2017	627
7,044	2018	325
6,851	2019	364
37,684	2017	232
48,876	2018	321
35,192	2019	237
24,550	2017	49
18,349	2018	38
23,739	2019	48
253,855	2017	2,059
259,748	2018	2,107
264,981	2019	2,183
126,079	2017	59
151,295	2018	69
134,956	2019	63

SUSTAINABILITY STATEMENT

% breakdown of water usage in m³ by business unit

(2019)



13.12%

Flour and animal feed milling

25.76%

Livestock farming

2.31%

Consumer products distribution

3.42%

Bakery

0.67%

Contract manufacturing

15.86%

Cinemas

0.83%

Environmental engineering and utilities

38.04%

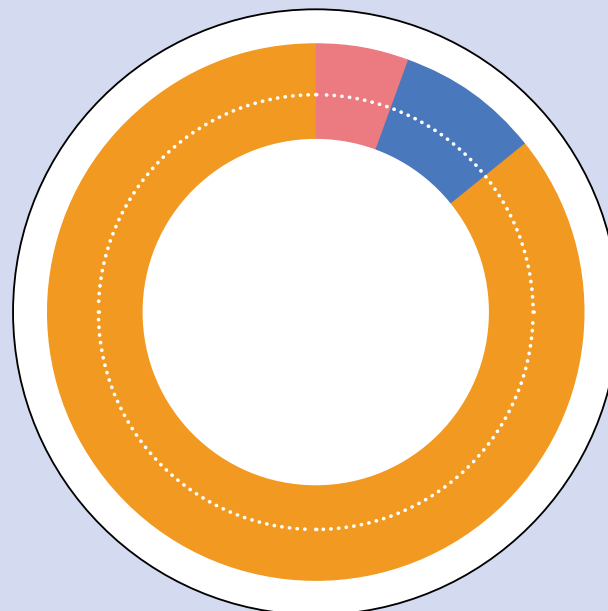
Property

All our business divisions use only municipal water with the exception of our livestock farming division, which also uses surface and ground water mainly for washing of the chicken houses and as drinking water (treated) for the birds. The Group's water usage by source in 2019 is presented below.



Water withdrawal by source in m³

(2019)



● Municipal Water

● Surface Water

● Ground Water

880,540

85%

57,750

6%

90,392

9%

SUSTAINABILITY STATEMENT



Serian Raw Water Intake

Waste management

Proper waste management is vital for the protection of the environment and local population health. Packaging use and waste have become an increasingly important issue as consumers and business-to-business customers seek to minimise their environmental impact. Many of our business units are implementing strategies to reduce, reuse and recycle packaging.

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

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

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

GSC has implemented a single-use plastic bottle recycling programme which has been rolled out to ten cinemas in the Klang Valley as at end-2019, and is extending its efforts to further drive the habit amongst customers with reverse vending machines that reward customers when they recycle. The machine will be deployed to six of the ten sites by the end of 2020. The division will also convert all existing packaging at cinemas from plastics to biodegradable, e.g. biodegradable plastic bags, paper straws and sippy cup lids in 2020, as well as commence tracking of both its plastic bottle waste and used oil collection for recycling.

SUSTAINABILITY STATEMENT



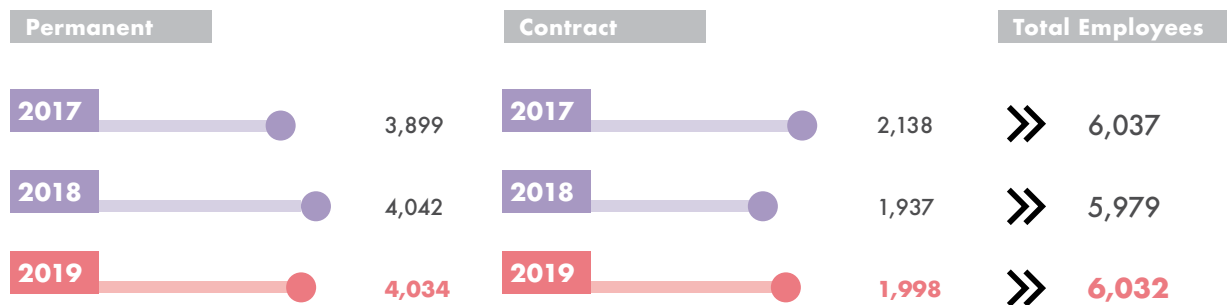
One of the major sustainability issues faced by all industry sectors in Malaysia today is the recruitment and retention of employees – from unskilled workers to highly skilled professionals. Our approach to this challenge includes focusing on creating and maintaining safe and enjoyable workplaces, and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

The Group employs slightly more than 6,000 people, of whom two thirds are permanent full-time employees. Our cinemas division accounts for the highest proportion of workers (38% of the Group's total workforce), of which more than half are on a part-time basis.

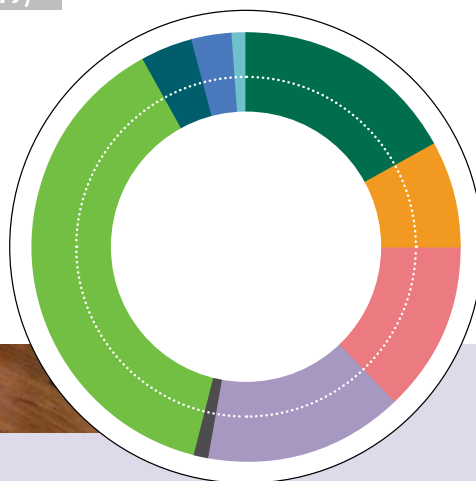
WORKING ENVIRONMENT



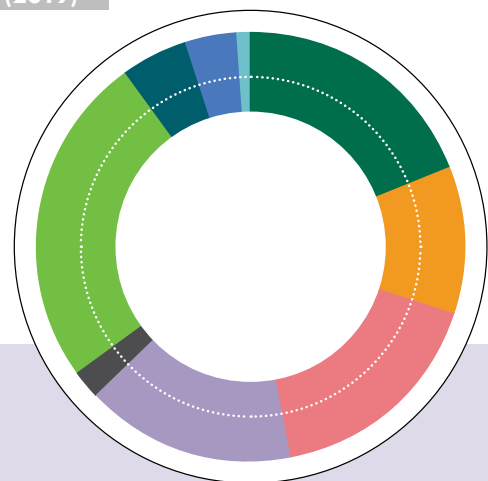
Employees by type



All employees by business unit (2019)



Permanent employees by business unit (2019)



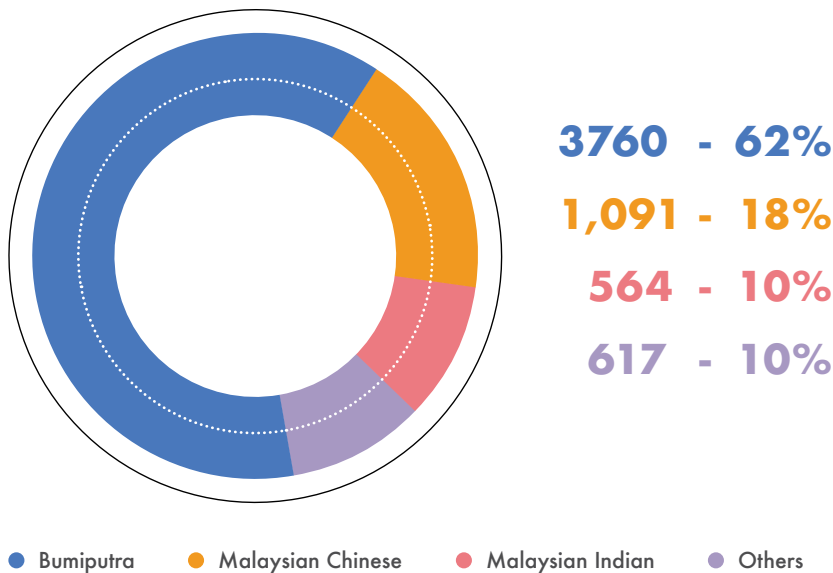
17% - 1,043	Flour and animal feed milling	744 - 19%
8% - 455	Livestock farming	440 - 11%
13% - 746	Consumer products distribution	701 - 17%
15% - 904	Bakery	649 - 16%
1% - 78	Contract manufacturing	77 - 2%
38% - 2,307	Cinemas	1,014 - 25%
4% - 253	Environmental engineering and utilities	185 - 5%
3% - 185	Property	166 - 4%
1% - 61	PPB Head Office	58 - 1%

SUSTAINABILITY STATEMENT

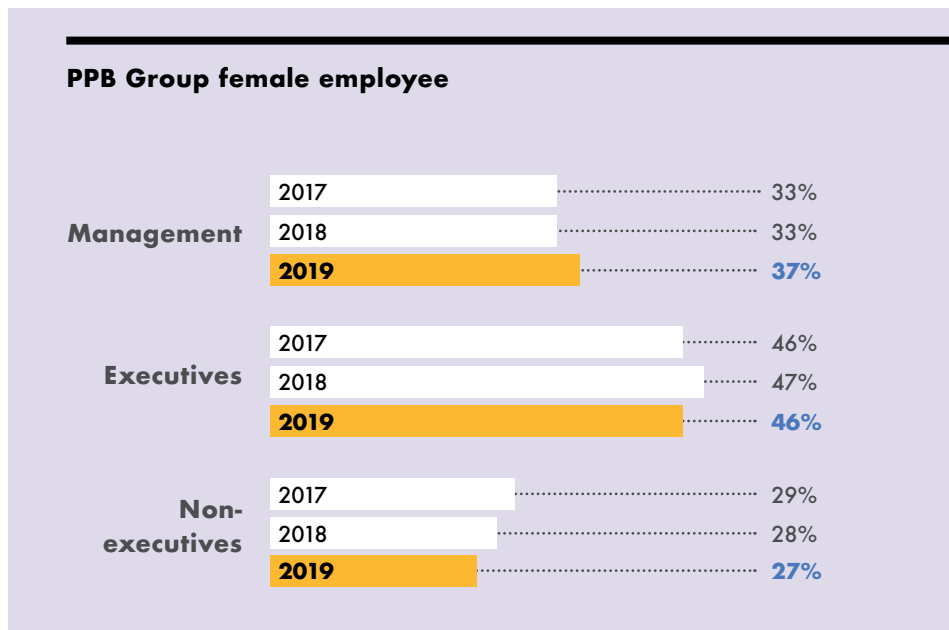
We seek to promote diversity and inclusion. We have a zero-tolerance policy against discrimination in any form and our employees are provided with equal career opportunities regardless of race, religion or gender.

PPB Group employee distribution

2019



Our workforce is relatively diverse, with women well represented at management level, and the diverse nature of Malaysian society reflected.



Well-being in our work places

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

Fitness activities improve health and well-being, as well as foster teamwork and create a culture of wellness in the workplace. The Group promotes a healthy lifestyle with regular exercise and encourages employees to participate in organised runs by sponsoring the registration fees. In 2019, employees from the Group participated in the Bursa Bull Charge, The Edge Kuala Lumpur Rat Race, SCORE Marathon and Kami Caring Run. Staff at FFM Berhad’s Head Office are also encouraged to maintain their fitness at a fully equipped onsite gym.

Divisions within the Group also provide opportunities for employees and their families to gather in the spirit of community by organising family days. In 2019, PPB and the Property division’s staff and family members enjoyed both a family day at the Malaysia Agro Exposition Park (MAEPS), Serdang, and a movie outing at GSC 1 Utama, while GSC held quarterly movie days for its staff and family members.

The Group also celebrates its employees’ hard work by organising festive luncheons, annual dinners and company trips.

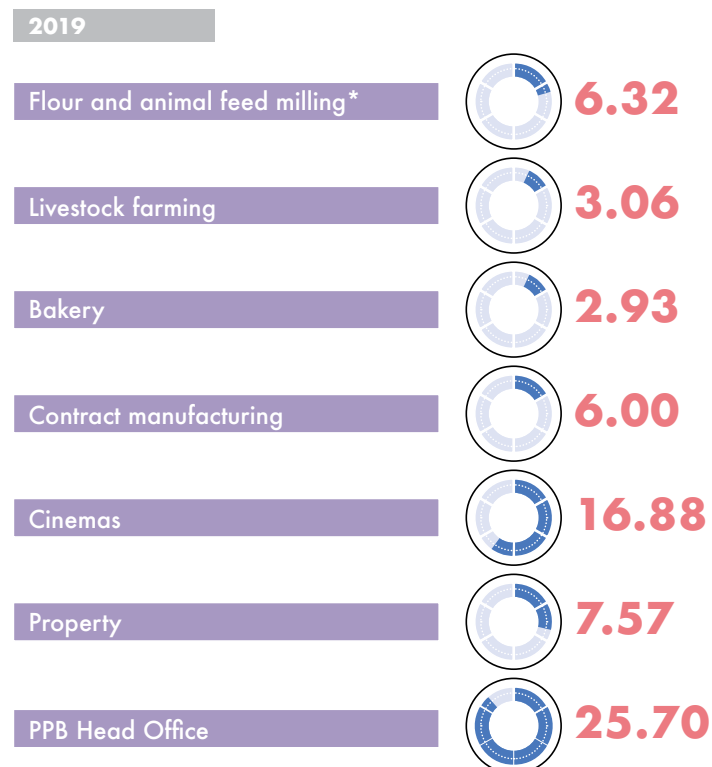
SUSTAINABILITY STATEMENT

Training

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

The average hours of training per full-time employee by business unit for 2019 is presented below.

Average hours of training per year per full-time employee by Business Unit



* includes Consumer products division.

Note: Environmental engineering and utilities division mainly conducts on-the-job training due to the specialised nature of the work.

A total of 960 employees, equivalent to 20.4% of the Group's full-time workforce, received training specifically on health and safety standards in 2019.

Upholding labour practices and employee rights

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

Foreign workers and illegal labour

The Group is committed to local employment as far as is practicable and possible. The Group employs relatively few foreign workers – about 8.5% of our total workforce is non-Malaysian. Most of them are employed in the bakery and livestock farming divisions due to severe labour shortages in both sectors. All foreign workers directly employed by the Group have legal contracts and are accorded similar working conditions as local workers. Benefits vary across divisions, but generally exceed legal requirements and include access to incentive schemes, medical care and participation in company social and recreational events. In addition, foreign workers are provided with housing and transportation.

Ensuring safe working environments

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

SUSTAINABILITY STATEMENT

The Group recorded a total of 29 accidents in 2019, a 19.4% drop from the 36 accidents reported in 2018. This is relatively low given the size of the Group and the diverse range of its activities.

No accidents were recorded at PPB Head Office, or at the bakery and property divisions. Our flour and animal feed milling and consumer products divisions managed to substantially reduce their recordable accidents from 13 and 7 in 2018, to 6 and 1 respectively in 2019. Our livestock farming and cinemas division recorded an increase of 2 accidents each from 2018, while our contract manufacturing and environmental engineering and utilities divisions recorded their first accidents in three years. There was no major injury and the accidents were mainly sprains, falls and fractures. The relevant divisions have since strengthened measures to prevent future incidents.

Recordable Accidents by Business Unit

(2017-2019)

	Flour & animal feed milling	Livestock farming	Consumer products distribution	Bakery	Contract manufacturing	Cinemas	Environmental engineering & utilities	Property	PPB Head Office	Total
2017	6	13	0	3	0	3	0	0	0	25
2018	13	9	7	5	0	2	0	0	0	36
2019	6	11	1	0	2	4	5	0	0	29

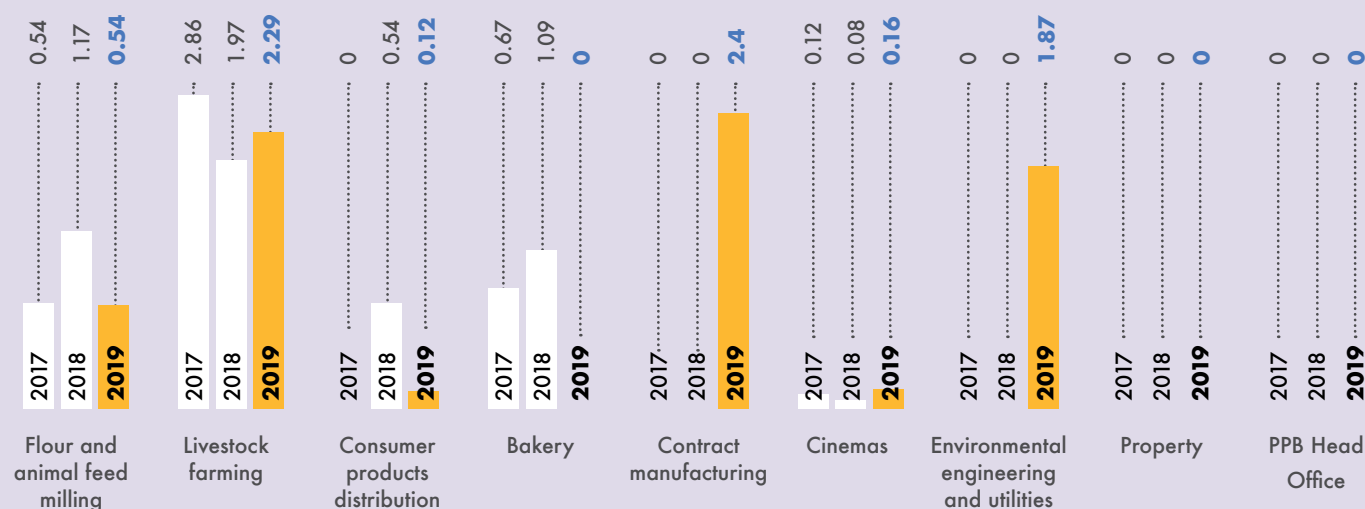
Average no. of lost days per accident by business unit

(2017-2019)

	2017	2018	2019
Flour and animal feed milling	35.17	12.23	27.67
Livestock farming	16.77	12.11	23.64
Consumer products distribution	0	58.14	5.00
Bakery	8.67	18.20	0
Contract manufacturing	0	0	5.00
Cinemas	22.00	12.50	11.50
Environmental engineering and utilities	0	0	25.20
Property	0	0	0
PPB Head Office	0	0	0

Lost time accident rate by business unit

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



Note: Lost time accident (LTA) rate measures the productivity loss due to accidents and is calculated as follows:

Total number of accidents x 200,000* man-hours divided by total working hours.

