



SUSTAINABLE EXCELLENCE THROUGH INTEGRATION

Annual Integrated Report 2023



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Charting Our Course
towards Excellence

2

With Visionary Leaders
at the Helm

3

Who Weave Value into
Our Fabric

4

To Produce Meaningful
Business Outcomes

5

With Sustainability as
Our Core Principle

6

And Governance and
Ethics as a Cornerstone

7

To Produce Long-term
Value for All



This interactive PDF allows you to access information easily, search for a specific item or navigate between pages, sections and links.

COVER RATIONALE

SUSTAINABLE EXCELLENCE THROUGH INTEGRATION

At the heart of MSM's purpose is our belief in the power of strategic integration to enhance operational efficiency, drive innovation, and foster resilient growth. Through aligning our sustainability goals with our business model, MSM is proving that excellence in performance is fully attainable alongside making a positive impact on society and the environment. The theme "Sustainable Excellence Through Integration" is not just a motto; it is MSM's blueprint for creating value that transcends financial gains, ensuring a legacy of prosperity and environmental integrity for years to come.

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Basis of This Report

Basis of This Report



MSM MALAYSIA HOLDINGS BERHAD ✓

MSM Malaysia Holdings Berhad (MSM or the Group) is pleased to present its Annual Integrated Report (AIR) for the year ending 31 December 2023. The purpose of this AIR is to offer our stakeholders clear, pertinent and comprehensive information about our business strategy, performance and future prospects in the context of Environmental, Social and Governance (ESG). Our aim is to create stakeholder value over the short, medium and long-term through balanced and transparent disclosures.



OUR REPORTING SUITE
The Reporting Suite for 2023 comprises this Annual Integrated Report and the Sustainability Report.

Both reports are also available online on our corporate website at <https://www.msmsugar.com/investor-relations/reports>.



Scan here to access our corporate website

SCOPE AND BOUNDARIES

This Integrated Report describes our financial and non-financial performances during the period from 1 January 2023 to 31 December 2023 (Financial Year 2023). It covers all aspects of MSM’s businesses in Malaysia, particularly in the Central and Southern regions as well as internationally. Apart from reporting on performance, this report considers challenges to the business along with opportunities and risks that could impact our value creation process.

MATERIALITY

The principle of materiality is applied in assessing what information is to be included in our Integrated Report. This report focuses particularly on those issues, opportunities and challenges that may materially impact MSM and our ability to be a sustainable business that consistently delivers value to our shareholders and stakeholders. These material issues are reviewed each year during the course of the strategic planning process.

COMBINED ASSURANCE

We employ a combined assurance model to manage various aspects of our business operations. The contents of the entire Integrated Report have been read and approved by the Management and Board of Directors. The financial statements included in this Integrated Report have been audited by PricewaterhouseCoopers PLT, Malaysia.

BOARD RESPONSIBILITY STATEMENT

MSM acknowledges its responsibility to ensure the integrity of this Integrated Report. We believe that this report addresses all material matters and provides a balanced view of MSM’s strategy and its ability to create and preserve value in the short, medium, and long-term. We confirm that this report has been prepared in accordance with the <IR> Framework and has been authorised for release on 26 April 2024.

FEEDBACK

We value your feedback as we continuously strive to improve our reporting. For feedback and enquiries regarding our reporting suite and information contained within, please contact our Investor Relations team at: investor.relations@msmsugar.com

FORWARD-LOOKING STATEMENTS

Throughout this Integrated Report, we use forward-looking statements that relate to the plans, goals, strategies and future operations and performance of our organisation. These statements are not guarantees of future performance, as they involve risks and assumptions in the context of potential scenarios. While we endeavour to progress with our strategies and plans, changes in macroeconomic and operating landscapes may require us to adapt to follow suit.

NAVIGATE OUR REPORT

In this report, the following navigation icons are designed to connect our six capitals, key stakeholders, strategic themes and enablers to material matters, risks and performance.

NAVIGATION ICONS

- Find relevant information in this report
- Find relevant information on our corporate website

MATERIALITY MATTERS

- | | |
|---|---|
| M1 Climate Action | M9 Community Engagement and Development |
| M2 Waste Management | M10 Governance, Ethics and Integrity |
| M3 Water Management | M11 Traceability, Responsible Sourcing and Supply Chain Management |
| M4 Renewable Energy and Energy Management | M12 Operational Performance |
| M5 Upholding Human Rights and Labour Standards | M13 Data Security and Protection |
| M6 Diversity, Equity and Inclusion | M14 Business Development and Product Quality |
| M7 Occupational Health and Safety | |
| M8 Employee Engagement and Talent Management | |

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

As part of MSM’s strategy, we have prioritised the following SDGs to ensure our business is environmentally, socially and economically sustainable:

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS ADOPTED

For more information on our Sustainable Development Goals (SDGs), please refer to our Sustainability Report available on our corporate website.

ADOPTING INTEGRATED REPORTING

MSM Malaysia Holding Berhad's adoption of integrated reporting is formulated on the Principle-based Framework of Integrated Reporting comprising the Six Capitals, Seven Guiding Principles and Eight Content Elements as prescribed by the Value Reporting Foundation1 (VRF) and the International Financial Reporting Standards (IFRS). Hence, contents of this AIR2023 have been developed accordingly with the following:

6
CAPITALS

Financial Capital
 Intellectual Capital
 Manufactured Capital
 Human Capital
 Social & Relationship Capital
 Natural Capital

7
GUIDING PRINCIPLES

- Strategic focus and future orientation
- Connectivity of information
- Conciseness
- Reliability and completeness
- Consistency and comparability
- Materiality
- Stakeholder relationships

8
CONTENT ELEMENTS

- Organisational overview and external environment
- Governance
- Business model
- Risks and opportunities
- Strategy and resource allocation
- Performance
- Outlook
- Basis of preparation and presentation

MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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Performance Highlights

Performance Highlights

FINANCIAL HIGHLIGHTS

Revenue

RM3.09

billion

2.57

3.09

2022

2023

Loss after Tax (LAT) of

RM49.88

million

compared to LAT of RM178.71 million in FY2022

Gross profit margin

3%


-2%

3%


2022

2023

BUSINESS HIGHLIGHTS



Rating improved from 2.4 star to
3.1 star
on Bursa Malaysia's FTSE4Good ESG Rating




Annual refining capacity of
2.05 million tonnes



Exporting to
30 countries

Launched the new
Gula Super
in May 2023

SUSTAINABILITY HIGHLIGHTS



MSM MALAYSIA HOLDINGS BERHAD

ENVIRONMENTAL

GOVERNANCE

SOCIAL


Mudcake Waste Recovery Into Fertiliser or Cement
100% Circularity

Mudcake Produced
22,081.28 tonnes

Total Effluent Discharge
50,324 m³

Non-hazardous Waste Recycled and Recovered
22,482 MT

In 2023, we maintained
zero confirmed incidents of corruption and action, achieved through stringent policies and procedures against bribery and corruption. This outcome followed a thorough investigation of eight reported incidents, six of which are not related to bribery and corruption, while two are still under investigation



RM250.6 million worth of procurement went to local goods and services

Full communication and training with Board & Employees, and
88% with business partners on anti-corruption policies

33.33% of board members are female

1,850 mangrove trees planted since 2021

20,805 hours of training recorded

2:1 ratio of male to female for executive and above

Lost-Time Incident Frequency Rate reduced
1.41

35 community programmes and initiatives, benefitting close to
10,000 people

4

5

MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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Our Corporate Profile



A Member of **FCV**

SWEETENING LIVES SINCE 1964



MSM Malaysia Holdings Berhad (MSM) is Malaysia’s leading refined sugar producer, listed on the Main Market of Bursa Malaysia Securities Berhad (Bursa Malaysia) on 28 June 2011. It is one of the top 50 prominent companies on Bursa Malaysia with a market capitalisation of RM2.24 billion as at 22 April 2024. It consists of two operating subsidiaries, MSM Prai Berhad (MSM Prai) and MSM Sugar Refinery (Johor) Sdn Bhd (MSM Johor), which were established in 1959 and 2018, respectively.


Incorporated on 10 March 2011, MSM is listed on the Main Market of Bursa Malaysia with a market capitalisation of RM2.24 billion as at 22 April 2024. MSM’s continued success as a 59-year-old iconic home-grown business is a testament that its reput e and brand values are being passed down from one generation of Malaysians to the next.

The current annual refining capacity for MSM Group is 2.05 million tonnes via its two refineries, MSM Prai and MSM Johor. To further maximise the Group’s utilisation factor, the Group continues to optimise MSM Johor’s capacity via a ramp-up programme to improve the Group’s economies of scale to reduce the production cost per unit. The Group also plans to embark on a Rejuvenation Plan for MSM Prai to extend the life of the plant for another 30 years and ensure its operational reliability.

MSM produces, markets and sells refined sugar products under the flagship Gula Prai brand that lives up to its slogan, “**Sweetening Lives Since 1964**”. Apart from household consumers, MSM also sells to a wide range of customers in Malaysia and in other countries, directly to small and medium industries (SMIs) and major industries, as well as indirectly through traders, wholesalers and distributors regionally.

Note:
* the ranking stated refers to the years 2020-2022

Total Manpower:
1,132
employees





Premium Quality Sugar
Polarisation of **99.6%** | ICUMSA **45**



Serving **>300** customers



Produces **>992** thousand MT of refined sugar products

Ranked **3rd*** most chosen FMCG brand in Malaysia for three consecutive years

Source: Kantar data insights survey

LARGEST STANDALONE SUGAR REFINERY IN MALAYSIA

One of the largest sugar refiners in the global sugar industry

Listed on the Main Market of Bursa Malaysia with a market capitalisation of **RM2.24 billion** (as at 22 April 2024)

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Our
Corporate Profile

Our
Corporate Profile

VISION

MISSION

CORE VALUES

To be a world class and cost-efficient organisation driven by sustainability with a diversified portfolio in food-related business.

We strive to enhance value for shareholders through efficient, innovative and customer-centric business execution. This is further amplified by value-added downstream and regional market growth throughout the food-related value chain. We uphold our commitment to sustainability values in four lenses: sustainable value creation, better planet, positive social impact and good governance.

SENSE OF BELONGING

WINNING ATTITUDE

INTEGRITY

INNOVATION

TEAMWORK

OUR SUBSIDIARIES

- MSM Prai Berhad
- MSM Sugar Refinery (Johor) Sdn Bhd
- MSM Logistics Sdn Bhd
- MSM Trading & Distribution Sdn Bhd

OUR CUSTOMERS

- Malaysian households
- Beverage and confectionery companies
- Hotels
- Restaurants and food outlets
- Distilleries and producers of ethanol, animal feed and yeast

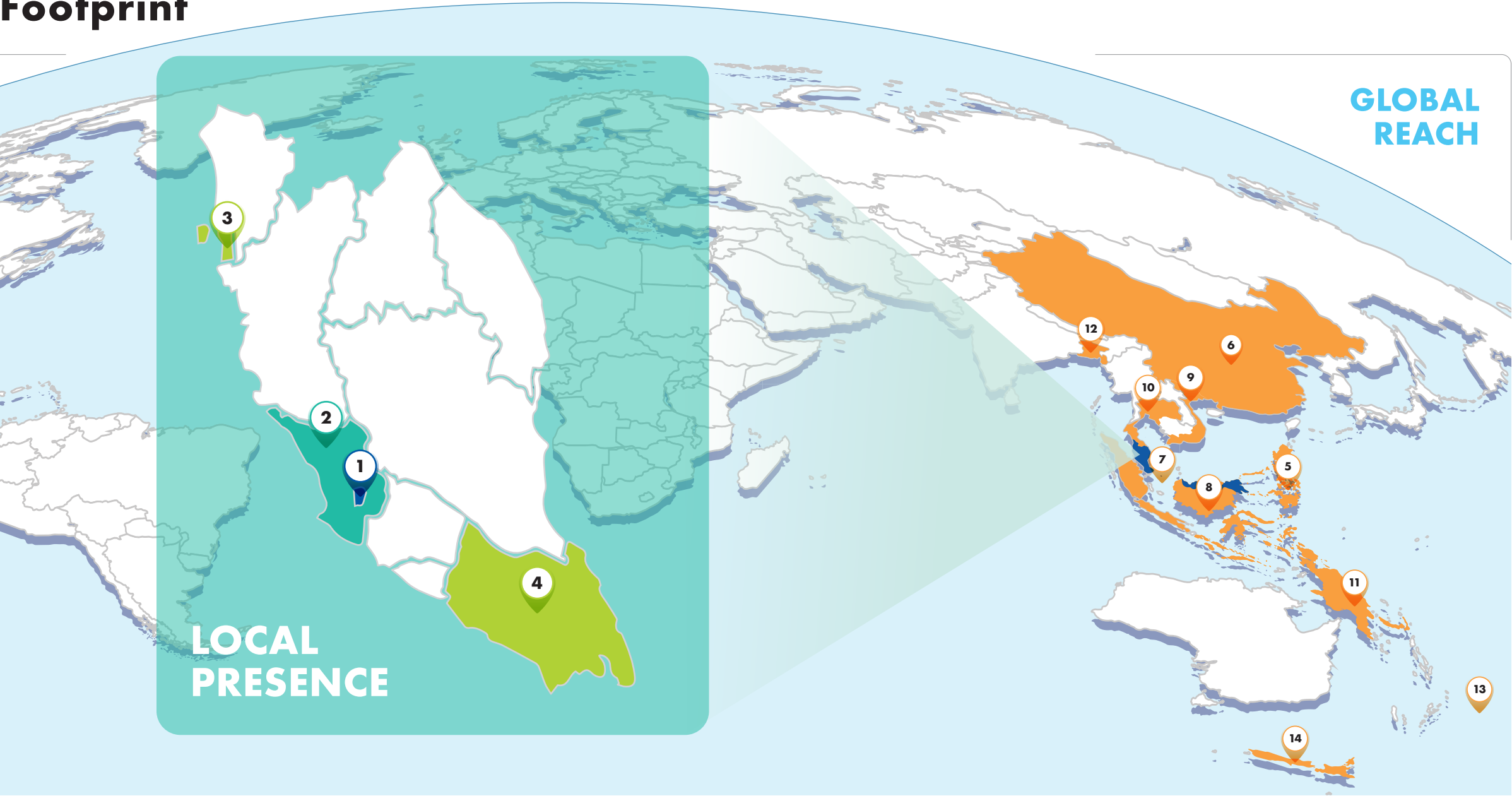
OUR PRODUCTS

- White refined sugar of various grain sizes
- Soft brown sugar
- Sugar premix
- Liquid sugar
- Molasses
- Fine syrup
- Sucralose and stevia mix

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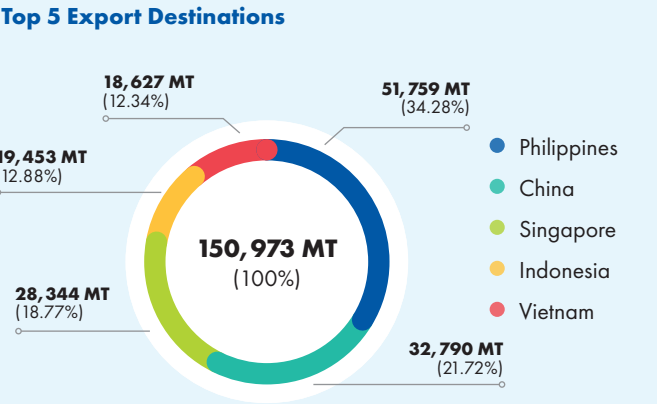
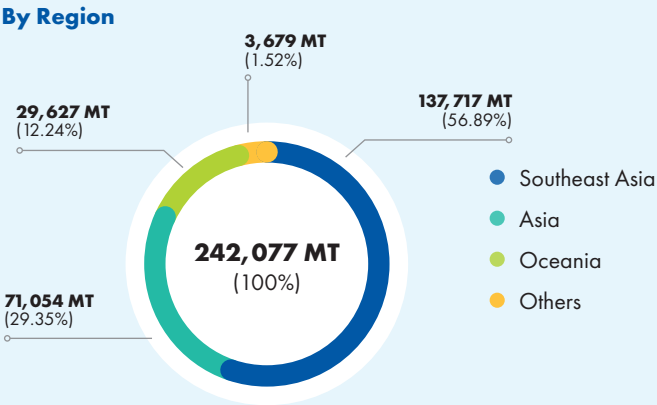
Our
Footprint

Our
Footprint



MSM Export Destinations 2023
242,077 MT (100%)

Note: Total export sales includes sales of molasses.



1 MSM Head Office MSM Malaysia Holdings Berhad 201101007583 (935722-K)	3 MSM Prai MSM Prai Berhad 195901000226 (3573-D) Refining Capacity: 1.05 million MT	5 Philippines 51,759 MT (21.38%)	7 Singapore 28,344 MT (11.71%)	9 Vietnam 18,627 MT (7.69%)	11 Papua New Guinea 11,970 MT (4.94%)	13 Fiji 8,128 MT (3.36%)
2 Sungai Buloh Warehouse (SBW) MSM Prai Berhad 195901000226 (3573-D)	4 MSM Johor MSM Sugar Refinery (Johor) Sdn Bhd 201501014132 (1139464-W) Refining Capacity: 1.00 million MT	6 China 32,790 MT (13.55%)	8 Indonesia 19,453 MT (8.04%)	10 Thailand 16,535 MT (6.83%)	12 Bangladesh 9,575 MT (3.96%)	14 New Zealand 7,854 MT (3.24%)

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Our Brand Products

Super Premium Sugar (Gula Super)

It is refined to an exceptional level, resulting in a pure, uniform white colour and enhanced sweetness. An ideal choice for use in all culinary creations, from confectionery to baking and beverages. Try this premium sugar today and experience the difference in taste and quality.



Super Coarse Grain Sugar (Gula Prai Super Pasir Kasar)



Keep sugar in a cool and dry place at ambient temperature



1 kg



Gula Prai ranked as the
3rd* most chosen FMCG brand in Malaysia for
three consecutive years


* the ranking stated refers to the years 2020 - 2022
Source: Kantar Asia Brand Footprint 2021 - 2023

Icing Sugar




Icing Sugar
(Gula Aising)

A versatile ingredient in sweet baked goods, sugar and chocolate confectionary, providing a smooth, soft finish texture.



Keep sugar in a cool and dry place at ambient temperature




500g, 25kg & 40kg

Go Natura




Fine grain
sugar

Go Natura complements smaller sugar portions with the natural sweetness of stevia in handy sachets that you can take with you wherever you go. One sachet is all you need to satisfy your sweet tooth!



Keep in a clean and dry place at ambient temperature and away from direct sunlight



2.5g x 50 sachets, 125g x 40 boxes

Liquid Sugar



Concentrated
clear liquid

High grade sugar syrup.
Sugar should be kept in a clean and dry place at ambient temperature, away from direct sunlight

Flexi bag/Tanker

Fine Syrup



Concentrated
clear liquid

Similar to liquid sugar, deep brown colour in appearance.
Store at least at room temperature as lower temperatures may cause crystallisation. Storage above 50 °C may cause discolouration

Premix



Sweetened
cocoa,
glucose or milk
preparation

Customisable sweetened products for industrial use.
Keep in a clean and dry place at ambient temperature and away from direct sunlight

Molasses



Molasses
(liquid)


The thick and dark brown liquid molasses is a by-product derived from the sugar refining process. MSM sells molasses to distilleries and producers of ethanol, animal feed and yeast.
Keep in a cool and dry place
Ex-factory in customer's tanker

Coarse Grain Sugar




Coarse Grain
Sugar
(Gula Kasar),
P1, EP1

Here's a sugar product that you can't miss! Available almost everywhere and at every retail outlet in Malaysia. This sugar delivers an excellent taste, making it the ideal sugar for general sweetening



Keep sugar in a cool and dry place at ambient temperature




1kg, 2kg, 25kg, 50kg, 500kg & 1,000kg

Fine Granulated Sugar




Fine
Granulated
Sugar (Gula
Halus), PXX,
P1S, EPXX,
EP1S

Another hot selling sugar product!
Great to be enjoyed with your favourite beverage and for home food preparation.



Keep sugar in a cool and dry place at ambient temperature




1 kg, 25kg, 30kg, 50kg, 500kg, 1,000kg & Bulk

Caster Sugar




Caster Sugar
(Gula Kastor)

Popular with bakers because the fine crystals cream very easily into butter and dissolve more readily into meringues and batters. Caster sugar adds more volume to baked products, giving them a lighter texture, a result preferred by bakers. It's also perfect to be lightly sprinkled over baked goods.



Keep sugar in a cool and dry place at ambient temperature




500g, 25kg, 50kg & 1,000kg

Soft Brown Sugar




Soft Brown
Sugar
(Gula Merah
Lembut),
PB, P4

Moist with small, fine crystals and has a subtle golden colour. Ideal for baking delicious cookies and cakes, when a fuller flavour is needed. It goes perfectly well with coffee too.



Keep sugar in a cool and dry place at ambient temperature




500g, 25kg & 50kg

Cube Sugar




Gula Prai Pasir
Halus (Fine
Granulated
Sugar)

Cube sugar may not be as commonly used as granulated sugar in all settings but it has a unique charm and practicality that make it a preferred choice for specific situations, often related to aesthetics, tradition and convenience.



Keep sugar in a cool and dry place at ambient temperature




5g x 100 cubes

Quality Cup Pack Sugar




Gula Prai Pasir
Halus (Fine
Granulated
Sugar)

Sugar sachet offers a practical and convenient solution for individuals, businesses and food establishments to manage and provide sugar in a controlled, hygienic and efficient manner. Suitable for those who wants to do portion control, easy to carry and use on-the-go.



Keep sugar in a cool and dry place at ambient temperature




5g x 100 sachet

Go 1/2




Fine grain
sugar

Go 1/2 is mixed with sucralose to add the sweetness you love while reducing overall sugar consumption by half. So you enjoy more sweetness with less sugar. Packaged in convenient sachets for you to control the sugar in your drinks and desserts, even when you are on the go!



Keep in a clean and dry place at ambient temperature and away from direct sunlight



2.5g x 50 sachets, 125g x 40 boxes

Premium
Perfection

SUPER SUGAR

for a Super User Like You!

Crafted
Excellence

Pure
Elegance

Exceptional
Taste

The Art of
Sweetness



Widely available at every retail outlet in Malaysia.

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Our Corporate Information

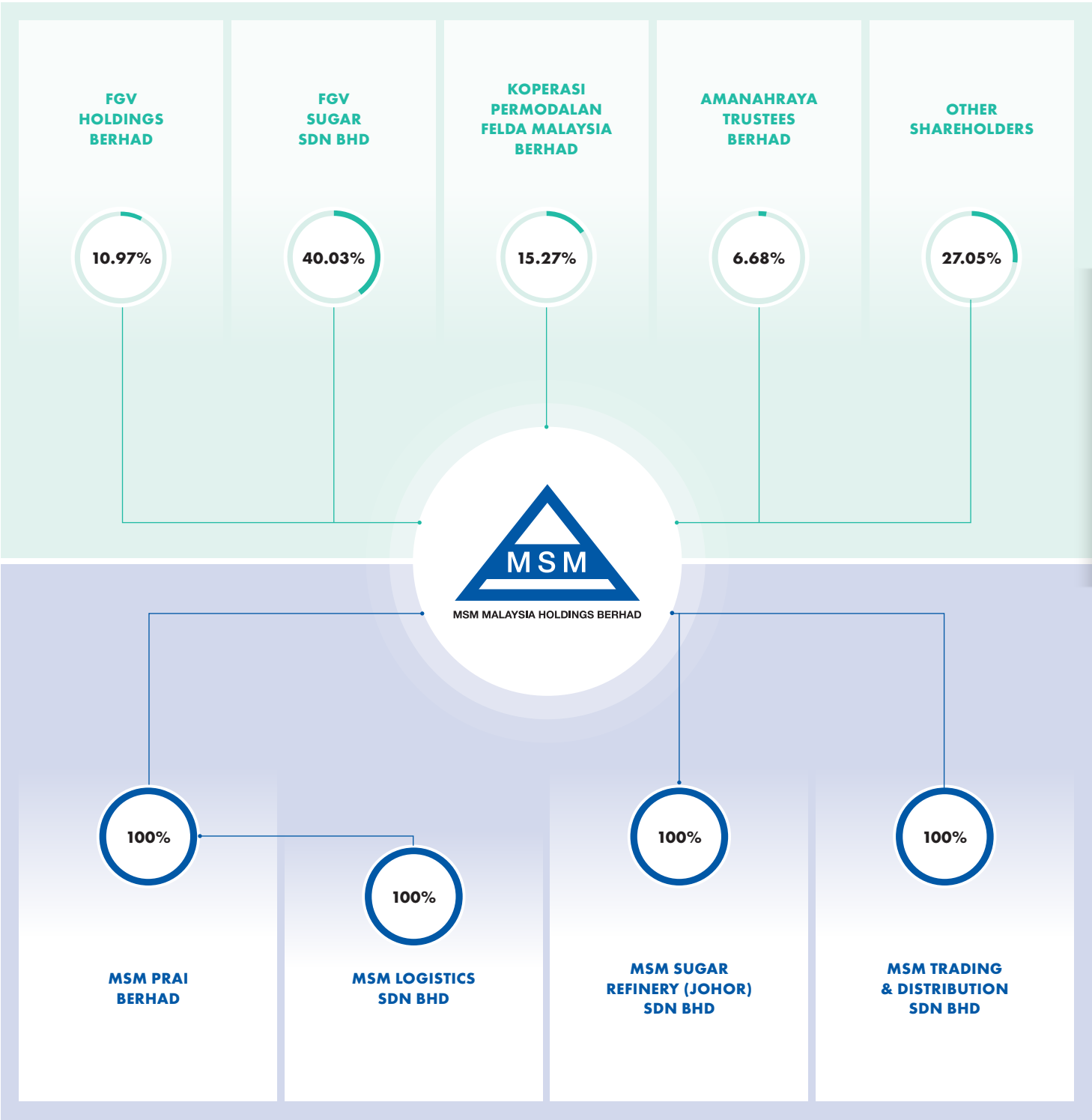
BOARD OF DIRECTORS			
Datuk Syed Hisham Syed Wazir <i>Chairman/Independent Non-Executive Director</i>	Choy Khai Choon <i>Independent Non-Executive Director</i>	Dato' Sri Muthanna Abdullah <i>Independent Non-Executive Director</i>	
Datuk Dr Abd Hapiz Abdullah <i>Independent Non-Executive Director</i>	Nik Fazila Nik Mohamed Shihabuddin <i>Non-Independent Non-Executive Director</i>	Dato' Mohd Nazrul Izam Mansor <i>Non-Independent Non-Executive Director</i>	
Fakhrunniam Othman <i>Non-Independent Non-Executive Director</i>	Raja Faridah Raja Ahmad <i>Non-Independent Non-Executive Director</i>	Dato' Rosini Abd Samad <i>Independent Non-Executive Director</i> <i>(cessation of office on 7 January 2024)</i>	

GROUP CHIEF EXECUTIVE OFFICER Syed Feizal Syed Mohammad	CHIEF FINANCIAL OFFICER Dr. Mazatul 'Aini Shahr Abdul Malek Shahr	COMPANY SECRETARY Azni Ariffin (LS 0010610) SSM Practising Certificate No.: 202008003324	REGISTERED OFFICE Level 21, Wisma FGV Jalan Raja Laut 50350 Kuala Lumpur Wilayah Persekutuan Kuala Lumpur Malaysia Tel: +603 2789 0000 Fax: +603 2789 0001 Email: fgvsecretarial@fgvholdings.com
SHARE REGISTRAR Boardroom Share Registrars Sdn Bhd 11 th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim Seksyen 13, 46200 Petaling Jaya Selangor, Malaysia Helpdesk: +603 7890 4700 Fax: +603 7890 4670 Email: BSR.Helpdesk@boardroomlimited.com	AUDITORS PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) Chartered Accountants Level 10, Menara TH 1 Sentral Jalan Rakyat, Kuala Lumpur Sentral P.O. Box 10192 50706 Kuala Lumpur, Malaysia Tel: +603 2173 1188 Fax: +603 2173 1288 Website: www.pwc.com/my	STOCK EXCHANGE LISTING Main Market of Bursa Malaysia Securities Berhad Listed since 28 June 2011 Stock Code: 5202 Stock Name: MSM	INVESTOR RELATIONS AND ENQUIRIES Investor Relations Officer: Fariza Haizumi Ahmad Level 44, Menara FELDA Platinum Park, No.11 Persiaran KLCC, 50088 Kuala Lumpur Malaysia Tel: +603 2181 5018 Fax: +603 2181 5015 Website: www.msmsugar.com Email: investor.relations@msmsugar.com

MSM SOCIAL MEDIA ACCOUNTS			
 MSM Malaysia Holdings Berhad	 MSM Gula Prai	 MSMGULAPRAI TV	 @msmgulaprai

For details of MSM events in 2023, refer to 2023 Key Event Highlights on pages 44 to 49 of this Annual Integrated Report.

Our Group Structure



MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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Our Value Chain

Our Value Chain



PRODUCING HIGH QUALITY PRODUCTS

The Group focuses on the midstream activities of the sugar value chain — namely sourcing, processing, marketing and distribution of refined sugar products, value added sugar products and sugar manufacturing by-products.

Through two established refineries situated in Prai, Penang and Tanjung Langsat, Johor, MSM is known for its premium quality sugar with a high sucrose content which is the predominant choice of food and beverage industry consumers, both domestically and regionally.

MSM has ventured into producing value added sugar products such as liquid sugar, fine syrup and premixes by leveraging its expanded production capacities. MSM is currently exploring the recycling of sugar refining by-products such as converting waste, mudcake, into fertilisers or other products from linear to circular economy and molasses into high value products.

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Financial Performance

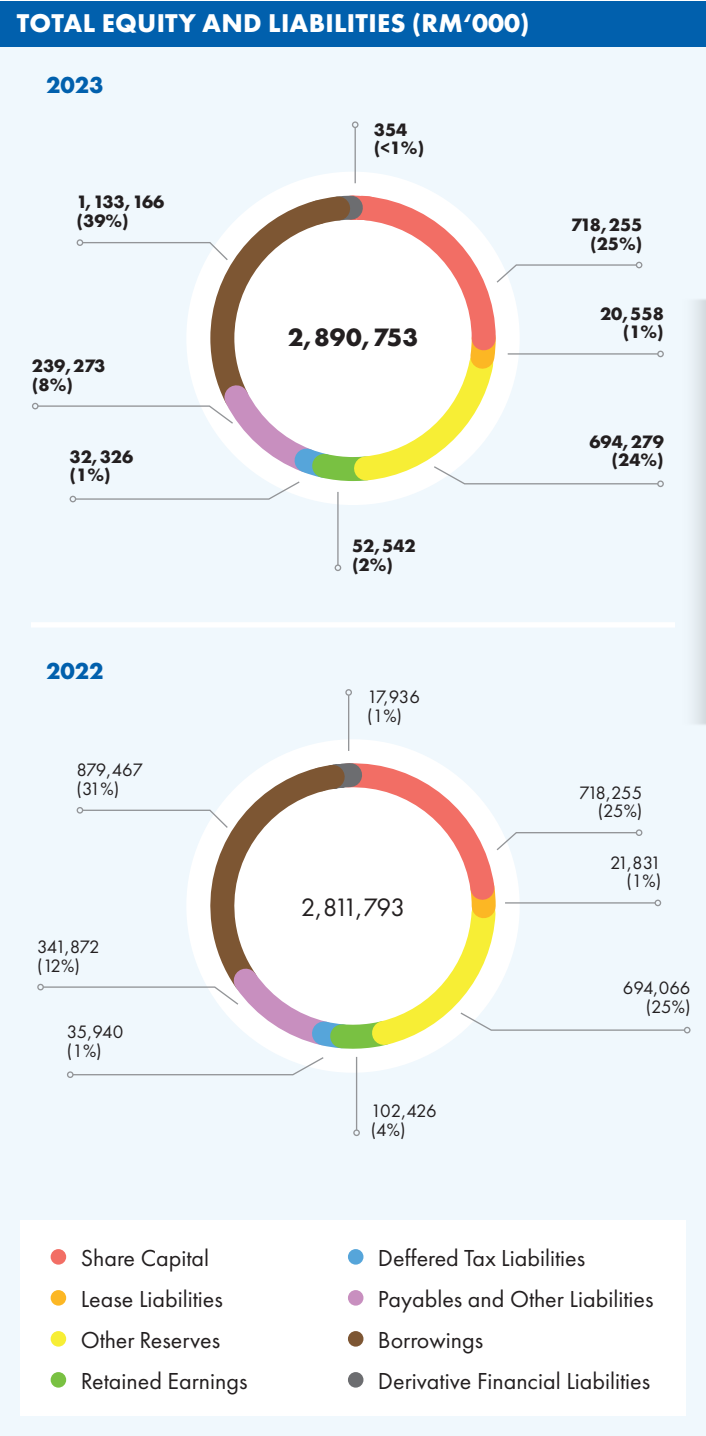
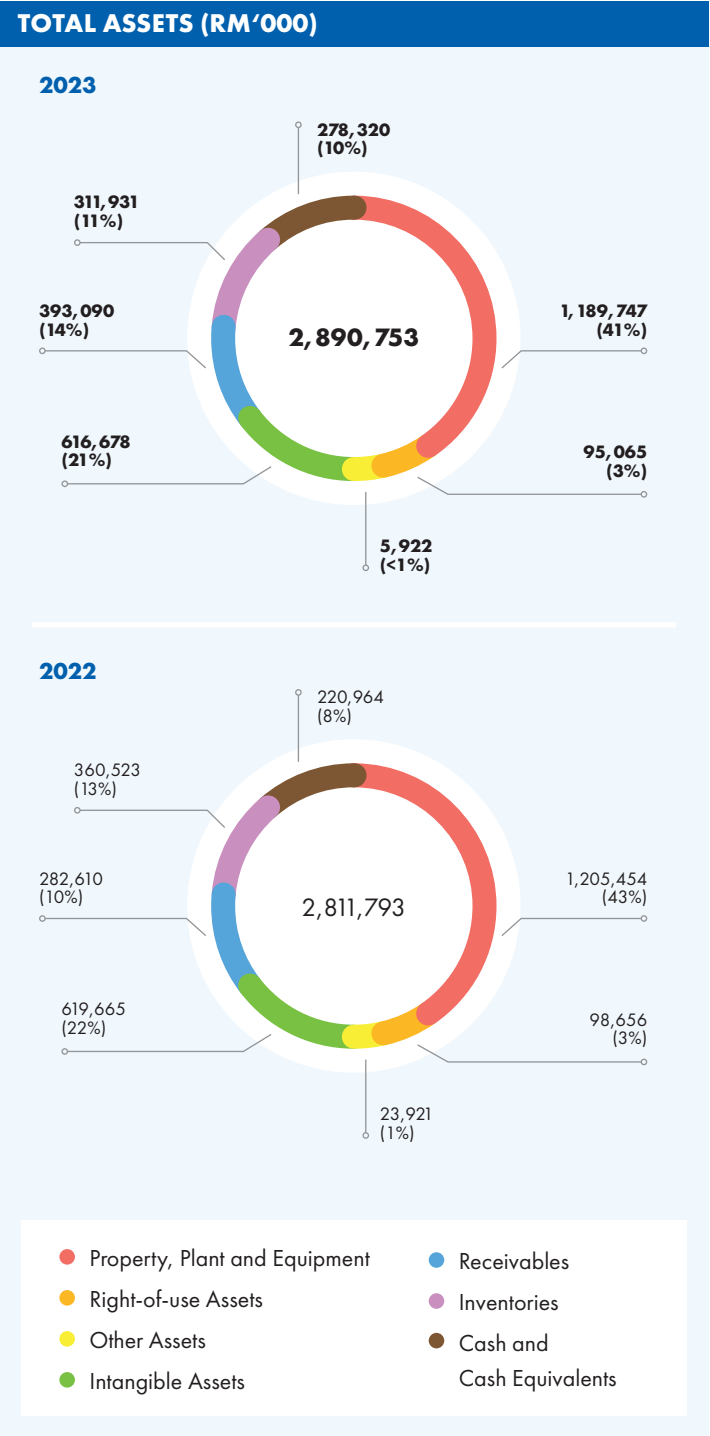
Financial Performance