(* represents 100 employees x 40 hours per week x 50 weeks per year)

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

Dust explosions

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

Our food production operations have a division-specific statement of compliance with Standard C stipulated under the Environment Quality (Clean Air) Regulations 2014, which sets a standard dust concentration limit of 0.4 g/Nm³. The Group's flour and animal feed milling division is covered by its respective Occupational Health and Safety Policies, and has a target of zero industrial accidents.

Hazardous chemicals

The handling of hazardous chemicals is a prominent workplace issue identified in our food production and contract manufacturing divisions. These divisions have specific statements of compliance and detailed standard operating procedures, which include

wearing personal protective equipment (PPE) when working on the factory floor. Specific training on chemical handling is provided to relevant personnel across the Group's business divisions annually.

Noise pollution

Long-term hearing loss is linked to occupational noise, especially where employees are exposed to a variety of continuous and intermittent noise from processes and machinery. This makes noise a significant material issue for our property, food and manufacturing divisions where specific policies are in place to protect workers from damaging noise levels. We have also implemented a system to mitigate noise pollution as far as possible at facilities in these divisions. A KPI based on the total area exposed to noise levels above 85 dB has been established at our flour and animal feed milling plant in Pulau Indah, and we continually work to reduce this space.

At our other flour and animal feed milling operations, we provide employees with PPE and hearing protection, and appropriate signage are placed in high noise level areas. Regular awareness and training programmes are organised by the division to enhance occupational health standards in the workplace.



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

Code of Conduct and Ethics

The Group is committed to conducting its businesses in compliance with local laws and regulations and with utmost integrity, transparency and accountability. A code of conduct and ethics, which is included in both our Group employee handbooks and on our website – www.ppbgroup.com – sets out the standards of conduct and personal behaviour our directors and employees are required to observe to ensure that the Group’s commitment is upheld.

MARKETPLACE ENGAGEMENT

Anti-corruption

The Group firmly believes in operating its businesses based on high standards of integrity, transparency, ethics and accountability and is against corruption in all forms. Our code of conduct and ethics sets out the Group's business values and practices by which our directors and employees are required to abide. We also have in place Group-wide whistle-blowing policies with mechanisms to enable employees and external parties to confidentially report any breach, or suspected breach, of any law or of our policies and practices. All complaints are investigated and such breaches may lead to disciplinary measures, including dismissal. The Group will develop and implement a Group Anti-Bribery and Corruption Policy and Framework in 2020 including roll-out of anti-bribery and corruption awareness to employees throughout the Group and incorporation into the staff induction process.

Reporting

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

Quality and Safety First

Product and/or service quality and safety are without exception of the highest importance to the Group's operations. In the food production division, companies must adhere to specific quality policies and are covered by division-specific statements on food safety and halal compliance.

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

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

Our Johor Bahru Flour Mill Sdn Bhd (JBFM) in Kota Kinabalu will apply for FSSC22000 certification in 2020. With its certification, our target to obtain 100% FSSC22000 certification for all our flour mills will be achieved as JBFM is the last of the mills to be certified.

Similarly, our cinemas division has a target for 100% of its cinema concessions to be HACCP certified by 2022. To achieve this, the division has set a 5-year plan effective from 2018 to obtain certification for seven cinema concessions each year. As at end-2019, 16 cinema concessions have been certified which exceeds the division's target, while 22 cinema concessions are fully HACCP compliant.

Our Property division's target to obtain the Malaysian Sustainable Palm Oil (MSPO) certificationⁱⁱⁱ for the Group's oil palm entities^{iv} in 2020 was achieved when the oil palm entities were certified MS2530-3:2013 by MSPO as at 2 April 2020.

SUSTAINABILITY STATEMENT



Dough mixer at The Italian Baker's baking plant in Pulau Indah

Nutrition

Obesity is becoming an increasing concern in Malaysia and we want to support consumers in making informed choices through more transparent information. A sideboard of nutritional facts and allergen alerts of hot foods prepared by GSC such as popcorn, chicken meatballs, nuggets, nachos etc. is displayed at all its cinema concession counters nationwide. This is to enable customers who are health-conscious or allergic to certain substances make better informed choices. The nutritional facts list can also be found on the GSC website – www.gsc.com.my. Pre-packed items, which contain nutritional information on their packaging, are not included in the list.

The Italian Baker Sdn Bhd (“TIB”), a subsidiary of FFM Berhad (“FFM”), was the first in Malaysia to introduce bread with the nutritious wheat germ (Massimo Sandwich Loaf with Wheat Germ) in 2011. This was made possible through FFM’s unique process of stabilising the nutritive quality of wheat germ, the most nutrient-dense part of the wheat grain. In 2012, FFM invested in a dedicated mill for the production of genuine whole grain flour which made it possible for TIB to introduce another two nutritious products, Massimo 100% Whole Wheat Loaf and Massimo Fine Wholemeal Loaf. The former is baked purely from 100% whole wheat flour containing all parts of the grain which means that nothing is removed during milling. The nutritional benefits of wheat germ can be found on www.wheatgermisgoodforyou.com.my.

Group Sustainability Policy

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

Customer Satisfaction and Engagement

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

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

SUSTAINABILITY STATEMENT

Our contract manufacturing business has an annual quality objective of twelve or fewer complaints as a KPI to measure its performance and has achieved this objective in the reporting period.

In our cinemas division, customer feedback grew from 206 (per 100,000 admissions) in 2018 to 231 in 2019, mainly due to enquiries on advance sales for Avengers Endgame, the launch of new GSC cinemas, Aurum Theatre and the specialty halls (4DX, Screen-X and PlayPlus). Complaints received by the division reduced to 39 (per 100,000 admissions) in 2019 from 46 in 2018. For a better customer experience, the division improved its e-payment system, as well as implemented automated messaging and email to inform customers of any e-payment failures. The division also uses mystery customers regularly to assess the quality of its services and products to better meet expectations of its patrons.

Inclusivity and Diversity

GSC provides wheelchair-accessible facilities including lifts and wheelchair spaces in all its new, and majority of existing cinemas to facilitate cinema-going for people living with disabilities.

The division also hosts annual international film festivals to help drive cultural awareness in our communities.

Awards and Accolades

PPB Group Berhad was included in the FTSE4Good Bursa Malaysia, FTSE4Good Emerging Markets and the FTSE4Good Asean5 indices with effect from 24 December 2018. The FTSE4Good Index Series, which is reviewed twice annually, identifies companies which demonstrate strong environmental, social and governance (ESG) practices measured against globally recognised standards. The FTSE4Good Bursa Malaysia Index comprises constituents which are drawn from the companies on the FTSE Bursa Malaysia EMAS Index. PPB's inclusion in the indices demonstrates a leading approach within the Malaysian

market to address relevant sustainability or ESG risks and our commitment to responsible business practices.

A regular achiever at the Putra Brand Awards and a Putra Brand Icon, GSC added another feather to its cap in 2019, when it was awarded the inaugural prestigious Platinum Award. This achievement is a testament to GSC's strong brand equity and market leadership, as the Putra Brand Awards reflects the popularity and choice of Malaysia's favourite brands based on consumer feedback and satisfaction.

We enhance our customers' experience in their dealings with our divisions through various digital and non-digital media. We also incorporate customer feedback in our businesses to enable us to better identify and serve our customers' needs and concerns.

FFM Berhad ("FFM") received the Silver Award at the inaugural MEF Employer Excellence Awards 2019 presented by the Malaysian Employers Federation. The award is in recognition of the strides made by FFM in the progression and development of its human resource practices. FFM was also recognised as a "White List" company by the Selangor Islamic Religious Department (JAIS) in 2019 for the second consecutive year. This recognition is reflective of FFM's commitment, dedication and full compliance to the Malaysian Halal certification standards and procedures.

The Italian Baker Sdn Bhd ("TIB"), which produces Massimo breads, was awarded "Excellent Employer" by Kumpulan Wang Simpanan Pekerja in 2019. The award is in recognition of employers who have shown exemplary compliance to employees' EPF contributions for the year 2018-2019, and is an indication of TIB's commitment to its employees' welfare and benefits.

Privacy and Personal Data Protection

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

SUSTAINABILITY STATEMENT



The newly constructed 32-bed dormitory at the Orang Asli Education Centre in Raub, Pahang

CSR Task Force

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

Our Sustainability Steering Committee ("SSC") is responsible for overseeing the Group's community investments. To assist the SSC in devising strategies and reviewing, managing, implementing and tracking our community investment programmes, a CSR Task Force comprising representatives from PPB's Head Office

and the subsidiaries was set up in 2017. Our Group community investment strategy which comprises three pillars – Social, Environmental, and Arts and Culture – supports youth education and development, living skills and standards enhancement, environmental awareness and health activities, amongst others. In 2019, the SSC and CSR Task Force each met twice. For the same period, the Group spent a total of RM1,006,272/- on community investment/CSR projects, of which RM541,770/- were contributions to registered NGOs. The various divisions under the Group also jointly contributed a total of RM20 million towards the establishment of the PPB50 Fund to alleviate poverty through education by carrying out education-related projects. During the same year, the PPB-KF Welfare Fund for Perlis and PPB50 Fund disbursed a combined total of RM1,030,029/-.

COMMUNITY INVESTMENT

PPB-KF Welfare Fund for Perlis

In 2010, PPB established a RM10 million endowment fund to benefit the poor and underprivileged in Perlis and appointed Kuok Foundation Berhad ("KF") to manage the fund. For 2019, the fund disbursed RM213,781/- to provide vouchers for school items to 1,050 students, 5 study grants and donation to a retirement home. A total of RM1.88 million has so far been spent on school uniforms and shoes for more than 8,000 needy primary and secondary school children under the annual Educare Project, as well as 85 study grants, 199 one-off scholarships and cash donations to welfare homes.

PPB50 Fund

PPB has appointed KF to manage the PPB50 Fund of RM20 million which was set up in conjunction with PPB's 50th anniversary celebrated on 1 November 2018. For the fund's inaugural year in 2019, it disbursed a total of RM816,248/- for various programmes amongst them, 35 secondary schools in Sungei Petani, Kedah were selected for the Food Program in which 730 needy students were provided RM3 per day meal vouchers, as well as the Educare Program where 1,575 needy students were provided essential school items. The fund also made a one-off donation of RM200,000/- to SJK (C) Sin Kuo Min for the reconstruction of a school block. In addition, 1,416 needy students from 23 primary schools in Bedong, Kedah were each given a set of school uniform and shoes under the Back To School Program.

Improving the Lives of Orang Asli Communities

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

For the Jakun orang asli communities in Simpai and Tasik Cini in Pahang who had to travel long distances to get water for their daily needs, we started by sponsoring the construction of wells to supply clean water. The completed wells attracted more orang asli to build their homes nearby and as usage of the wells increased, bathing in open areas became inconvenient. To safeguard their privacy and promote hygiene, we progressed to sponsoring a bathroom and two toilets complete with septic tanks for each well recipient. In 2019, PPB sponsored zinc roofs and wood panels to transform their dilapidated huts to a respectable home.

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

SUSTAINABILITY STATEMENT

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

Breaking the Cycle of Poverty Through Education

The Orang Asli Education Centre (OAEC) in Raub, Pahang that is operated by Semenanjung Orang Asli (SEMOA) to help the community break the cycle of poverty through education, is able to house only 88 orang asli children. To accommodate the increasing number of applicants on the waiting list, a new 32-bed dormitory has been built and PPB sponsored the fit-out works for the dormitory.

PPB also sponsored 20 youths from several orang asli settlements in the states of Perak and Kedah to pursue a 12-month programme at SOLs Academy of Innovation. The programme is designed to prepare them for the workforce and includes courses in English language, mathematics, personal development, solar system installation and maintenance, as well as basic computer knowledge. SOLs 24/7 Foundation is an international NGO that is committed to serve, educate and empower poor and under-served communities through various education and social empowerment programmes, and have to-date trained over 325,000 students in over 200 training centres in six countries.

Bridging Cultures Through Film

Our cinemas division plays a role in stimulating greater awareness of the arts, and bridging cultures. Since 1999, GSC International Screens has regularly offered local audiences alternative content comprising foreign language and award-winning films, anime, concerts, as well as, other non-mainstream fare. Film festivals hosted in partnership with foreign embassies were included in 2001 to bring the diverse cultures of international cinema to Malaysians. Some of these film festivals have since grown into annual events much anticipated by an increasing number of followers. In 2019, GSC hosted seven recurring film festivals (French, Japanese, the European Union, Korean, Latin American, Hungarian and Thai) in Peninsular and East Malaysia.

Development of Youth Skills

PPB and FFM jointly set up a baking studio “bake X dignity” (“bake X”) for the Dignity for Children Foundation (“Dignity”), a learning center that provides underprivileged students with a combination of academic learning and technical/entrepreneurial skills to enhance their employability. Apart from outfitting the studio with commercial baking equipment, a 5-day training programme was held at FFM Studio for 16 apprentices from Dignity. The first batch of ten students completed a 5-month (162 hours) baking course in November 2019 and were each awarded a Baking Certificate upon successfully passing an assessment test. Due to good feedback and interest generated from the students, Dignity plans to have two batches (12 students per batch) of two intakes (January and July) in 2020. PPB will contribute baking ingredients to facilitate the training classes. bake X which was officially launched on 30 August 2019, is also fulfilling a commercial contract with an external customer as well as supplying freshly baked products daily to a café operated by Dignity.

Puberty Awareness Programme

PPB worked with Soroptimist International to sponsor the Soroptimist Puberty Organising Toolkit (SPOT), a school-based programme designed to equip young girls aged between 9 to 11 with information on puberty, reproductive health and personal development. The programme, which is approved by the Ministry of Education and supported by the Ministry of Health and the National Population and Family Development Board (LPPKN), involves a 10-hour workshop over a 3-day period. An initial four schools in the Klang Valley were selected for the programme in 2019, which recorded an attendance of 273 students.

SUSTAINABILITY STATEMENT

Other Community Investment/CSR Projects Held in 2019

- CLM collaborated with World Vision to raise awareness on issues affecting children from communities experiencing extreme poverty and injustice. The event included a photo exhibition of children's stories captured by celebrity photographer Chuan Looi, who has travelled to World Vision projects in different countries.
- To meet the needs of the orang asli community of Kampung Gedung Siam in Gambang, CWM Group Sdn Bhd installed 10 units of solar street lights at strategic locations, particularly along roads where school children have to pass through to reach the main road to catch their transport to school. The installation activity involved the orang asli residents who rendered their assistance in the areas of cement mixing, digging of holes for the planting of poles, carriage of equipment and in the process, learnt about wiring and the workings of the solar panel batteries.
- To encourage healthy eating among children, The Italian Baker Sdn. Bhd. organised two Massimo Junior Chef Workshops. A total of 24 children aged between 9 to 12 attended the workshops by celebrity chef, Sherson Lian, who taught them baking techniques and 3 simple and healthy recipes.
- To raise the visibility of palliative care in Malaysia, PPB sponsored the printing of 4,000 copies of Hospis Malaysia's Carer's Guide.
- To help needy dialysis patients, PPB donated a dialysis machine to Touch Dialysis Centre and eight dialysis chairs to Kurnia Dialysis Centre.
- PPB sponsored a total of 14 audio novels/storybooks in three languages, i.e. English language, Bahasa Malaysia and Mandarin. The audio novels/storybooks were distributed to seven primary and secondary schools for the unsighted, as well as to the libraries of Malaysian Association for the Blind (MAB) and St Nicholas Home in Penang. 21 PPB staff volunteered at MAB on 12 October 2019 to assist in various tasks including reading to the unsighted, typing, handicraft work to raise funds, and audio recording.
- CLM held its annual "Toy Bank, A Gift of Love", a community initiative started in 1999, where the public were invited to fulfil the Christmas wishes of 800 underprivileged children from 15 participating homes.
- To support the blood banks' and hospitals' requirement for a consistent supply of blood, CLM organised their annual blood donation and awareness campaign, while GSC held its annual blood donation drive at its headquarters in collaboration with the National Blood Centre to enable its employees and business associates to do their part for the community.
- Festivals are times for celebration, as well as remembering the underprivileged and marginalised communities. The Group celebrated the main festivals with these communities by organising lunches, activities, distributing festive goodies and fulfilling some of their wishes.

6 April 2020

Notes to data:

- ⁱ Figures for flour and feed energy usage in kWh/MT for 2017/2018 have been restated due to a previous calculation error.
- ⁱⁱ Livestock farming division's contribution to the Group's total revenue is below 5% in 2019.
- ⁱⁱⁱ The Malaysian Sustainable Palm Oil (MSPO) Certification scheme is the national scheme in Malaysia for oil palm plantations, independent and organised smallholdings and palm oil processing facilities to be certified against the requirements of the MSPO standards.
- ^{iv} Contribution from the oil palm business to the Group's total revenue is below 1% in 2019.
- ^v References: George Matelfan Foundation. (n.d.). Whole Wheat and Wheat Germ, Pratt.S. & Matthews. K. (2004). Superfoods RX and USDA National Nutrient Database for Standard Reference, Release 18. (2008).



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DIRECTORS' RESPONSIBILITY STATEMENT

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

In preparing the financial statements for the year ended 31 December 2019 set out on Pages 98 to 193 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 responsibilities 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 8 May 2020.

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 2019.

PRINCIPAL ACTIVITIES

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

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

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

RESULTS

	Group RM'000	Company RM'000
Profit for the year	1,199,262	467,528
Attributable to:		
Owners of the parent	1,152,551	467,528
Non-controlling interests	46,711	-
	1,199,262	467,528

DIVIDENDS

The dividends paid/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 2018 as disclosed in the Directors' report of that year:	
Final dividend of 20 sen per share paid on 10 June 2019	284,520
In respect of the financial year ended 31 December 2019:	
Interim dividend of 8 sen per share paid on 2 October 2019	113,808
Second interim dividend of 23 sen per share payable on 2 June 2020	327,198
	725,526

The total dividends paid and payable for financial year ended 31 December 2019 would be 31 sen per share.

RESERVES AND PROVISIONS

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

SHARES AND DEBENTURES

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

DIRECTORS

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

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

Tan Sri Datuk Oh Siew Nam, Mr Lim Soon Huat and Encik Ahmad Riza bin Basir retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election as Directors.

DIRECTORS OF THE COMPANY'S SUBSIDIARIES

The 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' 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	As at 1.1.19	No. of ordinary shares		As at 31.12.19
		Bought	Sold	
Direct interest				
Tan Sri Datuk Oh Siew Nam	144,799	-	-	144,799
Tam Chiew Lin	7,200	-	-	7,200
Deemed interest				
Tan Sri Datuk Oh Siew Nam	1,445,397	-	-	1,445,397
Tam Chiew Lin	12,000	-	-	12,000

Interest in subsidiary – Tego Sdn Bhd

NAME OF DIRECTOR	As at 1.1.19	No. of ordinary shares		As at 31.12.19
		Bought	Sold	
Deemed interest				
Tan Sri Datuk Oh Siew Nam	18,000	-	-	18,000

Interest in holding company – Kuok Brothers Sdn Berhad

NAME OF DIRECTOR	As at 1.1.19	No. of ordinary shares		As at 31.12.19
		Bought	Sold	
Deemed interest				
Tan Sri Datuk Oh Siew Nam	4,966,667	-	-	4,966,667
Lim Soon Huat	200,000	-	-	200,000
Datuk Ong Hung Hock	290,000	-	-	290,000

DIRECTORS' INTERESTS IN SHARES (CONTINUED)

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

NAME OF DIRECTOR	No. of ordinary shares			As at 31.12.19
	As at 1.1.19	Bought	Sold	
Deemed interest				
Tan Sri Datuk Oh Siew Nam	100,000	-	-	100,000

The other Directors holding office at 31 December 2019 did not have any interest in the ordinary shares of the Company and its related corporations during the financial year.

DIRECTORS' INTERESTS IN CONTRACTS, BENEFITS AND EMOLUMENTS

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

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

Details of the remuneration and other benefits of the Directors are set out in notes 5 and 33 to the financial statements. The amount of insurance premium paid and coverage effected for directors and officers of the Group amounted to RM75,000 and RM50 million respectively.

INFORMATION ON THE FINANCIAL STATEMENTS

- (a) Before the Group's and the Company's income statement and statement of financial position were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets which were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and the Company had been written down to an amount which they might be expected so to realise.

INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

- (b) At the date of this report, the Directors are not aware of any circumstances which would render:
- (i) the amount written off for bad debts or the amount of provision for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; or
 - (ii) the values attributed to current assets in the financial statements of the Group and the Company misleading.
- (c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and the Company misleading or inappropriate.
- (d) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group and the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability which has arisen in the Group or in the Company since the end of the financial year.

OTHER STATUTORY INFORMATION

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

In the opinion of the Directors:

- (a) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature;
- (b) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or the Company for the financial year in which this report is made, other than those disclosed in note 44; and
- (c) no contingent or other liability has become enforceable, or is likely to become enforceable, within the succeeding period of twelve months after the end of the financial year which will or may affect the ability of the Group and the Company to meet their obligations as and when they fall due.

ULTIMATE HOLDING COMPANY

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

SUBSIDIARIES

Details of the subsidiaries are set out in note 41 to the financial statements.

AUDITORS

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

Ernst & Young PLT was appointed as the new auditors in 2019, and have expressed 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 8 May 2020.

On behalf of the board

TAN SRI DATUK OH SIEW NAM
Chairman

DATO' CAPT. AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID
Director

Kuala Lumpur
8 May 2020

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2019

	Note	2019 RM'000	2018 RM'000
Revenue	3	4,683,776	4,528,260
Cost of sales		(4,053,680)	(3,966,904)
Gross profit		630,096	561,356
Other operating income		62,232	96,751
Distribution costs		(208,147)	(196,582)
Administrative expenses		(205,332)	(177,217)
Other expenses		(8,061)	(6,358)
Share of results of associates		1,039,614	919,922
Share of results of joint venture		(4,960)	3,704
Finance costs	4	(33,814)	(33,893)
Profit before taxation	5	1,271,628	1,167,683
Tax expense	6	(72,366)	(64,732)
Profit for the year		1,199,262	1,102,951
Attributable to:			
Owners of the parent		1,152,551	1,075,096
Non-controlling interests		46,711	27,855
		1,199,262	1,102,951
Earnings per share – basic and diluted (sen)	7	81.0	75.6

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	2019 RM'000	2018 RM'000
Profit for the year	1,199,262	1,102,951
<u>Other comprehensive income/(loss), net of tax</u>		
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Fair value losses on investment in equity instruments designated as fair value through other comprehensive income	(99,797)	(223,607)
Share of associates' other comprehensive (loss)/income		
- Fair value reserve	(18,394)	(23,625)
- Capital reserve	(7,138)	30,981
Gain on disposal of equity instrument at fair value through other comprehensive income	6,487	-
<i>Items that will be subsequently reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	(171,328)	336,574
Share of associates' other comprehensive (loss)/income		
- Exchange foreign reserve	(54,438)	(446,736)
- Hedging reserve	(35,359)	(28,963)
- Capital reserve	24,783	9,124
Total comprehensive income, net of tax	844,078	756,699
Attributable to:		
Owners of the parent	793,513	740,353
Non-controlling interests	50,565	16,346
	844,078	756,699

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 RM'000	2018 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	1,337,417	1,297,512
Investment properties	9	265,770	243,649
Right-of-use assets	10	245,769	223,142
Bearer plant	11	3,042	3,804
Land held for property development	12	100,178	101,525
Goodwill	13	73,704	73,704
Other intangible assets	14	9,177	12,241
Investment in associates	16	17,960,226	17,551,604
Investment in joint venture	17	17,404	57,017
Other investments	18	405,179	534,069
Deferred tax assets	19	342	4,052
Trade and other receivables	23	10,600	9,785
Total non-current assets		20,428,808	20,112,104
Current assets			
Inventories	20	802,513	892,023
Biological assets	11	16,767	21,980
Other intangible assets	14	25	50
Property development costs	21	18,881	13,790
Contract assets	22	49,641	22,827
Trade and other receivables	23	752,164	769,328
Derivative financial assets	24	128	498
Current tax assets		9,921	20,899
Cash and cash equivalents	25	1,500,909	1,391,164
Total current assets		3,150,949	3,132,559
TOTAL ASSETS		23,579,757	23,244,663

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 RM'000	2018 RM'000
EQUITY AND LIABILITIES			
Equity			
Share capital	26	1,429,314	1,429,314
Other non-distributable reserves	27	2,825,928	3,166,516
Retained earnings		17,180,017	16,444,244
Equity attributable to owners of the parent		21,435,259	21,040,074
Non-controlling interests		695,532	696,797
Total equity		22,130,791	21,736,871
Non-current liabilities			
Borrowings	28	4,096	20,857
Lease obligations	10	227,976	201,054
Deferred tax liabilities	29	102,191	86,853
Provision for restoration cost	31	29,340	31,550
Total non-current liabilities		363,603	340,314
Current liabilities			
Contract liabilities	22	21,827	22,939
Trade and other payables	30	647,363	631,382
Derivative financial liabilities	24	17,339	470
Borrowings	28	357,075	468,068
Lease obligations	10	28,540	32,469
Provision for restoration cost	31	5,200	-
Current tax liabilities		8,019	12,150
Total current liabilities		1,085,363	1,167,478
Total liabilities		1,448,966	1,507,792
TOTAL EQUITY AND LIABILITIES		23,579,757	23,244,663

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

		← Attributable to owners of the parent		
		← Non-distributable		
	Note	Share Capital RM'000	Exchange Translation Reserve RM'000	Fair Value Reserve RM'000
At 1 January 2019		1,429,314	2,883,511	129,325
Other comprehensive (loss)/income		-	(229,622)	(112,079)
Profit for the year		-	-	-
Total comprehensive (loss)/income		-	(229,622)	(112,079)
Transfer of reserves	27	-	-	-
Dividends paid to shareholders of the Company	32	-	-	-
Dividends paid to non-controlling interests of subsidiaries		-	-	-
At 31 December 2019		1,429,314	2,653,889	17,246
At 1 January 2018		1,192,215	2,982,165	376,557
Other comprehensive (loss)/income		-	(98,654)	(247,232)
Profit for the year		-	-	-
Total comprehensive (loss)/income		-	(98,654)	(247,232)
Changes in equity interest in an associate		-	-	-
Transfer of reserves	27	-	-	-
Dividends paid to shareholders of the Company	32	-	-	-
Dividends paid to non-controlling interests of subsidiaries		-	-	-
Issuance of bonus shares		237,099	-	-
Expenses for issuance of bonus shares		-	-	-
Acquisition of shares in a subsidiary		-	-	-
Issue of shares to non-controlling interests		-	-	-
At 31 December 2018		1,429,314	2,883,511	129,325

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

Hedge Reserve RM'000	Capital Reserve RM'000	Retained Earnings RM'000	Total RM'000	Non- controlling Interests RM'000	Total Equity RM'000
(9,949)	163,629	16,444,244	21,040,074	696,797	21,736,871
(35,359)	17,645	377	(359,038)	3,854	(355,184)
-	-	1,152,551	1,152,551	46,711	1,199,262
(35,359)	17,645	1,152,928	793,513	50,565	844,078
-	18,827	(18,827)	-	(25,904)	(25,904)
-	-	(398,328)	(398,328)	-	(398,328)
-	-	-	-	(25,926)	(25,926)
(45,308)	200,101	17,180,017	21,435,259	695,532	22,130,791
19,014	118,539	15,991,602	20,680,092	675,863	21,355,955
(28,963)	40,106	-	(334,743)	(11,509)	(346,252)
-	-	1,075,096	1,075,096	27,855	1,102,951
(28,963)	40,106	1,075,096	740,353	16,346	756,699
-	-	(6,399)	(6,399)	-	(6,399)
-	4,984	(4,984)	-	-	-
-	-	(374,618)	(374,618)	-	(374,618)
-	-	-	-	(19,395)	(19,395)
-	-	(237,099)	-	-	-
-	-	(228)	(228)	-	(228)
-	-	874	874	(5,874)	(5,000)
-	-	-	-	29,857	29,857
(9,949)	163,629	16,444,244	21,040,074	696,797	21,736,871

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	2019 RM'000	2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,271,628	1,167,683
Adjustments for non-cash items:		
Amortisation and depreciation	172,695	181,538
Impairment of receivables	914	1,719
Property, plant and equipment and other assets written off	547	1,939
Net impairment of property, plant, equipment and land held for property development	-	1,088
Net gain on disposal of property, plant, equipment and investment properties	(4,769)	(2,001)
Gain on disposal of subsidiaries	(390)	(317)
Fair value loss/(gain) on biological assets	6,517	(1,996)
Share of results of associates	(1,039,614)	(919,922)
Share of results of a joint venture	4,960	(3,704)
Inventories written off	285	-
Unrealised net foreign exchange gain	(440)	(13,260)
Unrealised net loss/(gain) on fair value of derivative financial instruments	2,398	(350)
Interest expense	33,814	33,893
Dividend income	(11,511)	(10,330)
Income from short-term fund placements	(39,161)	(31,181)
Interest income	(9,151)	(14,689)
Operating profit before working capital changes	388,722	390,110
Adjustments for working capital changes:		
Increase in property development costs	(3,744)	(7,452)
Decrease/(increase) in inventories	90,133	(95,968)
Decrease in trade and other receivables	37,935	916
(Increase)/decrease in net of contract assets and liabilities	(27,925)	4,944
(Decrease)/increase in trade and other payables	(37,709)	245,282
Cash generated from operations	447,412	537,832
Tax paid	(46,438)	(58,289)
Net cash generated from operating activities	400,974	479,543

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	2019 RM'000	2018 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayment from associates	496	130,677
Proceeds from disposal/(purchase) of an equity investment	35,536	(35,156)
Purchase of property, plant and equipment	(102,033)	(103,720)
Purchase of investment properties, biological assets and other intangible assets	(40,607)	(46,902)
Proceeds from disposal of property, plant and equipment and investment properties	5,266	4,475
Distribution of profit from joint venture	7,555	6,403
Dividends received	382,169	390,183
Income received from short-term fund placements	34,946	30,372
Interest received	9,266	14,614
Proceeds from disposal of subsidiaries	-	7,205
Surplus from liquidation of subsidiaries	-	135
Acquisition of shares in subsidiaries	-	(5,000)
Acquisition of associates	-	(100,045)
Net cash generated from investing activities	332,594	293,241
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings	(133,285)	(291,384)
Payment of lease obligations	(42,470)	(43,618)
Interest paid	(23,814)	(23,488)
Dividends paid	(424,254)	(394,013)
Proceeds from issue of shares by a subsidiary	-	29,857
Issuance of bonus shares	-	(227)
Net cash used in financing activities	(623,823)	(722,873)
NET INCREASE IN CASH AND CASH EQUIVALENTS	109,745	49,911
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	1,390,711	1,338,663
EFFECTS OF EXCHANGE RATE CHANGES	114	2,137
CASH AND CASH EQUIVALENTS CARRIED FORWARD	1,500,570	1,390,711
Represented by:		
Cash and bank balances	180,967	193,760
Deposits	174,977	281,455
Short-term fund placements	1,144,965	915,949
Bank overdrafts	(339)	(453)
	1,500,570	1,390,711

The accompanying notes form an integral part of the financial statements

INCOME STATEMENT

For the year ended 31 December 2019

	Note	2019 RM'000	2018 RM'000
Revenue	3	490,036	471,174
Cost of sales		(28,182)	(25,952)
Gross profit		461,854	445,222
Other operating income		30,540	30,399
Administrative expenses		(24,810)	(26,902)
Finance costs	4	(58)	(87)
Profit before taxation	5	467,526	448,632
Tax expense	6	2	482
Profit for the year		467,528	449,114

**STATEMENT OF
COMPREHENSIVE INCOME**

For the year ended 31 December 2019

	2019 RM'000	2018 RM'000
Profit for the year	467,528	449,114
<u>Other comprehensive (loss)/income, net of tax</u>		
Items that will not be subsequently reclassified to profit or loss		
Fair value losses on investment in equity instruments designated as fair value through other comprehensive income	(94,415)	(212,917)
Gain on disposal of equity instrument at fair value through other comprehensive income	6,487	-
Total comprehensive income, net of tax	379,600	236,197

The accompanying notes form an integral part of the financial statements

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Note	2019 RM'000	2018 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	8	1,949	1,870
Investment properties	9	298,347	303,877
Right-of-use assets	10	791	1,153
Investment in subsidiaries	15	1,490,252	1,490,252
Investment in associates	16	8,841,349	8,841,349
Other investments	18	385,056	508,522
Deferred tax assets	19	26	24
Trade and other receivables	23	9,433	8,604
Total non-current assets		11,027,203	11,155,651
Current assets			
Trade and other receivables	23	18,862	16,782
Current tax asset		98	1,212
Cash and cash equivalents	25	814,490	705,498
Total current assets		833,450	723,492
TOTAL ASSETS		11,860,653	11,879,143
EQUITY AND LIABILITIES			
Equity			
Share capital	26	1,429,314	1,429,314
Fair value reserve		(347,206)	(258,903)
Retained earnings		10,756,625	10,687,050
Total equity		11,838,733	11,857,461
Non-current liabilities			
Borrowings	28	181	259
Deferred tax liabilities	29	255	255
Lease obligations	10	151	224
Total non-current liabilities		587	738
Current liabilities			
Trade and other payables	30	20,584	19,839
Borrowings	28	78	74
Lease obligations	10	671	1,031
Total current liabilities		21,333	20,944
Total liabilities		21,920	21,682
TOTAL EQUITY AND LIABILITIES		11,860,653	11,879,143

The accompanying notes form an integral part of the financial statements

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Note	Share Capital RM'000	Fair Value Reserve RM'000	Retained Earnings RM'000	Total RM'000
At 1 January 2019		1,429,314	(258,903)	10,687,050	11,857,461
Other comprehensive (loss)/income		-	(88,303)	375	(87,928)
Profit for the year		-	-	467,528	467,528
Total comprehensive (loss)/income		-	(88,303)	467,903	379,600
Dividends paid to shareholders of the Company	32	-	-	(398,328)	(398,328)
At 31 December 2019		1,429,314	(347,206)	10,756,625	11,838,733
At 1 January 2018		1,192,215	(45,986)	10,849,881	11,996,110
Other comprehensive loss		-	(212,917)	-	(212,917)
Profit for the year		-	-	449,114	449,114
Total comprehensive (loss)/income		-	(212,917)	449,114	236,197
Issuance of bonus shares		237,099	-	(237,099)	-
Expenses for issuance of bonus shares		-	-	(228)	(228)
Dividends paid to shareholders of the Company	32	-	-	(374,618)	(374,618)
At 31 December 2018		1,429,314	(258,903)	10,687,050	11,857,461

The accompanying notes form an integral part of the financial statements

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	2019 RM'000	2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	467,526	448,632
Adjustments for non-cash items:		
Amortisation and depreciation	8,670	8,560
Dividend income	(456,907)	(436,901)
Income from short-term fund placements	(25,485)	(24,714)
Interest income	(2,109)	(2,853)
Operating loss before working capital changes	(8,305)	(7,276)
Adjustments for working capital changes:		
Decrease in trade and other receivables	258	1,240
Increase in trade and other payables	971	3,818
Cash used in operations	(7,076)	(2,218)
Tax refunded/(paid)	1,114	(346)
Net cash used in operating activities	(5,962)	(2,564)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(736)	(1,122)
Purchase of investment properties	(1,248)	(8,047)
Acquisition of an associate	-	(59,062)
Proceeds from disposal/(purchase) of an equity investment	35,536	(35,161)
Advances to subsidiaries	(1,014)	(2,078)
Advances to an associate	(1,231)	-
Dividends received	456,907	436,901
Income received from short-term fund placements	25,485	24,442
Interest received	1,098	2,376
Net cash generated from investing activities	514,797	358,249

FINANCIAL STATEMENTS**STATEMENT OF
CASH FLOWS**

For the year ended 31 December 2019

	2019	2018
	RM'000	RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Payment of lease obligations	(1,374)	(1,374)
Dividends paid	(398,328)	(374,618)
(Repayment)/drawdown of borrowing	(74)	333
Other financing activities	-	(234)
Net cash used in financing activities	(399,776)	(375,893)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	109,059	(20,208)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	705,498	725,706
EFFECTS OF EXCHANGE RATE CHANGES	(67)	-
CASH AND CASH EQUIVALENTS CARRIED FORWARD	814,490	705,498

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

1. GENERAL

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

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

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

The Company is principally engaged in property investment and investment holding. There are no significant changes in the Company's principal activities during the financial year. The principal activities of the subsidiaries are set out in note 41.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

2.2 Changes in accounting policies

The significant accounting policies adopted by the Group and the Company are consistent with those of the previous financial year except for the adoption of the following Issue Committee Interpretation ("IC Interpretation") and Amendments to MFRSs, effective for financial periods beginning on or after 1 January 2019:

Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to MFRS Standards 2015-2017 Cycle	1 January 2019
IC Interpretation 23: Uncertainty over Income Tax Treatments	1 January 2019
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019

The Group and the Company have early adopted MFRS 16 in the financial year ended 31 December 2018. Adoption of the above amended standards did not have any 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 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Standards issued that are not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to MFRS 3: Business Combinations	1 January 2020
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2020
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 7: Financial Instruments Disclosures	1 January 2020
Amendments to MFRS 9: Financial Instruments	1 January 2020
Revised Conceptual Framework for Financial Reporting	1 January 2020
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2020

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

2.4 Significant accounting estimates and judgements

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

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.