5-YEAR FINANCIAL HIGHLIGHTS

	2023 RM' 000	2022 RM' 000	2021 RM' 000	2020 RM' 000	2019 RM' 000
Revenue	3,091,223	2,565,985	2,259,698	2,184,463	2,006,911
Cost of Sales	(3,011,960)	(2,611,704)	(2,098,744)	(2,016,920)	(1,992,260)
Gross Profit/(Loss)	79,263	(45,719)	160,954	167,543	14,651
Other Operating Income	23,441	10,044	9,897	1,566	1,843
Selling and Distribution Expenses	(25,676)	(39,639)	(28,293)	(26,101)	(25,272)
Administrative Expenses	(75,031)	(70,808)	(66,106)	(62,374)	(73,561)
Reversal of impairment/(Impairment) of Financial Assets - Net	693	2,819	(1,635)	(6,565)	(4,583)
Reversal of Impairment/(Impairment) of Non-Financial Assets	-	-	16,427	11,775	(138,784)
Other Operating Expenses	(1,854)	(249)	(7,682)	(14,232)	(747)
Other Gains/(Losses) - Net	10,979	(7,025)	41,998	(2,816)	4,999
Profit/(Loss) from Operations	11,815	(150,577)	125,560	68,796	(221,454)
Finance Income	7,932	4,022	2,587	3,835	4,032
Finance Costs	(47,760)	(31,984)	(47,045)	(36,784)	(82,128)
(Loss)/Profit Before Zakat and Taxation	(28,013)	(178,539)	81,102	35,847	(299,550)
Zakat	(1,000)	(1,000)	(1,000)	(1,486)	(14)
Taxation	(20,871)	827	(43,487)	(30,498)	11,074
(Loss)/Profit for the Financial Year from Continuing Operations	(49,884)	(178,712)	36,615	3,863	(288,490)
Discontinued Operations					
Profit/(Loss) from Discontinued Operations, Net of Tax	-	-	88,738	(75,091)	(11,279)
(Loss)/Profit for the Financial Year	(49,884)	(178,712)	125,353	(71,228)	(299,769)

FINANCIAL RATIOS	2023 RM' 000	2022 RM' 000	2021 RM' 000	2020 RM' 000	2019 RM' 000
Return on Shareholder's Equity	(3.40%)	(11.80%)	7.32%	(4.50%)	(18.10%)
Return on Total Assets	(1.7%)	(6.4%)	4.4%	(2.6%)	(10.1%)
Debt Equity Ratio	1.0	0.9	0.7	0.8	0.8
Dividend Cover	-	-	5.9	-	-
Total Assets	2,890,753	2,811,793	2,870,839	2,770,280	2,980,766
Net Assets Per Share	2.08	2.15	2.44	2.25	2.36
(Loss)/Earnings Per Share (Sen)	(7.10)	(25.42)	17.83	(10.13)	(42.64)

STATEMENT OF FINANCIAL POSITION



MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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Financial
Performance

Financial
Performance

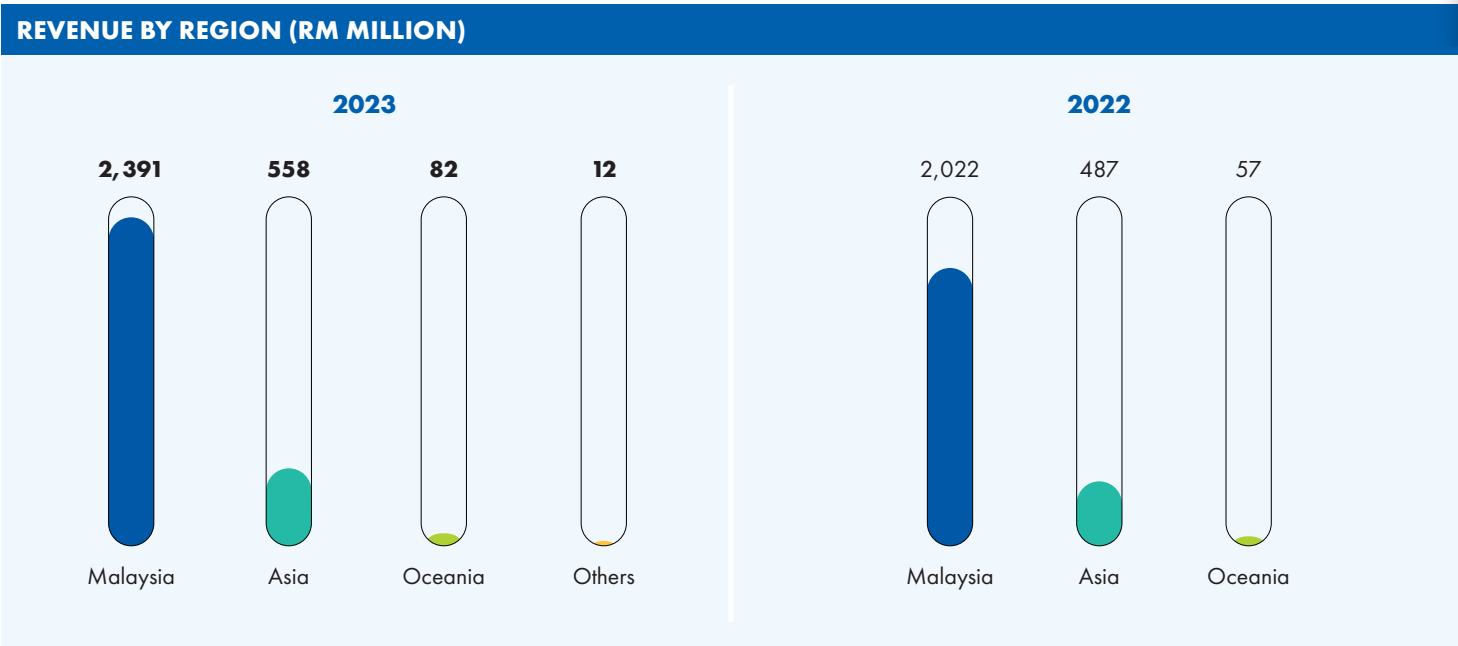
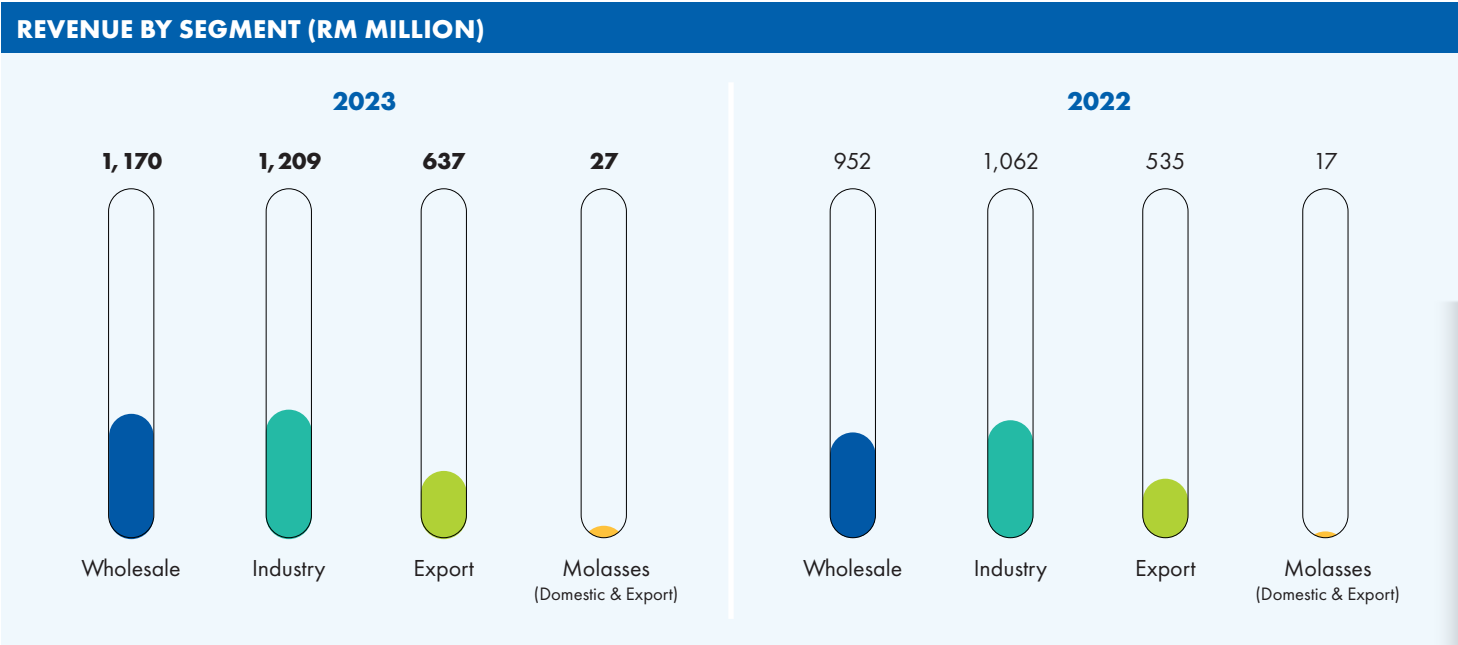
QUARTERLY FINANCIAL PERFORMANCE

	First Quarter RM' 000	Second Quarter RM' 000	Third Quarter RM' 000	Fourth Quarter RM' 000
2023				
Revenue	588,393	746,231	806,722	949,877
(Loss)/Profit from Operations	(25,403)	(5,813)	(22,765)	65,796
(Loss)/Profit Before Zakat and Taxation	(33,183)	(14,203)	(33,830)	53,203
(Loss)/Profit Attributable to Equity Holders of the Company	(35,875)	(20,817)	(36,063)	42,871
Basic (Loss)/Earnings Per Share (Sen)	(5.10)	(2.96)	(5.13)	6.10
2022				
Revenue	595,917	624,203	668,130	677,735
Loss from Operations	(18,344)	(25,378)	(67,271)	(39,584)
Loss Before Zakat and Taxation	(25,020)	(34,674)	(71,834)	(47,011)
Loss Attributable to Equity Holders of the Company	(27,683)	(34,066)	(72,802)	(44,161)
Basic Loss Per Share (Sen)	(3.94)	(4.85)	(10.36)	(6.28)

STATEMENT OF VALUE ADDED

	2023 RM' 000	2022 RM' 000
Value Added		
Revenue	3,091,223	2,565,985
Purchase of Goods and Services	(2,928,275)	(2,541,563)
Value Added by the Group	162,948	24,422
Other Operating Income	23,441	10,044
Other Gains/(Losses) - Net	10,979	(7,025)
Reversal of Impairment of Financial Assets	693	2,819
Finance Income	7,932	4,022
Finance Cost	(47,760)	(31,984)
Value Added Available for Distribution	158,233	2,298
Distribution		
Revenue		
To Employees		
- Employment Cost	103,594	98,037
To Government/Approved Agencies		
- Taxation and Zakat	21,871	173
To Shareholders		
- Dividends	-	21,089
Retained for Reinvestment and Future Growth		
- Depreciation and Amortisation	82,652	82,800
- Retained Losses	(49,884)	(199,801)
Total Distributed	158,233	2,298

SEGMENTAL HIGHLIGHTS



Note: Revenue includes sales of molasses.

Ini bukan
gula biasa....
Ini...



**GULA
SUPER!**



Sweetening Lives Since 1964

MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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DEAR STAKEHOLDERS,

“ In the year under review, MSM Malaysia Holdings Berhad (MSM or the Group) has continued to grow from strength to strength in the pursuit of our transformation goals. As a result, MSM has delivered a commendable performance, successfully navigating through market headwinds to pave the way for a more sustainable and financially resilient future. ”

CHAIRMAN'S STATEMENT



**DATUK SYED HISHAM
SYED WAZIR**
*Chairman,
Independent Non-Executive Director*


MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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Chairman's Statement


Chairman's Statement

A PERSISTENTLY CHALLENGING OPERATING ENVIRONMENT

Input costs continued to remain elevated in 2023, due to high raw sugar prices, energy costs, freight charges and the weaker Malaysian Ringgit against the United States (US) Dollar. Raw sugar prices have remained high due to worldwide shortages, rising energy prices, and the advent of the El Nino weather phenomenon. The high energy prices and logistical costs are mainly attributable to the longer-term effects of the ongoing geopolitical conflicts particularly the Russia-Ukraine war and the recent escalation of the Israel-Palestine conflict. Meanwhile, the Malaysian Ringgit has depreciated throughout 2023 due to higher interest rates in the US and weaker-than-expected economic performance in China.



Total Revenue
RM3.09
billion in FY2023



Total Cash Balance
RM278
million as at FY2023

Overall, I am pleased to see good progress being made in turning around our operations at MSM Johor with the plant reaching its highest utilisation factor (UF) to date. In addition, we have made further headway into export markets like Indonesia and China, leveraging on the high quality of our products and the strength of our governance and sustainability practices. Most importantly, we are starting to see the positive results from the greater integration that has taken place between our workers in Prai in the north and Johor in the south.



ONE MSM, ONE IDENTITY

With facilities spread across locations separated by significant distance, it has always been clear that unlocking the full potential of MSM would require the establishment of one united identity. Thus, for MSM, it is in our best interest to accelerate the integration of those who work in the plants in Johor and Prai to foster a shared ethos. The Prai plant, with its experienced manpower backed by 50 years of operations, is well positioned to assist our newer Johor plant. The objective is then to ensure that workers at both plants resonate with the MSM spirit through a shared philosophy, vision and mission which is embodied by the uniform they proudly wear and proper understanding of MSM's overall purpose. After all, they are an essential part of our operations and are the ones we look to and rely on to drive MSM's growth and future.

This process of integration will, of course, take time but with more opportunities for collaboration, such as by sending workers from Prai to Johor on brief secondments to impart knowledge to their colleagues, I am confident that a unified MSM will emerge. As I alluded to above, we are already seeing some early and positive outcomes of these efforts with MSM Johor reaching a peak daily UF of 46% and yield of 90% towards the end of 2023.

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Chairman's Statement

Chairman's Statement

GOVERNANCE

Governance stands as the bedrock of our organisation, a guiding principle that shapes our every endeavour. Throughout this past year, we have embarked on a journey, one that underscores our dedication to ethical conduct, transparency, and accountability. For us, fostering a culture steeped in integrity is not just a lofty ideal; it is a fundamental necessity for sustained success.

In line with this commitment, MSM hosted three Integrity Talks over the course of 2023. These events served as platforms for distinguished speakers from esteemed institutions such as the Malaysian Anti-Corruption Commission (MACC), Waqaf Felda, and GIC Pro Network to share their invaluable insights. Their contributions have enriched our understanding of integrity's paramount importance in all facets of our business, resonating deeply with both our employees and vendors.

But our efforts did not stop there. Recognising the imperative to instill the values of ethical conduct at every level of our organisation, MSM embarked on a series of Adequate Procedures Awareness campaigns across all subsidiaries. These initiatives were not merely about rhetoric; they were about action, about imbuing our workforce with the Principles of T.R.U.S.T. These sessions also served as vital reminders of the significance of whistleblowing, the importance of identifying and managing conflicts of interest, and the solemnity of renewing our integrity pledge. A total of 35 sessions reached every corner of our organisation, ensuring that no stone was left unturned in our quest for ethical excellence.

For us, corruption is not just a buzzword; it is a tangible threat to the very fabric of our organisation. That's why we took proactive steps, embarking on a comprehensive Corruption Risk Management initiative that involved every department within MSM. This inclusive approach was pivotal, enabling us to scrutinise

“

Achieving a 5-score rating in Corporate Governance is no small feat; it is a reflection of our dedication to aligning our practices with global standards and best practices, a testament to our relentless pursuit of excellence in every facet of our operations.

”

every facet of our operations, identify potential risks, and take decisive action to mitigate them, thus upholding the highest standards of integrity in all that we do.

But we also understand that the landscape of business is ever-evolving, and regulatory requirements are constantly shifting. That is why our policies and procedures undergo regular updates, guided by a robust process aligned with the MSM Governance of Policies & Procedures Policy. This ensures that our business practices remain not only current but compliant with the evolving standards of the industry.

I am delighted to share with you a testament to our unwavering commitment: our acknowledgment in the FTSE Russell Corporate Peer Comparison Tool (CPC). Achieving a 5-score rating in Corporate Governance is no small feat; it is a reflection of our dedication in aligning our practices with global standards and best practices, a testament to our relentless pursuit of excellence in every facet of our operations.

SUSTAINABILITY

At MSM Group, our commitment to sustainability and integrity is deeply ingrained and permeates every facet of our operations.

At the business level, our association with Wilmar underscores our dedication to ethical

sourcing. By adhering to the No Deforestation and No People Exploitation (NDPE) standards, we ensure that our sugar supply chain remains untainted by practices like child labour. This commitment not only resonates with conscientious consumers but also garners admiration from industry giants like Coca-Cola. Such partnerships not only bolster our credibility but also pave the way for collaborations with renowned brands, fortifying our position in the global market.

In terms of our impact on the environment, we continue to take action to reduce our environmental footprint. We have set ambitious milestones to achieve carbon neutrality within our operations by 2030 and Net Zero ahead of 2050. Our carbon reduction plan, aligned with our corporate strategy, adheres to the Science Based Targets initiative (SBTi) criteria and Paris Agreements. We emphasise ramping up energy efficiency initiatives, exploring renewable fuel and electricity, and applying the Task Force on Climate-Related Financial Disclosures (TCFD) framework to identify climate-related risks and opportunities.

Our commitment extends to our communities, demonstrated by our mangrove plantation initiatives and support for local livelihoods. Occupational safety and health remain our utmost priority, ensuring conducive working conditions, career diversity, and well-being.



We continually provide feedback loops for employee engagement.

In line with our circular economy principles, we are conducting an in-depth analysis of our FY2023 waste profile. Our goal is to conserve finite natural resources, reduce waste, and promote recycling and regeneration. This approach underpins our strategy to give waste a new life and minimise environmental impact.

As a result of our unwavering commitment to our sustainability journey, I am delighted to share that MSM is now a constituent of both the FTSE4Good Bursa Malaysia and FTSE4Good Bursa Shariah indices after achieving a rating of 3.1 stars as at December 2023. This is a marked improvement from 2.4 stars in 2022 and 1 star in 2021.

OUTLOOK

While it has been yet another challenging year for the Group, the Integration phase of our Business Plan 2023-2025 (BP25) has put us in a strong position for the year ahead. We are now moving into the Business Plan 2024-2026 (BP26), where 2024 represents the Profit Sustainability portion of our strategy.

The three main principles that we remain guided by will be the optimisation of our assets potential, the strengthening of our domestic

position and regional presence and improving capital structures.

ACKNOWLEDGEMENTS

As Chairman of MSM Group, it is my privilege and honour to express our heartfelt gratitude to those who have been integral to our journey.

We extend our deepest appreciation to the Ministry of Domestic Trade and Costs of Living (KPDN) and the sugar industry authorities. Your guidance and regulatory framework have been pivotal in steering our operations towards greater heights of responsibility and excellence.

To our esteemed customers, suppliers, and business partners, your unwavering support and collaboration have been fundamental in our continued success. We cherish the strong relationships we have built and look forward to nurturing these partnerships further. Our journey would not have been possible without the confidence and support of our shareholders. We are immensely grateful to FGV Holdings Berhad (FGV), Koperasi Permodalan FELDA Malaysia Berhad (KPF), Permodalan Nasional Berhad (PNB) and all our other shareholders for your trust and belief in our vision. Your contribution has been crucial in driving our growth and sustainability initiatives.

A special note of thanks to our Group Chief Executive Officer, Syed Feizal Syed Mohammad, and the dedicated team at MSM. Your leadership, commitment, and hard work are the pillars that uphold our company. Each one of you plays a vital role in shaping our success story.

Finally, to our “Keluarga MSM” - the heart and soul of our organisation. Your collective spirit, resilience, and dedication are what make MSM Group more than just a business; you make us a family. Together, we have faced challenges, celebrated successes, and forged a path of sustainable growth and community engagement.

I would also like to bid farewell Dato' Rosini Abd Samad who had ceased from office as an MSM Board Member in January 2024. On behalf of the serving MSM Board Members, we thank you for your dedicated service and contributions throughout your tenure.

In closing, I reiterate my gratitude to each one of you who has been a part of our journey. It is with your support and collaboration that MSM continues to thrive as a leader in the industry.

DATUK SYED HISHAM
SYED WAZIR

Chairman,
Independent Non-Executive Director

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DEAR STAKEHOLDERS,

“ Despite the headwinds seen in 2023, MSM has persevered, emerging stronger and more financially resilient. We remain committed to our strategic vision, leveraging digitalisation and sustainability efforts to steer MSM towards a prosperous and diversified future. ”

**SYED FEIZAL
SYED MOHAMMAD**
Group Chief Executive Officer

IN CONVERSATION WITH OUR
**GROUP CHIEF
EXECUTIVE OFFICER**

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In Conversation with
Our Group Chief Executive Officer





Currently exporting to

30 Countries



Sold over

25,000

tonnes of Gula Super
since its launch in May 2023

PLEASE DESCRIBE THE OPERATING ENVIRONMENT IN 2023 AND STEPS TAKEN BY MSM TO NAVIGATE THE HIGH-PRICE ENVIRONMENT?

The price of NY11, the world benchmark contract for raw sugar, traded at a significantly higher price in 2023, fluctuating between 18.92 to a peak of 28.14 US cents per pound in November. This was in comparison to 17.20 to 21.18 US cents per pound in 2022. The increase is attributed to the onset of the El Nino weather pattern causing low cane yields which impacted global sugar production. While the Group is able to mitigate the higher raw sugar prices to a certain extent through hedging activities, the elevated costs of natural gas and freight as well as a weak Malaysian Ringgit has compounded the issue and led to overall increase in input costs.

We also acknowledge the risks associated with escalating geopolitical tensions, such as the ongoing Russian-Ukraine war and the recent escalation of the Israel-Palestine conflict, which may lead to increased logistical costs and inflationary pressures, further impacting the prices of our key input costs.

Despite these headwinds, the Group has seen stronger demand in the domestic and export markets, and has remained steadfast in our efforts to improve our Average Selling Prices (ASP). We also continue to grow our sales volume through the widening of distribution channels and increasing Consumer Reach Points.

In Conversation with
Our Group Chief Executive Officer

HOW HAS THE BUSINESS PERFORMED IN THE YEAR UNDER REVIEW?

On the commercial front, domestically, we launched the new Gula Super product in May 2023. This was a significant development as Gula Super is a clear refined sugar retail product that will have its price determined by market forces. This is a departure from the conventional coarse and refined white sugar products that the local Sugar Industry is mandated to produce and sell at a government-fixed retail market price of RM2.85/kg. As at end-2023, we have sold over 25,000 tonnes of Gula Super and we continue to enjoy good organic growth of this more profitable product.

In terms of the export market, MSM currently has approximately 6% share of the Asia-Pacific market and we are currently exporting to 30 countries such as China in the east and all the way to Pakistan in the west. We note the potential for growth, hence we created a new 50kg breakbulk product at MSM Johor to help boost our penetration in the export market, while continuing to sweat the assets at MSM Prai.

Our latest foray is into Indonesia, where their largest confectionary maker has now pushed MSM up to be one of their main suppliers for coarse grain and fine granulated sugar following positive feedback after some trial shipments. We are also finalising a deal with one of China's biggest food companies to also supply coarse grain and fine granulated sugar. The potential is incredible and to add further upside, our export premiums are improving as other competitors, such as Thailand, Brazil, India and France undergo climate and weather-related challenges that have affected their production volumes.

From an operational perspective, this year has been an important one as we have successfully rectified all major issues at MSM Johor. In addition, the completion of new warehouses will increase storage capacity by approximately 10,000 MT which will ultimately minimise the Group's rental costs associated with external warehouse rentals and support MSM Johor's ramp up.



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In Conversation with
Our Group Chief Executive Officer

IN 2023, MSM HAS MADE SIGNIFICANT PROGRESS IN ADVANCING ITS STRATEGIC INITIATIVES AND TURNAROUND PROGRAMME, COULD YOU PLEASE ELABORATE?

The implementation of our strategic initiatives and the turnaround programme was driven by a fundamental goal: to transform MSM into an organisation built on solid, enduring foundations.

To begin with, a sweeping transformation was set in motion, aiming to revamp every facet of our operations to ensure efficiency, sustainability, and profitability. The second focal point was the rectification of MSM Johor, where we implemented specific strategies to address its unique challenges and optimise its performance. Lastly, we engaged in proactive discussions with government authorities concerning the retail sugar prices, which have not kept pace with the increasing costs of inputs, posing a significant challenge to our industry.

Two years into this strategic overhaul, I am delighted to share that we have made notable strides in each of these areas. Our comprehensive transformation has laid a strong foundation for future growth, while the targeted interventions at MSM Johor are yielding positive results. Moreover, our discussions with the government have been fruitful, opening avenues for potential policy adjustments that could better reflect the current market landscape.

In our transformation journey, MSM has advanced on multiple fronts, ranging from the improvement of our ESG practices, wider implementation of digitalisation within the Group as well as raising the safety and quality standards. We have also implemented an unyielding approach to upholding integrity, while encouraging greater diversity as a way to refresh and rejuvenate the way we do things.

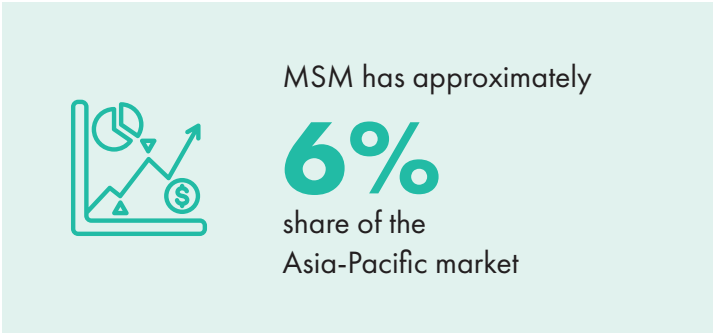
At MSM Johor, we have rectified all the major issues that have hampered production. This year in particular, we have completed the rectification of both boilers and steam turbines, eliminated a major bottleneck and upgraded our effluents system. The focus is now on ensuring reliability at MSM Johor through a disciplined approach to operations management and preventive maintenance. Towards the end of the year, we have seen MSM Johor reach an unprecedented peak daily utilisation factor (UF) of 46%. It is certainly an encouraging development and together with our plan to steadily ramp up production, we are looking towards hitting 50% UF by next year and potentially reaching breakeven point financially by 2025, at which point we expect our third boiler to be operational.

While this is ongoing at MSM Johor, we will continue sweating the assets at MSM Prai as it continues to be the backbone of our operations. In recognition of the importance of MSM Prai to our continued business sustainability, we will be commencing the rejuvenation plan for MSM Prai in 2024 which will give it another 30 years of operating lifespan.

“From a broad perspective, our strategies reflect a concerted effort to address existing challenges and pave the way for a more sustainable and profitable future.”

In Conversation with
Our Group Chief Executive Officer

HOW HAS MSM LEVERAGED DIGITALISATION AND TECHNOLOGY TO ADVANCE ITS STRATEGIES?



We continue to be strong proponents of incorporating digitalisation and technology into our operations and deepening the implementation of IR4.0 initiatives to extract greater cost and process efficiencies. We emphasise on learning from other IR4.0 proponents as a way to understand the best practices and to learn from the successes and failings of others.

As part of our own journey, we have revamped our entire documentation system to make it pro-business, pro-environment and pro-people. We no longer need to print contracts, purchase orders or delivery orders and we can seamlessly interact with our vendors, customers and truck drivers through a smart portal – all made possible by technology. Our colleagues over at Group People & Culture have also rolled out a digital application that allows us to manage various administrative tasks and easily engage with employees.

Building on this momentum, the Finance department is also embarking on the digitalisation of their operations. We are also currently working together with Maxis and the Malaysia Digital Economy Corporation (MDEC) on setting up a Smart Manufacturing system at MSM Johor that can assist in optimising production by leveraging data analytics. Taking it a step further, I am excited to see how we may utilise the power of artificial intelligence (AI) to help provide suggestions or identify opportunities that we have yet to explore.



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In Conversation with
Our Group Chief Executive Officer

In Conversation with
Our Group Chief Executive Officer



YOU HAVE EMPOWERED PEOPLE TO DRIVE MSM’S TURNAROUND AS WELL, COULD YOU PLEASE SHARE INSIGHTS SURROUNDING THIS?

Yes, I have challenged my people to do better in every single one of our transformation domains and while they may have had some doubts, they certainly did not balk at taking on the challenge. Over time and as a result of their own motivation and interest, some of our people have emerged as subject matter experts in their own right. I am pleased that they continue to realise their potential while seeking out possibilities and opportunities to improve MSM’s operations.

Our people are a critical part of our operations. In my view, even the most cutting-edge machinery needs capable individuals to operate it. Thus, it is imperative that skilled and competent individuals who deeply understand the Group’s culture and objectives, and are willing to continuously adapt and learn are present within the organisation. The significant progress at MSM Johor is also partly attributed to having the right people in key positions there.

We have achieved notable strides in enhancing diversity within our organisation. Our approach is firmly rooted in the principles of meritocracy, ensuring that we value skills and qualifications above all. Our openness to embracing individuals from varied backgrounds, genders, ethnicities, and those bringing unique perspectives from outside the organisation, has been a cornerstone of our strategy. Significantly, recent hires from outside our usual channels have been instrumental in enriching our team dynamics. Their fresh perspectives and diverse experiences from previous roles have injected invaluable insights and innovative approaches into our operations.

Moreover, the 'Prodigy' programme which was designed to bring fresh talent into our fold, has been a resounding success. I have personally witnessed the transformational impact of these young graduates. Their presentations, marking the culmination of their projects, have been nothing short of inspiring, offering fresh perspectives and a vibrant energy to our team. Their contributions have not only been beneficial to our business but have also played a pivotal role in addressing the challenge of graduate unemployment.

MSM Johor
reaching a peak daily UF of
46%

Potentially
1st
in Malaysia to achieve
carbon neutrality

COULD YOU PLEASE SHARE SOME BRIEF UPDATES REGARDING THE GROUP’S SUSTAINABILITY JOURNEY?

Sustainability is part of our DNA as demonstrated by the strong enthusiasm we see from our employees and their positive mindset towards environmental conservation and protection. Nevertheless, we continue to refine our efforts especially in the context of our climate action, with the aim to achieve carbon neutrality within our operations by 2030. We have a carbon emissions gap of about 16% of our total emissions, given that 84% of our carbon is recycled and we believe that we can close this gap through the use of solar panels and the installation of a biomass boiler at MSM Johor by 2026.

In doing so, we could potentially become one of the first few companies in Malaysia to achieve carbon neutrality within our operations and will continue to strive to be ahead of the curve through a consistent and disciplined approach that will result in incremental improvements. Our efforts are demonstrative of our ongoing commitment to the Net Zero Ambition initiative and the Science Based Targets initiative (SBTi), a collaborative effort involving the United Nations Global Compact (UNGC).

This year, we have also established our biodiversity conservation plan, started to look at how our byproducts can contribute to the circular economy and enhanced nature-based solutions. We are also progressing in improving the sustainability of our supply chain with Scope 3 identification programmes and ensuring 100% traceability and NDPE compliance of our raw sugar suppliers.

WHAT IS THE ROAD AHEAD LIKE FOR MSM?

From a broad perspective, our strategies reflect a concerted effort to address existing challenges and pave the way for a more sustainable and profitable future. The primary focus has been on strengthening our financial position, by ‘stopping the bleed’ in MSM Johor and righting the ship from a revenue perspective by negotiating for higher retail prices.

With this in place, the longer-term possibilities look more realistic, such as expanding the sugar universe which may include growing beyond Malaysia and putting refining capacity in other regions. Taking it one step further, the vision for MSM extends beyond the realm of sugar where we could explore a new commodity while remaining true to our core competencies by focusing on mid-stream processing, distribution, and marketing.

However, presently, we need to ensure the focus remains on effectively dealing with the current challenges and successfully implementing our blueprint. Some of the positives we have going forward include our Gula Super product and exciting export opportunities. The hard work will be in upholding operational resilience and reliability as well as managing headwinds from elevated raw prices, rising geopolitical tensions and the weaker Malaysian Ringgit.

Notwithstanding the above, I believe what will continue to hold us in good stead is our willingness to be transparent regarding the challenges we face. We have been through numerous hurdles, but the investing community continues to have faith in us as our communications to the market have been consistently clear and transparent. I am fairly confident that we are turning the corner and we will be able to unlock MSM’s full potential.

MSM's market
capitalisation:
RM2.24
billion
(as at 22 April 2024)

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GROUP FINANCIAL REVIEW

DR MAZATUL 'AINI SHAHAR ABDUL MALEK SHAHAR, FCA
Chief Financial Officer



OVERVIEW OF GROUP FINANCIAL PERFORMANCE

MSM Group has made considerable progress in revitalising the company, as demonstrated by the notable enhancement in performance despite narrowed losses throughout the fiscal year 2023 compared to the preceding year. While the journey has not been without its challenges, including heightened input costs, currency fluctuations, and regulatory constraints in Malaysia, the Group has successfully managed to navigate these hurdles.

Despite facing pressures on profit margins and overall financial stability due to the aforementioned factors, strategic initiatives and improvements in production processes have allowed us to overcome these obstacles and chart a path towards a more promising financial future.

Regarding the regulatory price ceiling in the Wholesale segment, we acknowledge the government’s acknowledgment of the systemic anomaly affecting packed sugar prices in Malaysia. The receipt of the Joint Sugar Industry incentive in the final quarter of the fiscal year marks a significant milestone in our journey. After enduring eight consecutive quarters of losses, transitioning to profitability in the final quarter of FY2023 signifies a turning point for the Group.

This positive outcome is attributed to the benefits realised from various initiatives undertaken throughout the year, which include:



Cost Optimisation Initiatives

The company has undertaken a series of cost optimisation efforts designed to counteract the adverse effects of elevated input expenses. Through the refinement of production processes and the enhancement of operational efficiency, the company has achieved a reduction in refining costs. These advancements have been pivotal in bolstering the company's overall margin, notwithstanding the challenging market conditions.



Improved Margins

The execution of production enhancements has had a beneficial impact on the company’s margins. By rationalising operations and maximising resource efficiency, the company has managed to produce refined sugar at a reduced cost, thereby elevating its profitability. The enhancement in margins acts as a protective buffer against the constraints imposed by the regulatory price ceilings on sugar sales.



Market Dynamics

In the context of high commodity prices and regulatory price ceilings on sugar sales, the company has sustained its market presence by leveraging cost efficiency and strategic pricing mechanisms. Although the price ceiling constrains the company's capacity to adjust prices within the Wholesale segment, the emphasis on cost containment ensures competitive advantage and margin preservation.



Financial Stability

Confronted with the dual challenges of rising input costs and regulatory price ceilings, the company has showcased financial resilience by demonstrating flexibility and innovation. The investment in production enhancements and cost-reduction initiatives is steering the company back towards profitability and solidifying its financial standing.



Long-term Sustainability

The company's dedication to production enhancements not only bolsters its immediate financial outcomes but also establishes a basis for enduring sustainability. Through persistent efforts to refine operational efficiencies and diminish expenses, the company upholds its resilience amidst market volatilities and regulatory limitations.

In summary, despite encountering obstacles, the company's commitment to executing production optimisation and minimising refining costs has played a pivotal role in elevating its financial performance. By prioritising operational efficiency, margin enhancement, and sustainable growth strategies, the company is strategically positioned to tackle the intricacies of the sugar industry and propel forward its future expansion.



The Group's revenue grew by **20%** to RM3.09 billion

FINANCIAL PERFORMANCE HIGHLIGHTS

Revenue
For the financial year under review, the Group’s revenue grew by 20% from RM2.57 billion in FY2022 to RM3.09 billion as sales volume picked up along with market recovery. The growth in revenue reflected the successful price management strategies implemented since the previous year, also contributed by our new premium Gula Super product which was well received by the market since its launch in mid-2023.

The domestic market continues to be an important segment for our revenue growth. Revenue from Domestic sales grew 18% from the year before; closing at RM2.4 billion in FY2023; contributing 79% of the Group’s total revenue. Export revenue also grew steadily, reaching RM637 million in FY2023, up by 20% from the prior year.

Profitability
On the back of higher revenue, the Group’s profitability improved significantly with a healthy Gross Profit of RM79 million, up from a gross loss of RM46 million in FY2022. Profit from operations also rose to RM12 million from a loss from operations of RM151 million a year ago. Closing the year, the Group recorded a loss before tax (LBT) of RM28 million from RM179 million in the previous year. This marked improvement was a result of a concerted focus on cost optimisation initiatives, operational excellence, margin improvements, better supply chain management as well as sustainability initiatives, which helped to mitigate the impact of higher input costs and rising energy prices.