NOTES TO THE
FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.4 Significant accounting estimates and judgements (continued)****(a) Critical judgement made in applying accounting policies**

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

(i) *Lease liability*

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

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

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

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

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

(b) Key sources of estimation uncertainty

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT 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 13.

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

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

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

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

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

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

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

**NOTES TO THE
FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.4 Significant accounting estimates and judgements (continued)****(b) Key sources of estimation uncertainty (continued)****(v) *Revenue recognition of property development activities and construction contracts***

The Group recognises property development and construction contracts revenue and expenses over time based on the percentage of completion method. The stages of completion of the property development activities and construction contracts are measured in accordance with the accounting policies set out in note 2.19.

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

2.5 Separate financial statements of the Company

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

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

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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Basis of consolidation (continued)

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 in 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.

2.7 Business combination

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

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

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

2.8 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.

**NOTES TO THE
FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.8 Associates and joint venture (continued)**

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 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 2.21.

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

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

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

(b) Depreciation

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

Depreciation is calculated to write off the depreciable amount of property, plant and equipment other than freehold land and capital work-in-progress on a straight-line basis over their estimated useful lives. The depreciable amount is determined after deducting residual value from cost.

The principal annual depreciation rates used for this purpose are:

Land and buildings	2% - 20% or over the remaining period of lease
Plant and machinery	5% - 33 $\frac{1}{3}$ %
Motor vehicles	5% - 20%
Furniture, fittings, office and other equipment	10% - 50%

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Investment properties

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

(a) Measurement basis

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

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

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

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

(b) Depreciation

Freehold land is not depreciated.

Depreciation is calculated to write off the depreciable amount of other investment properties on a straight-line basis over their estimated useful lives. Depreciable amount is determined after deducting the residual value from the cost of the investment property.

The principal annual depreciation rates used for this purpose are:

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Biological assets and bearer plants

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

2.12 Leases

The Group as lessee

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

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

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

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

**NOTES TO THE
FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.12 Leases (continued)***The Group 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 the shorter. The depreciation starts on the lease commencement date.

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

The Group as lessor

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

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

2.13 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Property development (continued)

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.

2.14 Intangible assets

(a) Goodwill

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

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

(b) Computer software and film rights

(i) *Measurement basis*

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

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

(ii) *Amortisation*

Amortisation is calculated to write off the depreciable 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments

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

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

(a) Financial assets

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

Subsequent measurement

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

Financial assets are measured subsequently in the following manner:

- at amortised cost (debt instruments);
- at fair value through other comprehensive income ("FVTOCI"), with recycling of cumulative gains and losses (debt instruments);
- designated at FVTOCI, without recycling of cumulative gains and losses (equity instruments); or
- at fair value through profit or loss ("FVTPL").

Financial assets at amortised cost

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (continued)

(a) Financial assets (continued)

Financial assets at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

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

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

Equity instruments designated at FVTOCI

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

A financial asset is held for trading if:

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

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.

**NOTES TO THE
FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.15 Financial instruments (continued)****(a) Financial assets (continued)***Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL, including:

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

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

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

Impairment of financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (continued)

(a) Financial assets (continued)

Impairment of financial assets (continued)

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

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

Derecognition of financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (continued)

(b) Financial liabilities

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

Financial liabilities at FVTPL

Financial liabilities are classified as FVTPL when the financial liability is:

- contingent consideration of an acquirer in a business combination;
- held for trading; or
- designated as FVTPL.

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

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

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

Financial liabilities at amortised cost

Financial liabilities that are not:

- contingent consideration of an acquirer in a business combination;
- held-for-trading; or
- designated as FVTPL,

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Financial instruments (continued)

(b) Financial liabilities (continued)

Financial guarantee contracts

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

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

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

Derecognition of financial liabilities

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

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

(c) Equity instrument

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

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

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

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

**NOTES TO THE
FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.15 Financial instruments (continued)****(d) Offsetting of financial instruments**

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

(e) Derivative financial instruments

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

2.16 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 2.13.

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.

2.17 Provisions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Non-current assets held for sale and discontinued operations

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

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

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

2.19 Revenue recognition

(a) Revenue from contract with customers

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

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

Sales of goods

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

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

**NOTES TO THE
FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.19 Revenue recognition (continued)****(a) Revenue from contract with customers (continued)***Rendering of services*

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

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

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

Property development and construction contracts

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

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

Prior to the implementation of MFRS 15, foreseeable losses for construction contracts were governed by MFRS 111. Following the implementation of MFRS 15, all foreseeable losses for construction contracts have been calculated in accordance with MFRS 137. The requirements of MFRS 137 prescribe that a provision for onerous contract provision must be calculated on a least net cost basis, which includes unavoidable costs only and comparing these costs to the cost of cancelling a contract including any termination fees. The policy on provisions is in Note 2.17.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Revenue recognition (continued)

(a) Revenue from contract with customers (continued)

Revenue from cinema operations

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

Contract balances arising from revenue recognition

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

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

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 revenue and income

Other income is recognised as follows:

- interest income is recognised using the effective interest method;
- dividend income is recognised when the right to receive payment is established; and
- leasing of investment properties (Refer to note 2.12).

2.20 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.

**NOTES TO THE
FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.20 Foreign currencies (continued)****(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 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

2.22 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.

**NOTES TO THE
FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.22 Employee benefits (continued)****(b) Defined contribution benefits**

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

2.23 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 development is 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.

2.24 Taxation

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

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

Current tax

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Taxation (continued)

Deferred tax

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

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

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

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

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

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

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.

**NOTES TO THE
FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**2.25 Cash and cash equivalents**

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

For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude deposits pledged to secure banking facilities.

2.26 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.

2.27 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

2.28 Comparatives

Certain comparative figures have been reclassified to conform with current year presentation.

**NOTES TO THE
FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

3. REVENUE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue from contracts with customers				
(a) Recognised at a point in time				
Sale of goods	3,999,528	3,848,363	-	-
Revenue from cinema operations	408,680	406,086	-	-
(b) Recognised over time				
Construction contracts	177,303	186,597	-	-
Sale of development properties	17,991	6,622	-	-
Rendering of services	34,185	34,617	-	-
	4,637,687	4,482,285	-	-
Rental from leasing of investment properties	34,578	35,645	33,129	34,273
Dividend income	11,511	10,330	456,907	436,901
	4,683,776	4,528,260	490,036	471,174

Reconciliation of revenue from contract customers and segmental information:

	Grains & agribusiness RM'000	Consumer products RM'000	Film exhibition & distribution RM'000	Environmental engineering & utilities RM'000	Property RM'000	Other operations RM'000	Total RM'000
2019							
Sales of goods	3,153,532	624,197	138,504	-	3,131	80,164	3,999,528
Sale of development properties	-	-	-	-	17,991	-	17,991
Construction contracts	-	-	-	177,303	-	-	177,303
Revenue from cinema operations	-	-	408,680	-	-	-	408,680
Rendering of services	-	-	8,943	17,266	7,562	414	34,185
	3,153,532	624,197	556,127	194,569	28,684	80,578	4,637,687

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

3. REVENUE (CONTINUED)

	Grains & Consumer agribusiness RM'000	Consumer products RM'000	Film exhibition & distribution RM'000	Environmental engineering & utilities RM'000	Property RM'000	Other operations RM'000	Total RM'000
2018							
Sales of goods	2,989,625	637,721	132,266	-	3,282	85,469	3,848,363
Sale of completed properties	-	-	-	-	6,622	-	6,622
Construction contracts	-	-	-	186,597	-	-	186,597
Revenue from cinema operations	-	-	406,086	-	-	-	406,086
Rendering of services	-	-	7,087	18,102	9,128	300	34,617
	2,989,625	637,721	545,439	204,699	19,032	85,769	4,482,285

Remaining unsatisfied performance obligations ("RUPO") represent the transaction price for goods and services for which the Group has a material right but work has not been performed. Transaction price of the RUPO includes the base transaction price, variable consideration and changes in transaction price. As a practical expedient, the RUPO does not include contracts for which the Group has recognised revenue at the amount to which the Group has the right to invoice for services performed or the performance obligation is part of a contract that has an original expected duration of one year or less. As at 31 December 2019, the aggregate amounts of the transaction price allocated to the RUPO of the Group is RM717 million. The Group is expected to recognise the revenue over the next 24 months.

4. FINANCE COSTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<i>Interest expense on:</i>				
Banker's acceptance	38	1,504	-	-
Revolving credits	635	996	-	-
Bank term loans	22,990	21,090	-	-
Bank overdrafts	108	108	-	-
Interest expense on lease obligations	10,030	10,181	45	73
Hire purchase	13	14	13	14
	33,814	33,893	58	87

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

5. PROFIT BEFORE TAXATION

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<i>Profit before taxation is stated after charging/(crediting):</i>				
Amortisation of other intangible assets	16,304	21,744	-	-
Auditors' remuneration				
- statutory audit	800	726	90	118
- non-audit services	309	254	6	11
Other auditors' remuneration				
- statutory audit	232	352	-	-
Impairment of contract assets and receivables	914	1,719	57	119
Depreciation				
- property, plant and equipment	115,249	120,345	649	675
- investment properties	5,173	4,998	6,764	6,640
- right-of-use assets	35,726	34,200	1,257	1,245
- bearer plant	243	251	-	-
Direct operating expenses from investment properties	31,384	29,195	29,769	27,617
Directors' remuneration				
- fees	967	967	940	940
- other emoluments	8,489	6,185	3,817	3,564
Net foreign exchange (gain)/loss				
- realised	(1,631)	22,228	(126)	(54)
- unrealised	(440)	(13,260)	-	-
Net fair value loss/(gain) on				
- derivative financial instruments	10,137	(23,793)	-	-
- biological assets	6,517	(1,996)	-	-
Net (gain)/loss on disposal of				
- property, plant and equipment	(36)	(1,006)	(4)	74
- a subsidiary	(390)	(317)	-	-
- investment properties	(4,733)	(995)	-	-
Impairment of				
- property, plant and equipment	-	821	-	-
- land held for property development	-	467	-	-
Short-term and low value asset leases	1,301	468	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

5. PROFIT BEFORE TAXATION (CONTINUED)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Assets written off				
- property, plant and equipment	534	1,858	3	1
- other assets	13	100	14	80
Inventories written off	285	-	-	-
Dividends from subsidiaries	-	-	(90,250)	(58,750)
Dividends from associates	-	-	(355,736)	(368,341)
Dividends from other investments	(11,511)	(10,330)	(10,921)	(9,810)
Interest income	(9,151)	(14,689)	(2,109)	(2,853)
Income from short-term fund placements	(39,161)	(31,181)	(25,485)	(24,714)
Rental income	(4,861)	(4,483)	-	-

6. TAX EXPENSE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Malaysian taxation				
Current	42,212	57,784	-	-
Deferred	930	5,841	4	(13)
	43,142	63,625	4	(13)
Foreign taxation				
Current	5,916	3,098	-	-
Deferred	15,523	1,482	-	-
	64,581	68,205	4	(13)
Under/(over) provision in prior year				
Malaysian taxation				
Current	1,973	594	-	(195)
Deferred	2,625	(4,067)	(6)	(274)
Foreign taxation				
Current	3,187	-	-	-
	72,366	64,732	(2)	(482)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

6. TAX EXPENSE (CONTINUED)

The statutory tax rate applicable to the Company is 24% (2018: 24%). Taxation for other jurisdictions are calculated at rates prevailing in other jurisdictions.

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit before taxation	1,271,628	1,167,683	467,526	448,632
Taxation at applicable tax rate	304,800	280,429	112,206	107,672
<i>Tax effects arising from:</i>				
Effect of share of results of:				
- associates	(249,507)	(220,780)	-	-
- joint venture	1,190	(889)	-	-
Non-taxable income	(11,684)	(17,982)	(115,861)	(110,787)
Non-deductible expenses	13,792	17,968	1,705	3,049
Utilisation of tax incentive	(1,880)	(3,114)	-	-
Utilisation of previously unrecognised tax losses	(5,272)	(47)	-	-
Withholding tax on undistributed profits of foreign associates	8,110	5,780	-	-
Deferred tax assets not recognised	5,032	6,840	1,954	53
Under/(over) provision in prior year	7,785	(3,473)	(6)	(469)
	72,366	64,732	(2)	(482)

7. EARNINGS PER SHARE

The basic and diluted earnings per share are calculated by dividing the Group's profit for the year attributable to owners of the parent by the number of ordinary shares in issue during the year.

	Group	
	2019	2018
Profit for the year attributable to owners of the parent (RM'000)	1,152,551	1,075,096
Number of ordinary shares in issue ('000)	1,422,599	1,422,599
Earnings per share – basic and diluted (sen)	81.0	75.6

The basic and diluted earnings per share are the same as the Group has no potential dilutive ordinary shares as at the end of the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

8. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings		Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings, office and other equipment RM'000	Capital work-in-progress RM'000	Total RM'000
	Freehold RM'000	Leasehold RM'000					
Group							
Cost							
At 1.1.2019	184,154	955,764	985,611	84,684	183,219	13,983	2,407,415
Additions	679	33,063	21,500	7,433	9,645	80,228	152,548
Disposals	-	-	(321)	(1,315)	(348)	-	(1,984)
Exchange differences	-	3,305	2,757	21	49	(162)	5,970
Write-offs	-	(11,227)	(7,049)	(762)	(3,236)	-	(22,274)
Reclassifications	715	34,302	19,111	-	8,844	(62,972)	-
Transfer to other intangible assets	-	-	-	-	-	(92)	(92)
At 31.12.2019	185,548	1,015,207	1,021,609	90,061	198,173	30,985	2,541,583
Accumulated depreciation							
At 1.1.2019	77,412	360,865	506,315	42,536	120,725	-	1,107,853
Charge for the year	3,900	42,521	49,292	8,651	10,885	-	115,249
Disposals	-	-	(229)	(1,253)	(270)	-	(1,752)
Exchange differences	-	688	1,769	10	39	-	2,506
Write-offs	-	(11,219)	(6,793)	(616)	(3,112)	-	(21,740)
At 31.12.2019	81,312	392,855	550,354	49,328	128,267	-	1,202,116

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings		Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings, office equipment RM'000	Capital work-in-progress RM'000	Total RM'000
	Freehold RM'000	Leasehold RM'000					
Group							
Accumulated impairment losses							
At 1.1.2019/31.12.2019	476	877	467	-	230	-	2,050
Net book value at 31.12.2019	103,760	621,475	470,788	40,733	69,676	30,985	1,337,417
Cost							
At 1.1.2018	187,285	930,695	977,583	84,749	177,328	9,282	2,366,922
Additions	881	25,543	24,013	8,880	10,728	17,126	87,171
Disposals	-	-	(540)	(8,463)	(400)	-	(9,403)
Exchange differences	-	(5,046)	(10,568)	(35)	(1,036)	58	(16,627)
Write-offs	(696)	(4,093)	(8,657)	(447)	(3,439)	-	(17,332)
Reclassifications	-	8,665	3,780	-	38	(12,483)	-
Transfer to investment properties	(3,316)	-	-	-	-	-	(3,316)
At 31.12.2018	184,154	955,764	985,611	84,684	183,219	13,983	2,407,415

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Land and buildings		Plant and machinery RM'000	Motor vehicles RM'000	Furniture, fittings, office and other equipment RM'000	Capital work-in-progress RM'000	Total RM'000
	Freehold RM'000	Leasehold RM'000					
Group							
Accumulated depreciation							
At 1.1.2018	74,665	327,598	468,894	41,244	108,919	-	1,021,320
Charge for the year	3,941	37,443	54,610	8,752	15,599	-	120,345
Disposals	-	-	(515)	(7,134)	(241)	-	(7,890)
Exchange differences	-	(882)	(8,480)	(15)	(408)	-	(9,785)
Write-offs	(531)	(3,294)	(8,194)	(311)	(3,144)	-	(15,474)
Transfer to investment properties	(663)	-	-	-	-	-	(663)
At 31.12.2018	77,412	360,865	506,315	42,536	120,725	-	1,107,853
Accumulated impairment losses							
At 1.1.2018	476	523	-	-	430	-	1,429
Charge for the year	-	354	467	-	-	-	821
Impairment written back	-	-	-	-	(200)	-	(200)
At 31.12.2018	476	877	467	-	230	-	2,050
Net book value at 31.12.2018	106,266	594,022	478,829	42,148	62,264	13,983	1,297,512

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Motor vehicles RM'000	Furniture, fittings, office and other equipment RM'000	Total RM'000
Cost			
At 1.1.2019	990	4,970	5,960
Additions	120	616	736
Disposals	(57)	(28)	(85)
Write-offs	-	(204)	(204)
At 31.12.2019	1,053	5,354	6,407
Accumulated depreciation			
At 1.1.2019	637	3,453	4,090
Charge for the year	109	540	649
Disposals	(57)	(23)	(80)
Write-offs	-	(201)	(201)
At 31.12.2019	689	3,769	4,458
Net book value at 31.12.2019	364	1,585	1,949
Cost			
At 1.1.2018	1,207	4,415	5,622
Additions	423	699	1,122
Disposals	(640)	-	(640)
Write-offs	-	(144)	(144)
At 31.12.2018	990	4,970	5,960
Accumulated depreciation			
At 1.1.2018	805	3,213	4,018
Charge for the year	292	383	675
Disposals	(460)	-	(460)
Write-offs	-	(143)	(143)
At 31.12.2018	637	3,453	4,090
Net book value at 31.12.2018	353	1,517	1,870

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

9. INVESTMENT PROPERTIES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cost				
At 1 January	371,385	326,712	356,577	348,630
Additions	27,576	44,190	1,248	8,047
Disposals	(583)	-	-	-
Write-offs	(71)	(2,833)	(51)	(100)
Transfer from property, plant and equipment	-	3,316	-	-
At 31 December	398,307	371,385	357,774	356,577
Accumulated depreciation				
At 1 January	122,934	119,992	48,678	42,058
Charge for the year	5,173	4,998	6,764	6,640
Disposals	(314)	-	-	-
Write-offs	(58)	(2,719)	(37)	(20)
Transfer from property, plant and equipment	-	663	-	-
At 31 December	127,735	122,934	55,405	48,678
Accumulated impairment losses				
At 1 January	4,802	4,835	4,022	4,022
Write-off	-	(33)	-	-
At 31 December	4,802	4,802	4,022	4,022
Net book value at 31 December	265,770	243,649	298,347	303,877
Fair value at 31 December	851,918	840,046	503,590	502,370

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 2 of the fair value hierarchy.

**NOTES TO THE
FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

10. RIGHT-OF-USE ASSETS AND LEASE OBLIGATIONS

The Group and Company as Lessee:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Right-of-use assets:				
Properties	245,769	223,142	791	1,153
Lease obligations:				
Non-current	227,976	201,054	151	224
Current	28,540	32,469	671	1,031
	256,516	233,523	822	1,255

The leases of properties are typically made for periods of 1 to 15 years. The lessors do not impose any covenant. The properties are mainly used for the Group's cinema operations and offices.

Additions to right-of-use assets during the current financial year for the Group amounted to RM58.6 million (2018: RM26.7 million).

Leases of land and buildings are disclosed in notes 8 and 12.

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Balance as at 1 January	233,523	239,069	1,255	2,556
Lease payment	(42,470)	(43,618)	(1,374)	(1,374)
Interest expense	10,030	10,181	45	73
Addition	55,683	27,911	896	-
Disposal	(252)	-	-	-
Exchange differences	2	(20)	-	-
Balance as at 31 December	256,516	233,523	822	1,255

Total cash outflows for leases of the Group and the Company during the current financial year amounted to RM42.5 million (2018: RM43.6 million) and RM1.4 million (2018: RM1.4 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

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

The Group and Company as Lessor:

Operating leases

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

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
- within one year	24,940	25,177	22,084	22,554
- more than one year but less than five years	20,461	19,781	19,235	17,158
	45,401	44,958	41,319	39,712

11. BIOLOGICAL ASSETS AND BEARER PLANTS

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

	Group	
	2019 RM'000	2018 RM'000
Carrying amount	3,042	3,804

(b) Livestock (included under current assets)

	Group	
	2019 RM'000	2018 RM'000
At 1 January	21,980	18,716
Changes in fair value	(5,857)	1,975
Purchases	4,754	5,420
Disposals	(4,110)	(4,131)
At 31 December	16,767	21,980

During the financial year, the Group produced approximately 36.4 million (2018: 34.6 million) day-old-chicks and 235.3 million (2018: 219.8 million) table eggs.

As at 31 December 2019, the quantities of poultry and hatchable eggs were 1.3 million birds and 3.1 million eggs (2018: 1.4 million and 3.8 million) 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 2019

12. LAND HELD FOR PROPERTY DEVELOPMENT

Group	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
Cost				
At 1 January 2019	67,289	263	33,973	101,525
Reversal	-	-	(1,347)	(1,347)
At 31 December 2019	67,289	263	32,626	100,178
At 1 January 2018	67,756	263	34,016	102,035
Additions	-	-	593	593
Reversal	-	-	(636)	(636)
Impairment	(467)	-	-	(467)
At 31 December 2018	67,289	263	33,973	101,525

13. GOODWILL

	Group	
	2019 RM'000	2018 RM'000
Cost		
At 1 January/31 December	73,704	73,704

Impairment testing of goodwill

Goodwill arising from business combinations had been allocated to the Group's cash-generating units ("CGU") identified according to business segments as follows:

	Group	
	2019 RM'000	2018 RM'000
Film exhibition and distribution	70,233	70,233
Environmental engineering and utilities	2,427	2,427
Chemicals trading and manufacturing	290	290
Other operations	754	754
	73,704	73,704

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

13. GOODWILL (CONTINUED)

Film exhibition and distribution

The recoverable amount of the CGU of film exhibition and distribution is determined by value-in-use calculation using cash flow projections based on financial budgets covering a ten-year period. Cash flows beyond that ten-year period have been extrapolated using a terminal growth rate of 2.1% (2018: 2.1%) per annum ("p.a."), based on the long-term average growth rate of the industry. A pre-tax discount rate of 12.7% (2018: 13.5%) is applied to cash flow projections which also reflects the specific risks relating to the CGU.

Sensitivity to changes in assumptions

All the above key assumptions are based on management knowledge in the respective industries and historical information. In assessing the value-in-use, management is of the view that no foreseeable changes in any of the above key assumptions are expected to cause the carrying values of the respective CGUs to materially exceed their recoverable amounts.

The discount rates used are pre-tax and reflect specific risks relating to the relevant CGU.

Impairment was not required for goodwill arising from all CGUs. Management believes that any reasonable possible change to the assumptions applied is not likely to cause the recoverable amount of all the CGUs to be lower than its carrying amount.

14. OTHER INTANGIBLE ASSETS

Group	Film rights RM'000	Computer software RM'000	Total RM'000
Cost			
At 1 January 2019	122,088	19,038	141,126
Additions	11,724	1,396	13,120
Disposal	-	(79)	(79)
Write-offs	-	(122)	(122)
Transfer from property, plant and equipment	-	92	92
Rights expired	(9,313)	-	(9,313)
Exchange differences	-	18	18
At 31 December 2019	124,499	20,343	144,842

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For the financial year ended 31 December 2019

14. OTHER INTANGIBLE ASSETS (CONTINUED)

Group	Film rights RM'000	Computer software RM'000	Total RM'000
Accumulated amortisation			
At 1 January 2019	113,523	15,312	128,835
Charge for the year	14,701	1,603	16,304
Disposal	-	(70)	(70)
Write-offs	-	(122)	(122)
Rights expired	(9,313)	-	(9,313)
Exchange differences	-	6	6
At 31 December 2019	118,911	16,729	135,640
Carrying amount as at 31 December 2019			
Intangible asset classified as non-current asset	5,563	3,614	9,177
Intangible asset classified as current asset	25	-	25
	5,588	3,614	9,202
Cost			
At 1 January 2018	123,865	17,585	141,450
Additions	14,482	1,982	16,464
Write-offs	-	(530)	(530)
Rights expired	(16,259)	-	(16,259)
Exchange differences	-	1	1
At 31 December 2018	122,088	19,038	141,126

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

14. OTHER INTANGIBLE ASSETS (CONTINUED)

Group	Film rights RM'000	Computer software RM'000	Total RM'000
Accumulated amortisation			
At 1 January 2018	109,355	14,526	123,881
Charge for the year	20,427	1,317	21,744
Write-offs	-	(530)	(530)
Rights expired	(16,259)	-	(16,259)
Exchange differences	-	(1)	(1)
At 31 December 2018	113,523	15,312	128,835
Carrying amount as at 31 December 2018	8,565	3,726	12,291
Intangible asset classified as non-current asset	8,515	3,726	12,241
Intangible asset classified as current asset	50	-	50
	8,565	3,726	12,291

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2019 RM'000	2018 RM'000
Unquoted shares at cost	1,491,376	1,491,376
Impairment loss on unquoted shares at cost	(1,124)	(1,124)
	1,490,252	1,490,252

Details of the subsidiaries are set out in note 41.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

16. INVESTMENT IN ASSOCIATES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Quoted shares at cost	8,080,369	8,080,369	8,684,629	8,684,629
Unquoted shares at cost	608,597	608,597	156,745	156,745
	8,688,966	8,688,966	8,841,374	8,841,374
Impairment loss on unquoted shares	(1,709)	(1,709)	(25)	(25)
Group's share of post-acquisition reserves	9,272,969	8,864,347	-	-
	17,960,226	17,551,604	8,841,349	8,841,349
Market value of quoted shares	14,692,563	11,105,553	14,692,563	11,105,553

The Group's share of the current year's losses and accumulated losses of associates which amounted to RM582,000 and RM3,275,000 (2018: RM562,000 and RM2,693,000) respectively have not been recognised in the Group's income statement as equity accounting had ceased when the Group's share of losses of these associates exceeded the carrying amount of its investment in these associates.

The summarised financial information of the Group's material associate as at 31 December is as follows:

Wilmar International Ltd

	2019 RM'000	2018 RM'000
Non-current assets	87,894,388	80,237,234
Current assets	104,675,557	108,694,796
Non-current liabilities	(25,283,132)	(25,219,752)
Current liabilities	(94,119,861)	(94,365,735)
Net assets	73,166,952	69,346,543
Revenue	176,540,277	179,485,947
Profit for the year	5,674,107	4,938,058
Other comprehensive loss	(626,408)	(2,757,324)
Total comprehensive income	5,047,699	2,180,734

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

16. INVESTMENT IN ASSOCIATES (CONTINUED)

	2019 RM'000	2018 RM'000
Other disclosures		
Cash and cash equivalents	8,386,058	6,598,963
Current financial liabilities (excluding trade and other payables and provision)	(76,370,734)	(75,039,787)
Non-current financial liabilities (excluding trade and other payables and provision)	(22,314,524)	(22,979,810)
Depreciation and amortisation	(3,636,847)	(3,353,366)
Finance income	1,969,990	1,885,055
Finance expense	(3,694,810)	(3,305,289)
Income tax expense	(1,538,221)	(1,410,925)

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:

	2019 RM'000	2018 RM'000
Net assets	73,166,952	69,346,543
Proportion of ownership interest held by the Group	18.5%	18.5%
Group's share of net assets	13,528,569	12,849,914
Goodwill	4,205,884	4,250,053
Other adjustments		
- Non-controlling interests' share of associate's net assets	(842,774)	(550,082)
- Others	(46,056)	(44,195)
Carrying amount of the Group's interest in the associate	16,845,623	16,505,690

The Group has received dividends from Wilmar International Ltd in the current financial year which amounted to RM354.0 million (2018: RM366.6 million).

As at 31 December 2019, the market value of shares in Wilmar International Ltd held by the Company was below its carrying amount. Accordingly, the Company had undertaken an impairment test on the carrying amount of the investment in the associate.

The recoverable amount of the investment in the associate was estimated using cash flow projections covering a ten-year period. The cash flows for that ten-year period were estimated using a terminal growth rate of 3.5% (2018: 3.5%). A discount rate of 7.5% (2018: 4.9%) 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.

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For the financial year ended 31 December 2019

16. INVESTMENT IN ASSOCIATES (CONTINUED)

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

	2019 RM'000	2018 RM'000
Profit for the year	79,486	82,799
Other comprehensive (loss)/income	(497)	2,259
Total comprehensive income	78,989	85,058
Carrying amount of the Group's interests in other associates	1,114,603	1,045,914

Details of the associates are set out in note 42.

The Group has received dividends from non-material associates in the current financial year which amounted to RM16.6 million (2018: RM13.2 million).

17. INVESTMENT IN JOINT VENTURE

	Group	
	2019 RM'000	2018 RM'000
Group's share of post-acquisition reserves	17,404	57,017

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

	Group	
	2019 RM'000	2018 RM'000
(Loss)/profit for the year and total comprehensive (loss)/income for the year	(4,960)	3,704

Details of the joint venture are set out in note 43.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

18. OTHER INVESTMENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<u>Equity instruments designated at FVTOCI</u>				
Quoted shares	404,752	533,642	384,790	508,256
Unquoted shares	427	427	266	266
	405,179	534,069	385,056	508,522

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

During the year, the Group disposed of its investment in PACC Offshore Services Holdings Ltd via a voluntary conditional cash offer. The fair value at the date of derecognition amounted to RM35.5 million. The cumulative gain arising from the disposal amounted to RM377,000 and was transferred from fair value adjustment reserve to retained earnings.

The Group and Company recognised dividends of RM11.5 million (2018: RM10.3 million) and RM10.9 million (2018: RM9.8 million) respectively during the year.

19. DEFERRED TAX ASSETS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At 1 January	4,052	2,269	24	37
Exchange translation differences	58	47	-	-
(Reversal)/originating during the year	(3,768)	1,736	2	(13)
At 31 December	342	4,052	26	24

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.

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FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

19. DEFERRED TAX ASSETS (CONTINUED)

The deferred tax assets are attributable to:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unabsorbed tax losses and capital allowances	30,261	26,791	26	24
Other temporary differences	2,813	22,722	-	-
	33,074	49,513	26	24

The following 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:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Unabsorbed tax losses and capital allowances*	110,766	111,766	19,043	10,900

* Pursuant to the relevant tax regulations, the unrecognised tax credits at the end of the reporting period will expire as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
- With no expiry	10,449	5,209	4,024	1,136
- Within 12 months	11,082	1,786	-	-
- More than 12 months	89,235	104,771	15,019	9,764
	110,766	111,766	19,043	10,900

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For the financial year ended 31 December 2019

20. INVENTORIES

	Group	
	2019 RM'000	2018 RM'000
At cost:		
Raw materials	404,932	498,467
Goods in transit – raw materials	254,255	233,534
Work-in-progress	774	263
Finished goods	109,012	120,328
Completed properties	6,649	8,966
Consumables	26,891	30,465
	802,513	892,023
Recognised in income statement:		
Inventories recognised in cost of sales	3,341,807	3,329,850

21. PROPERTY DEVELOPMENT COSTS

	Group	
	2019 RM'000	2018 RM'000
Freehold land – at cost	1,404	1,404
Development and construction costs	12,386	4,890
At 1 January	13,790	6,294
Additions	17,555	12,676
Cost recognised in income statement during the year	(12,464)	(5,180)
At 31 December	18,881	13,790

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

22. CONTRACT ASSETS/LIABILITIES

	Group	
	2019 RM'000	2018 RM'000
(a) Contract assets		
Construction contracts	49,641	22,827
(b) Contract liabilities		
Construction contracts	2,474	113
Consideration received in advance	5,294	8,922
Other contract related liabilities:		
- Refund liabilities and expected rebates	14,059	13,904
	21,827	22,939

Revenue relating to construction contract is recognised over time, while the customers pay according to contractual milestones which give rise to the timing differences that are recognised as contract assets or contract liabilities.

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

23. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Current				
Receivables from contract with customers				
- third parties	604,262	647,712	-	-
- associates	15,105	13,217	-	-
	619,367	660,929	-	-
Other trade receivables				
- third parties	1,494	1,780	892	347
Impairment	(7,276)	(8,661)	(61)	(4)
Total trade receivables	(a) 613,585	654,048	831	343
Other receivables	(b) 109,163	84,495	2,976	2,921
Amounts due from subsidiaries	(c) -	-	15,020	13,515
Amounts due from associates	(d) 29,416	30,785	35	3
	752,164	769,328	18,862	16,782

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

		Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current					
Amount due from associates	(d)	9,433	8,604	9,433	8,604
Other receivables	(b)	1,167	1,181	-	-
		10,600	9,785	9,433	8,604
Trade and other receivables		762,764	779,113	28,295	25,386

(a) Trade receivables

The balances are subject to normal credit terms of the Group and the Company ranging from 14 to 90 days.

Included in trade receivables is a retention sum of RM18.0 million (2018: RM13.2 million) relating to construction contracts.

(b) Other receivables

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Sundry receivables	43,974	46,784	2,344	2,237
Impairment	(334)	(334)	(334)	(334)
	43,640	46,450	2,010	1,903
Interest receivable	257	372	116	126
Deposits	53,722	26,864	594	644
Prepayments	11,544	10,809	256	248
Other long-term receivables	1,167	1,181	-	-
	110,330	85,676	2,976	2,921

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For the financial year ended 31 December 2019

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

(c) Amount due from subsidiaries

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

	Company	
	2019 RM'000	2018 RM'000
Interest-bearing at 3.79% (2018: 3.82%) p.a.	12,731	11,937
Non-interest bearing	2,289	1,578
	15,020	13,515

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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Interest-bearing ranging from 2.37% to 2.50% (2018: 2.37% to 2.50%) p.a.	36,771	37,055	-	-
Non-interest bearing	1,420	2,461	35	3
	38,191	39,516	35	3
Allowance for impairment	(8,775)	(8,731)	-	-
	29,416	30,785	35	3

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

Amount due from an associate included under non-current assets

The amount due from an associate is unsecured, interest bearing at 4.78% (2018: 4.52%) and has no fixed repayment period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

24. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Group	Notional value RM'000	Derivative financial assets RM'000	Derivative financial liabilities RM'000
2019			
Forward contracts	17,782	128	(95)
Futures and options contracts	591,667	-	(17,244)
		128	(17,339)
2018			
Forward contracts	80,502	6	(413)
Futures and options contracts	49,275	492	(57)
		498	(470)

The Group classifies all derivative financial instruments as financial assets/financial liabilities at fair value through profit or loss.