Finance costs and Gearing Ratio
The Group’s total borrowings has increased to RM1.1 billion, up from RM879 million in the prior year. The increase in total borrowings is driven by higher trade facility utilisation on accounts of higher raw sugar costs and weakening of Ringgit Malaysia. As a consequence, finance cost has also increased from RM32 million in FY2022 to RM48 million in FY2023. At the year end, MSM’s gearing stood at 37%, increased from 31% in the prior year.

Taxation
The Group recorded a higher tax expense of RM21 million in FY2023, as compared to a net tax credit in the prior year. Notably, the effective tax rate was 75%, higher than the Malaysian income tax rate of -24% due to the loss recorded in the prior year at the Group level, as well as deferred tax assets not recognised in a subsidiary.

Group Financial Review



Profit from operations rose to **RM12 million** from a loss from operations of RM151 million in FY2022

OUTLOOK
While the Group has experienced financial improvements in the last quarter of the year, we recognise the challenges that still lie ahead. The path towards financial stability and sustainable profitability is an ongoing journey that requires our diligent focus and proactive strategy.

Looking ahead, our finance department is dedicated in a strategy that prioritises prudent financial management, risk mitigation, and operational streamlining. We are committed to leverage data-driven insights and inventive methods to optimize our operations, enhance decision-making, and drive sustainable growth. Our mission is to foster a culture of teamwork and forward-thinking, acting as strategic partners to the operational, commercial, and strategic division within the Group. With determination and a shared vision, we’re united in our pursuit of a stronger, more resilient financial footing.



1 ZULHILMI ZULKIFLI
Head of Finance, Treasury

2 NUR IZWAN MOHD NAWAWI
Senior General Manager, Control & Reporting

3 SALMIAH ABDUL AZIZ
Head of Finance, Insurance & Compliance

4 WENNEI TAN
Financial Controller

5 SYARIDAH ZURAINA ZAKARIA
Head, Finance Shared Services

6 SITI NURHANNIM MAZUKI
Head, Group Accounts, Statutory & Management Reporting

MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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Our
Achievements

Our
Achievements



Penang Future Forward Summit

- Penang Business Excellence Award



41st MSOSH Awards

- Gold Class I Award



41st MSOSH Awards

- Gold Class I Award



41st Malaysian Society for Occupational Safety and Health (MSOSH) Awards 2023

- Gold Class II Award



NACRA 2023

- Silver Special Award for Best Annual Report in Bahasa Malaysia for MSM AIR 2022

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2023 Key Event Highlights

2023 Key Event Highlights

January 2023

- 1 First Collective Agreement (CA) Signing with the Malaysian Food Industry Employees' Union (FIEU)
- 2 Special Chinese New Year 2023 Campaign
- 3 MSM Prai Mahabbah Visit



March 2023

- 1 MSM Johor and Trade Union EXCO's First Quarterly Engagement Session
- 2 Analysts, Fund Managers and Institutional Shareholders Site Visit to MSM Prai
- 3 Earth Hour 2023



February 2023

- 1 Courtesy Call by Cybersecurity Chief Executive Officer
- 2 Insurance Risk Programme at MSM Prai
- 3 MSM SBW Hiking Activity at Kota Damansara Forest Reserve
- 4 Courtesy Visit to Penang Chief Minister Office
- 5 MSM Prai Charity Convoy



April 2023

- 1 Group-wide CSR Campaign for B40 Community in Klang Valley
- 2 Iftar Event with Underprivileged Children at Buku Jalan Chow Kit



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2023
Key Event Highlights

2023
Key Event Highlights

May 2023

- 1 Gula Prai Supports the 'Payung Rahmah Bersama Giant' Initiative
- 2 The Male Allyship Panel Discussion
- 3 MSM Sponsors Gula Prai for Hari Wartawan Nasional (HAWANA) 2023
- 4 FELDA Chairman Visit to MSM Johor
- 5 MSM FY2023 Performance Planning Workshop



June 2023

- 1 MSM 12th Annual General Meeting
- 2 Food Distribution Programme at Pusat Transit Gelandangan Kuala Lumpur
- 3 MSM Prai Weekly Riverside Cleaning



July 2023

- 1 MSM Prai Beach Cleaning Programme in Collaboration with SMK Seri Penanti
- 2 MSM Supports FGV Seikhlas Hati Campaign
- 3 Monday Plogging Organised by Group Finance
- 4 MSM Johor Beach Cleaning at Pulau Aur, Mersing
- 5 MSM Joins PPZ-MAIWP Bowling Tournament 2023
- 6 MSM SBW Bubur Asyura Distribution



August 2023

- 1 MSM Prai Joins Penang's National Day Parade
- 2 Theatre Raises ESG Awareness To Ractar Kids
- 3 Blood Donation Drive
- 4 MSM Partake In National Day Parade
- 5 1st Collective Bargaining Session With MSM Johor Union & FIEU 2023
- 6 Analysts & Fund Managers Site Visit to MSM Johor
- 7 MSM Johor Wins Best Banner
- 8 MSM Prai Jom Mengail Activity
- 9 CFO Innovation Forum 2023



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2023
Key Event Highlights

2023
Key Event Highlights

September 2023

- 1 MSM Prai Received Site Visits From Deputy Minister Of Domestic Trade And Cost Of Living (KPDN)
- 2 MSM Prai Long Service Awards 2023
- 3 MSM First Electric Vehicle (EV) Van
- 4 MBSP Tower Run



November 2023

- 1 MSM Prai Receives Communication, Education and Public Awareness (CEPA) Award
- 2 MSM Integrity Talk 2023
- 3 Gula Prai Donation in Conjunction with Deepavali Festival
- 4 Gula Prai Distribution to Indian Community for Deepavali
- 5 Asia-Pacific Climate Week 2023 Exhibition
- 6 MSM Prai Football Match



October 2023

- 1 Bursa Shariah Corporate Day
- 2 Bull Charge Exchange (BBC2023)
- 3 MSM Prai Launches Minggu Alam Sekitar 2023
- 4 MSM Participates in ESG Talk at FGV Sustainability Week
- 5 Site Visit by Wilmar Singapore to MSM Johor
- 6 Basic Sugar Refinery Training by Wilmar for MSM Johor's Process Team
- 7 Career Fair at UiTM Pasir Gudang by Group People & Culture
- 8 Site Visit by FGV Group Treasury to MSM Johor



December 2023

- 1 Gula Super Launching Ceremony
- 2 Second CA Signing Between MSM Johor and FIEU
- 3 MSM Town Hall Held at MSM Prai
- 4 MSM Lean Six Sigma Green Belt (Batch 3)
- 5 MSM Prai Indoor Bowling Competition 2023



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Market Landscape

Market Landscape

OVERVIEW

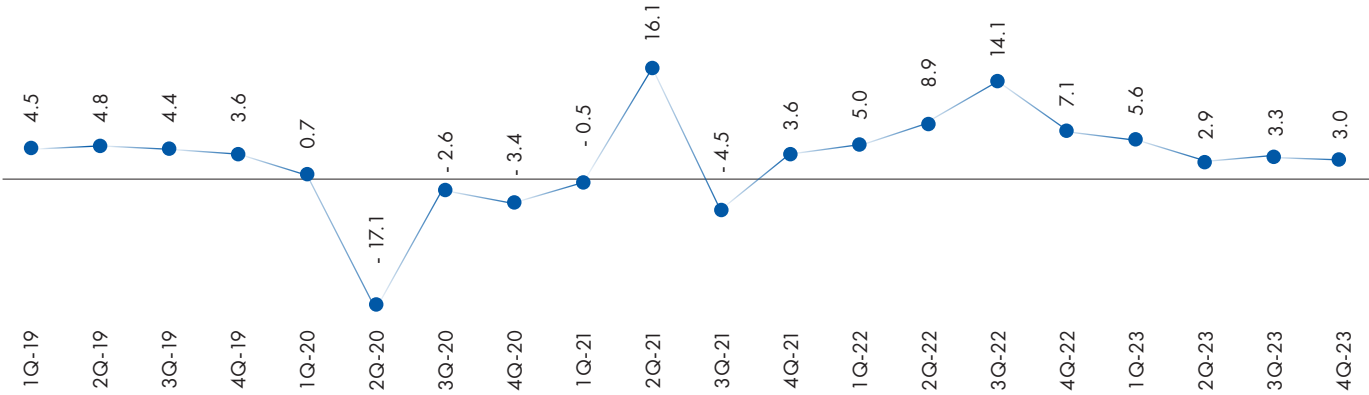
The global recovery continues to be sluggish and inconsistent. Several factors are hampering the recovery, including the long-term effects of the pandemic, the ongoing war in Ukraine, increasing geoeconomic division, the impact of tighter monetary policies aimed at reducing inflation, the withdrawal of fiscal support amidst high debt levels, and severe weather events.

Global prices for raw and refined sugar have soared, influenced by global shortages, increasing energy prices, and the El Nino weather phenomenon. These factors combined to create a challenging business climate in FY2023/FY2024, both domestically and internationally.

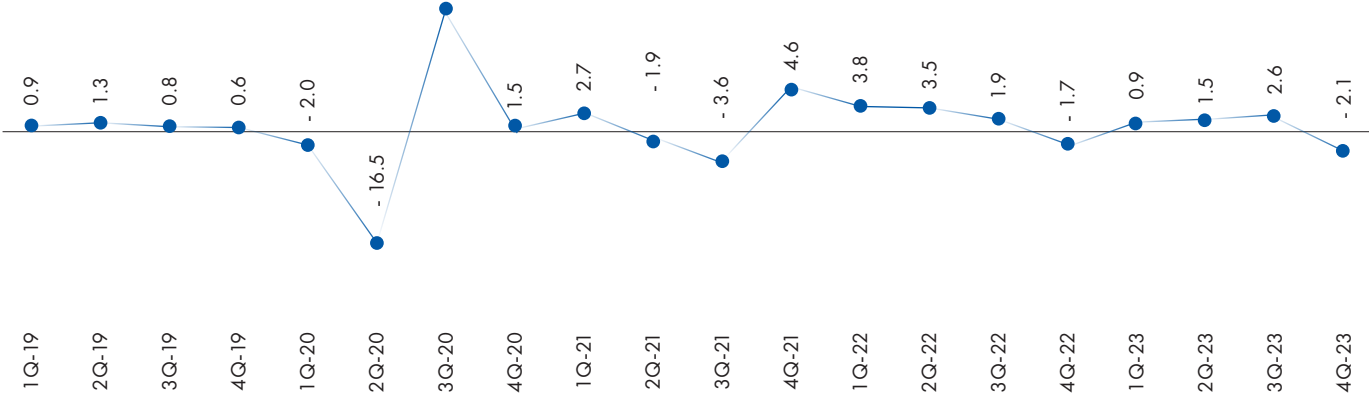


MALAYSIA'S QUARTERLY GDP GROWTH

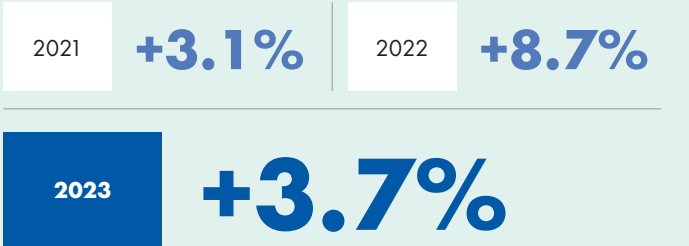
Year-on-year



Quarter-on-quarter



ANNUAL GDP



Looking towards FY2024, various risks are poised to slow global economic growth. These include stringent measures by central banks to tackle inflation, economic fragmentation, El Nino weather phenomenon causes disruptions in commodity markets and geopolitical uncertainties such as escalating conflicts in the Middle East. In addition, several major elections are poised to take place several countries, including the US presidential election in 2024. Despite these challenges, Malaysia's economy is projected to benefit in 2024 from strong domestic demand and a resurgence in international demand.

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Market Landscape

Market Landscape

KEY CHALLENGES FOR THE SUGAR INDUSTRY IN 2023

1

Impact of Ongoing Conflicts on Logistics and Inflation

The war between Russia and Ukraine continues to significantly disrupt the global economy. While the ongoing conflict between Israel and Palestine has not yet had a major impact on global commodity markets, an escalation could lead to a substantial energy crisis, the first in decades. This crisis, stemming from the Russian-Ukrainian conflict and ongoing tensions in the Middle East, is expected to increase food and energy prices. A prolonged conflict could exacerbate economic strains, creating a dual shock in commodity markets still recovering from the Russian-Ukrainian War.

Europe experienced a sharp rise in gas prices in October 2023 due to concerns about potential pipeline disruptions affecting global supply chains. World Bank officials indicate that the severity and duration of the Israel-Palestine conflict and sustained high oil prices will be crucial in determining their effect on inflation and the global economy. A significant spike in oil prices would increase commodity costs and intensify existing concerns about food inflation, especially in emerging countries facing rising hunger rates. Additionally, higher gas and oil prices could lead to increased costs in shipping and fertiliser industries, in turn raising agricultural commodity prices.

2

Rise in Global Sugar Prices

In FY2023, the average price of raw sugar saw an increase, fluctuating between 18.92 to 28.14 US cents per pound. The main cause was the El Nino weather pattern affecting global sugar production, especially in major producers like India and Thailand.

Constraints at Brazilian ports, limiting exports from the world's largest sugar producer, also supported higher sugar prices. However, raw sugar prices decreased to 20.58 US cents per pound by the end of 2023, following an optimistic forecast for sugar production in Brazil. Brazil's sugar production is reported to grow by 27.4% annually in 2023/24, reaching a record 46.9 million metric tonnes due to favourable weather and increasing yields.

3

Malaysian Government Policies on Sugar Retail Prices

Malaysia sets sugar ceiling prices at RM2.85 per kg for coarse sugar and RM2.95 per kg for refined sugar, the world's and region's lowest controlled sugar prices. Despite rising input costs leading to price increases in neighbouring countries like Thailand and Indonesia, Malaysia's sugar price has remained unchanged for the past decade.

4

Sugar Supply Shortage


Global sugar production for 2023/24 (October 2023 – September 2024) is projected to be 175.5 million metric tonnes, with a deficit of -0.33 million metric tonnes as per the International Sugar Organization (ISO) report on 15 November 2023.

In India, raw sugar supplies are constrained due to low cane yields caused by dry weather. The Indian Sugar Mills Association (ISMA) forecasts India's 2023/24 sugar production at 32.5 million MT, down -11.2% from 36.6 million MT in 2022/23. The Indian government announced the extension of export restrictions to an unspecified date, potentially leading to reduced export quotas. Additionally, Thailand's severe drought is expected to reduce its sugar production in 2023/24 to 7.0 million metric tonnes, the lowest in 17 years.

OUTLOOK

In 2024, it is anticipated that raw sugar prices will show an upward trend, influenced by expectations of a production shortfall in the global sugar markets for the 2023/24 (October 2023 – September 2024) season. It's projected that worldwide production will decline from the record highs of the previous season, while consumption is set to hit new peaks due to increasing demand in countries like India and Pakistan.


The forecast for global sugar production in 2023/24 is around 175.5 million metric tonnes, marking a 2% reduction, or a decrease of 3.6 million metric tonnes, compared to the 2022/23 season. This decline is largely due to anticipated lower yields in key sugar-producing nations, notably Thailand and India, primarily because of the drier weather conditions associated with the current El Nino event.



BRAZIL

Brazil is forecasted to see a significant increase in sugar production, rising by 3.0 million tonnes to nearly 41.0 million tonnes. This is due to favourable weather conditions and expanded cultivation areas, leading to more sugarcane available for processing. Higher sugar prices have motivated farmers to cultivate sugarcane over grains.

The production mix is expected to lean more towards sugar than ethanol compared to the previous season, at 49% sugar and 51% ethanol. While consumption and stocks are declining, a record level of exports is anticipated due to the increased supply.




THAILAND

In Thailand, sugar production is expected to fall by 1.7 million tonnes to 9.4 million tonnes, mainly because of drought conditions during the key growth phase. However, consumption is projected to rise in response to the country's economic recovery and a boost in tourism, increasing domestic sugar demand. Exports are forecasted to be higher and may surpass production, while stocks are likely to decline significantly due to robust domestic and export demand.



INDIA

India's sugar production is projected to increase by 4.0 million tonnes to 36.0 million tonnes, attributed to expanded sugarcane cultivation and improved yields. Consumption is expected to rise due to increased demand from bulk purchasers and processed food manufacturers. However, exports are predicted to decrease if the government continues to impose export limits to manage food inflation and satisfy domestic needs. Stocks are likely to remain stable, balanced by lower initial stocks and heightened consumption.



CHINA

China is expected to see a rise in sugar production by 1.0 million tonnes, reaching 10.0 million tonnes, owing to favourable weather and higher sugarcane yields. Consumption levels are predicted to stay the same. Import levels might increase to bridge the supply-demand gap, but overall supply remains tight due to restricted imports and high global prices. Stock levels are forecasted to decrease by 50% due to lower levels of stock and reliance on existing stocks to support consumption.



UNITED STATES

The United States is expected to maintain its sugar production at 8.4 million tonnes. Imports are predicted to decrease by 10% to 2.8 million tonnes, based on expected quota programmes aligned with World Trade Organization and free-trade agreement commitments, as well as projected imports from Mexico and other sources.

While consumption is set to rise marginally, stock levels are likely to decrease due to lower imports, modest consumption growth, and a drop in production.

* Source for international reports: USDA

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Engaging with Our Stakeholders


Engaging with Our Stakeholders

Building and maintaining robust relationships with stakeholders has been pivotal to our turnaround success. Despite facing challenges, we leveraged alternative channels to sustain engagement and gather feedback when face-to-face interactions were limited. By attentively listening to our stakeholders, we gained invaluable insights that informed our risk management and decision-making processes.

The table below illustrates our diverse engagement platforms for stakeholders and links raised issues to the pertinent material matters of the year, with consumers and customers prioritised at the forefront.


Stakeholder Highlights

CONSUMERS AND CUSTOMERS




Zero product recall, reflecting stringent quality and production safety measures by MSM

REGULATORY AGENCIES AND STATUTORY BODIES




Yearly engagement with Department of Environment and Department of Occupational Safety and Health in MSM Prai and MSM Johor

EMPLOYEES




36% women representatives in top and senior management, underscoring MSM's commitment to DEI

VENDORS, SUPPLIERS AND INDUSTRY PARTNERS




Engaged more than **700** local suppliers in our effort to contribute to local economic growth

SHAREHOLDERS AND INVESTMENT COMMUNITY



Improved FTSE4Good ESG rating from 2.4 stars to **3.1** stars

MEDIA, NON-GOVERNMENTAL ORGANISATIONS AND COMMUNITIES



Conducted **35** community events to generate positive impacts in the local communities where we operate

CONSUMERS AND CUSTOMERS



Description
Customer centric to boost our revenue generation and growth.

Stakeholder Expectations

- Quality product
- Competitive price
- Accessibility & consistent supply
- Excellent customer service
- Attractive credit term

Response to These Expectations

- Compliance with food standard
- Household brand
- Creation of a strong distribution network
- Optimisation of inventory management system
- Order fulfilment process

Engagement Platforms

- Online communications (emails, corporate website, social media)
- Sales representatives
- Branding campaigns
- Customer complaint response form
- Event and engagement sessions

Relevant Material Matters

M10M11M13M14

Impact to Capitals



EMPLOYEES



Description
Employees are our vital assets and the key to drive performance forward.

Stakeholder Expectations

- Occupational safety, health & wellbeing
- Career development opportunities
- Vertical and horizontal growth opportunities
- Competitive benefit, remuneration and welfare packages
- Conducive working
 - Protecting human right
 - Promoting Diversity, Equity and Inclusion

Response to These Expectations

- Prioritised health and safety programmes
- Robust talent management process
- Employee engagement and feedback mechanisms
- Investment in employees' training and development
- Benchmarking pay structures against industry standards
- Talent attraction, development and retention
- Frequent management conversations with employees
- Team building and recreational events
- Psychological safety and mental health awareness initiatives

Engagement Platforms

- MSM's internal portal and emails
- Social and recreational activities
- Regular employee meetings, engagement events and programmes
- Onboarding programmes

Relevant Material Matters

M5M6M7M8M10

Impact to Capitals



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Engaging with
Our Stakeholders

Engaging with
Our Stakeholders

SHAREHOLDERS AND
INVESTMENT COMMUNITY

Description

Provide constant communication and a platform for investors and the public to receive a balanced view of MSM Group’s performance and the challenges faced.

Stakeholder Expectations

- Sustainable financial performance and return to shareholders
- Future growth for business
- Strategic engagement on value-added initiatives
- Providing comprehensive understanding on company performance, strategy and future prospect
- Transparent communication and timely financial report and sustainability disclosure
- Ethical and responsible business conduct
- Embedding ESG in business strategy and decision-making

Response to These Expectations

- Implementation of MSM BP26 to sustain long-term plans and growth
- Ensured transparency in corporate reporting and disclosures through various platforms
- Profit sustainability plan & revenue expansion initiatives
- Sustainable manufacturing performance efforts
- Strengthening reliability programmes and MSM Prai rejuvenation plan
- Inculcate ESG mindset and practices
- Upholding a strong governance, compliance and transparency framework

Engagement Platforms

- Annual reports
- Sustainability statements
- Quarterly financial announcements
- Annual meetings
- Annual roadshows (non-deal road shows/investor conferences/corporate days)
- Quarterly analyst briefings
- Online communication (email, corporate website, social media)

Relevant Material Matters

M10M11M13M14

Impact to Capitals

REGULATORY AGENCIES
AND STATUTORY BODIES

Description

The government’s regulatory framework allows us to operate within a supportive environment and infrastructure in addition to providing other means of support to sustain our growth.

Stakeholder Expectations

- Compliance with all legal and regulatory requirements
- Strong corporate governance
- Environmental emissions and discharge management
- Employee safety and health
- Fulfillment of domestic market sugar supply
- Effective internal control measures

Response to These Expectations

- Ensure good control environment
- Perform periodical risk assessments & monitoring
- Establish internal governance of halal practices & policies
- Conduct annual consultation sessions
- Hold annual stakeholder consultations


Engagement Platforms

- Regular updates, disclosures and reporting to regulators
- Regulatory forums, briefings, meetings,conferences and consultation papers

Relevant Material Matters

M2M3M7M10M11M13M14

Impact to Capitals



VENDORS, SUPPLIERS
AND INDUSTRY PARTNERS

Description

Vendors, suppliers and industry partners provide the materials to produce the products and services needed for MSM’s sustainable growth.

Stakeholder Expectations

- Convenient access to procurement systems
- Fair and Equal evaluation of vendors and their proposals
- Communicate fair conditions that satisfy both suppliers and MSM’s needs
- Communicate of new policies, guidelines or strategies

Response to These Expectations

- Establishment of honest and open contract/tender negotiations
- Support for local vendors
- Actively engagement with vendors to improve their understanding on procedures, guidelines, expectations of deliverables and quality standards
- Conduct integrity assessments

Engagement Platforms

- Online communications (emails, corporate website, social media)
- Vendor site visits
- Vendor evaluation form
- E-Procurement system
- Formal and informal engagements

Relevant Material Matters

M5M7M10M11M13M14

Impact to Capitals

MEDIA, NON-GOVERNMENTAL
ORGANISATIONS AND COMMUNITIES

Description

Building and nurturing existing relationships with the communities where we operate allow us to contribute to the transformation of these communities through development and various corporate responsibility programmes.

Stakeholder Expectations

- Socia-economic operational impact and initiatives
- Support key community developments and activities
- Sponsorship and donations
- Responsive and viable contribution

Response to These Expectations

- Community empowerment
- Regular channeling of value information to media
- Media engagement and outreach
- Provision of opportunities for volunteerism through community activities
- Provision of financial aid and charitable donations


Engagement Platforms

- Community engagement activities
- Online communications (emails, corporate website, social media)

Relevant Material Matters

M10M11

Impact to Capitals



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Our

Material Matters

Our

Material Matters

Our commitment to sustainability is demonstrated through a rigorous process aimed at identifying and understanding our most significant material sustainability priorities. Through our robust approach, we continuously evolve our Sustainability Agenda to align with emerging priorities and stakeholder expectations.

In 2023, we embarked on a substantial enhancement of our materiality approach by engaging an external consultancy for our inaugural Double Materiality Assessment. This initiative has yielded invaluable insights, sharpening our focus on sustainability and ESG matters that bear significance in two crucial aspects: MSM's impact on society and the environment, and the potential risks and opportunities affecting MSM's financial value.

While integrating global standards such as Corporate Sustainability Reporting Directive (CSRD) and European Sustainability Reporting Standards (ESRS) into our Double Materiality Assessments, we acknowledge the dynamic nature of this field and commit to regular reviews of our methodologies. Our Double Materiality Process encompassed topic identification, inventory, and benchmarking, which included a comprehensive review of applicable sustainability standards, frameworks, and principles.

We benchmarked MSM against leading companies both within and outside our industry, evaluating sustainability maturity across seven dimensions:

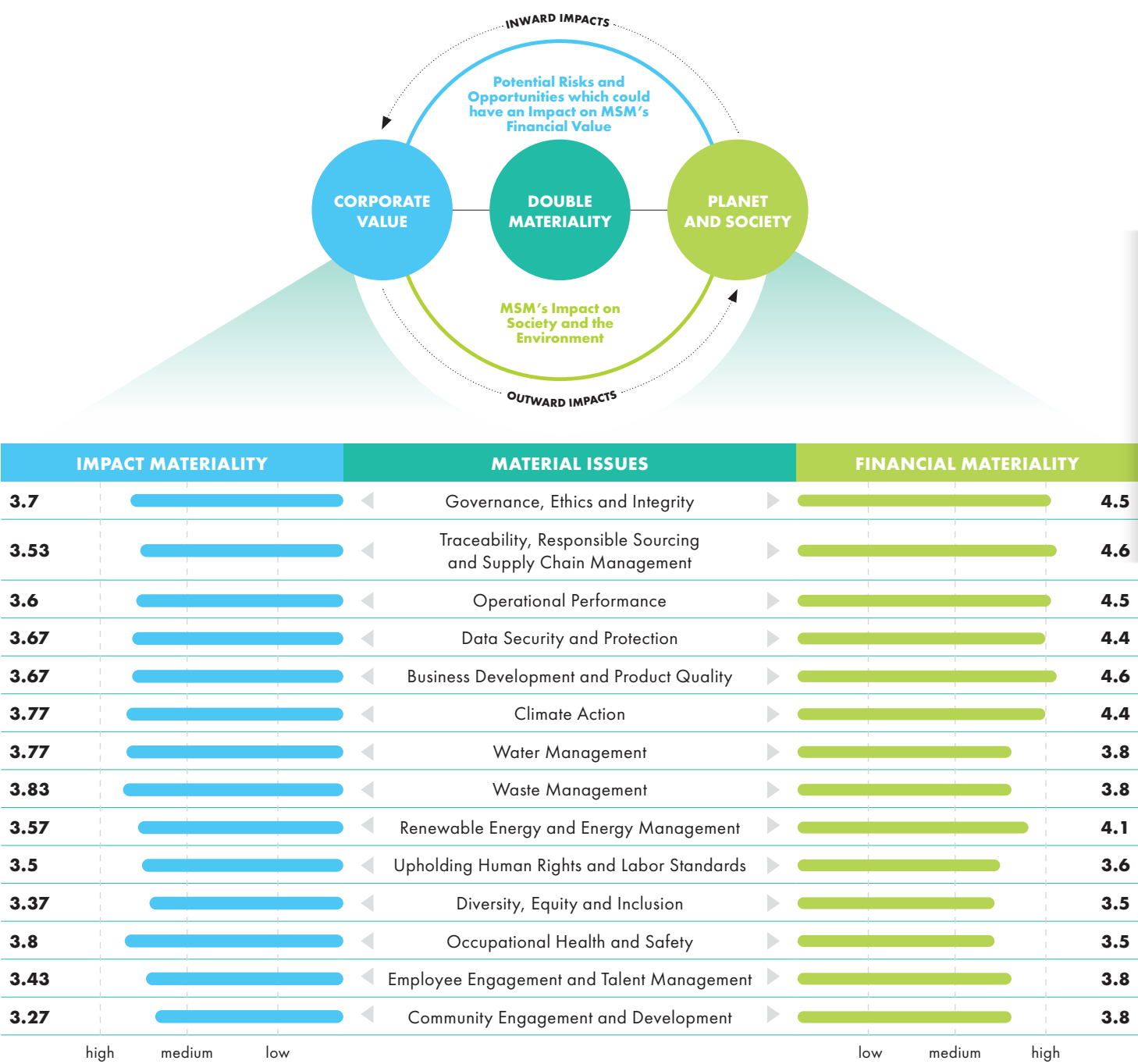


The risk assessment compiled a catalogue of sustainability-related risks pertinent to MSM, which were subsequently evaluated based on their potential impact and likelihood to construct a risk matrix. Materiality thresholds were established by considering potential occurrences across the value chain, risk types, geographical implications, industry dynamics, stakeholder interests, public scrutiny, and emerging trends.

The Impact Assessment prioritised MSM's societal and environmental impacts by amalgamating insights from the risk assessment, stakeholder engagements, and benchmarking exercises. This involved a comprehensive evaluation of MSM's actual and potential negative impacts on human rights, the environment, and the economy.

Financial Materiality analysis focused on identifying risks and opportunities with significant implications for MSM's financial value. Each issue underwent scrutiny to ascertain its potential effects on assets/liabilities, enterprise value, resource accessibility, and business relationships.

Upon completion of these assessments, the relative importance of outward and inward impacts was determined, yielding actionable insights to inform our sustainability strategy and decision-making processes.



For further details on our material matters, refer to:
(i) pages 80 to 85 of this Annual Integrated Report; or (ii) pages 24 to 63, and 72 to 85 of the MSM Sustainability Report 2023.

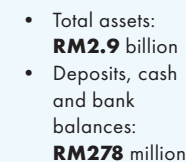
INPUTS

▶ OUR BUSINESS

SUSTAINABILITY

▶ OUTPUTS

HIGHLIGHTS



- Total sugar refineries: **2**
- Total warehouse and packing facilities: **1**
- Total annual refining capacity: **2.05** million tonnes

- Product brand: Gula Prai
- IT infrastructure
- Product certifications and compliance

- Total employees: **1,132**
- Top & Senior Management: **25**
- Total Executive Committee (EXCO) members: **9**

- Employee volunteer hours
- Spending on corporate social responsibility (CSR) programmes

- Water consumption
- Diesel consumption
- Natural gas consumption
- Purchased electricity



ENVIRONMENTAL

- M1** Climate Action
- M2** Waste Management
- M3** Water Management
- M4** Renewable Energy and Energy Management

- M5 Upholding Human Rights and Labour Standards
- M6 Diversity, Equity and Inclusion
- M7 Occupational Health and Safety
- M8 Employee Engagement and Talent Management
- M9 Community Engagement and Development

- M10** Governance, Ethics and Integrity
- M11** Traceability, Responsible Sourcing and Supply Chain Management
- M12** Operational Performance
- M13** Data Security and Protection
- M14** Business Development and Product Quality

- Volatility and rise in input costs
- Operational inefficiencies
- Malaysian domestic regulations
- Security and environmental issues
- Public health and safety



- **RM3.1** billion revenue with (3.4%) return on equity
- **7.10** sen loss per share and **2.08** net assets per share

Manufactured Capital

- **992, 247** tonnes production output
- Sales volume in Malaysia of **789, 839** tonnes
- Sales volume in Asia of **208, 771** tonnes
- Sales volume in Oceania of **29, 627** tonnes
- Sales volume to other countries of **3, 679** tonnes

- Brand value of **RM614.6** million
- **RM2.45** million IT CAPEX expenses

- **2.2:1** male to female ratio at managerial level
- **20,805** training hours
- **33.3%** female representation in EXCO

- Lost-Time Incident Frequency Rate (LTIFR): **1.41%**
- Contributed **RM256,380.54** for sponsorships and donations in FY2023

Natural Capital

- Water consumed: **2,213,040** m³
- Mudcake waste: **22,081** tonnes
- **49,609,536** kWh
total purchased electricity

- Group revenue **20%** higher compared to previous year
 - Annual production output increased by **4.7%**
 - Better economies of scale for vendors
-
- Our manufacturing processes are certified with ISO 9001:2015, FSSC 22000 - Manufacturing, ISO 22000 and HACCP Certification
-
- Gula Prai is a recognised Halal brand as certified by JAKIM
 - Consistent delivery of the safest and highest quality standards, in compliance with all relevant laws and regulations
 - Gula Prai has a market-leading position as the best-selling sugar brand and is the **top 3** FMCG brand in Malaysia for three consecutive years
-
- Our investment in employees' training and development has increased by **31%** in FY2023
-
- Conducted **35** community events to generate positive impacts in the local communities where we operate
 - MSM Prodigy programme welcomed **11** prodigies in FY2023
-
- Reduction of Scope 1 emissions by **3.5%** per tonne of sugar products produced
 - Reduction of Scope 2 emissions by **9.5%** per tonne of sugar products produced



MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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Our Strategic Priorities

Our Strategic Priorities

Our three-year strategic Business Plan (BP) 2022-2024, propelled by seven Key Strategic Initiatives (KSI), continues to steer MSM towards achieving sustainable growth, operational excellence, and market leadership within the sugar industry.

Essentially, the BP encompasses three fundamental principles set to facilitate the revitalisation of MSM which are optimising our assets potential; strengthening domestic position with intensified regional presence and improving capital structures.


In the second year of our BP 2022-2024, MSM has made solid progress in achieving each of the KSI during the Integration phase for 2023. Under this phase, we were able to uphold food security through sufficient domestic supplies by focusing on cost optimisation and enhancing financial performance and sustainability.

We have also continued the C2R initiative, focusing on cost savings, cashflow conservation, and revenue generation to improve financial performance and sustainability. This comprehensive approach involves identifying areas for cost reduction, efficient cashflow management, and innovative revenue-generating strategies, such as transforming waste into revenue and expanding exports into new markets. We have also commenced seeking for expansion opportunities in other countries in the APAC and Africa. Additionally, we have accomplished stabilisation of MSM Johor, the completion of the packing and refined sugar warehouse and our Industrial Effluent Treatment system (IETS).

Entering into 2024, the Group endeavours to maintain profitability by expanding into nearby regions, exploring new markets with significant demand, and upholding operational excellence.

Our Vision

“ To be a world class and cost-efficient organisation driven by sustainability with a diversified portfolio in food related business ”



World-class and cost-efficiency

Commitment to excellence and a pursuit of being among the best in the sugar industry focusing on quality, optimisation, and ensuring high standards in all aspects of the business as well as growing sales into different regions with a diverse customer base.

Driven by Sustainability

Commitment to ensure high sustainability standards towards environment, social and governance as it is the right thing to do.

Diversified portfolio in food related business

To expand towards a broad range of products or services within the food-related business and capitalise on various market opportunities.

ESG KEY AMBITIONS

Net Zero

Ahead of 2050

100%

Sustainable Raw Sugar

Enhancing

Governance

Zero Harm

to People, Environment and Property

Circularity

Improved

Diversity, Equity & Inclusion

Progress of KSIs under MSM BP24

Improving Sales Performance (Value-added Products)

Achieved

- Higher Average Selling Price (ASP) for Value-added Products (VAP)

Ongoing

- Increase sales volume of VAP - special focus on exports to China
- Aim to sell VAP to the food industry

In Progress

50%

Sales & Distribution (S&D) Cost Savings

Achieved

- Lower overall S&D cost in 2023 compared to 2022 from lower external warehouse rental costs

Ongoing

- Maximise internal storage capacity
- Improve fulfilment centre performance
- Optimising fleet planning

In Progress

80%

Export via Strategic Partnerships

Achieved

- Recurring export sales of refined sugar create sustainable opportunities for long-term growth

Ongoing

- Grow export offtakes from neighbouring countries, Asia-Pacific and new markets in Africa

In Progress

50%

Sustainable Manufacturing Performance

Achieved

- Successfully rectified major issues at MSM Johor
- Achieved overall higher Group production volume and UF

Ongoing

- Target to achieve UF above 50% by end of 2024, with YTD UF of 40%

In Progress

75%

Growing a Sustainable Operation with Better Energy Planning and Green Energy (including Managing Waste Efficiently)

Achieved

- Higher savings in mudcake disposal costs and circularity

Ongoing

- Installation of a biomass boiler at MSM Johor in collaboration with FGV

In Progress

80%

Strategic Capital Management

Achieved

- The local Joint Sugar Industry received an incentive from the Government from the final quarter of the year, alleviating capital constraints

Ongoing

- Increase USD natural hedging through growing export proceeds

In Progress

80%

Digital Transformation towards Industry 4.0

Achieved

- Implemented several monitoring digital dashboard for live monitoring and quick access

Ongoing

- Enhance data capture and analytics capabilities

In Progress

75%

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Our
Strategic Priorities

Our
Strategic Priorities

The following year also marks our transition to the next three-year business plan of BP 2024-2026 and we will continue to be guided by our three fundamental principles and seven KSIs:

2024

PROFIT SUSTAINABILITY

- Further bolstering domestic market share and extending growth into neighbouring regions such as Asia-Pacific and emerging markets like Africa
- Continuous optimisation of MSM Johor's UF and Yield
- Initiate MSM Prai's Rejuvenation Plan
- Ensure operational excellence and financial resilience

2025

OPTIMISATION

- Improve and ramp up production levels in MSM Johor to achieve economies of scale
- Step up Value-Added Products sales growth
- Integration into complementary segments with higher margins
- Initiate biomass boiler project reducing refining cost
- Increase production yield and efficiency minimising process wastages
- Adopt new technologies towards Industrial Revolution 4.0 (IR 4.0)





2026

BEYOND SUGAR

- Diversify and expand into additional revenue streams beyond sugar into complementary businesses to fortify business capabilities
- Complete revitalisation of MSM Prai through Rejuvenation programme and complete upgrades of IETS programme
- Complete installation of biomass boiler project at MSM Johor
- Broaden midstream and distribution processes through export growth

MSM BP26

Integrating capitals and connecting material matters to strategy, sustainability, and risks.