The Group enters into foreign currency forward contracts to hedge the exchange rate risk associated with anticipated foreign currency payments or receipts.

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

25. CASH AND CASH EQUIVALENTS

		Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Deposits	(a)	174,977	281,455	100,094	27,700
Short-term fund placements	(b)	1,144,965	915,949	712,517	675,489
Cash and bank balances	(c)	180,967	193,760	1,879	2,309
		1,500,909	1,391,164	814,490	705,498

(a) Deposits

Short-term deposits were placed for varying periods up to 3 months, and the average interest rate for the Group and Company is at 0.96% to 3.59% (2018: 1.15% to 7.00%) and 1.30% to 3.59% (2018: 1.75% to 3.90%) p.a. respectively.

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For the financial year ended 31 December 2019

25. CASH AND CASH EQUIVALENTS (CONTINUED)

(b) Short-term fund placements

Short-term fund placements represent investment in highly liquid money market instruments. This investment is readily convertible to cash and has insignificant risk of changes in value.

(c) Cash and bank balances

Included in cash and bank balances is an amount of RM17.8 million (2018: RM30.1 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.

26. SHARE CAPITAL

	2019		2018	
	Number of shares '000	RM'000	Number of shares '000	RM'000
Issued and fully paid ordinary shares:				
At 1 January	1,422,599	1,429,314	1,185,500	1,192,215
Issuance of bonus shares	-	-	237,099	237,099
At 31 December	1,422,599	1,429,314	1,422,599	1,429,314

27. OTHER NON-DISTRIBUTABLE RESERVES

		Group	
		2019 RM'000	2018 RM'000
Exchange translation reserve	(a)	2,653,889	2,883,511
Fair value reserve	(b)	17,246	129,325
Hedge reserve	(c)	(45,308)	(9,949)
Capital reserve	(d)	200,101	163,629
		2,825,928	3,166,516

(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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

27. OTHER NON-DISTRIBUTABLE RESERVES (CONTINUED)

(b) Fair value reserve

Fair value reserve represents the cumulative fair value changes of equity instrument at fair value through other comprehensive income until they are disposed of or impaired.

Fair value reserve includes the share of fair value reserve of associates.

(c) Hedge reserve

Hedge reserve represents the share of associate's cumulative fair value changes net of tax of the derivative contracts which apply hedge accounting.

(d) Capital reserve

The transfer from retained earnings to capital reserve is attributable to the Group's share of associates' reserves. The associates transferred a specific amount of its net profit to reserve fund in a accordance with the applicable local laws of the countries where they operate.

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

28. BORROWINGS

		Group		Company	
		2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current					
USD-denominated term loan	(a)	-	11,412	-	-
VND-denominated term loan	(b)	3,915	9,186	-	-
Hire purchase		181	259	181	259
		4,096	20,857	181	259
Current					
USD-denominated term loan	(a)	11,341	15,217	-	-
VND-denominated term loan	(b)	5,219	5,249	-	-
USD-denominated short-term loan	(c)	114,665	112,068	-	-
VND-denominated short-term loan	(c)	83,438	40,463	-	-
IDR-denominated short-term loan	(c)	141,595	214,197	-	-
Hire purchase		78	74	78	74
Bank overdrafts		339	453	-	-
Banker's acceptance	(c)	-	49,000	-	-
Revolving credits	(c)	400	31,347	-	-
		357,075	468,068	78	74
Total borrowings		361,171	488,925	259	333

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For the financial year ended 31 December 2019

28. BORROWINGS (CONTINUED)

- (a) As at 31 December 2019, the USD-denominated term loan is secured by a corporate guarantee from a subsidiary and repayable by installments until 2020.
- (b) The VND-denominated term loan is secured by a corporate guarantee from a subsidiary and is repayable by 2021.
- (c) The borrowings are unsecured.

The interest rates for the borrowings are as follows:

	2019 % p.a.	2018 % p.a.
USD-denominated term loans	1.88 - 4.04	2.72 - 4.41
VND-denominated term loan	5.00 - 6.90	5.55 - 6.90
IDR-denominated term loan	7.75 - 8.00	9.00
Banker's acceptance	-	3.78
Revolving credits	4.53	3.65 - 4.81

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

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Balance as at 1 January	488,472	780,244	333	-
Net (repayment)/drawdown of debts	(133,285)	(291,384)	(74)	333
Exchange differences	5,645	(388)	-	-
Balance as at 31 December	360,832	488,472	259	333

NOTES TO THE FINANCIAL STATEMENTS

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29. DEFERRED TAX LIABILITIES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At 1 January	86,853	81,916	255	555
Originating/(reversal) during the year	15,310	4,992	-	(300)
Exchange translation differences	28	(55)	-	-
At 31 December	102,191	86,853	255	255

The deferred tax liabilities are attributable to:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Property, plant and equipment	92,470	97,453	255	255
Revaluation of assets	7,790	8,129	-	-
Withholding tax on undistributed profits of foreign associates	34,663	26,732	-	-
	134,923	132,314	255	255

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For the financial year ended 31 December 2019

30. TRADE AND OTHER PAYABLES

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Trade payables				
- third parties	384,051	428,003	1,111	1,399
- associates	22,837	17,817	-	-
	(a) 406,888	445,820	1,111	1,399
Interest accrued	846	1,039	-	-
Other payables	68,848	67,577	2,527	369
Accruals	158,763	103,628	7,166	8,571
Refundable deposits	11,922	12,451	8,962	8,633
Amount due to subsidiaries	(b) -	-	750	-
Amount due to associates	(c) 96	867	68	867
	647,363	631,382	20,584	19,839

(a) Trade payables

The normal credit terms extended by suppliers range from 30 to 120 days. Retention sums for construction contracts are payable upon the expiry of the defects liability period of the respective construction contracts.

(b) Amount due to subsidiaries

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

(c) Amount due to associates

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

31. PROVISION FOR RESTORATION COST

	Group	
	2019 RM'000	2018 RM'000
At 1 January	31,550	31,550
Additional provision	2,990	-
At 31 December	34,540	31,550
Current	5,200	-
Non-current	29,340	31,550
	34,540	31,550

The provision represents the estimated cost of restoring the leased properties to the condition stipulated in the contracts, which are capitalised and included in the cost of right-of-use assets.

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32. DIVIDENDS

	Group/Company	
	2019 RM'000	2018 RM'000
Final dividend of 20 sen per share for financial year ended 31 December 2018 (2018: 22 sen for financial year ended 31 December 2017)	284,520	260,810
Interim dividend of 8 sen per share for the financial year ended 31 December 2019 (2018: 8 sen for financial year ended 31 December 2018)	113,808	113,808
	398,328	374,618

Subsequent to the financial year end, the Board of Directors declared a second interim dividend of 23 sen per share amounting to RM327.2 million payable on 2 June 2020.

The entitlement date of the second interim dividend is 18 May 2020.

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	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<i>Transactions with associates</i>				
Interest income	1,162	3,237	416	380
Purchase of goods	36,742	32,265	-	-
Sales of goods	1,670	1,542	-	-
Film rental income	5,807	2,422	-	-
<i>Transactions with subsidiaries of the ultimate holding company</i>				
Sales of goods	25,108	10,423	-	-
Purchase of goods	1,100	-	-	-
Supervision fees income	2,211	1,442	-	-
<i>Transactions with subsidiaries of associates</i>				
Purchase of goods	195,069	191,553	-	-
Sales of goods	108,662	61,760	-	-
Rental income	3,333	3,102	-	-
Security and other services expense	7,973	6,868	-	-
Freight cost	131,642	51,902	-	-
Supervision fees income	2,954	3,246	-	-

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33. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Key management personnel compensation

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<i>Directors</i>				
Short-term employee benefits	8,827	6,540	4,253	4,039
Contributions to defined contribution plan	629	612	504	465
Sub-total	9,456	7,152	4,757	4,504
<i>Other key management personnel</i>				
Short-term employee benefits	16,046	13,584	4,808	4,449
Contributions to defined contribution plan	2,121	1,955	762	704
Sub-total	18,167	15,539	5,570	5,153
Total compensation	27,623	22,691	10,327	9,657

34. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Short-term employee benefits	340,218	315,341	20,527	20,302
Contributions to defined contribution plan	32,778	30,962	2,261	2,270
Employee benefits expense	372,996	346,303	22,788	22,572

35. CAPITAL AND OTHER COMMITMENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
<i>Capital commitments</i>				
Property, plant and equipment, and investment properties				
- contracted	17,989	38,535	64	1,432
- not contracted	446,150	474,676	9,340	2,782
	464,139	513,211	9,404	4,214

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

35. CAPITAL AND OTHER COMMITMENTS (CONTINUED)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Other commitments				
- contracted	393,951	317,312	99,730	20,000
Total commitments	858,090	830,523	109,134	24,214

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 (2018: none).

(a) By business segment

The Group's operations comprise the following reportable segments:

- (i) Grains and agribusiness - Flour milling and manufacturing of animal feed, wheat and maize trading, production of day-old-chicks, eggs and other related downstream activities, and oil palm plantations
- (ii) Consumer products - Marketing and distribution of edible oils and consumer products, production and distribution of frozen food and bakery products, and manufacturing of toiletry requisites and household products
- (iii) Film exhibition and distribution - Exhibition and distribution of movies and content
- (iv) Environmental engineering and utilities - Construction works specialising in the water and environmental industries and provision of waste management services
- (v) Property - Letting of commercial properties and development of residential and commercial properties
- (vi) Other operations - Investment holding, chemical trading and manufacturing, and others

(b) Segment capital expenditure

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

36. SEGMENTAL REPORTING (CONTINUED)

2019	Grains & agribusiness RM'000	Consumer products RM'000	Film exhibition & distribution RM'000
REVENUE			
External sales	3,153,532	624,197	556,127
Inter-segment sales	150,615	3,243	-
Total revenue	3,304,147	627,440	556,127
RESULTS			
Segment results	135,204	6,377	65,287
Share of results of associates	77,806	(5,730)	1,551
Share of results of joint venture	-	-	-
Unallocated corporate expense	-	-	-
Profit before taxation	213,010	647	66,838
Tax expense			
Profit for the year			
OTHER INFORMATION			
Segment assets	2,393,804	415,704	759,478
Investment in associates	584,207	21,249	188,367
Investment in joint venture	-	-	-
Tax assets			
Unallocated corporate assets			
Consolidated total assets			
Segment liabilities	321,737	60,044	465,651
Borrowings			
Tax liabilities			
Unallocated corporate liabilities			
Consolidated total liabilities			
Capital expenditure	49,668	11,751	110,408
Unallocated corporate capital expenditure			
Amortisation and depreciation	61,486	14,898	87,368
Unallocated corporate amortisation and depreciation			
Non-cash items other than amortisation and depreciation	8,236	610	226

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

Environmental engineering & utilities RM'000	Property RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
194,569	63,298	92,053	-	4,683,776
270	1,337	319	(155,784)	-
194,839	64,635	92,372	(155,784)	4,683,776
11,310	13,491	48,655	-	280,324
4,922	400	960,665	-	1,039,614
(4,960)	-	-	-	(4,960)
-	-	-	-	(43,350)
11,272	13,891	1,009,320	-	1,271,628
				(72,366)
				1,199,262
215,959	472,563	1,320,062	(632)	5,576,938
49,288	267,327	16,849,788	-	17,960,226
17,404	-	-	-	17,404
				10,263
				14,926
				23,579,757
76,132	33,644	14,302	(632)	970,878
				361,171
				110,210
				6,707
				1,448,966
471	20,303	55	-	192,656
				729
				193,385
1,085	5,379	1,026	-	171,242
				1,453
				172,695
(547)	(4,174)	591	-	4,942

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

36. SEGMENTAL REPORTING (CONTINUED)

2018	Grains & agribusiness RM'000	Consumer products RM'000	Film exhibition & distribution RM'000
REVENUE			
External sales	2,989,625	637,721	545,439
Inter-segment sales	156,340	2,846	-
Total revenue	3,145,965	640,567	545,439
RESULTS			
Segment results	110,467	14,355	65,834
Share of results of associates	72,087	(7,267)	1,340
Share of results of joint venture	-	-	-
Unallocated corporate expense	-	-	-
Profit before taxation	182,554	7,088	67,174
Tax expense			
Profit for the year			
OTHER INFORMATION			
Segment assets	2,429,230	449,020	704,671
Investment in associates	509,269	27,041	187,978
Investment in joint venture	-	-	-
Tax assets			
Unallocated corporate assets			
Consolidated total assets			
Segment liabilities	326,819	68,792	410,260
Borrowings			
Tax liabilities			
Unallocated corporate liabilities			
Consolidated total liabilities			
Capital expenditure	47,422	12,553	65,362
Unallocated corporate capital expenditure			
Amortisation and depreciation	64,472	14,371	91,396
Unallocated corporate amortisation and depreciation			
Non-cash items other than amortisation and depreciation	(15,308)	1,149	1,697

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

Environmental engineering & utilities RM'000	Property RM'000	Other operations RM'000	Elimination RM'000	Total RM'000
204,699	54,711	96,065	-	4,528,260
192	1,823	541	(161,742)	-
204,891	56,534	96,606	(161,742)	4,528,260
17,328	15,906	45,614	-	269,504
(116)	16,181	837,697	-	919,922
3,704	-	-	-	3,704
-	-	-	-	(25,447)
20,916	32,087	883,311	-	1,167,683
				(64,732)
				1,102,951
153,529	480,804	1,382,429	(449)	5,599,234
47,821	269,838	16,509,657	-	17,551,604
57,017	-	-	-	57,017
				24,951
				11,857
				23,244,663
53,903	41,236	12,251	(449)	912,812
				488,925
				99,003
				7,052
				1,507,792
16,940	32,467	5,692	-	180,436
				1,115
				181,551
1,540	5,807	2,473	-	180,059
				1,479
				181,538
(194)	(338)	(320)	-	(13,314)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

36. SEGMENTAL REPORTING (CONTINUED)

(b) By geographical segment

The Group operates mainly in Asia. In determining the geographical segments of the Group, revenue is based on the geographical location of customers. Non-current assets are disclosed based on the geographical locations of the assets, and do not include investments in associates and joint venture, other investments and deferred tax assets.

	Revenue		Carrying amount of non-current assets	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Malaysia	3,216,785	3,342,623	1,702,080	1,625,081
Indonesia	745,712	638,052	170,788	180,539
Vietnam	488,916	423,876	168,975	154,990
Other ASEAN countries	176,829	84,900	3,814	3,571
Other Asian countries	13,032	12,776	-	-
Others	42,502	26,033	-	-
	4,683,776	4,528,260	2,045,657	1,964,181

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				
2019				
Other investments	-	405,179	-	405,179
Receivables	732,570	-	-	732,570
Derivative financial assets	-	-	128	128
Deposits, cash and bank balances	355,944	-	-	355,944
Short-term fund placements	-	-	1,144,965	1,144,965
Total financial assets	1,088,514	405,179	1,145,093	2,638,786

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 2019

37. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

Financial assets	At amortised cost RM'000	At FVTOCI RM'000	At FVTPL RM'000	Total RM'000
Group				
2018				
Other investments	-	534,069	-	534,069
Receivables	744,680	-	-	744,680
Derivative financial assets	-	-	498	498
Deposits, cash and bank balances	475,215	-	-	475,215
Short-term fund placements	-	-	915,949	915,949
Total financial assets	1,219,895	534,069	916,447	2,670,411
Company				
2019				
Other investments	-	385,056	-	385,056
Receivables	28,039	-	-	28,039
Deposits, cash and bank balances	101,973	-	-	101,973
Short-term fund placements	-	-	712,517	712,517
Total financial assets	130,012	385,056	712,517	1,227,585
2018				
Other investments	-	508,522	-	508,522
Receivables	24,964	-	-	24,964
Deposits, cash and bank balances	30,009	-	-	30,009
Short-term fund placements	-	-	675,489	675,489
Total financial assets	54,973	508,522	675,489	1,238,984

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

37. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

Financial liabilities	At amortised cost RM'000	At FVTPL RM'000	Total RM'000
Group			
2019			
Payables	627,332	-	627,332
Borrowings	361,171	-	361,171
Lease obligations	256,516	-	256,516
Derivative financial liabilities	-	17,339	17,339
Total financial liabilities	1,245,019	17,339	1,262,358
2018			
Payables	612,132	-	612,132
Borrowings	488,925	-	488,925
Lease obligations	233,523	-	233,523
Derivative financial liabilities	-	470	470
Total financial liabilities	1,334,580	470	1,335,050
Company			
2019			
Payables	20,584	-	20,584
Lease obligations	822	-	822
Borrowings	259	-	259
Total financial liabilities	21,665	-	21,665
2018			
Payables	19,839	-	19,839
Lease obligations	1,255	-	1,255
Borrowings	333	-	333
Total financial liabilities	21,427	-	21,427

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value of financial instruments

The following summarises the methods used in determining the fair value of financial instruments:

(i) Other investments

Fair value of investments in quoted shares has been determined by reference to their quoted closing bid price at the end of the reporting period.

Fair value of unquoted equity investments is measured using generally acceptable valuation techniques.

(ii) Derivatives

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

Fair value of commodities futures and options has been determined by reference to current quoted market prices for contracts with similar maturity profiles.

(iii) Short-term fund

Fair value of the short-term fund has been determined by reference to the net assets value of the fund at the end of the reporting period as quoted by the fund managers.

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				
2019				
Other investments	404,752	-	427	405,179
Short-term fund placements	1,144,965	-	-	1,144,965
Derivative financial assets	-	128	-	128
	1,549,717	128	427	1,550,272
2018				
Other investments	533,642	-	427	534,069
Short-term fund placements	915,949	-	-	915,949
Derivative financial assets	-	498	-	498
	1,449,591	498	427	1,450,516

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

37. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Fair value of financial instruments (continued)

Financial assets	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Company				
2019				
Other investments	384,790	-	266	385,056
Short-term fund placements	712,517	-	-	712,517
	1,097,307	-	266	1,097,573
2018				
Other investments	508,256	-	266	508,522
Short-term fund placements	675,489	-	-	675,489
	1,183,745	-	266	1,184,011

There were no transfers between Level 1 and Level 2 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 activities are exposed to a variety of financial risks. The Group's overall financial risk management objective is to minimise potential adverse effects on the financial performance of the Group.

Financial risk management is carried out through risk reviews, internal control systems, insurance programmes and adherence to financial risk management policies.

The Group enters into derivative instruments, principally forward, futures and options contracts to hedge its exposure to financial risks. The Group does not trade in derivative instruments.

There have been no significant changes in the Group's exposure to financial risks from the previous year. Also, there have been no changes to the Group's risk management objectives, policies and processes since the previous financial year end.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The Group's management review and agree on policies for managing each of the financial risks and they are summarised as follows:

(a) Foreign currency exchange risk

The Group is exposed to currency risk as a result of foreign currency transactions entered into in currencies other than its functional currencies. The Group enters into forward foreign currency contracts to limit its exposure to foreign currency receivables and payables, and on cash flows from anticipated transactions denominated in foreign currencies.

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

	Group	
	2019	2018
	RM'000	RM'000
Assets		
- United States Dollar ("USD")	72,233	98,154
- Chinese Renminbi ("RMB")	28,884	104,647
Liabilities		
- USD	319,483	387,111
- RMB	59	1,681

A sensitivity analysis has been performed on changes in exchange rate of foreign currencies against RM for outstanding foreign currency denominated monetary items. Management has considered the recent volatility in exchange rates and has concluded that a 5% movement in exchange rates is a reasonably possible assumption. If the following foreign currencies appreciate against RM with all other variables held constant, the Group's profit before taxation would increase/(decrease) as follows:

	Group	
	2019	2018
	RM'000	RM'000
USD	(12,380)	(14,448)
RMB	1,441	5,148

As other foreign currency denominated monetary items as at 31 December 2019 and 31 December 2018 are not material, the sensitivity analysis has not been presented.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Interest rate risk

The Group is exposed to interest rate risk which is the risk that the fair value of the financial instrument or future cash flows will fluctuate as a result of changes in market interest rates.

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Exposure to changes in interest rate risk relates primarily to the Group's bank borrowings, short-term fund placements and deposits placed with licensed banks and financial institutions. As the exposure to interest risk is not expected to be material, the sensitivity analysis has not been presented.

(c) Commodity price risk

The prices of agricultural commodities are subject to wide fluctuations due to unpredictable factors such as weather, government policies, changes in global demand resulting from population growth and changes in standards of living, and global production of similar and competitive crops. During its ordinary course of business, the value of the Group's open sales and purchases commitments and inventory of raw material changes continuously in line with movements in the prices of the underlying commodities. To the extent that its open sales and purchases commitments do not match at the end of each business day, the Group is subjected to price fluctuations in the commodities market.

While the Group is exposed to fluctuations in agricultural commodities prices, its policy is to minimise its risks arising from such fluctuations by hedging its sales either through direct purchases of a similar commodity or through futures contracts on the commodity exchanges. The prices on the commodity exchanges are generally quoted up to twelve months forward.

In the course of hedging its sales either through direct purchases or through futures, options and swap contracts, the Group may also be exposed to the inherent risk associated with trading activities conducted by its personnel. The Group has in place a risk management system to manage such risk exposure.

(d) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than commodity price, interest or exchange rates). The Group is exposed to equity price risk arising from its investment in equity instruments. These instruments are classified as investment securities at FVTOCI.

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FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(e) Credit risk**

Credit risk is the risk of loss that may arise on an outstanding financial instrument 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 and unsecured loans to associates.

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, lease receivables and contract assets. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Management writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Exposure to credit risk arising from sales made on deferred credit terms is managed through the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. If necessary, the Group may obtain collaterals from counterparties as a means of mitigating losses in the event of default.

Apart from a customer of a subsidiary of the Group, the Group does not have significant credit risk exposure to any single debtor or any group of debtors. The amount due from the said customer amounted to RM53.3 million (2018: RM56.1 million) as at the end of the reporting period. The credit risk associated with trade receivables from this customer is mitigated by immoveable property charged to a subsidiary and personal guarantee pledged in favour of the subsidiary. The security value of the immoveable property charged approximates the outstanding amount due from the customer at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Credit risk (continued)

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

	Group		Company	
	Gross RM'000	Impairment RM'000	Gross RM'000	Impairment RM'000
2019				
Not past due	464,712	-	89	-
Less than 30 days past due	87,992	(101)	506	(25)
Between 30 and 90 days past due	43,704	(95)	109	(27)
More than 90 days past due	24,453	(7,080)	188	(9)
	620,861	(7,276)	892	(61)
2018				
Not past due	481,264	(76)	216	-
Less than 30 days past due	103,500	(7)	60	-
Between 30 and 90 days past due	59,584	(32)	28	-
More than 90 days past due	18,361	(8,546)	43	(4)
	662,709	(8,661)	347	(4)

Movements in the impairment of trade receivables are as follows:

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
At 1 January	8,661	9,307	4	4
Impairment recognised	924	1,637	57	-
Bad debts written off	(1,732)	(1,719)	-	-
Reversal of impairment	(571)	(575)	-	-
Exchange translation differences	(6)	11	-	-
At 31 December	7,276	8,661	61	4

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FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**(e) Credit risk (continued)**Loans to associates

Exposure to credit risk arising from unsecured loans to associates is managed through credit evaluation and ongoing monitoring of the credit quality of the associates.

Management assessed the credit risk in respect of loans to associates with reference to the financial capability and probability of default.

Management concluded that the credit risk in respect of loans to associates is considered low.

Cash and cash equivalents

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

(f) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they fall due. The Group's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group seeks to ensure all business units maintain optimum levels of liquidity at all times, sufficient for their operating, investing and financing activities.

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(f) Liquidity risk (continued)

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

	Less than 1 year RM'000	1 to 5 years RM'000	More than 5 years RM'000	Total RM'000
Group				
2019				
Trade and other payables	627,332	-	-	627,332
Borrowings	360,756	4,173	-	364,929
Derivative financial liabilities	17,339	-	-	17,339
Lease obligations	45,014	123,305	150,766	319,085
	1,050,441	127,478	150,766	1,328,685
2018				
Trade and other payables	612,132	-	-	612,132
Borrowings	476,532	21,476	-	498,008
Derivative financial liabilities	470	-	-	470
Lease obligations	41,553	109,441	133,661	284,655
	1,130,687	130,917	133,661	1,395,265
Company				
2019				
Payables	20,584	-	-	20,584
Lease obligations	686	151	-	837
Borrowings	87	190	-	277
	21,357	341	-	21,698
2018				
Payables	19,839	-	-	19,839
Lease obligations	1,057	224	-	1,281
Borrowings	87	277	-	364
	20,983	501	-	21,484

NOTES TO THE FINANCIAL STATEMENTS

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39. CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to ensure that it maintains a strong capital base in order to support its existing business operations and enable future development of the businesses as well as maximise shareholder 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 adjustments 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	
	2019	2018
	RM'000	RM'000
Share capital	1,429,314	1,429,314
Reserves	20,005,945	19,610,760
Total capital	21,435,259	21,040,074
Short-term borrowings	357,075	468,068
Long-term borrowings	4,096	20,857
Total borrowings	361,171	488,925
Total borrowings to capital ratio (times)	0.02	0.02

40. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue in accordance with a resolution of the Directors on 8 May 2020.

**NOTES TO THE
FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

41. SUBSIDIARIES

The subsidiaries are as follows:

Companies	Group's equity interest		Place of incorporation	Principal activities
	2019 %	2018 %		
FFM Berhad	80.0	80.0	Malaysia	Investment holding, grains trading, flour milling and feed milling
Johor Bahru Flour Mill Sdn Bhd	100.0	100.0	Malaysia	Flour milling, manufacturing of animal feed and provision of management services
FFM (Sabah) Sdn Bhd	100.0	100.0	Malaysia	Manufacturing and trading of animal feed
FFM Feedmills (Sarawak) Sdn Bhd	100.0	100.0	Malaysia	Manufacturing and trading of animal feed and its by-products
Mantap Aman Sdn Bhd	100.0	100.0	Malaysia	Investment holding
# PT Pundi Kencana	51.0	51.0	Indonesia	Flour milling
FFM Marketing Sdn Bhd	100.0	100.0	Malaysia	Distribution and marketing of edible oils and consumer products
FFM Flour Mills (Sabah) Sdn Bhd	100.0	100.0	Malaysia	Provision of management services
Taloh Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Waikari Sdn Bhd	100.0	100.0	Malaysia	Investment holding
* Buxton Ltd	100.0	100.0	Samoa	Investment holding
Friendship Trading Sdn Bhd	100.0	100.0	Malaysia	Provision of transportation management services
* Glowland Ltd	100.0	100.0	Samoa	Investment holding
JBFM Flour Mill Sdn Bhd	100.0	100.0	Malaysia	Provision of management services
FFM Farms Sdn Bhd	100.0	100.0	Malaysia	Poultry farming and breeding, production of organic fertilisers and owner of oil palm plantation
FFM Pulau Indah Sdn Bhd	100.0	100.0	Malaysia	Provision of management services
FFM Grains & Mills Sdn Bhd	100.0	100.0	Malaysia	Flour milling and manufacturing of animal feed
FFM SMI Sdn Bhd	100.0	100.0	Malaysia	Investment holding and provision of management services
* Vietnam Flour Mills Ltd	100.0	100.0	Socialist Republic of Vietnam	Flour milling
* VFM-Wilmar Flour Mills Company Ltd	51.0	51.0	Socialist Republic of Vietnam	Wheat flour milling and the sale of flour, flour based products and by-products
Tego Sdn Bhd	96.4	96.4	Malaysia	Investment holding
Tego Multifil Sdn Bhd	100.0	100.0	Malaysia	Dormant
The Italian Baker Sdn Bhd	100.0	100.0	Malaysia	Manufacturing and distribution of bakery products and provision of management services
* Keen Trade Limited	-	100.0	British Virgin Islands	Struck off in 2019

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

41. SUBSIDIARIES (CONTINUED)

Companies	Group's equity interest		Place of incorporation	Principal activities
	2019 %	2018 %		
PPB Hartabina Sdn Bhd	100.0	100.0	Malaysia	Property development, provision of project and property management, and other related services
South Island Mining Company Sdn Bhd	100.0	100.0	Malaysia	Investment holding and oil palm cultivation
Seletar Sdn Bhd	100.0	100.0	Malaysia	Oil palm cultivation and property development
PPB Property Development Sdn Bhd	100.0	100.0	Malaysia	Provision of project and property management, and other related services
Peakland Property Management Sdn Bhd	100.0	100.0	Malaysia	Dormant
PPB Leisure Holdings Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Cathay Screen Cinemas Sdn Bhd	100.0	100.0	Malaysia	Property investment and investment holding
Cathay Theatres Sdn Bhd	100.0	100.0	Malaysia	Property investment
Golden Screen Cinemas Sdn Bhd	100.0	100.0	Malaysia	Exhibition of movies and content
Premier Cinemas Sdn Bhd	100.0	100.0	Malaysia	Under members' voluntary liquidation
Cinead Sdn Bhd	100.0	100.0	Malaysia	Advertising contractor and consultant
Glitters Café Sdn Bhd	100.0	100.0	Malaysia	Operator of cafés and sales of merchandise goods
Easi (M) Sdn Bhd	60.0	60.0	Malaysia	Provision of information technology solutions, consultation services and sales of related products and services
* Enterprise Advanced System Intelligence Pte Ltd	60.0	60.0	Singapore	Provision of information technology solutions, consultation services and sales of related products and services
Easi Ticketing Sdn Bhd	100.0	100.0	Malaysia	Provision of information technology services and sales of related products
GSC Movies Sdn Bhd	100.0	100.0	Malaysia	Distribution of movies and content
Golden Screen International Sdn Bhd	100.0	100.0	Malaysia	Dormant
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	Pre-operating
LGSC Cambodia Limited	100.0	100.0	Malaysia	Dormant

**NOTES TO THE
FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

41. SUBSIDIARIES (CONTINUED)

Companies	Group's equity interest		Place of incorporation	Principal activities
	2019 %	2018 %		
PPB Corporate Services Sdn Bhd	100.0	100.0	Malaysia	Provision of corporate secretarial, share registration and share nominee services
Hexarich Sdn Bhd	100.0	100.0	Malaysia	Investment holding
* Masuma Trading Co Ltd	100.0	100.0	Hong Kong	Investment holding
Chemquest Sdn Bhd	55.0	55.0	Malaysia	Trading in chemical products, investment holding and provision of management services
Products Manufacturing Sdn Bhd	70.0	70.0	Malaysia	Manufacture and wholesale of toilet requisites, household and chemical products
* CQ Properties Sdn Bhd	-	100.0	Malaysia	Liquidated in 2019
CWM Group Sdn Bhd	100.0	100.0	Malaysia	Construction works specialising in the water and environmental industry
Dinamik Cemerlang Sdn Bhd	100.0	100.0	Malaysia	Investment holding
Cipta Wawasan Maju Engineering Sdn Bhd	100.0	100.0	Malaysia	Builders and contractors for general engineering and construction works
Sitamas Environmental Systems Sdn Bhd	100.0	100.0	Malaysia	Provision of refuse disposal services
Entrol Systems Sdn Bhd	100.0	100.0	Malaysia	Letting of properties
Tunggak Menara Services Sdn Bhd	100.0	100.0	Malaysia	Provision of garbage collection and disposal services
Malayan Adhesives And Chemicals Sdn Bhd	99.6	99.6	Malaysia	Manufacturing and marketing of adhesives, resins, additives, formaldehyde and phenoset microspheres, trading in contact glue and investment holding
* Chemquest (Overseas) Ltd	100.0	100.0	British Virgin Islands	Investment holding
* PT Healthcare Glovindo	99.9	99.9	Indonesia	Dormant
* Kerry Utilities Ltd	50.0	50.0	Samoa	Investment holding
* Beijing KVW Wastewater Technology Company Ltd.	51.0	51.0	The People's Republic of China	Investment holding
* Beijing CQ Environmental Management Consultancy Services Co Ltd	100.0	100.0	The People's Republic of China	Provision of consultancy services
* Chemquest Pte. Ltd.	100.0	-	Singapore	Wholesale of industrial, construction and related machinery and equipment, variety of goods without a dominant product

* Subsidiaries not audited by Ernst & Young PLT

Subsidiaries audited by a network firm of Ernst & Young PLT

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

42. ASSOCIATES

The associates are as follows:

Companies	Group's equity interest		Place of incorporation	Principal activities
	2019 %	2018 %		
* Shaw Brothers (M) Sdn Bhd	34.0	34.0	Malaysia	Property investment, investment holding, provision of management services, and hotel ownership and operation
* Vita Tenggara Fruit Industries Sdn Bhd	40.0	40.0	Malaysia	Property development and investment in real properties
* Trinity Coral Sdn Bhd	25.0	25.0	Malaysia	Investment holding
Huge Quest Realty Sdn Bhd	40.0	40.0	Malaysia	Investment holding
* Kerry Flour Mills Ltd	43.4	43.4	Thailand	Wheat flour milling and distribution
Berjaya-GSC Sdn Bhd	50.0	50.0	Malaysia	Exhibition of movies and content
* Ancom-Chemquest Terminals Sdn Bhd	25.0	25.0	Malaysia	Building, owning, operating, leasing and managing a chemical tank farm and warehouse
* Worldwide Landfills Sdn Bhd	40.0	40.0	Malaysia	Management of environmental sanitary landfill and waste treatment
* Veolia Water Kerry Water Services Ltd	49.0	49.0	Hong Kong	Investment holding
* Kerry CQ JV Environmental Engineering Ltd	50.0	50.0	British Virgin Islands	Investment holding
* Meizan CLV Corporation	50.0	50.0	Socialist Republic of Vietnam	Manufacturing of value added grain food processed from all kinds of grains
**# Wilmar International Ltd ("Wilmar")	18.5	18.5	Singapore	Oil palm cultivation, oilseed crushing, edible oils refining, sugar milling and refining, manufacturing of consumer products, specialty fats, oleochemicals, biodiesel and fertiliser, as well as flour and rice milling
* FFM Further Processing Sdn Bhd	30.0	30.0	Malaysia	Manufacturing and processing of nuggets, sausages and burgers
* 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 (Chongqing) Foodstuffs Co., Ltd	20.0	20.0	The People's Republic of China	Pre-operating

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**NOTES TO THE
FINANCIAL STATEMENTS**

For the financial year ended 31 December 2019

42. ASSOCIATES (CONTINUED)

Companies	Group's equity interest		Place of incorporation	Principal activities
	2019 %	2018 %		
* 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
Raintree Profits Sdn Bhd	31.5	31.5	Malaysia	Film production
* Dream Talents Pictures Sdn Bhd	35.0	35.0	Malaysia	Film production
* Medan Multimedia Sdn Bhd	19.0	19.0	Malaysia	Film production
* Galaxy Studio Joint Stock Company	40.0	40.0	Socialist Republic of Vietnam	Exhibition and distribution of movies and content
Vietnam Investment Ltd	50.0	50.0	Malaysia	Investment holding
* Hillcrest Gardens Sdn Bhd	16.8	16.8	Malaysia	Real property development, property holding and property management
* Orion Capital Sdn Bhd	50.0	-	Malaysia	Investment holding

* Associates not audited by Ernst & Young PLT

Associates audited by a network firm of Ernst & Young PLT

** The Group considers Wilmar an associate by virtue of its ability to exercise significant influence over Wilmar's financial and operating policy decisions through board representation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2019

42. ASSOCIATES (CONTINUED)

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

Companies	Financial year end
Shaw Brothers (M) Sdn Bhd	31 March
Ancom-Chemquest Terminals Sdn Bhd	31 May

For the purpose of applying equity accounting, management financial statements of these associates are prepared to the same reporting date as the Group.