Strategic Themes	Relevant Material Matters	Related Capitals	Key Objectives	Potential Risks	2023 Initiatives and Priorities	Goals by 2026
Sustainable Manufacturing Performance	M11 M12 M13		<ul style="list-style-type: none">Operational performanceResource managementCompliance excellenceWater and waste managementRenewable energy and energy management	<ul style="list-style-type: none">Downtime of critical equipmentsRegulatory complianceSecurity and floodingCybersecurity and protection	<ul style="list-style-type: none">Strengthen reliability programmeMSM Prai rejuvenation plan to extend plant's lifespanIndustry technical subject matter expert engagementYield optimisation	<ul style="list-style-type: none">Average yield optimisation >96%Average utilisation factor >70%Average energy efficiency at 1.0 tonne steam per tonne raw sugar
Revenue Expansion	M11 M14		<ul style="list-style-type: none">Service and product qualityMarket growth maximises offtakesOptimise pricing capabilitiesTraceability, responsible sourcing and supply chain management	<ul style="list-style-type: none">Market volatilitySupply chain crisisTrade barriers	<ul style="list-style-type: none">Market expansion in neighbouring countries and Asia-PacificExplore new offtakes in emerging markets e.g. Africa and Middle EastExpand value added product sales into China	<ul style="list-style-type: none">Revenue growth of 50%Total sales volume >1.4 million MT per annum>10% market share in the Asia-Pacific
Capital Preservation	M10 M11 M12		<ul style="list-style-type: none">Financial planning and controlEffective cashflow management	<ul style="list-style-type: none">LiquidityCredit ratingCounterparty default	<ul style="list-style-type: none">Cash Conservation, Cost Savings and Revenue Generation (C2R) initiativesPrice revision to absorb overall higher input costPrudent raw sugar and freight hedging strategy mitigating volatility riskNegotiate with suppliers for better pricingObtain Joint Industry incentive from the Government	<ul style="list-style-type: none">Gross Profit margin ~10%Net Gearing Ratio <1.0xEarnings before Interest, Taxes, Depreciation and Amortisation (EBITDA) >RM300 million
Improve Sustainable Values	M1 M2 M3 M4 M5 M6 M7 M8 M9 M10 M11		<ul style="list-style-type: none">Environmental impact and climate actionCommunity engagement endeavoursEmployee engagement and talent managementOccupational health and safetyAdvocate for greater diversity among senior corporate positionsUpholding human rights and labour standardsGovernance, ethics and integrity	<ul style="list-style-type: none">Environmental issuesOn-site fatalities and injuriesSustainability reputation	<ul style="list-style-type: none">Engaging with local residents through outreach programmes such as beach cleaning and ploggingNature-based initiatives such as mangrove planting and explore renewable energy solutionsCircular economy, waste-to-weath via re-purposing mudcake into building materials and fertilisersAchieve 30% women representation in C-level positionsInclusion in the FTSE4Good Bursa Malaysia (F4GBM) and FTSE4Good Bursa Malaysia Shariah (F4GBMS) Indices	<ul style="list-style-type: none">Zero fatalitiesLost Time Incident Frequency Rate (LTIFR) <2.0Reduce water consumption by 4% from operations

Legend:  Completed  Ongoing  Not started

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INVESTOR RELATIONS AT WORK

The Investor Relations (IR) function at MSM has played a significant role in elevating our growth and success. Our IR team has bolstered investor confidence in MSM's resulting in a remarkable increase in our share price and market capitalisation.

Through transparent communication and strategic engagements with the investing community, we have attracted a broader investor base and have seen a heightened interest from analysts, fund managers and institutional investors.

Overall, the IR team's proactive efforts have strengthened shareholder value and positioned MSM for enduring growth in the future.

The following engagements provide a snapshot of MSM's continuous efforts to further foster IR.



- 1 **ABDUL HADI KARIM**
Head, Corporate Strategy
& Investor Relations
- 2 **FARIZA HAIZUMI AHMAD**
Senior Manager, Corporate Strategy
& Investor Relations
- 3 **DAVID TAI DA WEI**
Manager, Corporate Strategy
& Investor Relations
- 4 **NURUL AIN MUHAMMAD
RAMDAN**
Executive, Corporate Strategy
& Investor Relations

2 March 2023
Analysts & Fund Managers
Site Visit to MSM Prai

1 June 2023
Pre-AGM Engagement
with Minority Shareholders
Watch Group (MSWG)

2 June 2023
Pre-AGM Engagement
with Permodalan Nasional
Berhad (PNB)



22 August 2023
Engagement with
Employees Provident Fund
(EPF)

5 October 2023
Bursa Shariah
Corporate Day

3 November 2023
Engagement with
TA Securities

VALUE-CENTRIC INVESTOR RELATIONS

8 June 2023
MSM Malaysia Holdings
Berhad's 12th Annual
General Meeting (AGM)

12 July 2023
Engagement with Analysts
& Fund Managers

21 August 2023
Analysts & Fund Managers
Site Visit to MSM Johor



23 November 2023
MSM 3Q FY2023
Analyst Briefing

30 November 2023
NACRA 2023



Feedback
As part of our efforts to increase transparency, we encourage shareholders and investors to forward their questions and comments to MSM's Investor Relations team via email at: investor.relations@msmsugar.com.



For more information on our stakeholders communication channels, share price performance, research coverage and areas of discussion by shareholders, refer to pages 130 to 132 of this Annual Integrated Report.

Sweetening Lives

SINCE 1964



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Our Group Business Review

Our Group Business Review



RAW SUGAR SOURCING & PROCUREMENT



PROCUREMENT OF RAW SUGAR



OVERVIEW

In FY2023, the average cost of raw sugar was notably higher compared to FY2022, and this elevated price level has persisted throughout the year. Factors like the El Nino weather phenomenon and constrained global supplies caused the benchmark NY11 sugar price to fluctuate between 18.92 to 28.14 US cents per pound in FY2023, compared to the range between 17.20 to 21.18 US cents per pound in FY2022.

The occurrence of an El Nino weather pattern poses a risk to worldwide sugar production. A notable impact was observed during the drought in Asia's sugar crops in 2015 and 2016 due to El Nino, leading to a surge in sugar prices. In the current year, India, which ranks as the world's second-largest sugar exporter, experienced dry conditions and the lowest monsoon rainfall in five years, adversely affecting cane production and potentially leading to more restrictions on sugar exports.

Thailand, the third-largest sugar producer globally, also reported reduced sugar output due to adverse weather during the critical growth phase of the crop. Conversely, Brazil, the world's top sugar producer, had favourable weather conditions in FY2023, resulting in substantial crop yields. It is anticipated that Brazil's sugar production will increase by 27.4% in 2023/24 to a record 46.9 million metric tonnes, driven by favourable weather conditions and increasing yields.

The pricing of raw sugar in US dollars (USD) means that fluctuations in currency exchange rates also impact our purchasing power. In FY2023, the US dollar strengthened against the Malaysian ringgit (MYR), peaking in October 2023 at RM4.8000. The average exchange rate of the MYR to the USD in FY2023 was MYR4.5607, an increase from MYR4.4000 in FY2022.

NO DEFORESTATION AND NO PEOPLE EXPLOITATION (NDPE)

In December 2023, we extended our collaboration with Wilmar Sugar Pte Ltd to continue with the sustainable sugar programme for an additional two years. The sustainable sugar programme, which is in line with the No Deforestation and No People Exploitation (NDPE) Policy, has helped MSM establish robust raw sugar traceability and sustainable practices. The programme also helps enhance transparency in MSM's upstream supply chain operations, enabling MSM to identify and address any potential sustainability issues or risks associated with raw sugar sourcing more effectively.

Through the NDPE and this continuous collaboration, MSM and Wilmar will be able to protect the environment, labourers and communities while also advancing operational efficiencies and implementing best practices. It will also strengthen MSM's global market presence as a reputable producer of high-quality sugar.

OVERCOMING THE HIGH-COST CHALLENGE

MSM remains committed to sourcing raw sugar at the most competitive prices, despite the challenges posed by fluctuating and increasing costs of raw sugar. The company employed a back-to-back hedging strategy, aligning all sales from the Industry and Exports divisions with current raw sugar prices.

In addition to this approach, MSM explored various pricing strategies to more effectively manage market volatility and minimise exposure to price risks. For example, to better regulate freight expenses, MSM entered into a long-term freight agreement with Wilmar Sugar Pte Ltd in FY2022.

Moreover, MSM strategically hedges its position in Brent Crude Oil through options trading. This tactic is aimed at benefiting from rising commodity prices, using the profits to offset high gas expenses incurred by our two refineries.

The Trading Committee plays a vital role in guiding MSM, tasked with keeping a close eye on the global sugar market, overseeing our hedging positions and managing currency exposure to ensure optimal outcomes for the Group. The committee also advises MSM on pricing strategies for raw sugar and the implementation of hedging activities.



- 1DEREK TEH LAKE HO
Head, Raw Sugar & Commodities
- 2LIM SAN YEE
Senior Executive, Raw Sugar & Commodities
- 3DANIA SYAMIRAH MUHD ALI
Prodigy, Raw Sugar & Commodities

OUTLOOK

Looking forward to FY2024, we expect more challenges due to the likelihood of the El Nino phenomenon causing reduced rainfall over the next couple of years and a worldwide sugar shortage resulting from a decrease in global supply. These conditions may keep raw sugar prices high or even drive them up further. However, MSM's primary objective for 2024 is to continue sourcing raw sugar at the most affordable average price. This approach is crucial for assisting the Group in strategically managing raw sugar costs and reducing production costs.

MSM will regularly review and adapt the Group's raw sugar hedging strategy to align with the dynamics of the commodity markets. Our team will continue to closely monitor price fluctuations, and we will proactively manage hedging risks to ensure protection against market exposure. We are committed to maintaining transparency in our operational decisions by ensuring clear internal communication between the MSM trading team and our refineries. This approach is vital for effectively managing our raw sugar stock at all times.

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Our Group
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OPERATIONAL
& REFINING



OVERVIEW

It has been a milestone year for the Operations team as we have made significant progress in rectifying major issues that have hampered production at MSM Johor, resulting in an unprecedented capacity utilisation rate of 22% at MSM Johor. In addition, we have continued to effectively sweat our assets at MSM Prai, resulting in total production volume of 770,636 MT.

In 2023, MSM was steadfast in ensuring the completion of key initiatives to put us on a stronger footing going forward. We had successfully navigated a range of operational issues which resulted in higher overall capacity utilisation of 48%.

Some of the key initiatives we completed this year included the completion of changeout repairs to Boiler #1 at MSM Johor in April 2023, which effectively ensured redundancy in our operations and solved an issue that had affected our operations since 2019. We also completed the upgrade of our Industrial Effluent Treatment System (IETS) at MSM Johor in October 2023 to comply with Department of Environment limits for the discharge of effluents. To ensure MSM Prai is also in compliance, we will install an IETS plant which is expected to be operational by the second half of 2025.

In terms of packaging and storage, we have upgraded our CGS 1kg packing line with a new system for better efficiency and output volume in MSM SBW, in addition to completing a new refined sugar warehouse at MSM Johor. To further improve our operations, we engaged with Wilmar who conducted a Sugar Refining Training & Best Practices training programme for our teams at MSM Johor.

We are also pleased to report that we recorded zero fatality groupwide and a reduction in Lost Time Injuries, improving from nine in 2022 to eight in 2023. MSM adheres to “No Harm To People, Property and Environment” and is committed to ensuring the health, safety and well-being of all our employees, contractors and visitors.

OPERATIONAL PERFORMANCE

Production Volume (tonnes)

2021	895,222
2022	946,834
2023	992,247

Raw Melted Sugar (tonnes)

2021	933,274
2022	995,863
2023	1,039,931

Capacity Utilisation (%)

2021	44
2022	46
2023	48

PLANNED SHUTDOWNS IN 2023

All planned shutdowns were planned, communicated and aligned with Group Commercial and Group Supply Chain in order to minimise impact on availability of stock, delivery and sales.

	DATE	SHUTDOWN ACTIVITIES
MSM Prai	8 - 10 January 2023	DOSH officer annual inspection for 43 units of registered Unfired Pressure Vessel (UPV). Carry out factory maintenance to ensure all assets and machinery in the factories are in peak operating condition.
	21 - 24 April 2023	Replaced the worn out machinery, piping and conveyor parts. Schedule maintenance for auto valves replacement and computer system data downloading.
	30 October - 2 November 2023	Improve the incoming power supply cables for 33kv sub station and replace the control panel for MVR pump, CO ₂ gas pump and VKT motor control. Repaired the body leaking for Premelter and replaced the worn out hot water tank.
MSM Johor	9 - 12 January 2023	Minor shutdown to clear high colour molasses from process system, rectify leakages & other machinery parts.
	21 - 25 April 2023	Minor shutdown to repair leaking steam and water pipes, replace worn out equipment parts. Other than that, to service, calibrate and maintenance for all DCS computer and Remote Input/Output (RIO) panel. As well as, inspection, cleaning and service of all MCCB panels.
	9 - 14 August 2023	Minor shutdown to replace passing 36" vapour steam valve at vacuum pan by renting crane for job, to rectify leakages, machinery parts and ensure all assets are in good condition.
	4 - 14 October 2023	Major shutdown for plant maintenance to repair and ensure all assets are in good condition such as belt conveyor, grasshopper, scrubber pipe and other machinery parts. DOSH officer annual inspection for 51 units of UPV.

In addition, we experienced unplanned shutdowns at both MSM Prai and MSM Johor as a result of plant reliability and storage capacity issues.

OUTLOOK



Looking ahead, despite facing financial constraints, MSM is strategically managing its rejuvenation plan for MSM Prai, with a comprehensive roadmap identified from 2024 to 2027. While the overall execution of the plan has been temporarily halted, critical rejuvenation initiatives have been integrated into our yearly CAPEX budget for implementation.

To ensure continuous improvement in our operations, we are maintaining a bi-weekly cadence of technical discussions between MSM Johor and Wilmar's Subject Matter Experts. This ongoing collaboration focuses on addressing process and reliability issues, as well as sharing best practices to enhance our operational efficiency.

Furthermore, we expect higher production with the execution of an additional CGS 1kg packing line at MSM Johor, which should boost our CGS output. Simultaneously, the implementation of Smart Manufacturing at MSMJ is underway, with a targeted completion by the first quarter of 2024, following its kickoff in September 2023. This initiative is expected to significantly enhance our manufacturing processes.

In our commitment to efficient maintenance operations, we are set to roll out a Computerised Maintenance Management System at MSM Johor in the first quarter of 2024. This system will play a pivotal role in managing and streamlining maintenance operations. Upon successful commissioning and execution at MSM Johor, we plan to replicate this system at MSM Prai to further optimise our maintenance processes.

Lastly, crucial projects such as the construction of Boiler #3 at MSM Johor and the IETS Plant at MSM Prai are actively underway. These projects are integral to the success of both refineries and signify our dedication to operational excellence and sustainability.

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COMMERCIAL &
DOWNSTREAM



OVERVIEW

In retrospect, the past year presented the Division with notable challenges, primarily by rising input costs that exerted pressure on the profit margins of the retail pack selling price. Despite these hurdles, the Division exhibited resilience and adaptability.

We addressed these challenges by implementing strategic revisions to our Domestic and Export selling prices. This proactive approach resulted in a noteworthy year-on-year increase in ASP for both Domestic and Export markets, with a growth of 10% and 24%, respectively.

DIFFERENTIATION FOR GROWTH

In FY2023, MSM’s Gula Prai retail packs saw heightened demand from local market players, including Modern Trade channels. We have successfully launched the Coarse Grain 500g in 7-Eleven stores which was one of the highlights for the year. Moreover, MSM expanded its market presence by introducing Gula Super in May 2023, known for its consistent color and superior quality. Gula Super secured listings in major supermarkets and the prominent retail chains throughout the country further establishing MSM’s foothold in the market with over 10% market share of total retail sugar packs.

OUR PERFORMANCE

Revenue (RM million)

2023	3,043
2022	2,566
2021	2,260

Sales Volume (tonnes)

2023	1,031,916
2022	990,760
2021	974,391

Note: Revenue and sales volume includes sales of molasses

DELIVERING PERFORMANCE

In FY2023, revenues were higher across all geographic segments reflecting the effect of higher ASPs amidst intense competition and high input costs. The Malaysian market showed a robust recovery from the Covid-19 impact, with a 20% year-on-year rise in revenue. For our Export segment, there was revenue growth of 15% and 45% for our Asia and Oceania markets, respectively.

Additionally, the Division has achieved a remarkable milestone by successfully increasing its revenue from RM2.6 billion to an impressive RM3.0 billion. This substantial growth underscores our commitment to achieving unparalleled success and reflects our dedication to corporate excellence.

This year, we have continued to improve our processes, by shifting to e-documents which not only improved operational efficiency but is also aligned with MSM’s commitment to Environmental, Social, and Governance (ESG) principles.



Launch of Gula Super at AEON Big, Wangsa Maju.



Launch of EV Van



CGS 500g in 7 Eleven

OUTLOOK



In line with our mandate from the Ministry of Domestic Trade and Cost of Living to supply 24,000 metric tonnes of retail sugar packs monthly, MSM Domestic Sales will also prioritize servicing the retail and large industry segments.

Meanwhile, the Export team’s strategic emphasis for 2024 will be on expanding market penetration into China and Africa, alongside exploring wholesale and retail opportunities in the Near Region, with a particular focus on border trade in countries such as Indonesia, Myanmar, Singapore, and the Philippines.

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Our Group
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SUPPLY CHAIN

OVERVIEW

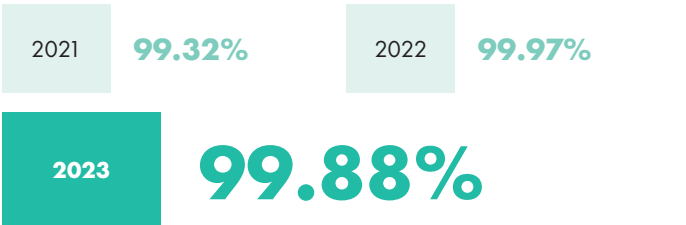
During the year under review, the Group Supply Chain division made substantial progress in reducing costs and enhancing revenue growth by refining internal procedures and implementing cost-efficient strategies. This has led to considerable cost savings and improvements in supply chain efficiency.

OPERATIONAL PERFORMANCE

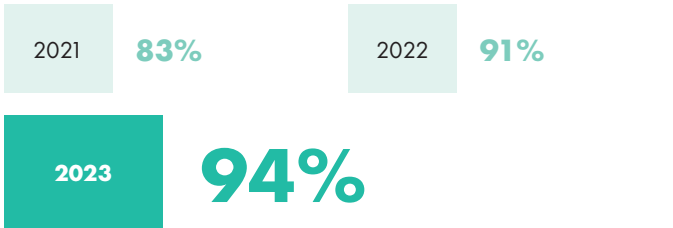
Sales & Distribution



Inventory Record Accuracy



On Time in Full



Stock Cover



ENHANCING COST EFFICIENCY

In FY2023, the Group Supply Chain’s strategy focuses on refining internal procedures to ensure optimal cost efficiency and to bolster revenue growth. The Group Supply Chain team has been pivotal in creating the premium retail product, Gula Super, via the New Product Development (NPD) process. This process encompasses various areas including commercial, legislative, operational, procurement, supplier management, quality control, corporate communication, legal, and finance. The structured NPD approach has successfully converted an idea into a marketable product within a span of eight weeks.

The Group Supply Chain has also implemented strategies to reduce costs and enhance the Return on Investment (ROI) within the organisation:

- Implementation of a 5-year Fleet Replacement Programme: This investment focuses on updating the fleet, resulting in reduced operational costs (repairs and maintenance), increased fleet uptime, enhanced revenue generation, and improved customer service levels.
- Investment in plastic pallets: This strategy aims to replace high long-term rental costs with a more cost-effective solution. The use of plastic pallets has led to a significant reduction in pallet rental expenses, saving RM1.5 million annually and optimising ROI.

Group Supply Chain has also undertaken a review of the current expenditure and budget of the division. This review pinpointed warehouse storage and handling as potential areas for cost reduction. To this end, we changed the costing structure for most supply chain services from Fixed Costing to Activity-Based Costing. This transition allowed more adaptable service charges, enabling MSM to only pay for services utilised, leading to substantial cost savings.

Consequently, the Group Supply Chain has realised significant savings as forecasted at the start of 2023, thereby reducing Selling and Distribution costs. This efficiency has permitted MSM to reallocate resources more effectively, enhancing its competitive edge in the market.

TAILORED DISTRIBUTION AND DIGITALISATION INITIATIVES

The division is currently in the initial phase of implementing a tailored customer distribution network, designed to meet specific customer requirements and optimise cost-to-serve. These customer needs encompass various aspects such as enhancing MSM's responsiveness to customer orders, product offerings, product availability, order tracking and the ability to manage reverse logistics process.

Furthermore, we upgraded our Customer Service portfolio to better connect customers with operations. This includes customising account management and refining processes through the strengthening of Standard Operating Procedures.

This year, MSM also began addressing specific customer demands based on order volume. This includes producing special sugar grades for particular customers. An example of this is the initiative to prepare a retail product specifically for the Singapore market, with plans to commercialise it in the first quarter of 2024.

In addition, a digitalisation initiative is set to be fully implemented in FY2024, supported by the allocation of dedicated and experienced resources.

OUTLOOK



For 2024, the Group Supply Chain is primarily focused on refining processes and implementing a flexible cost structure, known as Activity Based Costing or Pay Per Use, for pivotal services. This approach, coupled with the standardisation of services through group-wide initiatives, aims to reduce costs while enhancing the value of services provided. Additionally, the Group Supply Chain is committed to implementing energy-saving measures to support sustainability.

A key focus is also on bolstering the Demand and Supply processes. This includes optimising inventory management to efficiently manage goods flow, reducing inventory holding and transportation costs, and minimising wastage. Utilising data analytics, the Supply Chain team is able to identify potential improvements, enhance efficiency, and cut costs.

The year 2024 is also significant for the Group Supply Chain's dedication to continuous learning. Alongside soft skills development, there is an emphasis on technical training in areas such as demand and supply, financial and costing principles, inventory management, halal logistics, and transport safety. This training is designed to enhance the skillset of Supply Chain personnel, leading to better job performance, higher productivity, cost savings, and overall improved outcomes.

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Our Sustainability Approach

Our Sustainability Approach

Sustainability remains central to our decision-making and business management, ensuring resilient growth and longevity. Guided by FGV Holdings Berhad's sustainability strategy and framework, our approach focuses on integrating sustainable practices into operations while creating value for stakeholders and minimising adverse impacts on society and the environment.

Anchored on three key pillars—Environmental, Social, and Governance (ESG)—our sustainability framework covers five focus areas that address essential elements of sustainability. These include topics related to economic growth, good governance, social and human rights, environmental impacts and sustainable production, alongside innovation and transformation.



Economic

- Prioritising operational efficiency, sustainability and climate resilience in the supply chain
- Improving operational efficiency through the Kaizen approach to optimise costs while maintaining product quality
- Engaging suppliers and partners ethically and promoting sustainable practices
- Attracting eco-conscious investors and consumers through our commitment to sustainability

Social

- Upholding human rights standards, principles and conventions including the UDHR, alongside fair labour practices
- Prioritising employee health and safety by providing comprehensive training
- Engaging with local communities to foster positive relationships through dialogue and participation

Environmental

- Improving resource utilisation by implementing measures to conserve water, energy and raw materials throughout our refinery operations
- Enhancing waste management practices and collaborating on biodiversity conservation efforts

Group Sustainability Policy
MSM adheres to the principles outlined in its Group Sustainability Policy (GSP), which serves as the cornerstone of our dedication to balancing economic endeavours with positive environmental and social impacts, all while upholding stringent standards of governance and ethics. Established in 2018, the GSP undergoes biennial reviews and updates to ensure alignment with the dynamic ESG landscape, stakeholder expectations and ESG indices. Encompassing 18 key areas, the GSP reflects MSM's commitment to:

Fulfilling all applicable legislation and regulatory requirements

Engaging stakeholders to foster sustainable practices

Supporting external suppliers in aligning with the GSP

For more information on the GSP, please refer to https://www.msmsugar.com/sites/default/files/group_sustainability_policy.pdf

MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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OPTIMISING ENVIRONMENTAL PERFORMANCE

In our commitment to environmental stewardship, we seek to minimise our environmental impact to protect the well-being of people and the planet. In response to urgent global climate challenges, we are intensifying our actions to fight climate change and strengthen our resilience. Our objective is to achieve carbon neutrality, aligning with the nation’s transition to a low-carbon economy. We will continue to explore alternative sources and invest in research to advance a circular economy, ensuring the preservation of our natural resources.



MATERIAL MATTER	APPROACH	INITIATIVES
<div>M1</div> <div>Climate Action</div>	MSM is committed to supporting the global initiative to limit the rise in global temperatures to 1.5°C. We have set ambitious milestones to achieve carbon neutrality within our operations by 2030 and Net Zero ahead of 2050. We remain dedicated to reducing our greenhouse gas (GHG) emissions in line with our Group Sustainability Policy. Additionally, we seek to cut costs and reduce our carbon footprint by incorporating alternative energy sources into our energy management plans, improving the overall efficiency of our operations.	<ul style="list-style-type: none">Established a Management Steering Committee to monitor sustainability and climate-related matters in line with TCFD requirements, appointing staff as ESG catalysts within our workstreams.Participated in COP28 held in Dubai, supporting the Ministry of Natural Resources, Environment and Climate Change (NRECC).Utilised raw materials to reduce waste and promote recycling, analysed waste and developed action plans to minimise waste generation.Conduct feasibility studies and explore opportunities on implementing solar panel and biomass projects in several locations.Upgraded our fleet with lower-emission fuels and introduced EVs to reduce emissions.Provided sponsorship for the Asia-Pacific Climate Week (APCW) to address climate-related issues.
<div>M2</div> <div>Waste Management</div>	MSM is steadfast in its commitment to effective waste management by mitigating the impacts of hazardous waste generated in its operations. We focus on implementing initiatives to reduce waste, regulate our input, activities and output processes. We adhere to the principles outlined in the Group Sustainability Policy, the Environmental Policy and specific waste management practices which are implemented across all MSM’s operations. These practices ensure compliance with the Environmental Quality (Scheduled Wastes) Regulations 2005, reinforcing our commitment to responsible waste management practices.	<ul style="list-style-type: none">Implemented circular economy practices in line with government’s efforts to promote Nature-based Solutions.Appointed Competent Persons Certified in Environmental Professional in Scheduled Waste Management (CePSWAM) to oversee our scheduled waste.Continued efforts in recycling, refining and reselling methods for various waste including mudcake, packaging, oil, carbon and other materials.MSM Johor initiated a project with a vendors to produce animal feed from mudcake for aquatic organisms.MSM Johor explored combining mudcake with ground magnesium limestone in partnership with FGV Fertiliser.MSM Prai collaborated with two recycling companies to recycle used paper cores, diverting them from landfills.MSM Prai organised an Environmental Week to promote sustainability and environmental awareness.Hosted an ESG Talk with Universiti Sains Malaysia on ‘Waste to Green Initiatives’.Generated a total of 23,912.6 MT of hazardous and non-hazardous waste and used 7,271 kg of paper.
<div>M3</div> <div>Water Management</div>	We remain committed to implementing sustainable water management practices to ensure that this important resource is utilised efficiently. To achieve this, we regularly monitor our water consumption and effluent discharge. We remain committed to reducing our water consumption and enhancing wastewater treatment in line with the Group Sustainability Policy and Environmental Policy.	<ul style="list-style-type: none">MSM Prai continued to actively engage with the Penang DOE to provide updates on the IETS installation scheduled for 2026.Reduced total water consumption from 2,272,817 m³ in FY2022 to 2,213,040 m³ in FY2023.
<div>M4</div> <div>Renewable Energy and Energy Management</div>	We strive to minimise our environmental impact by optimising our energy consumption. Our primary sources of energy include our own generated electricity, purchased electricity, diesel and natural gas. We recognise the significant role we play in reducing GHG emissions. Therefore, we take proactive steps such as generating our own electricity to decrease reliance on purchased electricity. We also actively explore other renewable sources to further reduce our carbon footprint.	<ul style="list-style-type: none">MSM Prai enhanced energy utilisation by employing a Mechanical Vapour Recompressor system to improve steam usage.MSM Prai implemented a Vertical Crystalliser System to consistently produce refined sugar with superior steam utilisation.Conducted a study on the various aspects of forklifts and the batteries used in electric forklifts, leading to a transition to LPG forklifts.Consumed 416 Terajoules of energy in FY2023.

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PUTTING OUR PEOPLE FIRST

We recognise that our people are our most valuable assets, bringing essential skills, knowledge and experience that drive our sustainable growth. To this end, we prioritise the safety and well-being of our team to retain talent and create long-term value, investing in initiatives to embed health and safety throughout our operations and provide continuous employee learning and development training. At MSM, we also strive to nurture a diverse, equitable and inclusive work culture to generate sustainable value for all.



1 **RADZLAN BIN RAMLI**
Head, Group HSES&Q

2 **TEH CHANG KHOON**
Head, Group Security

3 **JOHAN YEO BIN ABDULLAH**
HSES Advisor

4 **ANBALAGAN A/L K.KRISHNAN**
Manager, Renewable Energy and Sustainability

5 **SHUKUR AHMAD**
HSES Lead, MSM Johor

6 **VIGNES A/L CHELLAMUTHU**
HSES Lead, MSM Prai

7 **MOHAMAD ANAS BIN HUSSIEN**
HSES Lead, MSM SBW

8 **SUGKEERAN A/L SUBRAMANIAM**
Assistant Manager, Group Security

9 **FAREINI AZIZAN**
Senior Executive, Group HSES & Q

MATERIAL MATTER

APPROACH

INITIATIVES

M5

Upholding Human Rights and Labour Standards

We are guided by international human rights frameworks including but not limited to the Universal Declaration of Human Rights (UDHR), the United Nations Guiding Principles on Business and Human Rights (UNGPs), the International Labour Organization (ILO) as well as local labour laws and global agreements. This underscores our dedication to transparency and accountability, affirming our commitment to human rights and labour standards.

- Integrated human rights concerns into manuals, policies and practices
- Adhered to Malaysian employment laws on aspects including fair minimum wages and working hours
- Monitored recruitment processes to prevent forced labour and child labour
- Provided employees the freedom to form independent associations
- Negotiated collective agreements on wages, working hours and conditions, periodically evaluating these agreements.
- Ensured fair working conditions for employees not covered by collective agreements.

M6

Diversity, Equity and Inclusion

We are committed to fostering diversity, promoting equity and ensuring inclusivity to create an agile, productive and resilient workforce. We are guided by our employee handbook, MSM’s Diversity, Equity & Inclusion Policy and Whistleblowing Policy. Additionally, we seek to comply with regulations, ensuring employees are treated fairly, implementing mechanisms to address employee discrimination and reviewing internal policies to ensure ongoing relevance.

- Established communication channels as grievance mechanisms to enable employee feedback and voice concerns on violations or unfair treatment.
- Introduced a well-defined framework for employees to report violations without fear of retaliation.

M7

Occupational Health and Safety

MSM is committed to aligning its operations with regulatory frameworks, minimising the potential risks of harm or injury to all within our premises. We continue to be guided by our Occupational Health and Safety Policy, the Occupational Safety and Health Act 1994 and Factory and Machinery Act 1967. Regular safety audits are conducted to identify and enhance safety management across our operations. The investigation, management and report of incidents and hazards adhere to the Occupational Safety and Health Act, ISO 45001 requirements and OSH NADOOPOD 2004 regulations.

- Implemented diverse initiatives and platforms to foster a safe workplace culture, including safety training, BETO programme, hazard identification, among many others.
- Each subsidiary has a dedicated HSE and Safety & Health Committee (SHC), chaired by the Head of Operation (HOO) to enhance employee compliance in addressing health and safety issues.
- Enabled trade union representatives and contractors to participate in Safety and Health Committee meetings.
- HSE-related risks are identified, assessed, and monitored through an OHS-implemented management system.
- Provided occupational health services such as workplace condition monitoring, chemical management optimisation and the implementation of a 3R programme to ensure environmental compliance.
- Implemented measures to identify and mitigate hazards and minimise risks.
- Enhanced emergency response measures and ensured preparedness.
- Continued to emphasise the importance of safety and encouraged employee participation to enhance safety and risk mitigation.
- Conducted various programmes to enhance employee physical and mental health.

M8

Employee Engagement and Talent Management

MSM strives to create a supportive and enriching work environment for our employees. Our approach to employee engagement is guided by our People Happiness Index, MSM Grievance Management Standard Operating Procedures and Bursa Malaysia’s ESG Compliance Rating for Public Listed Company. We retain and attract talent by complying with our Recruitment Policy, Learning and Development Policy and Talent Management Framework.

- Conducted employee engagement initiatives including wakallah and welfare programmes for employees such as wakallah financial assistance for employees affected by flash flood and monthly wakallah pension assistance for permanently disabled former employees..
- Provided generous benefits to support employee welfare.
- Participated in career fairs to ensure a continuous talent pipeline.
- Onboarded Prodigy Programme talents and interns into our team.
- Implemented programmes to enhance employee skills and development.
- Conducted employee performance and career development reviews.
- Reviewed our recruitment, promotion and compensation guidelines to align with industry trends and local regulations.

M9

Community Engagement and Development

Our community initiatives adhere to MSM’s Sponsorship and Donations Policy, which focuses on humanity, the economy, the environment and people. In line with this policy, MSM supports initiatives in: Community Infrastructure, Educational, Research and Publications, Emergency Assistance, Environmental and Sustainable Development, Humanitarian Efforts and Social Events and Sports, Healthcare and Related Programmes.

- Contributed a total of RM256,380.54 in sponsorship and donations and RM210,465.55 in zakat and wakalah contributions.
- Organised beach clean-ups, mangrove planting, *gotong-royong* activities, distributed 1kg sugar and bubur lambuk, supported RACTAR, provided sponsorship to the DOE and donated sugar.

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UPHOLDING GOOD GOVERNANCE & RESPONSIBLE BUSINESS

We maintain transparent decision-making processes and adhere strictly to ethical standards, ensuring accountability and integrity at every level of our operations. By fostering a culture of compliance and integrity, we safeguard the interests of our stakeholders and uphold trust in our organisation. Moreover, we recognise our responsibility to the communities in which we operate and are committed to making a positive impact beyond profit.



1 SYED AHMAD RIZAL SYED OSMAN
Head, Group IT

2 NOOR AZUAN NAZIR
Manager, IT Governance, Compliance, Risk, Admin & Security

3 TOH SIEW LECK
Manager, IT Application

4 MOHD FAKHRUZ ZAMAN MOHAMMAD
Senior Executive, Infra & Cyber Security

5 NAIM FIRDAUS ABDUL RAHMAN
Senior Executive, Dashboard & Reporting

6 WONG KEE SWING
Senior Executive, IT Application

7 NOR ANIRSA HUSSIN LEONG ABDULLAH
Executive, IT Admin & Support

8 NURUL NATASYA SUPRI
Executive, IT Admin & Support

MATERIAL MATTER	APPROACH	INITIATIVES
M10 Governance, Ethics and Integrity	We adhere to MSM’s Sustainability Policy, which directs us in mitigating the adverse Environmental, Social and Governance effects of our business operations. Our actions are consistently shaped by the Malaysian Code on Corporate Governance 2021 (MCCG 2021), ensuring alignment with Bursa Malaysia’s requirements for sustainability disclosures and reporting. We remain guided by our Constitution, the MSM Governance Framework, the Code of Business Conduct and Ethics for Employees (CoBCE), SWIIT Core Values, Board Charter and the Corporate Governance and Risk Management (CGRM) division, ensuring ethical business practices and fostering a culture of integrity.	<ul style="list-style-type: none">Organised various programmes and activities aimed at fostering exemplary standards of ethics, integrity and accountability as follows:<ul style="list-style-type: none">Corruption Risk Management ReviewMSM Integrity TalkGovernance, Integrity & Risk Periodic CommunicationMSM Integrity Pledge for all employees including newly onboarded staffVendor Integrity PledgeConflict of Interest DisclosureReviewed and revised the Board Charter, Board Committee Terms of Reference and other policies and procedures related to Board matters.Raised awareness on whistleblowing via various platforms such as roadshows and email blasts.
M11 Traceability, Responsible Sourcing and Supply Chain Management	Our sustainable supply chain is guided by our Group Procurement Policy, emphasising productivity, competency, transparency, and responsibility. We oversee vendors through a central system, focusing on ESG considerations like employment rights and sustainability. We evaluate suppliers with ESG elements, ensuring a robust vendor base. However, raw material procurement is managed separately. While we prioritise good governance, zero tolerance for bribery and fair treatment for all partner, transparent communication remains a vital key to our partnerships.	<ul style="list-style-type: none">Continued to prioritise local vendors and suppliers based in Malaysia and provided their goods or services to MSM operations in Prai, Johor and Sungai Buloh.Renewed our commitment to the No Deforestation, No People Exploitation (NDPE) Policy with Wilmar Sugar Ptd Ltd for another two years.Implemented a set of basic ESG checklist and criteria for our upstream vendors.Converted plastic packaging to light weight polymers through green plastic technology with better resin performance which used less material.Utilised stretch film as our first footprint.
M12 Operational Performance	Our approach revolves around refining maintenance processes to achieve operational excellence in our production plant. This involves optimising operations to support large-scale production, ensuring uniform quality standards and maximising plant utilisation. We prioritise reliability, safety and consistent high-quality output. To achieve these goals, we implement precise management practices, robust control mechanisms and digitalisation initiatives.	<ul style="list-style-type: none">MSM Prai commenced rejuvenation life extension programme to extend the plant’s lifespan to an additional 20 to 30 years.Proceeded with the ramp-up programme in MSM Johor.Prioritised timely execution of scheduled maintenance and conducted necessary upgrades throughout the year.
M13 Data Security and Protection	The Group complies with the Personal Data Protection Act (PDPA) 2010, ensuring our adherence to responsible management of data collection, processing, storage, and disposal. Our practices are designed to prevent unauthorised access, use, disclosure, modification or destruction of data. We employ stringent controls to uphold the integrity and confidentiality of all available data, effectively minimising legal and reputational risks.	<ul style="list-style-type: none">Implemented a cutting-edge Next-Generation Firewall to enhance security measures, effectively mitigating cyber threats. Activated IPS (Intrusion Prevention Service), firewall antivirus, and web filtering for added protection.Regularly reviewed employee access levels on the access matrix with the business owner, ensuring that roles align appropriately with their current job responsibilities.Conducted monthly cyberattack awareness programmes for employees to enhance their understanding of potential threats and promote a proactive security mindset.
M14 Business Development and Product Quality	<p>We adhere rigorously to food safety and Halal standards, regularly reviewing and enhancing policies and regulations to ensure compliance. Through a network of certified suppliers and transparent certification displayed on consumer touchpoints, we underscore our commitment to excellence and accountability.</p> <p>Our steadfast dedication to business growth and quality assurance has positioned Gula Prai as the frontrunner, earning recognition as one of Malaysia’s premier FMCG products in Kantar’s Brand Footprint 2021.</p>	<ul style="list-style-type: none">Underwent annual audits by relevant bodies for our product quality processes and controls as well as our MSM refineries, ensuring adherence to rigorous standards and facilitating continuous improvement initiatives.Addressed and acted upon all customer feedback, whether related to products or services.Conducted thorough investigations including consideration of factors such as batch code, sugar grade and quantity affected, for any complaints received.Encouraged stakeholders to provide feedback through our corporate website, official phone line, email and social media channels.Engaged with consumers actively using customer survey forms to collect valuable feedback.

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ESG Performance Data

ESG Performance Data

Indicator	Measurement Unit	2021	2022	2023
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Top & Senior Management	Percentage	100.00	100.00	100.00
Managerial	Percentage	100.00	100.00	100.00
Executive	Percentage	100.00	100.00	100.00
Non-Executive	Percentage	No Data Provided	No Data Provided	67.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	98.70	98.30	98.00
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	1	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	3.93	1.55	1.41
Bursa C5(c) Number of employees trained on health and safety standards	Number	1,033	1,038	1,132
Percentage of sites with OHSAS 18001 certification	Percentage	66.67	100.00	100.00
Number of work-related employee fatalities, over last 3 years	Number	0	0	0
Number of work-related contractor fatalities, over last 3 years	Number	1	0	0
Does the company disclose the number of incidents of non-compliance with water quality/quantity permits, standards and regulations	Number	0	3	0
Percentage of sites covered by recognized environmental management systems such as ISO14001 or EMAS	Percentage	0.00	66.67	66.67
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Top & Senior Management	Hours	-	852	751
Executive	Hours	-	4,321	5,689
Non-executive/Technical Staff	Hours	-	5,829	7,966
General Workers	Hours	-	7,276	6,420
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	3.20	1.40	1.90
Bursa C6(c) Total number of employee turnover by employee category				
Top & Senior Management	Number	0	2	2
Managerial	Number	20	16	18
Executive	Number	27	50	33
Non-Executive	Number	117	54	48
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Top & Senior Management Under 30	Percentage	4.55	0.00	0.00
Top & Senior Management Between 30-50	Percentage	40.91	68.00	56.00
Managerial Above 51	Percentage	82.83	16.51	14.96
Executive Under 30	Percentage	30.70	31.31	31.38
Executive Between 30-50	Percentage	13.16	58.41	57.32
Executive Above 51	Percentage	56.14	10.28	11.30
Non-Executive Under 30	Percentage	33.33	32.75	30.77
Non-Executive Between 30-50	Percentage	9.94	59.13	61.13
Non-Executive Above 51	Percentage	56.73	8.12	8.10

Internal assurance

External assurance

No assurance

(*)Restated

Internal assurance

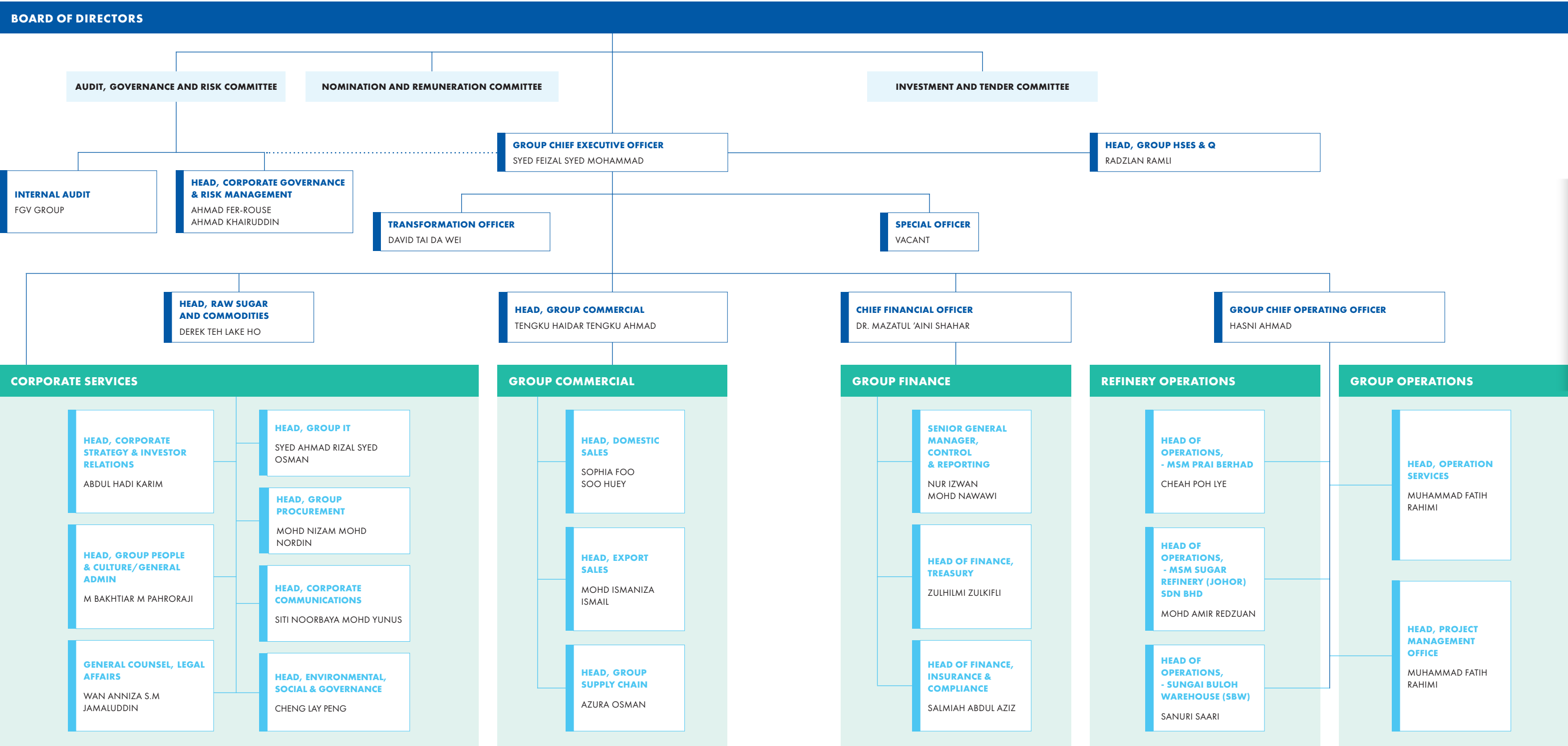
External assurance

No assurance

(*)Restated

Our
Organisational Structure

Our
Organisational Structure



MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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Board at a Glance

Legends

- AGRC

Audit, Governance
and Risk Committee
- NRC

Nomination and
Remuneration Committee
- ITC

Investment and
Tender Committee

1

DATUK SYED HISHAM SYED WAZIR
Chairman
Independent Non-Executive Director

2

CHOY KHAI CHOON
Independent
Non-Executive Director

AGRC

NRC

ITC

3

DATO' SRI MUTHANNA ABDULLAH
Independent
Non-Executive Director

NRC

AGRC

4

DATUK DR ABD HAPIZ ABDULLAH
Independent
Non-Executive Director

ITC

AGRC

NRC

LEADERSHIP AND GOVERNANCE

Gender

Male

6

Female

2

Length of Tenure

< 3 years

4

3 - 5 years

4

5

NIK FAZILA NIK MOHAMED SHIHABUDDIN
Non-Independent
Non-Executive Director

NRC

6

DATO' MOHD NAZRUL IZAM MANSOR
Non-Independent
Non-Executive Director

7

FAKHRUNNIAM OTHMAN
Non-Independent
Non-Executive Director

ITC

8

RAJA FARIDAH RAJA AHMAD
Non-Independent
Non-Executive Director

NRC

90

91

MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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Board of Directors

Board of Directors

Qualification(s):

- Master in Business Administration, Ohio State University, United States of America
- Bachelor of Science in Mechanical Engineering, Plymouth University, United Kingdom
- Ordinary National Diploma in Engineering, Hastings College of Further Education, United Kingdom

Working Experience and Occupation:

- Independent Non-Executive Chairman, Progressive Impact Corporation Berhad (May 2023 - present)
- Independent Non-Executive Director, Bermaz Auto Berhad (December 2016 - present)
- Non-Executive Director, SIRIM STS Sdn Bhd (August 2019 - present)
- Non-Executive Director, SIRIM National Precision Tooling Sdn Bhd (November 2017 - present)
- Non-Executive Director, SIRIM QAS International Sdn Bhd (June 2017 - present)
- Non-Executive Chairman, SIRIM National Precision Tooling Sdn Bhd (November 2017 - October 2020)
- Non-Executive Chairman, SIRIM QAS International Sdn Bhd (January 2019 - October 2020)
- Director, SIRIM Berhad (July 2017 - August 2019)
- Group Managing Director, Puncak Niaga Holdings Berhad (November 2015 - July 2017)
- President & Group Chief Executive Officer, UMW Holdings Berhad (October 2010 - October 2015)
- Director, UMW Oil & Gas Corporation Berhad (2010 - September 2015)
- Director, UMW Equipment Sdn Bhd (2010 - September 2015)
- Director, UMW M&E Sdn Bhd (2010 - September 2015)
- Director, UMW Toyota Motor Sdn Bhd (2010 - September 2015)
- Director, KYB-UMW Malaysia Sdn Bhd (2010 - September 2015)
- Director, PERODUA Sales Sdn Bhd (2010 - September 2015)
- Director, PERODUA Manufacturing Sdn Bhd (2010 - September 2015)
- Director, PERODUA Engine Manufacturing Sdn Bhd (2010 - September 2015)
- Director, Toyota Capital Malaysia Sdn Bhd (2011 - September 2015)
- Director, UMW Technology Sdn Bhd (2013 - September 2015)
- Chief Operating Officer, Naza Kia Sdn Bhd & Naza Kia Services Sdn Bhd (November 2009 - August 2010)
- Managing Director, Edaran Otomobil Nasional Berhad (May 2005 - August 2009)
- President/Chief Operating Officer, Honda Malaysia Sdn Bhd (2003 - May 2005)
- General Manager, Marketing Division, Honda Malaysia Sdn Bhd (January 2001 - December 2002)
- General Manager, International Business, DRB-HICOM Export Corporations Sdn Bhd (April 1998 - December 2000)
- Director, Proton Cars (UK) Pte Ltd (1997 - 1998)
- General Manager, Proton Corporations Sdn Bhd (1995 - March 1998)

Directorship in Public Companies/Listed Issuers:

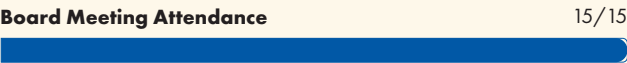
- Progressive Impact Corporation Berhad
- Bermaz Auto Berhad

DATUK SYED HISHAM
SYED WAZIR
Chairman, Independent Non-Executive Director



69 Age Gender Nationality

Date of Appointment	Length of Tenure as Director	Date of Last Re-election
8 May 2020	3 - 5 years	8 June 2023



CHOY KHAI CHOON
Independent Non-Executive Director



66 Age Gender Nationality

Date of Appointment	Length of Tenure as Director	Date of Last Re-election
8 May 2020	3 - 5 years	8 June 2023



Board Committee Membership:

- Chairman of Audit, Governance and Risk Committee
- Member of Nomination and Remuneration Committee (appointed with effect from 7 January 2024)
- Member of Investment and Tender Committee

Qualification(s):

- Professional Qualification in Accounting, Australian CPA
- Professional Qualification in Accounting, Malaysian Institute of Accountants
- Professional Qualification in General Management, INSEAD Europe Campus, France
- Master in Business Administration, Oklahoma University, United States of America
- Bachelor Degree in Commerce, University of New South Wales, Australia

Working Experience and Occupation:

- Non-Independent Non-Executive Chairman, Kenanga Investors Berhad (April 2023 - present)
- Non-Independent Non-Executive Director, Kenanga Investment Bank Berhad (December 2021 - present)
- Non-Independent Non-Executive Chairman, Zurich General Insurance Malaysia Berhad (August 2022 - present)
- Independent Non-Executive Chairman, Zurich General Insurance Malaysia Berhad (January 2021 - August 2022)
- Independent Non-Executive Director, Zurich General Insurance Malaysia Berhad (August 2019 - August 2022)
- Member of Labuan Financial Services Authority (Labuan FSA) (November 2020 - present)
- Independent Director, Hap Seng Plantations Holdings Berhad (November 2017 - present)
- Independent Director, Bond & Sukuk Information Platform Sendirian Berhad (November 2017 - present)
- Independent Director, Asian Banking School Sendirian Berhad (December 2015 - present)
- Non-Independent Non-Executive Chairman, Zurich Life Insurance Malaysia Berhad (September 2022 - present)
- Independent Non-Executive Chairman, Zurich Life Insurance Malaysia Berhad (October 2018 - September 2022)
- Independent Non-Executive Director, Zurich Life Insurance Malaysia Berhad (September 2013 - September 2022)
- Public Interest Director, Federation of Investment Managers Malaysia (September 2019 - June 2022)
- Senior Independent Director and Board Audit Committee Chairman, Malaysia Marine and Heavy Engineering Berhad (February 2013 - April 2022)
- Deputy Chairman of the Board, Chairman of Audit Committee and Nomination & Remuneration Committee, Deutsche Bank Malaysia Berhad (June 2012 - June 2021)
- Nomination & Remuneration Committee Chairman, Zurich General Insurance Malaysia Berhad (August 2019 - December 2020)
- Audit Committee Chairman, RAM Rating Services Malaysia Berhad (August 2013 - June 2020)
- President/Chief Executive Officer, Cagamas Berhad (April 2006 - March 2012)
- Senior General Manager, Group Head, RHB Banking Group (2003 - 2006)
- Chief Executive Officer, Morley Fund Management Ltd, Singapore (2001 - 2002)
- Regional Finance & Planning Director, Asia, Aviva Insurance Asia (1998 - 2001)
- Commercial Union Assurance Berhad (1995 - 1998)
- Credit Corporation Malaysia Berhad (CCMB) (1984 - 1995)

Directorship in Public Companies/Listed Issuers:

- Zurich Life Insurance Malaysia Berhad
- Zurich General Insurance Malaysia Berhad
- Hap Seng Plantations Holdings Berhad
- Kenanga Investment Bank Berhad
- Kenanga Investors Berhad

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Board of Directors

Board of Directors

Board Committee Membership:

- Chairman of Nomination and Remuneration Committee
- Member of Audit, Governance and Risk Committee

Qualification(s):

- Advocate & Solicitor (High Court of Malaya)
- Barrister-at-Law (Middle Temple, England)

Working Experience and Occupation:

- Independent Non-Executive Director, Apollo Food Holdings Berhad (April 2024 - present)
- Independent Non-Executive Director, IHH Healthcare Berhad (January 2021 - present)
- Independent Non-Executive Director, MSIG Insurance Malaysia Berhad (March 2018 - present)
- Independent Non-Executive Director, Malaysia Life Reinsurance Group Berhad (July 2016 - present)
- Consultant, Abdullah Chan & Co (Advocates & Solicitors) (2019 - present)
- Partner, Abdullah Chan & Co (Advocates & Solicitors) (2012 - 2018)
- Partner, Lee Hishammuddin Allen & Gledhill (Advocates & Solicitors) (2001 - 2012)
- Partner, Abdullah A. Rahman & Co (Advocates & Solicitors) (1985 - 2001)

Trusteeships of Foundations:

- Yayasan Siti Sapura
- Habitat Foundation

Societies:

- President, Bukit Tunku Residents Association
- Board Member, Malaysia Aerospace Industry Association

Others:

- Honorary Consul, Republic of San Marino in Kuala Lumpur
- Avocat Au Confiance, Embassy of Switzerland Malaysia

Directorship in Public Companies/Listed Issuers:

- IHH Healthcare Berhad
- MSIG Insurance Malaysia Berhad
- Malaysia Life Reinsurance Group Berhad
- Apollo Food Holdings Berhad

DATO’ SRI MUTHANNA
ABDULLAH

Independent Non-Executive Director



64

Age



Gender



Nationality

Date of Appointment

8 May 2020

Length of Tenure as Director

3 - 5 years

Date of Last Re-election

8 June 2023

Board Meeting Attendance

14/15



NRC

7/7

AGRC

12/12



DATUK DR ABD HAPIZ
ABDULLAH

Independent Non-Executive Director



65

Age



Gender



Nationality

Date of Appointment

8 May 2020

Length of Tenure as Director

3 - 5 years

Date of Last Re-election

8 June 2023

Board Meeting Attendance

14/15



ITC

9/9

AGRC

10/10

NRC

7/7



Board Committee Membership:

- Chairman of Investment and Tender Committee
- Member of Audit, Governance and Risk Committee
- Member of Nomination and Remuneration Committee

Qualification(s):

- Doctor of Philosophy (PhD) in Organic Chemistry, Utah State University, Logan, Utah, United States of America
- Bachelor of Science (BSc) in Chemistry, University of Nevada, Reno, Nevada, United States of America

Working Experience and Occupation:

- Independent Non-Executive Director (INED), Perdana Petroleum Berhad (April 2015 - present)
- INED, Ancom Nylex Berhad (May 2020 - present)
- INED, P2 Science Inc, USA (February 2016 - present)
- Chairman, Chemical Industries Council of Malaysia (June 2010 - present)
- Venture Partner, Xeraya Capital (February 2015 - present)
- President/Chief Executive Officer, Petronas Chemicals Group Berhad (May 2011 - May 2014)
- Managing Director, Dupont Malaysia Sdn Bhd & Asia Pacific Regional Director Dupont Glass Laminated Solutions Asia Pacific (April 1995 - May 2011)
- Regional Marketing Manager, Dow Chemical Polyolefins Asia Pacific (January 1985 - April 1995)
- Chemistry Lecturer, University Malaya (1984)

Directorship in Public Companies/Listed Issuers:

- Perdana Petroleum Berhad
- Ancom Nylex Berhad

MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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Board of Directors

Board of Directors

Board Committee Membership:

- Member of Nomination and Remuneration Committee

Qualification(s):

- Chartered Accountant, Malaysian Institute of Certified Public Accountants (MICPA)
- Chartered Accountant, Malaysian Institute of Accountants (MIA)
- Bachelor of Economics (Accounting), Flinders University of South Australia, Adelaide, Australia

Working Experience and Occupation:

- Independent Non-Executive Director, MBM Resources Berhad (January 2023 - present)
- Independent Non-Executive Director, FGV Holdings Berhad (July 2021 - present)
- Independent Non-Executive Director, Prolintas Managers Sdn Bhd (June 2023 - present)
- Group Managing Director, Chemical Company of Malaysia Berhad (December 2017 - December 2021)
- Group Chief Financial Officer, Chemical Company of Malaysia Berhad (March 2012 - December 2017)
- Chief Financial Officer, Biotropics Malaysia Berhad (April 2007 - March 2012)
- Chief Financial Officer, UDA Holdings Berhad (April 2006 - March 2007)
- Group General Manager, Group Finance Division, KUB Malaysia Berhad (January 2001 - March 2006)
- General Manager, Corporate Audit Division, Sapura Telecommunications Berhad (August 1998 - December 2000)
- Senior Manager, Audit & Business Advisory, Price Waterhouse (February 1988 - August 1998)

Directorship in Public Companies/Listed Issuers:

- FGV Holdings Berhad
- MBM Resources Berhad

NIK FAZILA NIK MOHAMED SHIHABUDDIN

Non-Independent Non-Executive Director



57

Age



Gender



Nationality

Date of Appointment

18 October 2021

Length of Tenure as Director

< 3 years

Date of Last Re-election

8 June 2022

Board Meeting Attendance

15/15

NRC

7/7

DATO’ MOHD NAZRUL IZAM MANSOR

Non-Independent Non-Executive Director

Board Committee Membership:

- Nil

Qualification(s):

- Professional Qualification, a Fellow Certified Practicing Accountant of CPA Australia
- Professional Qualification, Chartered Accountant and a member of Malaysian Institute of Accountants (MIA)
- Bachelor of Commerce, University of Queensland, Brisbane, Australia

Working Experience and Occupation:

- Group Chief Executive Officer, FGV Holdings Berhad (August 2021 - present)
- Group Chief Executive Officer, FELCRA Berhad (October 2018 - August 2021)
- Managing Director, Teras Dara Konsortium Sdn Bhd (March 2018 - October 2018)
- Director of Finance, N.U.R Power Sdn Bhd (January 2013 - March 2018)
- Group Chief Financial Officer, Realmild Sdn Bhd (December 2010 - January 2013)
- Head of Structured Business, Malaysia Building Society Berhad (April 2009 - September 2010)
- Executive Assistant to the Chief Executive Officer, Padiberas Nasional Berhad (November 2002 - August 2007)
- Senior Associate, PricewaterhouseCoopers (June 2000 - October 2002)
- Audit Assistant at Hasyudeen & Co (December 1999 - June 2000)
- Accounts Executive, RHB Unit Trust Management Berhad (1998 - 1999)

Directorship in Public Companies/Listed Issuers:

- Nil

48

Age



Gender



Nationality

Date of Appointment

4 October 2022

Length of Tenure as Director

< 3 years

Date of Last Re-election

8 June 2023

Board Meeting Attendance

13/15

MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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Board of Directors

Board of Directors

Board Committee Membership:

- Member of Investment and Tender Committee

Qualification(s):

- Master in Business Administration (General Management), Royal Melbourne Institute of Technology (RMIT)
- Chartered Accountant with Malaysian Institute of Accountants (MIA)
- Association of Chartered Certified Accountants (ACCA), United Kingdom

Working Experience and Occupation:

- Group Divisional Director, Logistics & Support Division, FGV Holdings Berhad (FGV) (January 2023 - present)
- Deputy Group Divisional Director (Logistics), FGV (July 2022 - December 2022)
- Chief Investment Officer/Senior Vice President, FGV (June 2018 - June 2022)
- Acting Group Chief Executive Officer, MSM Malaysia Holdings Berhad (on secondment: September 2020 - January 2021)
- Chief Strategy Officer/Senior Vice President, FGV (May 2016 - March 2018)
- Chief Executive Officer/Vice President, FGV Transport Services Sdn Bhd (May 2015 - April 2016)
- Chief Executive Officer/Vice President, FGV Trading Sdn Bhd (January 2014 - April 2015)
- Chief Executive Officer/Vice President, FGV Marketing Services Sdn Bhd (January 2013 - December 2013)
- Vice President/Head Corporate Finance, FGV (January 2012 - December 2012)
- Deputy Chief Financial Officer & Co Secretary, TRT Holdings, Massachusetts, USA (2007 - June 2010)
- General Manager/Senior General Manager, Group Finance, Felda Holdings Bhd (2004 - 2006)
- Manager, Finance and Budgeting, Felda Holdings Bhd (2000 - 2003)
- Group Accountant, MTD Capital Bhd/Alloy Consolidated Sdn Bhd (July 1997 - December 1999)
- Accountant, Sapura Telecommunication Bhd (February 1994 - June 1997)
- Management Trainee, Caltex Oil Malaysia Limited (January 1993 - January 1994)

Directorship in Public Companies/Listed Issuers:

- Nil

FAKHRUNNIAM
OTHMAN

Non-Independent Non-Executive Director



56

Age



Gender



Nationality

Date of Appointment

23 February 2023

Length of Tenure as Director

< 3 years

Date of Last Re-election

8 June 2023

Board Meeting Attendance

12/14



ITC

8/8



RAJA FARIDAH
RAJA AHMAD

Non-Independent Non-Executive Director



60

Age



Gender



Nationality

Date of Appointment

28 October 2022

Length of Tenure as Director

< 3 years

Date of Last Re-election

8 June 2023

Board Meeting Attendance

12/15



NRC

6/7



Board Committee Membership:

- Member of Nomination and Remuneration Committee

Qualification(s):

- Degree Science in Accountancy, University of East Anglia, United Kingdom
- Associate Member of Chartered Institute of Management Accountants (CIMA)
- Member of Malaysian Institute of Accountants (MIA)

Working Experience and Occupation:

- Chairman, Koperasi Permodalan FELDA Malaysia Berhad (June 2022 - present)
- Group Chief Executive Officer, FIC Sdn Bhd (January 2024 - present)
- Director, FIC Properties Sdn Bhd (December 2020 - present)
- Director, FIC UK Properties Sdn Bhd (December 2020 - present)
- Director, FIC Resources Sdn Bhd (August 2023 - January 2024)
- Deputy Director General - Community Development FELDA (April 2022 - January 2024)
- Director, Felda Investment Corporation Sdn Bhd (October 2019 - January 2024)
- Director, Felda Water Sdn Bhd (October 2019 - October 2023)
- Finance Director FELDA (August 2019 - March 2022)
- Chief Financial Officer, MSM Malaysia Holdings Berhad (2017 - 2019)
- Head of Finance, Asian Plantations Limited (2015 - 2017)
- Chief Financial Officer, MSM Malaysia Holdings Berhad (2010 - 2015)
- Executive Director, Group Finance, FGV Holdings Berhad (2009 - 2010)
- Consultant (Secondment), PWC Capital Sdn Bhd (2008 - 2009)
- Senior Finance Manager, Felda Holdings Berhad Group of Companies (1993 - 2008)
- Accountant, FELDA (1991 - 1993)
- Accountant, Syarikat Kumpulan Perbadanan Kemajuan Negeri Perak (1990)

Directorship in Public Companies/Listed Issuers:

- Nil

Additional Information:

- None of the Directors have family relationships with any Director and/or major shareholder of MSM Malaysia Holdings Berhad.
- None of the Directors have any conflict of interest with MSM Malaysia Holdings Berhad.
- None of the Directors have:
 - (i) been convicted of any offense (other than traffic offenses); and
 - (ii) been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.
- None of the Directors hold more than five directorships in listed issuers.
- The details of the Directors' attendance at Board Meetings held in the financial year ended 31 December 2023 are detailed in the Corporate Governance Overview Statement on page 117 of this Annual Integrated Report.

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Company Secretary

Qualification(s):

- Licensed Secretary, Companies Commission of Malaysia
- Graduate of Institute of Chartered Secretaries and Administrators
- Advocate & Solicitor (High Court of Malaya)
- LLB (Hons), International Islamic University Malaysia

Working Experience and Occupation:

- Company Secretary, MSM Malaysia Holdings Berhad and its Group of Companies (July 2022 - present)
- Company Secretary, FGV Holdings Berhad and its Group of Companies (July 2022 - present)
- Group Company Secretary, Sapura Energy Berhad (June 2019 - March 2022)
- General Manager & Company Secretary, Secretarial & Legal Division, Malaysia Airports Holdings Berhad (January 2018 - June 2019)
- Chief Legal Counsel & Company Secretary, Proton Group of Companies (April 2014 - January 2018)
- Head, Group Corporate Secretarial Department, Malayan Banking Berhad (November 2011 - April 2014)
- General Manager & Company Secretary, Group Corporate Secretarial and Legal Services, Pernec Corporation Berhad (November 2009 - November 2011)
- Senior Manager, Legal and Secretarial, Mardec Berhad (May 2000 - October 2009)
- Legal Manager, Abrar Group International (December 1997 - May 2000)
- Assistant Manager, Legal Affairs, Damansara Realty Berhad (December 1996 - November 1997)
- Senior Assistant Registrar, Shah Alam High Court (March 1995 - December 1996)
- Magistrate, Johor Bahru Magistrate Court (May 1994 - March 1995)

Directorship in Public Companies/Listed Issuers:

- Nil

Declaration:

1. She does not have any conflict of interest or any family relationship with any Director and/or major shareholder of MSM Malaysia Holdings Berhad.

2. She has not:

- (i) been convicted of any offense (other than traffic offenses); and
- (ii) been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

AZNI ARIFFIN
Company Secretary



53

Age

Gender

Nationality

Date of Appointment
18 July 2022

Executive Committee Diversity



1

**SYED FEIZAL
SYED MOHAMMAD**
Group Chief Executive Officer

2

HASNI AHMAD
Group Chief Operating Officer

3

**DR. MAZATUL 'AINI SHAHAR
ABDUL MALEK SHAHAR**
Chief Financial Officer



4

**MOHD BAKHTIAR
MOHD PAHRORAJI**
Head, Group People & Culture

5

**AHMAD FER-ROUSE
AHMAD KHAIRUDDIN**
*Head, Corporate Governance
& Risk Management*

6

CHENG LAY PENG
*Head, Environmental, Social
& Governance (ESG)*

MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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Executive Committee
Diversity



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TENGKU HAIDAR
TENGKU AHMAD

Head, Group Commercial

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WAN ANNIZA
S.M. JAMALUDDIN

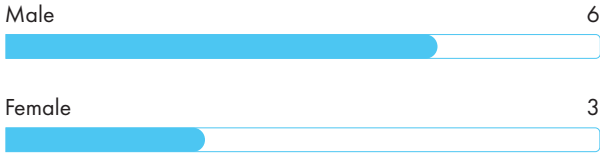
General Counsel

9

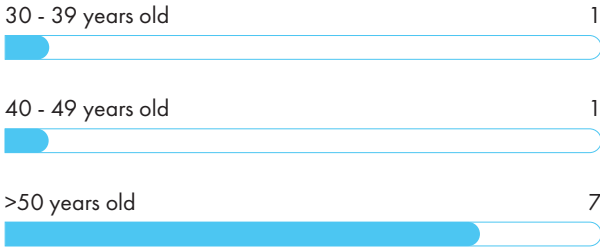
ABDUL HADI KARIM

Head, Corporate Strategy
& Investor Relations

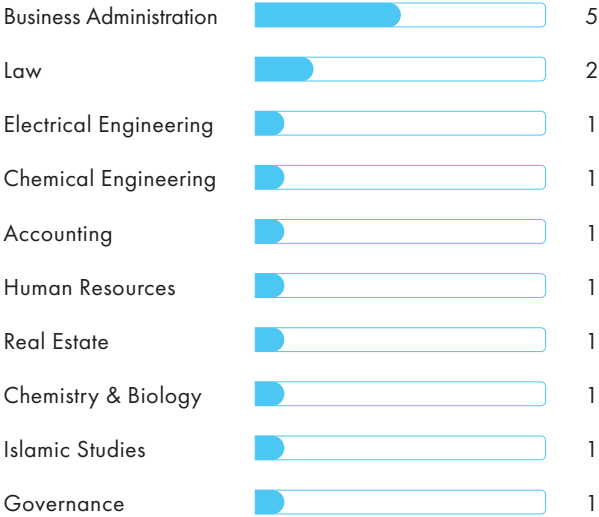
Gender



Age Group



Collective Expertise



Executive
Committee

SYED FEIZAL
SYED MOHAMMAD

Group Chief Executive Officer



60

Age



Gender



Nationality

Appointment to the Position:
1 February 2021

Academic/Professional Qualification(s):

- Masters in Business Administration (Executive), Charles Sturt University, Australia
- Bachelor of Science in Electrical Engineering, University of Nebraska, Lincoln, United States of America

Directorship in MSM Group of Companies:

- MSM Prai Berhad
- MSM Sugar Refinery (Johor) Sdn Bhd
- MSM Logistics Sdn Bhd
- MSM Trading & Distribution Sdn Bhd

Directorship in Public Companies/Listed Issuers:

- None

Relevant Experience:

Syed Feizal has over 35 years of experience with multinational and local public-listed organisations. He has served in various business sectors across the food industry, engineering and construction of oil and gas, petrochemicals and industrial plants, exploration & production, infrastructure (water, transport and power) and trading of agro and industrial commodities (palm oil, rice and sugar) and hydrocarbons. His experience in various large to mega capital project conceptualisation and development span across the Asia-Pacific (China, Southeast Asia), South Asia (India and Bangladesh), Middle East (Iran, Saudi Arabia, Qatar), Turkey and CIS (Turkmenistan).

Previously, Syed Feizal held several senior leadership positions as Chief Executive Officer, Executive Project Sponsor and Board roles, managing large organisations of over 3,000 people in Malaysia. He was also a senior member of the Executive Committee overseeing more than 7,000 people in Asia-Pacific with over 15 subsidiaries and affiliates across China, Southeast Asia and Australia.