43. JOINT VENTURE

The joint venture is as follows:

	Proportion of ownership interest		Place of incorporation	Principal activities
	2019 %	2018 %		
* 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

44. SUBSEQUENT EVENT

The Group has seen macro-economic uncertainty with regards to prices and demand of its products and services as a result of the COVID-19 (coronavirus) outbreak.

Recent global developments and uncertainty in the market have caused further disruption and large scale volatility in the commodity markets.

The scale and duration of these developments remain uncertain but could impact the Group's earnings, cash flows and financial condition going forward.

The Group is monitoring the situation and taking necessary measures to support and enable its business operations to continue.

APPENDIX TO THE DIRECTORS' REPORT

For the financial year ended 31 December 2019

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:

Ahmad Ramza bin Buan Mohamed @ Ramli

Alwi Setiawan

Alfred Chin Siu Wa

Aw Yong Gin Chong

Ballbeer Singh a/l Sarwan Singh

(Resigned on 2 March 2020)

Bings Untono

Chang Hung Chieh

Chan Kok Chee

Cheng Kin Ming

Chew Chuen Wei

Chew Hwei Yeow

Chin Kok Wooi

Chin Sui Tung

(Resigned on 1 March 2020)

Darwin Indigo

Datuk Haji Musa @ Ayob bin Saad

Datuk Ong Hung Hock

(Retired on 1 October 2019)

Dinh Xuan Quang

(Appointed on 20 May 2019)

Dr Cheong Siew Hoo

(Resigned on 1 August 2019)

Dr Liew Kai Wah

(Appointed on 1 March 2020)

Dr Liew Pit Kang

Dr Ong Choo Teik

Francis Quah Chuan Hoe @ Quah Chuan Hoe

(Appointed on 15 July 2019)

Gen (R) Tan Sri Dato' Mohd Ghazali bin

Dato' Mohd Seth

Goon Kin Wai @ Jeremy Ruan Jianwei

(Appointed on 1 October 2019)

Hairuddin Halim

Heng Beng Fatt

Ho Hiok Kheng

Irving Chee Huan Tong

Keren Chen

Khor Mee Kuan

Koh Hong Lian

Koh Mei Lee

Koh Mei Leng

Ku Lai Wa

Kuok Khoon Chen

Kuok Khoon Hong

Lai Fei Siong

(Resigned on 1 September 2019)

Lee Oon Tiong

Leong Yew Weng

Liew Tau Kuek

Lim Soon Huat

Lim Kwo Kuang

(Appointed on 1 March 2020)

Low Eng Hooi

(Appointed on 1 August 2019)

Luah Hong Wan

Mah Teck Keong

Mulyo Setiawan

Nasiet Othsman

Ng Poh Yee

Ngo Dinh Anh Kiet

(Resigned on 20 May 2019)

Olvy Othsman

Pan Yue

Pang Boon Hong

Pua Seck Guan

Soh Kian Kiat

Soo Hau Yuh

Sophia Felicia Siregar

(Appointed on 13 September 2019)

Syamsinar AR

Tan Kwee Chan

(Resigned on 2 March 2020)

Tan Sri Abdul Razak bin Ramli

Tan Sri Dato Lee Lam Thye

Tay Szu Yun

(Resigned on 20 May 2019)

Teh Lam Chuan

Teoh Hock Seng

Terry Kho Aik Tee

Thing Chee Tiong

Tonny Muksim

Tse Kai Chi

Wong Yew Kheong

(Appointed on 20 May 2019)

Yap Choi Foong

Yee Wen Chin

Yong Su Keong

STATEMENT BY DIRECTORS

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

We, TAN SRI DATUK OH SIEW NAM and DATO' CAPT. AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID, being two of the Directors of PPB Group Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 98 to 193 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 2019 and of the financial performance and cash flows for the year ended on that date.

On behalf of the Board

TAN SRI DATUK OH SIEW NAM
Chairman

DATO' CAPT. AHMAD SUFIAN @ QURNAIN BIN ABDUL RASHID
Director

Kuala Lumpur
8 May 2020

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 98 to 193 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 8th day of May, 2020

Before me,

Christopher Koh Swee Kiat
Commissioner for Oaths
Malaysia
No. W554

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 2019 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 98 to 193.

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 2019, 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 matter is the matter 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 matter was addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter. For matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to the matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

INDEPENDENT AUDITORS' REPORT

To the members of PPB Group Berhad

(a) Impairment assessment of investment in associates (Refer to note 16 to the financial statements)

As at 31 December 2019, the Group's and Company's investment in associates amounted to RM17,960 million and RM8,841 million, respectively. In accordance with MFRS 136: Impairment of Assets, the Group and the Company are required to assess at each reporting date, whether there are any indications of impairment amongst others for investment in associates. If indicators of impairment exist, an impairment test is carried out by comparing the carrying amount of the investment in associates with its recoverable amount. Recoverable amount is defined as the higher of fair value less cost of disposal and value-in-use ("VIU"). Brought about by the lower market capitalisation of a material investment in associate as compared to its carrying amount, the Group and the Company estimated the recoverable amount of the said investment in associate using the VIU method.

In estimating the VIU, management exercised significant judgement in preparing the discounted cash flow forecast. The key assumptions made in relation to the impairment assessment of investment in associate are disclosed in note 16 to the financial statements.

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

In addressing the matter above, we amongst others carried out 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 statement.

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 information included in the Group's 2019 Annual Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT
AUDITORS' REPORT**

To the members of PPB Group Berhad

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in note 41 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.

The financial statements of the Group for the year ended 31 December 2018 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 28 March 2019.

ERNST & YOUNG PLT
202006000003 (LLP0022760-LCA) & AF: 0039
Chartered Accountants

NG YEE YEE
No. 03176/05/2021J
Chartered Accountant

Kuala Lumpur
8 May 2020

ADDITIONAL COMPLIANCE INFORMATION

The following additional information is provided in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad:

1. Audit and non-audit fees

The audit and non-audit fees paid or payable to the external auditors of PPB by the Group and the Company for the financial year ended ("FYE") 31 December 2019 were as follows:

	Group	Company
Audit Fees	RM800,000	RM90,000
Non-audit Fees	RM309,250	RM6,000

2. Material contracts

There were no material contracts entered into by PPB Group involving the directors' and major shareholders' interests since the end of the previous financial year nor still subsisting at the end of FYE 31 December 2019.

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

The actual values of RRPTs entered into by PPB Group with PGEO Group Sdn Bhd ("PGSB") and/or its connected persons in FYE 31 December 2019 pursuant to the shareholders' mandate obtained at the 50th Annual General Meeting are as follows :

Nature of transactions undertaken by PPB and/or its subsidiaries	Transacting party	FYE 2019 Actual RM'000	Nature of relationship
Purchase of cooking oil, soyabean, crude palm oil and refined palm products from PGSB Group			
FFM Berhad ("FFM")* Group	PGSB Group	173,529	PGSB is a major shareholder of FFM.
Purchase of crude palm oil from Sapi			
FFM (Sabah) Sdn Bhd	Sapi Plantations Sdn Bhd ("Sapi")	4,036	Sapi is a wholly-owned subsidiary of PPB Oil Palms Berhad, a person connected with PGSB.
Charter hire of vessels from RSI			
FFM Group	Raffles Shipping International Pte Ltd ("RSI")	131,642	RSI is a 100%-owned subsidiary of Wilmar International Limited ("Wilmar"), a person connected with PGSB.
Sale of flour and pollard to Wilmar Group			
FFM Group	Wilmar Group	107,973	Wilmar is a person connected with PGSB.

ADDITIONAL COMPLIANCE INFORMATION

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

Nature of transactions undertaken by PPB and/or its subsidiaries	Transacting party	FYE 2019 Actual RM'000	Nature of relationship
Payment of agency commission to WMCLV for sale of flour and pollard			
FFM Group	Wilmar Marketing CLV Company Ltd ("WMCLV")	5,800	WMCLV is an indirect 100%-owned subsidiary of Wilmar.
Rental of land and buildings to PGEO			
Taloh Sdn Bhd	PGEO Edible Oils Sdn Bhd ("PGEO")	1,980	PGEO is a wholly-owned subsidiary of PGSB.
Purchase of meat and bone meal from WGPL			
FFM Group	Wilmar Trading (Australia) Pty Ltd [^] ("WGPL")	7,117	WGPL is a 100%-owned subsidiary of Wilmar.
Payment of advisory fee to WTA			
FFM	Wilmar Trading (Asia) Pte Ltd ("WTA")	892	WTA is an indirect 100%-owned subsidiary of Wilmar.
Purchase of consumer products			
FFM Group	Goodman Fielder Pte Ltd ("GFP")	16,086	GFP is an indirect 100%-owned subsidiary of Wilmar.

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

[^] Formerly known as Wilmar Gavilon Pty Ltd.

OTHER INFORMATION

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 31.12.2019 RM'000
STATE OF KEDAH								
PT 876-2360, 2363-2372, 2390-2398, 3726-3733, 3774-3781, 4027-4350 & 4681-4728, Mukim Semeling, Daerah Kuala Muda	Land for property development	13.4.1981	-	501,774 sq metres	-	Freehold	-	23,454
STATE OF PENANG								
GM 59 Lot 3582 & GM 60 Lot 3583 Mukim 18, Tempat Vale of Tempe, Daerah Timor Laut, Negeri Pulau Pinang	Land for property development	20.4.2016	-	23,548 sq metres	-	Freehold	-	45,936
STATE OF PERAK								
Lot 504, 523, 834-852, 857, 863, 870-891, 902-904, 907-917, 944-961, 1016, 1032-1040, 1089, 1111, 1125-1126, 1131-1132, 1148, 1178, 1192, 1244, 2380-2382, 2387, 2389, 2394-2401, 2404-2408, 2410 & 3485 Mukim Trong, Daerah Larut and Matang	Lager farm & oil palm plantation	25.10.1996	21	221 hectares	47,606 sq metres	Freehold	-	36,554
STATE OF SELANGOR								
Lot 64531 Lot 142827 Mukim Klang Daerah Klang	Factory, warehouse & vacant industrial land	6.6.1995	5 to 18	172,494 sq metres	69,805 sq metres	Leasehold	2097	129,960
Lots 2824-2827 & PT 45125 Mukim Sg Buloh Daerah Petaling Jaya	Warehouse cum office & vacant industrial land	19.10.1993 1.6.1994	9 to 22	243,419 sq metres	13,177 sq metres	Freehold	-	61,578
Lot No PT 10989 & PT 10991, Jln SS24/10 & 24/5, Taman Megah, 47301 Petaling Jaya	Investment property under construction	16.4.1990	-	13,631 sq metres	-	Freehold	-	46,589

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 31.12.2019 RM'000
WILAYAH PERSEKUTUAN								
Cheras LeisureMall Jln Manis 6, Taman Segar, Cheras, 56100 Kuala Lumpur	Shopping mall	9.3.1982	25	21,225 sq metres	73,339 sq metres	Leasehold	2077 & 2080	71,820
STATE OF JOHOR								
Lot 66243 Mukim Plentong Daerah Johor Bahru	Factory & office building	7.1.1989	3 to 45	36,394 sq metres	20,823 sq metres	Leasehold	2057	49,674
STATE OF SABAH								
CL 015582233 Kota Kinabalu Industrial Park Kota Kinabalu	Factory & office building	19.10.2006	9	14,520 sq metres	5,230 sq metres	Leasehold	2096	24,369
INDONESIA								
Jl.S.Gunungjati, LK.Lijajar Rt.13/06, Kelurahan Tegalratu Kecamatan Ciwandan, Kota Cilegon	Factory & office building	26.1.2007 3.4.2007	6 to 11	149,884 sq metres	71,160 sq metres	Leasehold	2039 - 2048	110,132

STATEMENT OF SHAREHOLDINGS

As at 28 April 2020

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	1,271	13.94	26,627	0.00
100 - 1,000	1,769	19.41	751,078	0.05
1,001 - 10,000	4,183	45.89	15,420,962	1.09
10,001 - 100,000	1,506	16.52	47,806,315	3.36
100,001 to less than 5% of issued shares	383	4.20	517,025,644	36.34
5% and above of issued shares	3	0.04	841,568,313	59.16
Total	9,115	100.00	1,422,598,939	100.00

DIRECTORS' INTERESTS IN SHARES

	Direct Interest		Deemed Interest	
	No. of Issued Shares	% of Issued Shares %	No. of Issued Shares	% of Issued Shares %
IN THE COMPANY				
Tan Sri Datuk Oh Siew Nam	144,799	0.01	1,445,397	0.10
Tam Chiew Lin	7,200	0.00	12,000	0.00
IN RELATED CORPORATIONS				
Tego Sdn Bhd - Subsidiary				
Tan Sri Datuk Oh Siew Nam	-	-	18,000	0.10
Kuok Brothers Sdn Berhad - Holding company				
Tan Sri Datuk Oh Siew Nam	-	-	4,966,667	0.99
Lim Soon Huat	-	-	200,000	0.04
Datuk Ong Hung Hock	-	-	290,000	0.06
Coralbid (M) Sdn Bhd - Subsidiary of holding company				
Tan Sri Datuk Oh Siew Nam	-	-	100,000	0.27

Save as disclosed above, none of the other Directors had any direct nor deemed interest in shares of the Company or its related corporations.

STATEMENT OF SHAREHOLDINGS

As at 28 April 2020

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholder	Direct Interest		Deemed Interest		Total	
	No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares	No. of Issued Shares	% of Issued Shares
Kuok Brothers Sdn Berhad	713,867,548	50.18	8,904,604	0.63	722,772,152	50.81
Employees Provident Fund Board	189,249,849	13.30	-	-	189,249,849	13.30

THIRTY LARGEST SHAREHOLDERS (as per Record of Depositors)

as at 28 April 2020

Name of Shareholder	No. of Issued Shares	% of Issued Shares
1. Kuok Brothers Sdn Berhad	567,253,646	39.87
2. Citigroup Nominees (Tempatan) Sdn Bhd <i>For Employees Provident Fund Board</i>	186,855,149	13.13
3. Kuok Brothers Sdn Berhad	87,459,518	6.15
4. Kuok Brothers Sdn Berhad	59,155,816	4.16
5. Nai Seng Sdn Berhad	48,991,800	3.44
6. Kuok Foundation Berhad	20,543,664	1.44
7. HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN</i> <i>For Morgan Stanley & Co. International PLC (Client)</i>	19,600,562	1.38
8. Kumpulan Wang Persaraan (Diperbadankan)	14,991,180	1.05
9. Cartaban Nominees (Asing) Sdn Bhd <i>Exempt AN</i> <i>For State Street Bank & Trust Company (West CLTOD67)</i>	14,369,359	1.01
10. Citigroup Nominees (Asing) Sdn Bhd <i>Exempt AN</i> <i>For UBS AG Hong Kong (Foreign)</i>	14,270,700	1.00
11. Citigroup Nominees (Asing) Sdn Bhd <i>Exempt AN</i> <i>For UBS AG Singapore (Foreign)</i>	14,213,100	1.00
12. Chinchoo Investment Sdn Berhad	12,220,920	0.86
13. HSBC Nominees (Asing) Sdn Bhd <i>JPMCB NA</i> <i>For Vanguard Total International Stock Index Fund</i>	11,048,045	0.78
14. Cartaban Nominees (Tempatan) Sdn Bhd <i>PAMB</i> <i>For Prulink Equity Fund</i>	10,567,560	0.74

OTHER INFORMATION

STATEMENT OF SHAREHOLDINGS

As at 28 April 2020

Name of Shareholder	No. of Issued Shares	% of Issued Shares %
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 Emerging Markets Stock Index Fund</i>	9,694,060	0.68
18. UOB Kay Hian Nominees (Asing) Sdn Bhd <i>Exempt AN For UOB Kay Hian (Hong Kong) Limited (a/c Clients)</i>	9,167,455	0.64
19. Gaintique Sdn Bhd	7,119,960	0.50
20. Key Development Sdn Berhad	6,000,000	0.42
21. Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt AN For AIA Bhd</i>	5,621,040	0.40
22. Amanahraya Trustees Berhad <i>For Public Ittikal Sequel Fund</i>	4,775,920	0.34
23. Ang Poon Tiak	4,340,000	0.31
24. Cartaban Nominees (Asing) Sdn Bhd <i>GIC Private Limited For Government of Singapore (C)</i>	4,111,820	0.29
25. UOB Kay Hian Nominees (Asing) Sdn Bhd <i>Exempt AN For UOB Kay Hian Pte Ltd (a/c Clients)</i>	4,003,242	0.28
26. Universiti Kebangsaan Malaysia	3,988,329	0.28
27. DB (Malaysia) Nominee (Asing) Sdn Bhd <i>BNYM SA/NV For People's Bank of China (SICL Asia EM)</i>	3,800,840	0.27
28. Amanahraya Trustees Berhad <i>For Public Islamic Equity Fund</i>	3,782,000	0.27
29. Citigroup Nominees (Asing) Sdn Bhd <i>Exempt AN For Citibank New York (Norges Bank 14)</i>	3,774,420	0.27
30. Citigroup Nominees (Asing) Sdn Bhd <i>CBNY For Dimensional Emerging Markets Value Fund</i>	3,548,339	0.25
Total	1,175,588,444	82.64

WWW.PPBGROUP.COM

PPB GROUP BERHAD 196801000571 (8167-W)
12th Floor, UBN Tower, No. 10 Jalan P Ramlee, 50250 Kuala Lumpur, Malaysia
Tel: +603-2726 0088 Fax: +603-2726 0099