Other Relevant Appointment(s) or Membership(s):

- Member of Institute of Corporate Directors Malaysia
- CEO Action Network
- Adjunct Professor and Industry Advisory Panel, Azman Hashim International Business School, Universiti Teknologi Malaysia
- Adjunct Professor, Faculty of Industry Technology, Universiti Sains Malaysia

Appointment to the Position:
1 February 2021

Academic/Professional Qualification(s):

- Bachelor in Chemical Engineering (with distinction) Clarkson University, New York, United States of America

Directorship in MSM Group of Companies:

- MSM Prai Berhad
- MSM Sugar Refinery (Johor) Sdn Bhd
- MSM Logistics Sdn Bhd
- MSM Trading & Distribution Sdn Bhd

Directorship in Public Companies/Listed Issuers:

- None

Relevant Experience:





Hasni has close to 30 years of experience in managing oleochemical manufacturing as well as overall plant management. He began his career with FPG Oleochemicals, Kuantan and served in various capacities for 18 years. In 2010, he joined FELDA Holdings Berhad and was seconded as General Manager to Twin Rivers Technologies (TRT) US Inc, in Quincy Massachusetts, emerging in 2013 as Vice President of the Downstream Cluster, managing overall operations of the manufacturing plant.

He then served in multiple roles within the FGV Group as CEO of FGV Biotechnology, Interim Caretaker, Palm Downstream Cluster, Head of Downstream Cluster, and most recently, Head of Operations Downstream cum CEO of Delima Oil Products Sdn Bhd and CEO of FGV Refinery Sdn Bhd.

MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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Executive Committee

Executive Committee

<div><div><div>DR MAZATUL 'AINI SHAHAR ABDUL MALEK SHAHAR, FCA</div><div>Chief Financial Officer</div></div><div></div><div><div>51Age</div><div>Gender</div><div>Nationality</div></div></div>	<div><div><div>Appointment to the Position:</div><div>1 December 2022</div></div><div><div>Academic/Professional Qualification(s):</div><div><ul style="list-style-type: none">Fellow, Institute of Chartered Accountant in England & Wales (ICAEW), UKDoctor of Philosophy (PhD) in Islamic Banking and International Economics, University of East London (UEL), UKChartered Accountant, MIABA (Hons) Industrial Economics, University of Nottingham, UKCertified Credit Professional (CCP) (previously under IBBM), Asian Institute of Chartered Bankers (AICB)</div></div></div> <div><div><div>Directorship in MSM Group of Companies:</div><div><ul style="list-style-type: none">MSM Prai BerhadMSM Sugar Refinery (Johor) Sdn BhdMSM Logistics Sdn BhdMSM Trading & Distribution Sdn Bhd</div></div><div><div>Directorship in Public Companies/Listed Issuers:</div><div><ul style="list-style-type: none">None</div></div><div><div><div>Relevant Experience:</div><div>Dr Aini was the Group Chief Financial Officer of Proton Holdings Berhad prior to the merger with Zhejiang Geely Group. Previously, she was the CFO for Nationwide Express Courier Services Berhad. Dr. Aini has 27 years of hands-on experience in Islamic banking & finance, fund-raising, transformation management, corporate finance and advisory works. She was with Maybank Investment, Bank Pembangunan and Bank Muamalat. She began her career with Arthur Anderson & Co in 1995 after graduating from the University of Nottingham, UK. She also became a consultant to Prokhas Sdn Bhd and a financial consultant to Malaysia Institute of Accountants (MIA), where she was the editor of the 1st Islamic Finance Accounting textbook, published by MIA.</div><div>Previously, she was an Independent Director and a member of the Board Audit Committee for both 7-Eleven Malaysia Holdings Berhad and TH Heavy Engineering Berhad. She was also the Independent Director, Chairman of the Tender Board Committee and member of the Finance Committee at IJN Holdings Sdn Bhd.</div></div><div><div><div>Other Relevant Appointment(s) or Membership(s):</div><div><ul style="list-style-type: none">Member of Malaysian Institute of AccountantsMember of Governance, Integrity and Compliance Committee of Malaysian Red Crescent Society</div></div></div></div></div>	<div><div><div>AHMAD FER-ROUSE AHMAD KHAIRUDDIN</div><div>Head, Corporate Governance & Risk Management</div></div><div></div><div><div>60Age</div><div>Gender</div><div>Nationality</div></div></div>	<div><div><div>Appointment to the Position:</div><div>1 November 2019</div></div><div><div>Academic/Professional Qualification(s):</div><div><ul style="list-style-type: none">Master of Business Administration (General Management), Boise State University, United States of AmericaBachelor of Science (Real Estate), Boise State University, United States of AmericaCertified Integrity Officer (CeIO), MACC</div></div><div><div><div>Directorship in Public Companies/Listed Issuers:</div><div><ul style="list-style-type: none">None</div></div><div><div><div>Relevant Experience:</div><div>Ahmad Fer-Rouse has a dynamic portfolio of experience in human resource, corporate communications and public relations, marketing and is a Certified Integrity Officer. Prior to his present appointment, he served nine years within the FGV Group with his last position as the Senior General Manager of the Governance & Compliance Department. He has also worked in various capacities with Sime Darby Plantations, Golden Hope Plantations, Technology Park Malaysia Corp, Iomega (Malaysia) and the SAPURA Group.</div></div><div><div><div>Other Relevant Appointment(s) or Membership(s):</div><div><ul style="list-style-type: none">Industry Advisory Panel (IAP) Member (2022 - 2023, 2021, 2020, 2017 - 2019, 2014 - 2016), College of Business & Accounting, Universiti Tenaga Nasional Kampus Sultan Hj Ahmad Shah (UNITEN KSHAS)Industry/Community Advisory Panel (ICAP) Member (2022 - 2024), School of Industrial Technology, Universiti Sains Malaysia</div></div></div></div></div></div>
<div><div><div>MOHD BAKHTIAR MOHD PAHRORAJI</div><div>Head, Group People & Culture</div></div><div></div><div><div>55Age</div><div>Gender</div><div>Nationality</div></div></div>	<div><div><div>Appointment to the Position:</div><div>15 September 2020</div></div><div><div>Academic/Professional Qualification(s):</div><div><ul style="list-style-type: none">Bachelor of Laws (Honours), International Islamic University MalaysiaDiploma in HR Management, MIHRM</div></div><div><div><div>Directorship in Public Companies/Listed Issuers:</div><div><ul style="list-style-type: none">None</div></div><div><div><div>Relevant Experience:</div><div>Mohd Bakhtiar has over 27 years of people practitioner experience, beginning his managerial career as Country HR Manager Malaysia/Singapore in Electrolux. Since then, he has climbed up the hierarchy and served as Head of Human Resource & Communication at Total E&P Malaysia in 2009, Director of Human Resource at SapuraKencana Petroleum Group in 2011, Chief Human Resource Officer at Omesiti Group in 2015 and most recently as Head of People & Organisation at Sabah International Petroleum in 2018 before his current role.</div></div></div></div></div>	<div><div><div>CHENG LAY PENG</div><div>Head, Environmental, Social & Governance (ESG)</div></div><div></div><div><div>52Age</div><div>Gender</div><div>Nationality</div></div></div>	<div><div><div>Appointment to the Position:</div><div>3 January 2023</div></div><div><div>Academic/Professional Qualification(s):</div><div><ul style="list-style-type: none">Master in Business Administration (General Management), Atlantic International University, United States of AmericaBachelor of Science (Chemistry & Biology), Campbell University, United States of America</div></div><div><div><div>Directorship in Public Companies/Listed Issuers:</div><div><ul style="list-style-type: none">None</div></div><div><div><div>Relevant Experience:</div><div>Lay Peng has more than 25 years of experience working in multinational and large Malaysian corporations. She brings with her diverse experience in research and development and global product portfolio transfer programme as the APAC lead in performance chemical company.</div><div>She possesses career portfolio in GLC and PLC as the plant operation management at providing accurate financial statements, creating strategic financial and budget projection, operation efficiency and upholding EHS and compliance requirements. She was also a project lead in multiple green and brown field projects.</div><div>Prior to her current role, she held the role as in setting CSR and sustainability strategy, in alignment with the group’s overall direction.</div></div></div></div></div>

MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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Executive
Committee

Executive
Committee

TENGKU HAIDAR
TENGKU AHMAD

Head, Group Commercial



51

Age



Gender



Nationality

Appointment to the Position:
16 January 2016

Academic/Professional Qualification(s):

- Bachelor of Science in Business Administration (Marketing), Oklahoma State University, United States of America

Directorship in Public Companies/Listed Issuers:

- None

Relevant Experience:

Tengku Haidar has over 26 years of sales, business development, marketing and government liaison experience throughout his career which spans from private conglomerate to government linked companies (GLC). He started his career with Telekom Malaysia Berhad and served in various positions throughout his nine years within the TM Group of companies in which his final position was the Head of Corporate & Business Planning in Meganet Communications (a joint-venture company between Telekom Malaysia & Nippon Telephone & Telegraph (NTT) Corporation of Japan).

His sugar career began in 2006 when he joined Tradewinds (M) Berhad as the Sugar Marketing Manager and served for nine years across different functions and later he assumed the Head of Business and Stakeholder Relations role for Central Sugars Refinery and Gula Padang Terap until 2015. In MSM, he had served multiple roles from the Head of Sales, Marketing and Business Development to the Head of Business, Product Development and Government Relations and most recently as the Head of Group Commercial since 2021.

A familiar name within the international sugar fraternity, he has frequently been invited to various international sugar conferences including as a guest speaker at the Asia International Sugar Conference in Bali, Indonesia in 2016, a guest speaker and panelist at the F.O. Licht Sugar & Ethanol Conference in Bangkok, Thailand in 2018, a guest speaker at the Malaysian Competition Commission (MYCC) Conference in Kuala Lumpur, Malaysia in 2018 and also as a guest speaker and panelist at the Asia International Sugar Conference at Ho Chin Minh City, Vietnam in 2018.

ABDUL HADI KARIM

Head, Corporate Strategy & Investor Relations



38

Age



Gender



Nationality

Appointment to the Position:
1 March 2021

Academic/Professional Qualification(s):

- Master of Business Administration (Islamic Finance), Open University Malaysia
- Bachelor of Business Administration (International Business), Multimedia University

Directorship in Public Companies/Listed Issuers:

- None

Relevant Experience:

Hadi brings with him over 13 years of career experience largely in Corporate Finance and Strategic Planning. Prior to his present role, Hadi was General Manager of Corporate Strategy.

He had previously served in the banking industry with local and international banks as well as the construction industry. He was Manager of Corporate Finance at SPK Construction from September 2016 to July 2018.

Other Relevant Appointment(s) or Membership(s):

- Council Member of 30% Club Malaysia

Declaration:

- None of the Executive Committee members have any conflict of interest or any family relationship with any Director and/or major shareholder of MSM Malaysia Holdings Berhad.
- None of the Executive Committee members have any directorship in public companies and listed issuers.
- None of the Executive Committee members have:
 - been convicted of any offense (other than traffic offenses); and
 - been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

WAN ANNIZA S.M.
JAMALUDDIN

General Counsel



47

Age



Gender



Nationality

Appointment to the Position:
12 July 2018

Academic/Professional Qualification(s):

- Bachelor of Laws (Honours), National University of Malaysia
- Diploma in Islamic Judicial and Legal Administration, National University of Malaysia

Directorship in Public Companies/Listed Issuers:

- None

Relevant Experience:

Anniza is an experienced senior executive and legal counsel with over 20 years of post-qualification experience. Following several years in private practice where she specialised in all aspects of Intellectual Property law, Anniza then moved on to the corporate world and served in various industries including collective licensing of music recordings, retail and telecommunications where she honed her skills and knowledge in a variety of practice areas including corporate and commercial law with special emphasis on mergers and acquisitions. Prior to her appointment as Head of Legal Affairs with MSM, she was the Senior Legal Manager for FGV Holdings Berhad, a position she took on in 2015.

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MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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Heads of Operations

Heads of Operations

CHEAH POH LYE

Head of Operations, MSM Prai Berhad



55

Age

Gender

Nationality

Appointment to the Position:
January 2019

Academic/Professional Qualification(s):

- Energy Manager from Energy Commission Malaysia (2017)
- Steam Engineer Grade 2 (1998)
- Degree in Mechanical Engineering (1992)

Directorship of Public Companies/Listed Issuers:

- None

Relevant Experience:

Cheah Poh Lye began his career as a mechanical production engineer with Sony Electric Malaysia in 1992 and joined MSM Prai as mechanical engineer in 1993. Since then, he has risen up the ranks within MSM Prai serving as the Mechanical Manager in 2004, General Manager of Engineering in 2009 and Acting Head of Operations in 2018, before his present appointment. He brings with him close to three decades of experience, involvement and understanding of MSM Prai operations.

SANURI SAARI

Head of Operations, Sungai Buloh Warehouse (SBW)



55

Age

Gender

Nationality

Appointment to the Position:
1 December 2021

Academic/Professional Qualification(s):

- Master of Business Administration (MBA), Northern University of Malaysia
- Diploma in Logistics Management, FMM Institute

Directorship of Public Companies/Listed Issuers:

- None

Relevant Experience:

Sanuri has over 25 years of working experience with multinational corporations such as Matsushita Electric Industrial Co. Ltd. (Panasonic), Shin-Etsu Chemical Co. Ltd., Mewah Group and 3PL companies such as Linfox Logistics, and most recently with DKSH Malaysia Sdn Bhd, where he served as Senior Manager of its Distribution Centre Operations for over three years. Throughout his career, over his career he has gained valuable knowledge and insights in logistics management, warehousing, shipping, transportation, customs compliance and related value-added services (VAS).

MOHD AMIR BIN REDZUAN

Head of Operations, MSM Sugar Refinery (Johor) Sdn Bhd



46

Age

Gender

Nationality

Appointment to the Position:
14 January 2023

Academic/Professional Qualification(s):

- 2nd Grade Steam Engineer, Certified by Department of Occupational Safety and Health (DOSH)
- Degree in Mechanical Engineering, University Science of Malaysia (USM)

Directorship of Public Companies/Listed Issuers:

- None

Relevant Experience:

Mohd Amir started his career with FGV Palm Industries in 2000 and continued working for the next 10 years as a Maintenance and Production Engineer. Graduating from USM in 2000 and with a Grade 2 Steam Certification under his belt, he brings with him expertise and understanding towards delivery set business objectives. He then joined TRT USA as Project Engineer Expatriate for two years. From 2013 until 2020, he returned as Plant Manager for FGV Refinery. In 2021, he joined MSM Johor as the Head of Engineering, progressing as Acting Deputy Head of Operations in 2022 and was further promoted as Head of Operations in January 2023. He has strong leadership and organisational skills with the ability to foresee potential issues and proactively address them to maintain smooth daily operations.

Declaration:

- None of the Heads of Operations have any conflict of interest or any family relationship with any Director and/or major shareholder of MSM Malaysia Holdings Berhad.
- None of the Heads of Operations have any directorship in public companies and listed issuers.
- None of the Heads of Operations have:
 - been convicted of any offense (other than traffic offenses); and
 - been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

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MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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Corporate Governance
Overview Statement

Corporate Governance
Overview Statement

DEAR STAKEHOLDERS,

“ We are dedicated in maintaining rigorous governance standards and collaborate closely with our stakeholders. Recognising our role in fostering healthy and sustainable societies, we actively fulfill our responsibility to conduct our business in a manner that upholds exemplary corporate governance standards. ”

DATUK SYED HISHAM
SYED WAZIR

Chairman
Independent Non-Executive Director



Corporate governance serves as a cornerstone in securing a thriving and enduring business, playing a pivotal role in our long-term success. Compliance with the Malaysian Code on Corporate Governance 2021 (MCCG 2021 or the Code) is not just a duty for us; it functions as a tool supporting the establishment of appropriate processes, controls, culture, values, engagement and trust necessary for a prosperous and sustainable business. Leading by example, we are deeply committed in upholding the highest standards of corporate governance.

The Board holds the responsibility of ensuring the Group adheres to the Code's requirements by establishing a robust Governance Framework. Corporate governance is centralised in our decision-making processes, aiding us in fulfilling our purpose and values. The principles articulated in the Code underscore the significance of sound corporate governance in enduring the success of listed companies. Encompassing Leadership and Effectiveness, Effective Audit and Risk Management and Meaningful Relationships with Stakeholders, these principles guide our commitment to excellence in corporate governance.

The framework complies with regulatory requirements and consistency with best practices and guidelines:

Companies Act, 2016	Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad (Bursa Securities)
MCCG 2021 published by the Securities Commission	
Corporate Governance Guide - 4 th Edition 2021 (4 th CG Guide) published by Bursa Securities	

Application of MCCG 2021

The Board is committed to the highest standards of corporate governance. We endeavoured to apply all the provisions and principles of MCCG 2021, save that which has been detailed out in our Corporate Governance Report 2023 (CG Report 2023).

This Corporate Governance Overview Statement should be read in tandem with the CG Report 2023 which is available on our corporate website at <https://www.msmsugar.com/investor-relations/reports>.

The summary of explanation for the departure is depicted below:

DEPARTED PRACTICE	SUMMARY OF EXPLANATION FOR DEPARTURE
Practice 5.10 <ul style="list-style-type: none">The board discloses in its annual report the company's policy on gender diversity for the board and senior management.	<ul style="list-style-type: none">The gender diversity policy for the Board is provided in the Board Nomination and Election Policy and Procedures which was disclosed under Corporate Governance Overview Statement on page 107 of the previous year's Annual Integrated Report.However, there is no policy regarding gender diversity for Senior Management disclosed in the Annual Integrated Report 2022. MSM Group adopted the Diversity, Equity and Inclusion (DEI) Policy in December 2023, which was developed by taking into consideration the relevant requirements. The statement on the DEI Policy is disclosed on page 120 of this Annual Integrated Report 2023.As at 31 December 2023, there were three (3) women in the Senior Management of MSM, who hold the positions of Chief Financial Officer, General Counsel and Head of Environmental, Social & Governance, which constitutes 37.5% of the Senior Management's composition. The diversity of Senior Management's composition in terms of gender, age, working experiences, skills and background can be found on pages 103 to 107 of the Annual Integrated Report 2023.

Our Governance Framework is guided by the following key corporate governance principles under MCCG 2021:

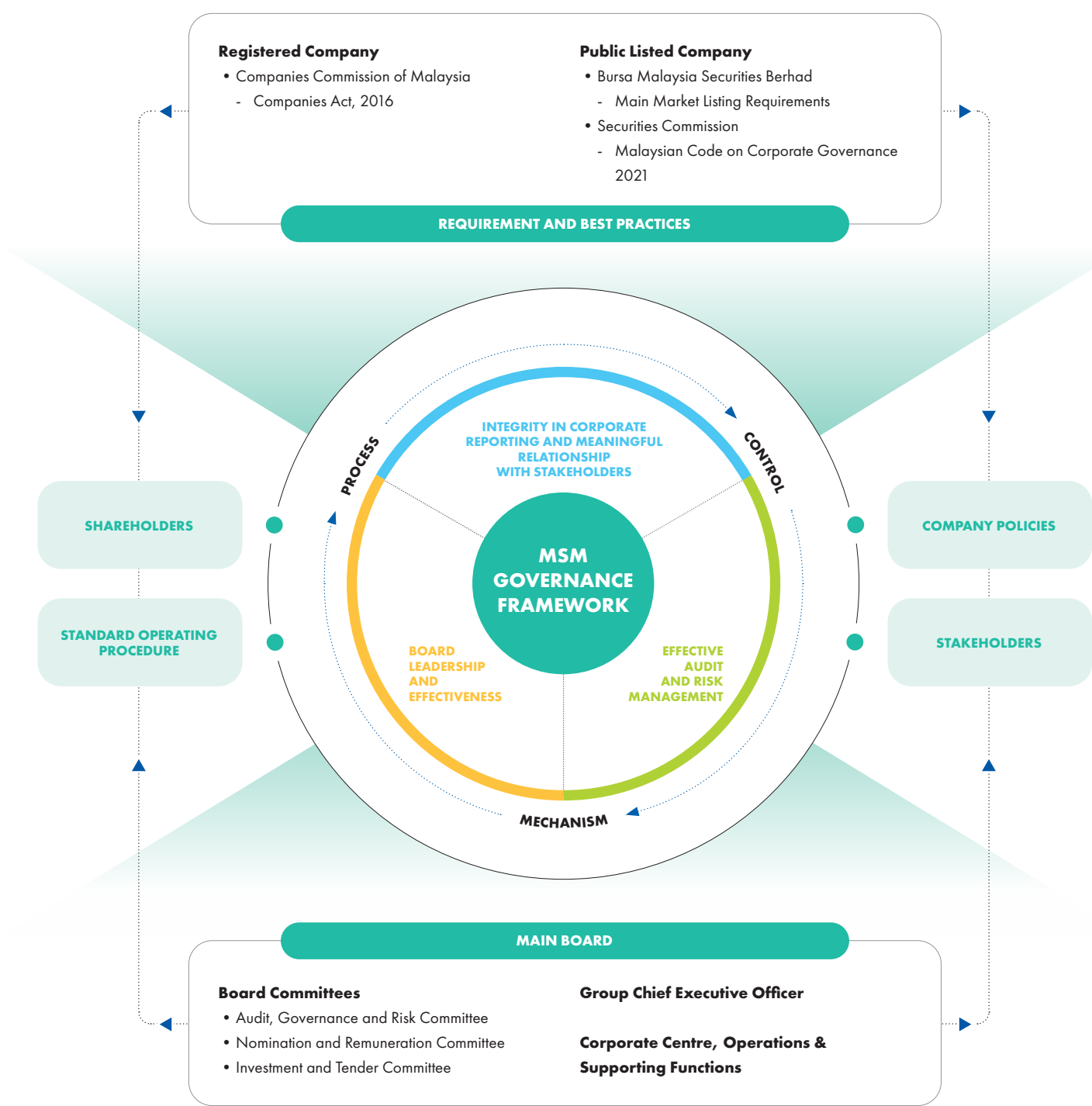
PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS <ul style="list-style-type: none">As a Board, we collectively ensure the Company's long-term success and value delivery to stakeholders. It is crucial for us to govern and set the strategic direction while overseeing management, championing good governance and ethical practices. Expectations on Directors have evolved, requiring greater vigilance and professional skepticism in shaping the Company's direction.Effective board leadership includes integrating sustainability into corporate strategy, governance and decision-making. Addressing material ESG risks and opportunities proactively is essential for resilience and maintaining stakeholder confidence. <div>For more information, refer to page 116</div>	PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT <ul style="list-style-type: none">We recognise the pivotal role of an effective Audit, Governance and Risk Committee in overseeing financial reporting. While the committee enhances governance, it is crucial to note that ultimate responsibility for financial reporting rests with the full Board. Our independent Audit, Governance and Risk Committee, boasting diverse perspectives and the necessary expertise, diligently questions financial processes, contributing to the quality of our deliberations.In managing risks and ensuring internal control, we focus on identifying threats and opportunities, integrating governance with performance-focused risk management and control. As an organisation, we set policies and seek assurance on the effectiveness of our risk management and internal control systems. <div>For more information, refer to page 127</div>	PRINCIPLE C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS <ul style="list-style-type: none">Continual engagement and communication with stakeholders create trust and understanding between the Company and its stakeholders. It helps stakeholders to better grasp the Company's goals and management quality. This, in turn, aids stakeholders in assessing the Company and helps shareholders in making decisions. From the Company's viewpoint, it offers a valuable channel for feedback to understand stakeholders' expectations and shape business strategies. <div>For more information, refer to page 130</div>
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Our Governance Framework

Our Governance Framework


MSM Governance Framework



GOVERNING SUSTAINABILITY

Board of Directors

MSM’s Board Charter sets out the Board’s oversight on sustainability. The Board of Directors formulates the sustainability policy and ensures that it takes account material matters that impact business goals. In addition, the Board is responsible for approving MSM’s sustainability disclosures.

 Further details on the Board Charter is made available on MSM corporate website at <https://www.msmsugar.com/our-company/corporate-governance>

Audit, Governance and Risk Committee

The Audit, Governance and Risk Committee (AGRC) supports the Board’s sustainability oversight. The AGRC provides oversight for the formulation of the sustainability policy and strategies. It reviews the Sustainability Report and any other related information that has major financial and/or reputational impact on the Group.

GOVERNING SUSTAINABILITY

Adequate Procedures (TRUST)

When it comes to corporate liability, the items in relation to corruption offenses and implementing adequate procedures are crucial as a defense mechanism. MSM has taken a comprehensive approach in this regard by adopting the T.R.U.S.T. principles as the cornerstone of its adequate procedures.



TOP LEVEL COMMITMENT

Board, Executive Leadership & Management

RISK MANAGEMENT

Corruption Risk Management (CRM)

UNDERTAKE CONTROL MEASURES

Establishment and review of policies and procedures

SYSTEMATIC REVIEW, MONITORING AND ENFORCEMENT

Regular review on performances, efficiency and effectiveness of the anti-corruption programme and ensure the enforcement

TRAINING AND COMMUNICATION

Governance, Integrity & Risk education, awareness and periodic communication

Anti-Bribery Policy Statement

MSM has included the principles of adequate procedures into its Anti-Bribery Policy Statement, which is easily accessible on the Company’s corporate website. This practice adheres to Paragraph 15.29(1) and (2) of the Listing Requirements, guided by the Guidelines on Adequate Procedures and Section 17A(5) of the MACC Act 2009 (Amendment 2018). The statement is structured to address three main areas of concern: Corruption, Fraud and Abuse of Power.

Whistleblowing Policy

Asset/Personal Interest Declaration (APID)


External Gift, Entertainment and Hospitality Policy (External GEH Policy)

Sponsorship and Donation Policy

Code of Business Conduct Ethics for Employees (COBCE)

Referral Policy

Conflict of Interest Policy

 Anti-Bribery Policy Statement is available on the Company’s corporate website at <https://www.msmsugar.com/our-company/corporate-governance>

KEY FOCUS ON 2023

- Carried out programmes such as roadshows and MSM Integrity Talk in alignment with the Adequate Procedures safeguarding the Company’s business practices.
- Ensured policies and procedures align with the MSM Governance of Policies and Procedures of Policy, ensuring the compliance and alignment with relevant laws.
- Conducted the annual Corruption Risk Management Review as mandated; updated the existing corruption risk profile towards combatting potential corruption risk in the organisation.

FUTURE PRIORITIES FY2024

- Conduct Integrity Assessment Tool (IAT) at MSM to examine and reinforce ethical standards of human governance in the organisation.
- Readiness in Organisational Anti-Corruption Plan (OACP), ensuring proactive approach to address potential challenges and uphold organisational integrity.
- Update the Corruption Risk Management for year 2024 to be proactively relevant with the current business practices.
- Cultivate good governance within the organisation through enhancement and reviewal of the policies & procedures.
- Promote awareness and education through periodic communication, roadshows and trainings.

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MSM Commitment To Integrity

MSM Commitment To Integrity

MSM Group is committed in applying the highest standards of ethical conduct and integrity. This includes by putting in place adequate policies and procedures in accordance with Anti-Bribery Policy Statement to prevent any corruption or bribery.

MSM’s Corporate Governance & Risk Management (CGRM) Division has been established to implement and report any matters in regards to Governance & Integrity and Compliance & Enforcement.

INTEGRITY TALK INITIATIVES

In observance of National Integrity Day throughout November 2023, our organisation proudly hosted three impactful Integrity Talk sessions, underscoring our commitment to fostering a culture of integrity and transparency. The events served as a significant milestone in our ongoing integrity journey, aligning seamlessly with the Adequate Procedures TRUST requirement.

MSM Integrity Talk (1):



On 9 November 2023, YBhg. Dato’ Mohamad Zamri bin Zainul Abidin, (Director Anti-Money Laundering Division) of the Malaysian Anti-Corruption Commission (MACC), graced our organisation as the distinguished speaker for the second consecutive year. The theme of the session, "Integrity, Corruption, Cost & Implication," delved into crucial aspects while introducing the Organisational Anti-Corruption Plan (OACP). This inclusive event welcomed vendors and esteemed guests from FELDA and FGV, enriching the dialogue with diverse perspectives. Positioned under Principle 5, Training & Communication, the Integrity Talk aimed to elevate awareness among employees and selected vendors about the paramount importance of integrity and the severe consequences of corruption.



MSM Integrity Talk (2):



Amid the challenges posed by the sudden spike in COVID-19 cases, our commitment to fostering integrity prevailed as we transitioned the second Integrity Talk to an online format on 30 November 2023. Ustaz Muhammad Faizal from Waqaf Felda ("Pengurus, Keahlian dan Dana Waqaf Felda") engaged the audience in a thought-provoking discussion on "Harta Saya Halal atau Haram," reinforcing the importance of ethical considerations in financial matters. The virtual platform ensured the participation of all MSM employees, maintaining the momentum of our integrity initiatives.



MSM Integrity Talk (3):



To mark National Anti-Corruption Day on 9 December 2023, our organisation hosted a compelling talk featuring ex-MACC Officer YBhg. Dato’ Abdul Wahab Abdul Aziz (Chief Executive Officer, GIC Pro Network). The session held on 6 December 2023 was titled "How to Say No to Corruption," provided valuable insights into resisting corrupt practices. Dato’ Abdul Wahab Abdul Aziz facilitated a dialogue on combating corruption by inviting a speaker who had experienced incarceration, offering a first-hand account of life behind bars. This unique perspective underscored the far-reaching consequences of corruption and reinforced the importance of ethical decision-making.

In conclusion, these Integrity Talk sessions have been pivotal in nurturing a culture of integrity within our organisation. The diverse range of topics, coupled with the inclusion of external voices, has enriched our understanding of the challenges and responsibilities associated with maintaining the highest standards of integrity. As we continue our journey, these initiatives will undoubtedly contribute to building a resilient and principled organisational culture.

ADEQUATE PROCEDURES AWARENESS

In accordance with the guidelines set forth by the Prime Minister’s Office, CGRM has successfully conducted a comprehensive awareness aimed at aiding MSM employee in understanding and implementing the requisite adequate procedures as a crucial line of defence.

The primary objective of the awareness was to enlighten businesses on the importance and nuances of adequate procedures, ensuring alignment with regulatory expectations and fostering a culture of compliance within the organisations.

The awareness covered multiple locations within the MSM Group, with the following schedule:

- MSM Johor:** 15, 16, 17 November 2023
- MSM Prai:** 18, 19 December 2023
- MSM SBW & MSML:** 24 November and 21 December 2023
- MSM Holdings:** 30 January, 6 February, 7 February and 16 February 2024

The awareness encompassed insightful sessions addressing the core components of adequate procedures, offering practical insights and guidance tailored to the unique requirements of each business unit within the MSM Group.

Additional Focus Areas during the Awareness:

- Conflict of Interest:** A dedicated session provided a comprehensive recap of Conflict of Interest, emphasising its significance in maintaining ethical business practices. Attendees were equipped with practical strategies to identify, manage, and mitigate conflicts of interest within their respective organisations.
- Whistleblowing:** The awareness also featured a thorough review of Whistleblowing procedures, reinforcing the importance of a robust reporting mechanism. Participants gained an understanding of creating a safe and confidential channel for employees to report any unethical behavior, ensuring a proactive approach to addressing potential issues.
- MSM Integrity Pledge:** The culmination of the awareness involved attendees reaffirming their commitment to upholding the highest standards of integrity during their work. Each participant was required to submit the MSM Integrity Pledge, symbolising their dedication to ethical business practices. This pledge serves as a tangible expression of our collective commitment to maintaining a workplace that values honesty, transparency, and accountability.

Note: The success of this awareness lies in its ability to empower organisations to take proactive steps in implementing adequate procedures, thereby fortifying their defenses against potential risks and ensuring sustainable business practices.

CORRUPTION RISK MANAGEMENT (CRM)

The CRM is a process which helps identify the potential schemes of fraud and corruption risks faced by MSM Group. It recognises ways to implement appropriate controls to treat and mitigate the identified risks. The CRM initiative was initiated at the close of 2022 and is set to span throughout the year 2023. The primary objective is to review and update MSM's existing corruption risk profile.

The CRM review comprises three sessions, with the following schedule:

- Session 1: 5 December 2022**
- Session 2: 24 February 2023**
- Session 3: 27 & 30 March 2023**
- Session 4 : 9 January 2024**
- Session with EXCO Members: 14 February 2024**

Session 1 Recap:
The inaugural session of the "MSM Corruption Risk Management (CRM) Review" was conducted on December 5, 2022. A total of 36 participants, representing various subsidiaries and divisions across the MSM Group, actively participated.

Session 2 Highlights:
The second session, held on February 24, 2023, focused on a comprehensive review and deliberation of the existing corruption risk profile. The active involvement of diverse departments within the organisation ensured a holistic perspective.

Session 3:
Departmental Focus: The third session, conducted between March 27, 2023, and March 30, 2023, was tailored to individual departments. This approach allowed for a more focused examination of department-specific corruption issues and concerns.

Session 4 - Finalisation:
The fourth and final session will centre around the conclusive steps in finalising the Corruption Risk Register for the year 2022/2023 with CGRM.

Session with EXCO Members:
The final report was presented to all EXCO Members. A total of 22 departments spanning across the whole MSM Group subsidiaries and divisions attended the workshops.

The overall CRM Process will require and reflect the need of commitment from the Board, Top Management, and collaborative efforts from employees which are crucial to combat any corruption activities in MSM.

We believe that this CRM initiative is crucial in fortifying our organisation against potential risks and reinforcing our commitment to transparency and ethical business practices.

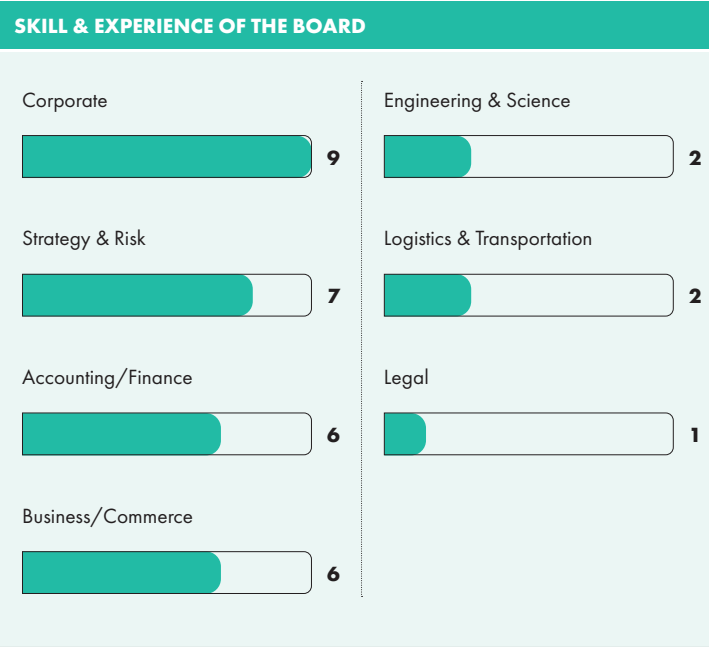
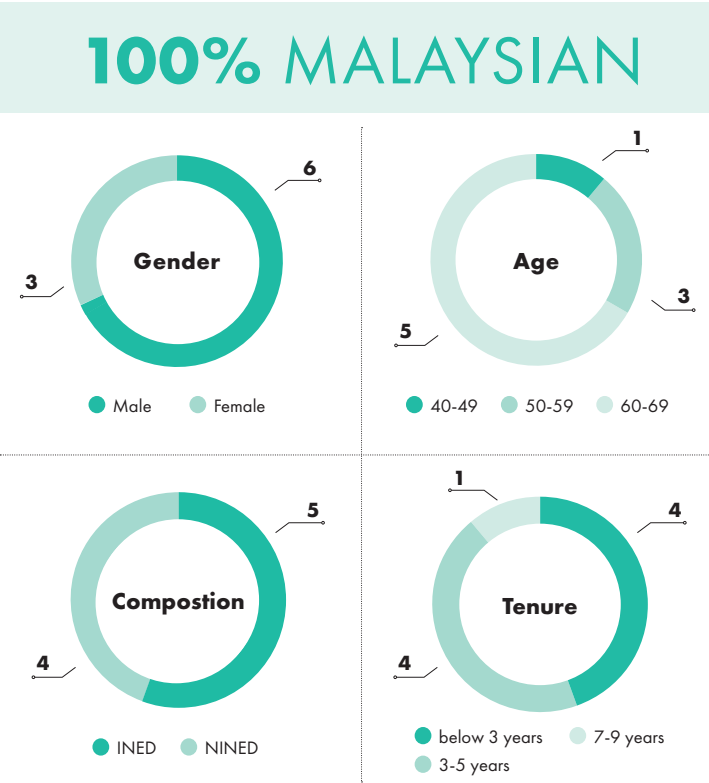
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Board and Board Committees,
Composition and Attendance

Board and Board Committees,
Composition and Attendance

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

The details of the Board's composition as at 31 December 2023 are as follows:



<div><div>Audit, Governance and Risk Committee (AGRC)</div><div><div>CHAIRMAN</div><div>CHOY KHAI CHOON</div><div>Independent Non-Executive Director</div><div>Attendance (12/12) 100%</div></div><div><div>MEMBER</div><div>DATO' SRI MUTHANNA ABDULLAH</div><div>Independent Non-Executive Director</div><div>Attendance (12/12) 100%</div></div><div><div>DATUK DR ABD HAPIZ ABDULLAH</div><div>Independent Non-Executive Director</div><div>Attendance (10/10) 100%</div><div>(appointed with effect from 23 February 2023)</div></div><div><div>DATO' ROSINI ABD SAMAD</div><div>Independent Non-Executive Director</div><div>Attendance (12/12) 100%</div><div>(cessation of office on 7 January 2024)</div></div><div><div>The Committee is responsible for:</div><div><ul style="list-style-type: none">Overseeing financial reportingEvaluating the internal and external audit process and outcomeManaging risks and assessing the risk management framework and internal control environmentReviewing conflict of interest situations and Related Party Transactions (including Recurrent Related Party Transactions)Enhancing governance, ethics and integrityOverseeing sustainable practicesUndertaking any such other function</div><div><div>Notes:</div><div><ul style="list-style-type: none">The disclosed meeting attendance for AGRC is for FY2023.Further information on the activities of the AGRC during 2023 can be found in the AGRC Report on pages 127 to 129.</div></div></div></div>	<div><div>Investment and Tender Committee (ITC)</div><div><div>CHAIRMAN</div><div>DATUK DR ABD HAPIZ ABDULLAH</div><div>Independent Non-Executive Director</div><div>Attendance (9/9) 100%</div></div><div><div>MEMBER</div><div>CHOY KHAI CHOON</div><div>Independent Non-Executive Director</div><div>Attendance (9/9) 100%</div></div><div><div>FAKHRUNNIAM OTHMAN</div><div>Non-Independent Non-Executive Director</div><div>Attendance (8/8) 100%</div><div>(appointed with effect from 23 February 2023)</div></div><div><div>The Committee is responsible for:</div><div><ul style="list-style-type: none">Ensuring that MSM has in place optimum frameworks, mechanisms, policies and procedures for effective investment and procurement undertakings and activitiesReviewing proposals related to investments, divestments and procurements of the Group in line with MSM's prevailing related policies and procedures</div><div><div>Notes:</div><div><ul style="list-style-type: none">The disclosed meeting attendance for ITC is for FY2023.Further information on the activities of the ITC during 2023 can be found in the ITC Report on page 138.</div></div></div></div>	<div><div>Joint Task Force (JTF)</div><div><div>CHAIRMAN</div><div>DATUK SYED HISHAM SYED WAZIR</div><div>Chairman/Independent Non-Executive Director</div><div>Attendance (6/6) 100%</div></div><div><div>MEMBER</div><div>NIK FAZILA NIK MOHAMED SHIHABUDDIN</div><div>Non-Independent Non-Executive Director</div><div>Attendance (6/6) 100%</div></div><div><div>RAJA FARIDAH RAJA AHMAD</div><div>Non-Independent Non-Executive Director</div><div>Attendance (6/6) 100%</div></div><div><div>FAKHRUNNIAM OTHMAN</div><div>Non-Independent Non-Executive Director</div><div>Attendance (6/6) 100%</div></div><div><div>SYED FEIZAL SYED MOHAMMAD</div><div>Group Chief Executive Officer</div><div>Attendance (6/6) 100%</div></div><div><div>HASNI AHMAD</div><div>Group Chief Operating Officer</div><div>Attendance (6/6) 100%</div></div><div><div>DR. MAZATUL 'AINI SHAHAR ABDUL MALEK SHAHAR</div><div>Chief Financial Officer</div><div>Attendance (5/6) 83%</div></div><div><div>ABDUL HADI KARIM</div><div>Head, Corporate Strategy & Investor Relations</div><div>Attendance (6/6) 100%</div></div><div><div>TENGKU HAIDAR TENGKU AHMAD</div><div>Head, Group Commercial</div><div>Attendance (6/6) 100%</div></div><div><div>The Board established the JTF on 1 March 2023. The JTF was a temporary and ad-hoc joint Board and Management Committee formed with the objective to turnaround and improve the performance of MSM Group.</div><div><div>The JTF held six (6) meetings during its establishment from 1 March 2023 until 26 February 2024.</div><div><div>Upon completion of its objectives, the JTF was disbanded by the Board on 26 February 2024.</div></div></div></div></div>	<div><div>BOARD MEETING ATTENDANCE FOR 2023</div><div><div>The Board Meetings conducted in 2023 were scheduled ahead and approved by the Board in November 2022. The agenda and board papers were distributed prior to Board Meetings to allow sufficient time for review to facilitate discussion at the meetings. The access by the Directors to board papers is carried out online, through a dedicated software which allows Directors to securely access, read and review the board papers at any time or location.</div><div><div>The Board Meetings attendance for financial year ended 2023 are set out below:</div><div><div>Board of Directors</div><div><div>DATUK SYED HISHAM SYED WAZIR</div><div>Chairman</div><div>Independent Non-Executive Director</div><div>Total Meetings Attended 100% 15/15</div></div><div><div>CHOY KHAI CHOON</div><div>Independent Non-Executive Director</div><div>Total Meetings Attended 100% 15/15</div></div><div><div>DATO' SRI MUTHANNA ABDULLAH</div><div>Independent Non-Executive Director</div><div>Total Meetings Attended 93% 14/15</div></div><div><div>DATUK DR ABD HAPIZ ABDULLAH</div><div>Independent Non-Executive Director</div><div>Total Meetings Attended 93% 14/15</div></div><div><div>DATO' MOHD NAZRUL IZAM MANSOR</div><div>Non-Independent Non-Executive Director</div><div>Total Meetings Attended 87% 13/15</div></div><div><div>RAJA FARIDAH RAJA AHMAD</div><div>Non-Independent Non-Executive Director</div><div>Total Meetings Attended 80% 12/15</div></div><div><div>NIK FAZILA NIK MOHAMED SHIHABUDDIN</div><div>Non-Independent Non-Executive Director</div><div>Total Meetings Attended 100% 15/15</div></div><div><div>FAKHRUNNIAM OTHMAN ⁽¹⁾</div><div>Non-Independent Non-Executive Director</div><div>Total Meetings Attended 86% 12/14</div></div><div><div>DATO' ROSINI ABD SAMAD ⁽²⁾</div><div>Independent Non-Executive Director</div><div>Total Meetings Attended 100% 15/15</div></div></div><div><div>⁽¹⁾ Fakhrunniam Othman was appointed as Board and ITC member on 23 February 2023.</div><div>⁽²⁾ Dato' Rosini Abd Samad ceased as Director and member of AGRC and NRC on 7 January 2024.</div></div></div></div></div>
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Our Board Processes





Our Board Processes

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

Role of the Board

The Board is responsible to the shareholders and wider stakeholders for the overall performance of the Group. The Board’s role is to provide leadership, promote the long-term sustainable success of the Company, generate value for shareholders and positively contribute to wider society, within a framework of prudent and effective controls, which enables risk to be assessed and managed.

The positions of the Chairman and Group Chief Executive Officer are held by different individuals.

 CHAIRMAN	<ul style="list-style-type: none">Responsibles for the operation, leadership and governance of the BoardEnsures all Directors are fully informed of matters and receives precise, timely and clear information sufficient to make informed judgmentsSets Board agenda and ensures sufficient time is allocated to ensure effective debate to support sound decision makingEnsures the effectiveness of the BoardEngages in discussions with the shareholders	 NON-EXECUTIVE DIRECTORS	<ul style="list-style-type: none">Constructively challenge the ManagementReview proposals on strategyScrutinise the performance of ManagementSatisfy themselves on the integrity of the financial information, controls and systems of risk managementSet the levels of remuneration for Directors and Top Management
 GROUP CHIEF EXECUTIVE OFFICER	<ul style="list-style-type: none">Develops the Group’s strategic direction for consideration and approval by the BoardImplements the strategy agreed by the BoardLeads the Executive CommitteeManages the Company and the GroupSupported in his role by the Executive Committee	 COMPANY SECRETARY	<ul style="list-style-type: none">Ensures information is made available to Board members in timely fashionSupports the Chairman in setting Board agenda, designing and delivering Board inductions and Board evaluations and co-ordinates post-evaluation action plans, including risk review and training requirements for the Board

The MSM Governance Framework is in compliance with the principles of T.R.U.S.T. The Board serves its function as the "Top Level Commitment"; takes charge of overseeing the Group, setting its purpose and strategy, ensuring adequate resources and establishing effective controls through risk management. The Board also holds management accountable and aims to promote the long-term sustainable success of the Group.

Delegated responsibilities find their place within three Board Committees, in accordance with Listing Requirements and the MCCG 2021. These Committees follow predefined roles and responsibilities outlined in approved Terms of Reference, which can be accessed on the Company's corporate website at <https://www.msmsugar.com/our-company/corporate-governance>.

Tasks not explicitly under the purview of the Board, its Committees, or shareholders during general meetings are entrusted to the executive management based on an approved schedule of authorities.

Throughout 2023, the Board has upheld high standards of corporate governance and closely monitored the Group's business performance.

A continuous improvement cycle has been integral, reinforcing the Group's commitment to elevate corporate governance standards. This commitment acts as the cornerstone for long-term success, benefiting stakeholders and the broader society.

Company Secretary

The Board is supported by a qualified and competent Company Secretary who is responsible for addressing the Board on all governance matters and ensuring the Board procedures are followed, applicable rules and regulations are complied with in order to facilitate the Board in discharging their duties and responsibilities. Pn. Azni Ariffin is the Company Secretary of MSM Group since 18 July 2022.

The details of information on the roles and responsibilities of the Company Secretary can be found in the CG Report 2023 and Board Charter at the Company’s corporate website at <https://www.msmsugar.com/our-company/corporate-governance>.

Board Activities for FY2023

Below are among the key matters considered by the Board through the fifteen (15) meetings held during FY2023:

Strategy, Risk and Sustainability Reviewed and approved: <ul style="list-style-type: none">MSM Corporate Scorecard 20233-Year Business Plan 2024-2026 and Budget 2024 for MSM Group	Group Operation Reviewed and approved: <ul style="list-style-type: none">Award of contract/tender for year 2023Updates on MSM Sugar Refinery (Johor) Sdn Bhd Ramp Up Plan
Governance Reviewed and approved: <ul style="list-style-type: none">Establishment of MSM Diversity, Equity and Inclusion PolicyRevision of MSM Code of Business Conduct & EthicsRevision of MSM Investment PolicyRevision of MSM Asset Personal Interest Declaration PolicyRevision of MSM Treasury PolicyRevision of MSM Cash Management PolicyRevision of MSM Dividend Policy	<ul style="list-style-type: none">Revision of MSM Inventory Reporting PolicyCorporate Governance Overview Statement for the inclusion in MSM Malaysia Holdings Berhad Annual Integrated Report 2022Corporate Governance Report for financial year ended 31 December 2022Statement on Risk Management and Internal Control for the inclusion in MSM Malaysia Holdings Berhad Annual Integrated Report 2022
Succession Planning, Appointments, Remuneration and Others Reviewed and endorsed: <ul style="list-style-type: none">Board Effectiveness Assessment for Financial Year 2022Board Annual Assessment on the Independence of the Independent Directors Reviewed and approved: <ul style="list-style-type: none">Recommendation from Nomination and Remuneration Committee on Performance Assessment of the Audit, Governance and Risk Committee and its MembersFY2022 Performance Appraisal Rating of Group Chief Executive Officer and Group Chief Operating Officer	Financial Reviewed and approved: <ul style="list-style-type: none">Zakat Payment for FY2023 by MSM Prai BerhadWrite Off of assets, inventories and debtsAudited Financial Statements for the financial year ended 31 December 2022 together with the Directors and Auditors’ Report

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PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

Diversity

We remain committed to acknowledging and embracing the advantages of maintaining a diverse Board, recognising the value that diverse perspectives and experiences contribute to robust board deliberations and decision-making. While we prioritise merit-based Board appointments, we also thoroughly consider factors such as background, experience, competencies, character, integrity, diversity and the ability to commit time in our Board Composition reviews.

In December 2023, MSM Group has adopted the Diversity, Equity and Inclusion Policy (DEI Policy) which was developed by taking into consideration the relevant requirements of the MCCG 2021 and the United Nations’ Sustainable Development Goals.

For FY2023, the Company has three (3) women Directors on the Board and three (3) women in Senior Management.

Continuing Development and Training

The Board consistently enhances its skills and knowledge through continuous training and development support. The Board is regularly briefed on business-related matters, governance, investor expectations, legal and regulatory impacts. Updates on accounting and remuneration developments, market trends, and evolving disclosure requirements are provided to the AGRC and NRC by external advisers and Management.

Directors have the option to request training on specific issues, with some opting to attend external courses. From time to time, meetings with specialists in the business are arranged for Directors who may wish to gain a deeper insight into a particular topic. The Board had undertaken an assessment of the training needs of each director to ensure the training programme aligns with the needs of the Board, individual Directors and the Company’s business. Directors can also seek advice from the Company Secretary, and if necessary, independent professional advice is available at the Company's expense to fulfill their duties and responsibilities.

List of Trainings Attended by Directors for FY2023

Name	List of Training & Organiser	
Datuk Syed Hisham Syed Wazir	MAY 16	Sustainability Reporting and Climate Change Series – Workshop 2: Tackling Climate Change and Climate Action (Malaysian Institute of Accountants)
	MAY 31	Workshop 3: MIA Webinar Series - Net Zero and Science-Based Targets (Malaysian Institute of Accountants)
	JUN 6	Board Audit Committee Dialogue and Networking: A Serious Allegation Is Reported - What Should Boards Do? (Institute of Corporate Directors Malaysia)
	AUG 15	Conflict of Interest & Governance of Conflict of Interest Programme (International Centre for Leadership in Finance (ICLIF))
	OCT 30	Board of Director Leadership – Effective Climate Governance (Malaysian Institute of Accountants)

Name	List of Training & Organiser	
Choy Khai Choon	JAN 12	Can America Stop China’s Rise? Will ASEAN Be Damaged? (FIDE Forum)
	MAY 10	Briefing on FATCA and Reporting to Tax Authorities (Ernst & Young Tax Consultants Sdn Bhd)
	JUN 13	Understanding the Impact of Digital Transformation in the Financial Industry: What Board Members Need to Know (FIDE Forum)
	JUL 7	ESG: Principles of Responsible Investment and Carbon Market (AGV Sustainability & ESG Services Sdn Bhd)
	JUL 11	Bursa 2023 Market Intermediaries and Advocacy Programme: Understanding Cybersecurity (Bursa Academy)
Dato’ Sri Muthanna Abdullah	AUG 3	Anti-Money Laundering, Anti-Terrorism Financing & Anti Proliferation Financing: Board of Directors’ Briefing (Nature of Life)
	SEP 19-20	Mandatory Accreditation Programme Part II: Leading for Impact (LIP) (Institute of Corporate Directors Malaysia)
	NOV 6	Directors’ In-House Training: Cyber Security (Kenanga Investment Bank Berhad Directors’ In-House Training)
Datuk Dr Abd Hapiz Abdullah	NOV 15-16	Singapore Fintech Festival 2023 (Monetary Authority of Singapore, Elevandi and Constellar)
	MAR 9	Board's Oversight Role on Bursa Malaysia's Enhanced Sustainability Reporting Framework (Institute of Corporate Directors Malaysia)
	MAR 9	Cybersecurity - A Boardroom Agenda (Institute of Corporate Directors Malaysia)
	JUN 8	Corporate Liability under Section 17A of the MACC Act 2019, Refresher (Sreenevasan Associate & Solicitors)
	JUL 20	Sustainability Reporting Requirements for Listed Companies (Boardroom Group)

Dato’ Sri Muthanna Abdullah	SEP 19-20	Mandatory Accreditation Programme Part II: Leading for Impact (LIP) (Institute of Corporate Directors Malaysia)

Datuk Dr Abd Hapiz Abdullah	MAR 9	Board's Oversight Role on Bursa Malaysia's Enhanced Sustainability Reporting Framework (Institute of Corporate Directors Malaysia)
	MAR 9	Cybersecurity - A Boardroom Agenda (Institute of Corporate Directors Malaysia)
	JUN 8	Corporate Liability under Section 17A of the MACC Act 2019, Refresher (Sreenevasan Associate & Solicitors)
	JUL 20	Sustainability Reporting Requirements for Listed Companies (Boardroom Group)
	SEP 12	Advocacy Session on the Continuing Disclosure Requirements & Corporate Disclosure Policy of the Listing Requirements (Bursa Malaysia)
Dato’ Sri Muthanna Abdullah	OCT 2-3	Khazanah Megatrends Forum 2023 (Khazanah Nasional Berhad)
	DEC 13-14	Mandatory Accreditation Programme Part II: Leading for Impact (LIP) (Institute of Corporate Directors Malaysia)

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PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

Name	List of Training & Organiser			
Nik Fazila Nik Mohamed Shihabuddin	JAN 30	Whistleblower Protection Act 2020 (Malaysian Anti-Corruption Commission)	AUG 2	Bridging the Gap: Metaverse, Board of Directors, Net Zero & NFT (Institute of Corporate Directors Malaysia)
	JAN 31	Digital Upskilling & Cybersecurity (Institute of Corporate Directors Malaysia/FGV Group Secretarial Division)	SEP 4	Upholding Integrity, Guiding Governance: Excellence in Action (Prolintas Group/ Malaysian Anti-Corruption Commission)
	JUN 12	Modernising Data Governance – What Boards Should Focus On Now (Institute of Corporate Directors Malaysia)	SEP 14	Audit Committee Conference 2023 (Malaysian Institute of Accountants and the Institute of Internal Auditors Malaysia)
	JUN 13-14	MIA International Accountants Conference 2023 - Future Fit Profession: Charting for A Better Tomorrow (Malaysian Institute of Accountants)	OCT 2-3	Khazanah Megatrends Forum 2023 (Khazanah Nasional Berhad)
	JUN 22	Risk Appetite Framework for Board of Directors (Malaysian Institute of Accountants)	DEC 4	Anti-Sexual Harassment Workshop (Prolintas Group)
	JUL 12	ESG Thought Leadership Seminar (MBM Resources Berhad)	DEC 6-7	Mandatory Accreditation Programme Part II: Leading for Impact (LIP) (Institute of Corporate Directors Malaysia)

Dato’ Mohd Nazrul Izam Mansor	FEB 7-9	Mandatory Accreditation Programme (Institute of Corporate Directors Malaysia)	AUG 10	Malaysia Stay & Build Final Forum (GIFT ASEAN)
	FEB 7	Masterclass on Balanced Scorecard (KPI Institute)	SEP 13	BFF 2023 S6 - Nourishing Minds: Unravelling Food Insecurity and the Challenges of Supply Chain Turbulence (Securities Industry Development Corporation)
	MAR 7-8	Palm & Lauric Oils Conference (POC) 2023 (Bursa Malaysia Derivatives)	OCT 2-3	MPOA National Palm Oil Conference 2023 (NPOC2023) (Malaysian Palm Oil Association)
	JUN 12	Media Training for FGV’s Top Management (Group Strategic Communication/FTI Consulting Malaysia)	OCT 12-15	Program Kelestarian FELDA 2023 (FELDA)
	JUL 4	Malaysian Palm Oil Forum (MPOF) East Africa 2023 (Malaysian Palm Oil Council)	OCT 24	PRAXIS 2023 (ISIS Malaysia)
	JUL 13	Breakfast Talk - Stepping Up To The Role: Objective Assurance & Advisory On ESG (Malaysian Institute of Corporate Governance & Sime Darby Plantation Berhad)	OCT 27-28	World Halal Business Conference Circuit 2023, London, UK (Halal Development Corporation)
	JUL 27	Ministerial Forum mengenai Keterjaminan Makanan Negara anjuran Institut Tadbiran Awam Negara (Institut Tadbiran Awam Negara Kampus Utama Bukit Kiara; Jabatan Perkhidmatan Awam (JPA); Jabatan Perdana Menteri)	NOV 2	A Delicate Balance – Board & Management Relationship (Institute of Corporate Directors Malaysia)
			NOV 7-9	PIPOC 2023 - MPOB International Palm Oil Congress & Exhibition (Malaysian Palm Oil Board)


Name	List of Training & Organiser	
Fakhrunniam Othman	MAY 11-12	Mandatory Accreditation Programme (Institute of Corporate Directors Malaysia)
	NOV 7-9	PIPOC 2023 - MPOB International Palm Oil Congress & Exhibition (Malaysian Palm Oil Board)

Raja Faridah Raja Ahmad	MAR 21-22	Kursus Wajib (1): Pengurusan & Pentadbiran Koperasi (Institut Koperasi Malaysia)
	JUL 4 - 5	Kursus Wajib (1): Pengurusan & Pentadbiran Koperasi (Institut Koperasi Malaysia)
	DEC 6-7	Mandatory Accreditation Programme Part II: Leading for Impact (LIP) (Institute of Corporate Directors Malaysia)

Dato’ Rosini Abd Samad <i>(cessation of office on 7 January 2024)</i>	MAY 25	Advancing Cyber Resilience: Board’s Top 3 Must-Knows (ICDM Pulse)
	SEP 12	Webinar on the Audit Committee - How to Navigate Financial Reporting Oversight Amidst Potential Landmines of Misreporting (Malaysian Institute of Corporate Governance)
	DEC 6-7	Mandatory Accreditation Programme Part II: Leading for Impact (LIP) (Institute of Corporate Directors Malaysia)

Board Effectiveness Assessment

A formal performance evaluation of the Board and Board Committee is completed annually to assess the Board’s performance. The exercise of Board Effectiveness Assessment for year 2023 (BEA 2023) was carried out internally and facilitated by the Company Secretary. The sets of questionnaires were sent to Directors for their evaluation. The assessment was then analysed and the findings presented to NRC for deliberation and the summary of the results tabled to the Board for endorsement.

 Further details on the BEA 2023 carried out is disclosed in the NRC Report on pages 136 to 137 of this Annual Integrated Report.

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PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

Non-Executive Directors

The Board aims to set competitive remuneration levels for Directors in order to attract and retain individuals with the necessary skills and experience to effectively manage and operate the Group, commensurate with the complexity of the Company’s activities and the Board’s responsibilities. To achieve this, a Non-Executive Directors' Remuneration Policy (NEDRP) has been established, which outlines the framework and policy for MSM Directors’ remuneration.

Details of the Non-Executive Directors’ remuneration as members of the Board and Board Committees in the form of fees as approved by the shareholders at the 12th Annual General Meeting held on 8 June 2023 are as follows:

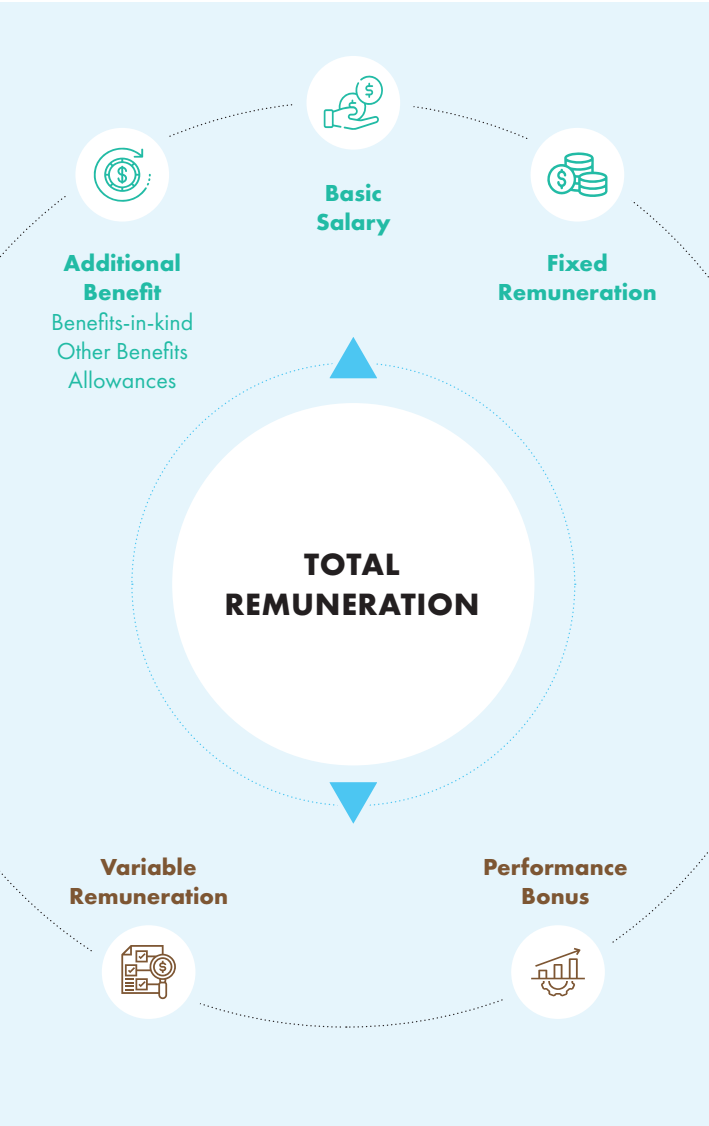
Board/Board Committees	Fees per Annum (RM)	
	Chairman	Member
Board of Directors	315,000 (RM26,250/month)	120,000 (RM10,000/month)
Board Committees		
- Audit, Governance and Risk Committee	64,000	32,000
- Nomination and Remuneration Committee	35,000	20,000
- Investment and Tender Committee	32,000	16,000
- Other Board Committee	32,000	16,000

Details of the Non-Executive Directors’ benefits in accordance with the remuneration structure (excluding Directors’ annual fees) are set out below:

Meeting Allowance Board and Board Committee meeting: RM2,000 per attendance
Benefits <ul style="list-style-type: none">Company car (Chairman only):<ul style="list-style-type: none">one (1) Company car of up to 2,000cc with a maximum of RM180,000 per annum for utility of the car (car maintenance, petrol, etc. which is not convertible to cash)Driver allowance (Chairman only):<ul style="list-style-type: none">RM30,000 per annumMedical expenses, insurance coverage, travelling expenses and other claimable

Summary of Group Chief Executive Officer Remuneration Policy

The Group CEO's remuneration package undergoes recommendation by the NRC and subsequent approval by the Board. This package considers the individual performance of the CEO, benchmarked against the Company's targets and the prevailing market rate for benefits-in-kind, annual increments and bonuses. The Company's policy also incorporates the performance of the Company beyond short-term financial measures. The Group CEO does not receive annual fees or meeting allowances for attendance at the Board and Board Committee meetings, as well as those of MSM's subsidiaries.



NON-EXECUTIVE DIRECTORS' REMUNERATION

Directors

The level of Directors’ remuneration is generally set to be competitive to attract and retain Directors of calibre to provide the necessary skills and experience as required and commensurate with the Board’s responsibilities, expertise and complexity of the Company’s activities for the effective management and operations of the Group. The Board has formalised NEDRP which spells out the policy and framework of MSM Directors’ remuneration.

Details of Directors’ remuneration paid in FY2023 are as follows:

	Directors' Annual Fees			Meeting Allowance (RM)	Benefits ⁽¹⁾ (RM)	Total (RM)
	MSM Board (RM)	MSM Board Committee (RM)	MSM Subsidiaries (RM)			
Non-Executive Directors						
Datuk Syed Hisham Syed Wazir	315,000.00	-	-	36,000.00 [^] #	48,172.65	399,172.65
Choy Khai Choon	120,000.00	80,000.00	-	78,000.00 [^]	2,332.53	280,332.53
Dato' Sri Muthanna Abdullah	120,000.00	67,000.00	-	70,000.00 [^]	2,332.53	259,332.53
Datuk Dr Abd Hapiz Abdullah	120,000.00	79,237.50	-	86,000.00 [^]	2,332.53	287,570.03
Nik Fazila Nik Mohamed Shihabuddin	120,000.00	20,000.00	-	44,000.00 [#]	2,332.53	186,332.53
Raja Faridah Raja Ahmad	120,000.00	20,000.00	-	36,000.00 [#]	2,332.53	178,332.53
Dato' Mohd Nazrul Izam Mansor	120,000.00 [*]	-	-	26,000.00 [*]	-	146,000.00 [*]
Fakhrunniam Othman (appointed with effect from 23 February 2023)	102,142.86 [*]	13,619.64 [*]	-	40,000.00 ^{*#}	-	155,762.50 [*]
Dato' Rosini Abd Samad (cessation of office on 7 January 2024)	120,000.00	52,000.00	-	66,000.00	2,332.53	240,332.53
Azman Ahmad (resigned on 1 January 2023)	-	-	-	4,000.00 ^{*^}	-	4,000.00 [*]
TOTAL	1,257,142.86	331,857.14	-	486,000.00	62,167.83	2,137,167.83

Figures exclude SST

* Directors' Remuneration paid to FGV Holdings Berhad
Amount does not include meeting allowance as member of Joint Task Force which shall be subject to shareholders' approval at the forthcoming AGM
(1) Benefits comprised of:
a. benefits-in-kind (Non-Executive Chairman only): (i) driver's allowance (ii) company car with utility of the car e.g. petrol
b. other benefits (all Non-Executive Directors): (i) medical insurance coverage, (ii) group personal accident insurance coverage, (iii) travelling and (iv) other claimable benefits
^ Amount includes meeting allowance as member of Special Board Committee as approved by the shareholders at the 12th AGM on 8 June 2023

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Our Board Processes

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

Audit, Governance and Risk Committee

To ensure effective oversight of financial reporting, internal and external audit processes and related party transactions, the Board delegates its authority to the Audit, Governance and Risk Committee (AGRC or Committee). The AGRC members possess the necessary financial literacy and business knowledge to fully understand its authority to the matters under their purview.

The AGRC is granted unrestricted access to both internal and external auditors, who report directly and functionally to the Committee. To maintain a proper relationship with the Company’s external auditor, the AGRC has established transparent arrangements. The external auditor has given assurance that their personnel are and have been independent throughout the audit process, in accordance with relevant professional and regulatory requirements.

Oversight of Financial Reporting

The Board is committed to providing Shareholders with a clear, balanced and comprehensive understanding of the Group’s financial performance and prospects. This is achieved through various means, including Audited Financial Statements, Quarterly Announcements of Financial Results, the Chairman’s Address and the Management Discussion and Analysis (MD&A). Additionally, corporate announcements are made on significant developments affecting the Company in accordance with the Listing Requirements. The Directors ensure compliance with all applicable financial reporting standards, provisions of the Companies Act, 2016 and relevant laws and regulations in Malaysia.

Corporate Governance Matters

We place paramount importance on maintaining high standards of corporate governance, transparency and accountability. We consider these values integral to support our business strategy and fostering enduring value for our shareholders in the long run.

Ethics and Integrity

MSM has undertaken several key activities to demonstrate our commitment to be an ethical and professional organisation, anchored on ethics, integrity and accountability. These activities include:

- Corruption Risk Management Review
- Governance, Integrity & Risk Periodic Communication
- Establishment of New & Revised Policies
- Vendor Integrity Attestation
- Corporate Governance & Risk Management Update to EXCO and Board
- MSM Integrity Talk
 - "Integriti, rasuah, kos dan implikasi" & "Perjalanan ke arah OACP"
 - "Harta Saya Halal atau Haram"
 - How to Say No to Corruption
- Virtual Prodigy Induction
- MSM Integrity Pledge
- Adequate Procedures Awareness
- Governance & Integrity Activities (Quiz, Crossword Puzzles & "Pantun Integriti & Anti- Rasuah")

Risk Management and Internal Controls

The Board is committed in maintaining and continuously improving the MSM Group's and its subsidiaries' system of risk management as well as internal control and assisted by the AGRC. The Group’s control environment includes various key elements such as the AGRC, Organisation Structure, Code of Business Practice, Business Continuity Management, Group Internal Audit, Legal, Company Secretary, Limit of Authorities, Policies and Procedures, Financial and Operational Information and Systems and Information Security.

The Group operates within a well-defined organisational structure, with established responsibilities, authorities and reporting lines to the Board. The organisational structure has been designed to facilitate the development, planning, execution, monitoring and control of the Group’s objectives, ensuring that internal controls are embedded within the operations.

For more information on the Group’s risk management and internal control framework, please refer to the Statement on Risk Management and Internal Control found on pages 143 to 151 of this Annual Integrated Report.

Audit, Governance and Risk Committee Report

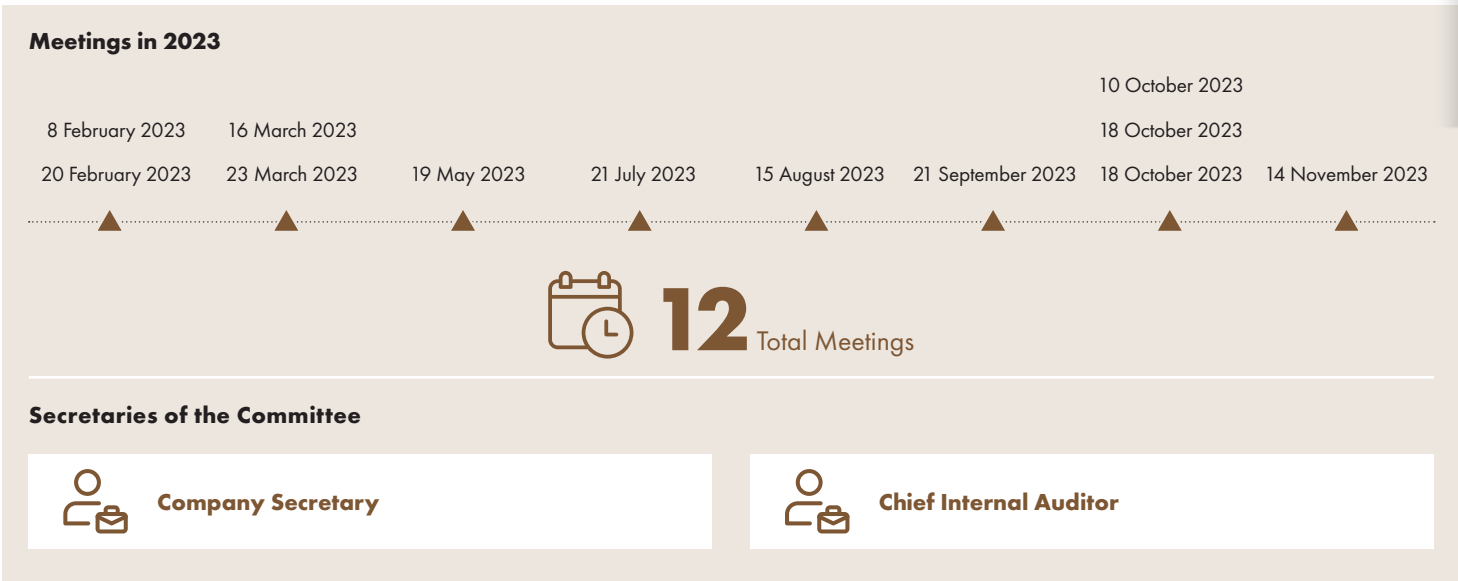
PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT

The Audit, Governance and Risk Committee (AGRC or the Committee) is responsible for assisting the Board in carrying out its duties relating to the integrity and oversight of the financial reporting and audit process, maintaining sound internal control and risk management systems and providing assurance of governance, ethics and compliance as well as reviewing conflict of interest situations and related party transactions (including recurrent related party transactions). The AGRC is also responsible for reviewing the principal risks identified by Management and overseeing the implementation of adequate risk management systems within the Group.

Composition of the Committee

The AGRC is led by Choy Khai Choon, who serves as an Independent Director and Chairman of the Committee. Choy Khai Choon is a member of the Malaysian Institute of Accountants (MIA) and holds an Honorary Fellowship from CPA Australia, meets the requisite qualifications as stipulated in Paragraph 15.09(1)(c)(i) of the Listing Requirements. The current membership of AGRC and their meeting attendance records for FY2023 are as follows:

Members	Type of Membership	No. of Meetings Attended during 2023	
		Attended	Held
Choy Khai Choon	Chairman/Independent Non-Executive Director	12	12
Dato’ Sri Muthanna Abdullah	Independent Non-Executive Director	12	12
Datuk Dr Abd Hapiz Abdullah <i>(appointed with effect from 23 February 2023)</i>	Independent Non-Executive Director	10	10
Dato’ Rosini Abd Samad <i>(cessation of office on 7 January 2024)</i>	Independent Non-Executive Director	12	12



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Audit, Governance and Risk Committee Report

Audit, Governance and Risk Committee Report

PRINCIPLE B — EFFECTIVE AUDIT AND RISK MANAGEMENT

Summary of Activities	
Financial Reporting and Performance Oversight <ul style="list-style-type: none">Reviewed and recommended:<ul style="list-style-type: none">Quarterly Financial ResultsMSM Group’s Goodwill and MSM Johor’s Asset Impairment AssessmentPosition on Financial CovenantsGroup’s Consolidated Cashflow ProjectionsCapital Expenditure (CAPEX)Recurring Related Party Transactions (RRPT)Report on Recoverability of Trade Receivables and Past Due AccountsDisposal and write off of assets and inventoriesHedging of gas prices with Brent Crude Oil optionsNon-audit feesFinished Goods VarianceStatus updates on MSM Prai Berhad and MSM Sugar Refinery (Johor) Sdn Bhd raw sugar managementAudited Financial Statements for financial year ended 31 December 2022Forecast 2023, Challenges and Mitigation PlansReviewed Quarterly AGRC Report by Messrs PricewaterhouseCoopers PLT (PwC)	External Audit Process <ul style="list-style-type: none">Private Discussion between AGRC and PwC (2 sessions)Reviewed and recommended the Reappointment of PwC as the External Auditor for MSM Group for FY2023Reviewed PwC’s Audit Plan and scope of work for the statutory audit of the Financial Statements for the financial year ended 31 December 2023 and declaration of PwC’s independence as external auditorReviewed and recommended the Audit Fees for MSM Malaysia Holdings Berhad and its Group of Companies for FY2023Reviewed PwC Malaysia Transparency Report 2022 Governance and Integrity <p>Reviewed and recommended:</p> <ul style="list-style-type: none">Corporate Governance Report for financial year ended 31 December 2022 for announcement to Bursa Malaysia Securities Berhad and publication on MSM’s Corporate WebsiteRevision of MSM Inventory Reporting PolicyRevision of MSM Cash Management PolicyEstablishment of MSM Diversity, Equity and Inclusion PolicyRevision of MSM Dividend PolicyRevision of:<ul style="list-style-type: none">Finance Policies and Procedures Manual – Forex HedgingGroup Treasury Cash and Funding Policies and ProceduresGroup Treasury Cash Investment Policies and Procedures<i>Note: These 3 policies were merged as a single policy named as MSM Treasury Policy</i>Revision of MSM Investment PolicyRevision of MSM Code of Business Conduct & EthicsRevision of MSM Asset Personal Interest Declaration PolicyAnnual Integrated Report 2022 Matters:<ul style="list-style-type: none">Corporate Governance Overview StatementReport on Audit, Governance and Risk CommitteeStatement on Risk Management and Internal ControlProduction of MSM Malaysia Holdings Berhad’s Annual Integrated Report for the financial year ended 31 December 2022Sustainability Report FY2022
Internal Audit Process <ul style="list-style-type: none">Reviewed Group Internal Audit Report issued by Group Internal AuditApproved Group Annual Internal Audit Plan for the year 2024Assessed the performance of the Chief Internal Auditor for year 2022	
Risks and Control Environment <ul style="list-style-type: none">Reviewed and recommended:<ul style="list-style-type: none">MSM Group Financial ForecastManagement Fees by FGV Holdings Berhad to MSM Group for the years 2023, 2024 and 2025Status updates on the Amendments in the Standard Operating Procedure for Raw Sugar Frame Supply Contract to include the Procedures for Liquidation of Raw Sugar ContractsApproved schedule of AGRC Meetings for year 2024	
Risk Management <ul style="list-style-type: none">Reviewed MSM Corruption Risk Management (CRM) AssessmentReviewed the quarterly progress Report on Group Risk Register Report and Business Continuity Management (BCM)	

Relationship with External Auditor

- The External Auditor Policy was developed to provide guidance on matters related to dealing with the firm of professional accountants which is or will be appointed as the External Auditor for the statutory audit of MSM Group.
- During the financial year ended 31 December 2023, other than the assurance service for review of Quarterly Bursa Announcement, there was no non-audit engagement rendered by the external auditor.
- There were private sessions held between the AGRC and the external auditor, without the presence of Management. The private sessions focused on areas where the external auditor provided additional, candid and confidential comments to the AGRC. The private sessions allowed the AGRC to explore matters in a frank and open forum. Overall, private sessions played an important role in the development of a trusting and respectful relationship between the AGRC and the external auditor.

In the financial year 2023, the private sessions were held twice in February and August 2023.

Continuous Learning and Development

- Further details on the training attended by the Committee members during the FY2023 are detailed out under Directors’ Training on pages 121 and 123 of this Annual Integrated Report.

Committee Evaluation

- For year of assessment 2023, Board Effectiveness Assessment was carried out in 2024 which encompassed the performance of the Committee and its Chairman as well as the Independence of the Independent Directors. The assessment focused on how effective the Committee had conducted its activities in 2023.

Internal Audit Function

- The Internal Audit function for MSM Group is outsourced to the holding company, FGV Holdings Berhad (FGV) Group Internal Audit (GIA) Division.
- The Chief Internal Auditor reports functionally directly to the AGRC of MSM.
- The conduct of GIA is based on a GIA Charter and SOP.
- The Chief Internal Auditor, Zalily Mohamed Zaman Khan, is a Certified Internal Auditor of the Institute of Internal Auditors (IIA), Certified Fraud Examiner of the Association of Certified Fraud Examiners, both from USA, is a fellow member of CPA Australia, a professional member of the Institute of Internal Auditors Malaysia and holds an accounting degree

from University of South Australia. She also holds a Certification in Control Self-Assessment and a Certification in Risk Management Assurance by IIA, USA.

- Five (5) internal auditors comprising a Vice President, a Senior Manager, a manager and one (1) team of two (2) persons are specifically assigned for audits of MSM Group throughout the financial year.
- The total cost incurred for the financial year ended 31 December 2023 was RM2,075,727 (2022: RM1,521,520).

Summary of Activities of the Internal Audit Function

During the financial year under review, the Internal Audit function had undertaken the following main activities:

- Prepared and developed the Annual Internal Audit Plan of MSM Group for year 2024 and presented the same to the AGRC for approval.
- Performed internal audits according to the Annual Internal Audit Plan approved by the AGRC. The scope of work focused on the following key areas:
 - Raw and Refined Inventory Management
 - Production Management
 - Product Return and Quality
 - Repair and Maintenance
 - Pay Per Use Arrangement
 - IT Management & Operation
- Performed investigative audits and presented to the AGRC the conclusions and subsequently sought the recommendation and direction from AGRC on action to be taken.
- Presented to the AGRC at its quarterly meetings, the summary observations and recommendations and the status of management’s corrective actions implementation from the internal audit reports issued.
- Undertook Recurrent Related Party Transactions review for the purpose of supporting the Committee’s statement in the Circular to the shareholders to seek mandate on new and existing Recurrent Related Party Transactions of the Group.

In 2023, the internal audit function performed 10 internal audit assignments (i.e. 6 assurance audits and 4 investigations) which consumed 1,137 mandays during the year in comparison to 630 budgeted mandays.

Statement by the Board

This Audit, Governance and Risk Committee Report was made in accordance with a resolution of the Board of Directors duly passed on 5 April 2024.

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Communications with Stakeholders

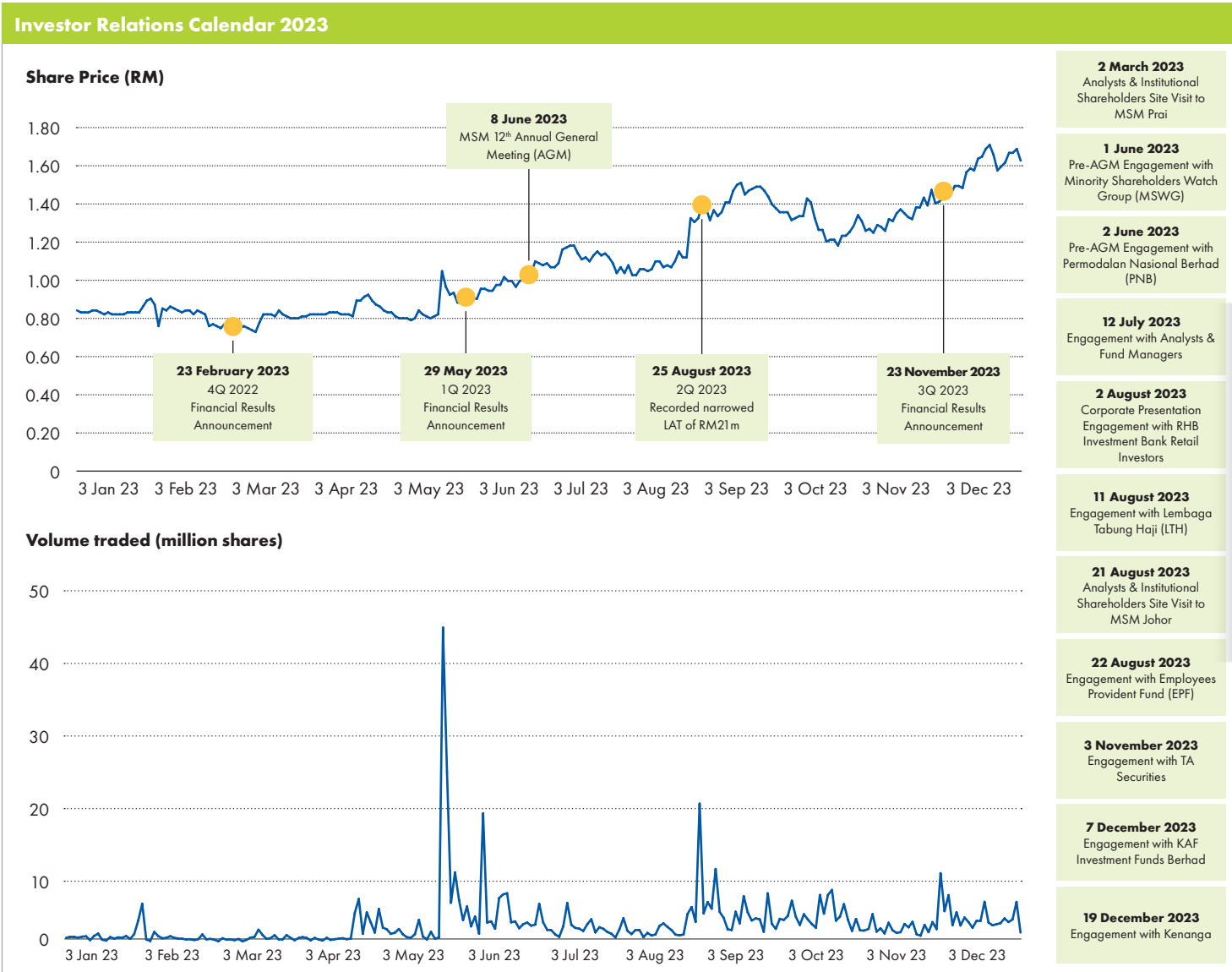
PRINCIPLE C — INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Building and maintaining trust with our stakeholders underpins the success and reputation of MSM. Through stakeholder collaboration, we aim to develop the Company, minimise our environmental impact, make a positive social contribution and uphold high standards of governance. More on our stakeholder engagement programmes can be read on pages 54 to 57 of this publication. MSM communicates with our stakeholders, including shareholders, through the following communication channels.

Shareholders	We are committed to open and regular communication and engagement with shareholders at any time of the year, and our communications with them will always offer invitations to meet with the Chairman or any of the Board's committee chairpersons.
Board	Investor relations, external communications and media reports are circulated regularly to the Board of Directors. The investor relations report contains a commentary on key events, share price performance, market movements, investor feedback from management/analyst meetings, broker and analyst forecasts and recommendations, investor relations activities (including ESG) and shareholder analysis. The external communications and media update provides details of the focus of external communication activities.
Annual General Meeting (AGM)	<p>The AGM serves as a primary platform for interactive dialogue between shareholders and the Board with the support of its senior management. MSM's 12th AGM was conducted virtually through live streaming from Menara Felda, Kuala Lumpur as the broadcast venue. The Company continued leveraging technology to facilitate remote shareholders' participation at the AGM.</p> <p>Shareholders could view the AGM proceedings through live streaming, pose questions to the Board or Management and submit their votes remotely using Remote Participation and Electronic Voting (RPEV) facilities via the online meeting platform. Prior to the 12th AGM, the Company had also engaged with investors.</p> <p>During the 12th AGM, the Chairman, Board Committee Chairmen, all other directors and senior management attended the AGM, with their attendance records made available to shareholders. The AGM proceedings were properly recorded and the minutes of the AGM including all the questions raised at the meeting and the corresponding responses are made available on the Company's corporate website at https://www.msmsugar.com/investor-relations/events-announcements.</p>
Corporate Website	Our corporate website is an important channel for communicating with all stakeholders, including shareholders. All material information reported to the regulatory news services such as media releases, analyst briefing presentations, annual reports and more are published at https://www.msmsugar.com/investor-relations/reports together with copies of full-year and half-year results announcements and trading updates.
Investor Relations	The executive team runs an ongoing programme of dialogue with institutional investors and analysts, through which they discuss a wide range of issues concerning MSM including strategy, performance, management and governance. The announcements of the full-year and half-year results and trading updates provide opportunities for us to proactively answer questions from analysts and investors during the respective quarters, covering a wide range of topics. This year, MSM's Management and Investor Relations team have taken part in investor meetings to directly provide better insights and meaningful understanding to investors. These meetings are as outlined on the next page.

Feedback
As part of our efforts to increase transparency, we encourage shareholders and investors to forward their questions and comments to MSM's Investor Relations team via email at: investor.relations@msmsugar.com.

Investor Relations



Further details on MSM's Investor Relations functions and activities, refer to pages 66 and 67 of this Annual Integrated Report.

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Investor Relations

Nomination and Remuneration Committee Report

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

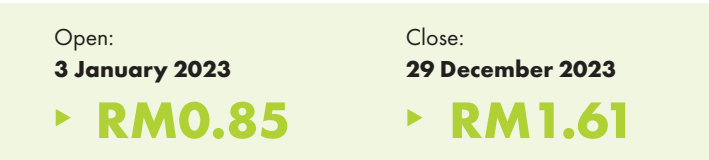
B Main Areas of Discussion/Concern by Shareholders (FY2023)

1. Financial Performance
- MSM reported its financial quarterly results with detailed explanations on the performance of the Group and its subsidiaries.
 - MSM conducted its 12th AGM virtually and also conducted engagements with analysts, external shareholders and the like both physically and virtually.
2. Operational Performance
- MSM provided operational parameters such as utilisation factor, yield, and production volumes for FY2023. These parameters have been reviewed and shared with analysts during the quarterly result announcements.
 - Detailed ramp-up plans to rectify any issues at MSM Johor have since been completed and has been periodically updated to the investing community via various engagements held throughout FY2023.
3. Average Selling Price
- Refined sugar is a controlled-price item with a government-fixed ceiling price for the domestic market at RM2.85/kg, which is among the lowest sugar retail ceiling price in the world.
 - MSM constantly keeps the government informed on the global sugar market movement. When there is any significant increase of sugar and unfavourable forex costs for production, MSM will inform the government to consider a revision in the ceiling price.
 - As part of the local Joint Sugar Industry, MSM received incentives from the government in the final quarter of the year.
 - MSM awaits further decision from the government on any revision on the price mechanism moving forward.
4. Equity Stake Disposal of MSM Johor
- MSM has to consider the strategic fit of any potential partners with MSM’s aspirations such as to expand its export sales volume.
 - Any new potential partner must bring offtake benefits to MSM in the export market in order to add to the sustainability of the MSM Johor blueprint.
 - The potential partner will also need to add further value in terms of commercial as well as operational and technical support.
5. NY11 Raw Sugar Price
- In FY2023, the price of NY11 traded at a significantly higher level mainly related to tight global supply caused by unfavourable weather conditions.
 - In addition, escalating geopolitical tensions may have also led to increased costs in terms of logistics as well as inflationary pressures.
 - MSM’s hedging strategy is deliberated at the bi-weekly Trading Committee meeting guided by experts’ market views and MSM’s business requirements.

C Research Coverage/Analysts



D Share Price



Shareholder Information

FGV Holdings Berhad remained as our largest shareholder with 51.00% interest via a direct shareholding of 10.97% and an indirect shareholding of 40.03% by FGV Sugar Sdn Bhd. The other substantial shareholders are Koperasi Permodalan FELDA Malaysia Berhad holding 15.27% and Amanahraya Trustees Berhad with 6.68%. The balance 27.05% are held by other local corporations, Malaysian retail and foreign shareholders.

To see further shareholder information, refer to Analysis of Shareholdings on pages 265 to 267.

Statement by the Board

The Board acknowledges the importance of sound Corporate Governance practices and believes that this improves long-term success and performance. We are committed to set the appropriate tone at Board-level and achieving high standards of Corporate Governance practices, values and business conduct across MSM Group.

The Board is satisfied that MSM has complied with the provisions and applications of the main MCCG 2021 principles for the FY2023 except for Practice 5.10 (Disclosure in the Annual Integrated Report on the policy on gender diversity for Senior Management). Explanations on the application and departure of the Practices including the related measures and time frame to apply the departure practice are provided in the CG Report 2023 which is accessible on our corporate website at <https://www.msmsugar.com/investor-relations/reports>.

This Corporate Governance Overview Statement was made in accordance with a resolution of the Board of Directors approved on 5 April 2024.

On behalf of the Board

DATUK SYED HISHAM SYED WAZIR
Chairman

The role of the Nomination and Remuneration Committee (NRC or Committee) is to oversee critical functions related to Board composition, executive leadership, and compensation practices. Tasked with identifying and recommending candidates for Board positions, the NRC ensures that the Board comprises individuals with diverse skills and experiences, aligned with the Company's strategic goals. The Committee also manages executive remuneration, ensuring it reflects performance and industry benchmarks while maintaining transparency and fairness. Through its oversight on corporate governance practices, the NRC upholds ethical standards and promotes accountability, contributing to the Company's long-term sustainability and stakeholder trust.

Composition of NRC


The NRC members as at the date of this report comprises exclusively of Non-Executive Directors (NED) with a majority of whom are Independent Directors. The Committee is led by Dato’ Sri Muthanna Abdullah, who serves as an Independent Director and Chairman of the Committee.

Members	Type of membership
Dato’ Sri Muthanna Abdullah	Chairman/Independent Non-Executive Director
Datuk Dr Abd Hapiz Abdullah	Independent Non-Executive Director
Nik Fazila Nik Mohamed Shihabuddin	Non-Independent Non-Executive Director
Raja Faridah Raja Ahmad	Non-Independent Non-Executive Director
Choy Khai Choon <i>(Appointed with effect from 7 January 2024)</i>	Independent Non-Executive Director
Dato’ Rosini Abd Samad <i>(Cessation of office with effect from 7 January 2024)</i>	Independent Non-Executive Director

The profile of each of the NRC members is set out in the Board of Directors’ Profile section of this AIR 2023, on page 93 to 96, and 99.

The current composition is in compliance with the requirement of Paragraph 15.08A (1) of the Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad (Bursa Securities) and in line with Practice 5.8 of the Malaysian Code on Corporate Governance 2021 (MCCG 2021) which recommends the NRC to be chaired by an Independent Director or the Senior Independent Director.

The Board believes that the current NRC composition provides the appropriate balance in terms of skills, knowledge and experience to promote the interests of all shareholders and to meet the needs of the Group.



7

Total Meetings

Meetings in 2023 and Attendance

7 February 2023

10 February 2023

10 March 2023

11 July 2023

11 August 2023

18 October 2023

16 November 2023

Members	Attendance	
Dato’ Sri Muthanna Abdullah	100%	7
Datuk Dr Abd Hapiz Abdullah	100%	7
Nik Fazila Nik Mohamed Shihabuddin	100%	7
Raja Faridah Raja Ahmad	86%	6
Choy Khai Choon <i>(Appointed with effect from 7 January 2024)</i>	-	-
Dato’ Rosini Abd Samad <i>(Cessation of office with effect from 7 January 2024)</i>	86%	6

7

Total Meetings

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Nomination and Remuneration Committee Report

Nomination and Remuneration Committee Report

Based on the Terms of Reference (TOR), NRC is required to conduct its meeting at least three (3) times annually. During the FY2023, NRC held a total of seven (7) meetings. All NRC meetings were chaired by its Chairman, an Independent Non-Executive Director, who is responsible for the conduct of meetings. The attendance at all NRC meetings met the requisite quorum as stipulated in NRC’s TOR.

In order to facilitate NRC members’ time planning, NRC meetings held during the FY2023 were scheduled and approved in November 2022. In addition to the scheduled meetings, the Chairman also called for meetings as and when required.

The Company Secretary serves as the NRC's Secretary. The Group Chief Executive Officer and Head of Group People & Culture were also in attendance by invitation, presenting the proposals and providing additional explanations and clarifications on matters raised at the meetings. Due to the confidentiality of the information presented, the other Management team would only be invited as needed.

All recommendations made by NRC were presented to the Board for consideration and approval.

Responsibilities of the Committee

Based on the TOR, the main responsibilities of the Committee are as follows:

- to review the composition of the Board, evaluate the balance of skills, knowledge, experience and diversity of the Board;
- to review the performance and effectiveness of the Board;
- to review the contract of Executive Directors/Top Management/Senior Management;
- to review the performance of Executive Directors/Top Management/Senior Management;
- to set the remuneration policy for the Directors and the employees of MSM Group; and
- to lead the process for the appointment of new Directors to the Board and make appropriate recommendations to the Board.

The details of the Committee’s responsibilities and duties are outlined in the Committee’s TOR which is available on the Company's corporate website at <https://www.msmsugar.com/our-company/corporate-governance>.

Terms of Reference

NRC is governed by its own Terms of Reference (TOR) which was established according to the Listing Requirements and approved by the Board. The TOR will be reviewed periodically, especially when there are changes to the Listing Requirements and MCCG 2021.

The latest NRC TOR is published in the Company’s corporate website at <http://www.msmsugar.com/our-company/corporate-governance>.

Summary of Activities in 2023

All NRC meetings for the year 2023 were held virtually. The meetings were attended by the Group Chief Executive Officer together with Head of Group People & Culture. The Group Chief Operating Officer and Chief Financial Officer attended the meetings upon invitation.

The summary of matters discussed and deliberated by NRC were as follows:

Nomination and Election Process

- Reviewed and recommended the re-election of retiring Directors at the 12th Annual General Meeting
- Reviewed and recommended the re-appointment of Independent Directors upon completion of the 3-year tenure
- Reviewed and recommended the Revised Composition of Audit, Governance and Risk Committee
- Reviewed, evaluated and recommended the Performance Appraisal Rating of Group Chief Executive Officer and Group Chief Operating Officer for financial year 2022
- Reviewed, assessed and recommended the Board Annual Assessment on the Independence of the Independent Directors
- Reviewed, evaluated and recommended the candidate of Nominee Director of FGV Holdings Berhad in MSM Malaysia Holdings Berhad as Non-Independent Non-Executive Director

Remuneration Matters

- Reviewed and recommended the proposal for MSM Group of Companies FY2023 Annual Increment
- Reviewed and recommended the proposed payment of Directors’ Remuneration for the financial year ended 2022 to Non-Executive Directors for MSM Malaysia Holdings Berhad

Other Matters

- Reviewed MSM Group Succession Planning and Management for year 2023
- Reviewed, assessed and recommended the Board Effectiveness Assessment for year 2022
- Reviewed and recommended the Proposed 2nd Collective Agreement between MSM Sugar Refinery (Johor) Sdn Bhd and Food Industries Employees’ Union
- Approved the schedule of NRC Meetings for year 2024

Board Appointment Process

MSM has in place a fit and proper policy for the appointment and re-election of its directors named MSM Board Nomination and Election Policy and Procedures (BNEP). The BNEP formalises the policies on Board Composition including Diversity (gender, age, ethnicity and cultural background), Independence, Conflict of Interest and Board Assessment required to meet the needs of the Group.

In accordance with the NRC’s TOR and BNEP, the NRC is responsible for reviewing the structure, size and composition of the Board, Board Committees and all directorships in the Group. This includes assessing the skills, knowledge, experience and diversity of the Board members.

The Company Secretary is responsible for ensuring that all appointments are made correctly and that all necessary information is obtained from the Directors to fulfil statutory obligations, including those arising from Listing Requirements and other regulatory requirements.

During the financial year 2023 until the date of this report, the following changes had taken place:

Director	Changes	
	Type	Effective Date
Azman Ahmad Non-Independent Non-Executive Director	Resignation	1 January 2023
Fakhrunniam Othman Non-Independent Non-Executive Director	Appointment	23 February 2023
Dato’ Rosini Abd Samad Independent Non-Executive Director	Cessation of Office (completion of 9-year tenure)	7 January 2024

The NRC is responsible for assessing and evaluating candidates for directorship before making a recommendation to the Board. The NRC ensures that the selection process reflects a balance of skills, experiences and diversity, including diversity in terms of gender.

On joining the Board, the Non-Executive Directors participate in a comprehensive induction programme designed to familiarise them with the Company, its assets, policies and procedures and to introduce them to employees and key advisers, in order to assist them in becoming effective in their role as quickly as possible. As part of their induction, they are provided with detailed information on the Group, its policies and governance structure by the Company Secretary. They also meet with the Top Management and the Heads of Function covering all aspects of the businesses.

Azman Ahmad, who was the FGV’s nominee Director, resigned as Director of MSM on 1 January 2023 due to his retirement from FGV. Following his resignation, FGV nominated Fakhrunniam Othman to replace Azman Ahmad as FGV’s new nominee Director on the Board of MSM. The Board approved the appointment of Fakhrunniam Othman as Director on 22 February 2023, upon recommendation from the NRC. The appointment of Fakhrunniam Othman became effective on 23 February 2023 and he was also appointed as an ITC member on the same date.

The newly appointed Director was furnished with a Director’s Kit which consists of, among others, the Board Charter and Board Committees TOR which give guidance on good corporate governance and outline the roles and responsibilities of the Board and Board Committees as well as their authority limits.

Fakhrunniam Othman who was appointed during the financial year 2023 had successfully completed the Mandatory Accreditation Programme pursuant to the provision of the Listing Requirements.

Re-Appointment and Re-Election of Directors

According to MSM’s Constitution, Clause 105 provides that newly appointed Directors are required to offer themselves for re-election at the first Annual General Meeting (AGM) following their appointment. Additionally, one-third of the Directors serving at any given time are to retire from office at least once every three years and are then eligible for re-election. Under Clause 99 of the Constitution, the Directors retiring each year will be those who have been in office the longest since their last election or appointment. A retiring Director will continue to serve until the end of the general meeting at which they retire.

In addition to the above, Clause 108 of MSM’s Constitution also provides that the term of office of an Independent Director of MSM shall not exceed three (3) years and that the Directors shall cease from the Board at the end of the three (3) year term but shall remain eligible for re-appointment up to a maximum of nine (9) years. This is to ensure that the composition of the Board is refreshed periodically.

The NRC assesses the performance of Directors who are up for re-appointment and re-election at the AGM. Based on their evaluation, the NRC makes recommendations to the Board, which decides whether to propose the re-election of the Director to shareholders at the next AGM.

The NRC also considers the other elements, among others, the following:

- The Individual Performance assessment which focuses more on soft aspects of the Director (individual personality and traits); and
- Special skills and knowledge an individual Director brings to the organisation e.g. networking, subject matter specialists, etc.

The performance of those Directors who are subject to re-election at the AGM is assessed by NRC whereupon recommendations are submitted to the Board for decision on the tabling of the proposed re-election of the Directors concerned for shareholders’ approval at the forthcoming AGM.

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Nomination and Remuneration Committee Report

Nomination and Remuneration Committee Report

Based on the Individual Director assessment results of the BEA 2023 and the Directors’ contribution to the Board, the NRC concluded that each of the Directors has met the performance and fit and proper criteria required for an effective and high performance Board and has the ability to continuously discharge their duties diligently as Directors of the Company.

The Independent Non-Executive Directors concerned have also provided their annual declaration/confirmation of independence in January 2024.

The following Directors who retire in accordance with Clause 99 of the Company’s Constitution are eligible to stand for re-election at the forthcoming AGM:

Director	Designation	Provision
Datuk Syed Hisham Syed Wazir	Chairman/Independent Non-Executive Director	Re-election pursuant to Clause 99
Datuk Dr Abd Hapiz Abdullah	Independent Non-Executive Director	Re-election pursuant to Clause 99
Nik Fazila Nik Mohamed Shihabuddin	Non-Independent Non-Executive Director	Re-election pursuant to Clause 99

Nik Fazila Nik Mohamed Shihabuddin has expressed her intention not to seek for re-election at the forthcoming AGM. Hence, she will retain office until the conclusion of the AGM.

The retiring Directors had abstained from deliberations and decisions on their eligibility to stand for re-election at the relevant Board and Board Committee meetings.





The re-election of each Director will be conducted separately. All Directors who are standing for re-election have met the performance and fit and proper criteria required for an effective and high-performance Board as assessed through BEA 2023.

The independence of Datuk Syed Hisham Syed Wazir and Datuk Dr Abd Hapiz Abdullah who have served as Independent Non-Executive Directors of the Company have been assessed by the NRC. Both Datuk Syed Hisham Syed Wazir and Datuk Dr Abd Hapiz Abdullah satisfied the fit and proper criteria and the criteria of an Independent Director as defined under Listing Requirements which include being independent of management, free from any business or other relationship which could interfere with the exercise of independent judgement, objectivity or the ability to act in the best interests of the Company and also being independent of its major shareholders. Based on the NRC assessment, the Board affirmed Datuk Syed Hisham Syed Wazir and Datuk Dr Abd Hapiz Abdullah to continue to act as Independent Non-Executive Director of the Company. Datuk Syed Hisham Syed Wazir and Datuk Dr Abd Hapiz Abdullah have not exceeded the 9-year tenure as Independent Director.

To facilitate informed decision-making by shareholders, this Annual Integrated Report provides sufficient information regarding the personal profiles, attendance at Board and Board Committee meetings and shareholdings in the Company of the Directors standing for re-election.

Board Effectiveness Assessment (BEA)

The Board conducts an annual review of the effectiveness of the performance of the Board and its Committees. In 2023, the Board continued the BEA exercise, which was carried out internally. The Board recognises that a continuous and constructive review of its performance is an important factor in achieving its objectives and realising its full potential. The cycle of the Board’s assessment is summarised as follows:

BEA 2023 Process			
	24 January 2024 Surveys prepared and circulated		31 January 2024 Completed surveys received
	20 March 2024 Report recommended by NRC		5 April 2024 Report reviewed and approved by the Board

Three (3) sets of assessment forms were circulated to eight (8) Directors to assess the effectiveness of the following:

- Board as a Whole
- Board Committees
- Directors’ Self and Peer Evaluation

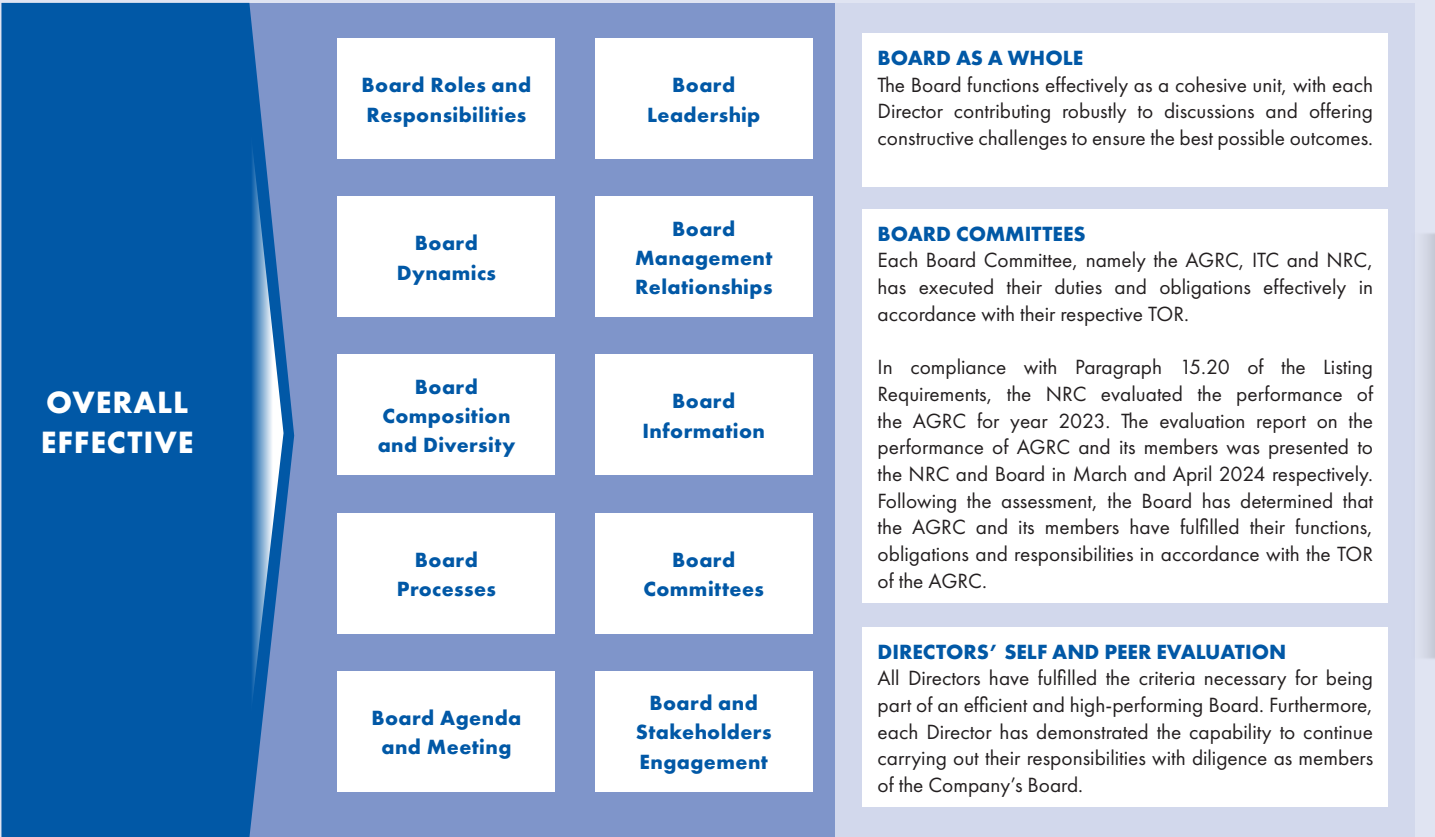
The scope of the assessment for Board as a Whole covers the core drivers or ten (10) domains influencing the effective functioning of the Board as below:

- a) Board Roles and Responsibilities (oversight of strategy, risks and performance monitoring);
- b) Board Leadership;
- c) Board Dynamics;
- d) Board Management Relationships;
- e) Board Composition and Diversity;
- f) Board Information;
- g) Board Processes;
- h) Board Committees;
- i) Board Agenda and Meeting; and
- j) Board and Stakeholders Engagement.

The assessment of the Directors was based on the relevant performance criteria in line with Practice 6.1 of the MCCG 2021.

Results of the BEA

The evaluation as a whole has covered the ten (10) core drivers of Board effectiveness and the overall rating core drivers as detailed below:



Statement by the Board

This Report on Nomination and Remuneration Committee is made in accordance with a resolution of the Board of Directors duly passed on 5 April 2024.

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Investment and Tender Committee Report

The role of the Investment and Tender Committee (ITC or the Committee) is to review, monitor and recommend to the Board significant matters related to all existing and potential investments and procurements of the Group in line with MSM’s Limit of Authorities, Group Procurement Policy and Investment Policy. The Committee also oversees the operations and ensures governance of procurement processes within the organisation is carried out fairly, transparently, effectively and comprehensively.

Composition of the Committee

The ITC comprises the following members who are exclusively Non-Executive Directors with a majority of whom are Independent Directors and is led by Datuk Dr Abd Hapiz Abdullah, who serves as Independent Director and Chairman of the Committee.

Members	Type of Membership
Datuk Dr Abd Hapiz Abdullah	Chairman/Independent Non-Executive Director
Choy Khai Choon	Independent Non-Executive Director
Fakhrunniam Othman <i>(appointed with effect from 23 February 2023)</i>	Non-Independent Non-Executive Director

The profile of each of the ITC members is set out in the Directors’ Profiles section of this AIR 2023, on page 93, 95 and 98.

The membership and composition of the ITC comply with the requirements of the Committee’s Terms of Reference with regard to size, independence and skills.

The Board believes that the current ITC’s membership and composition provide the appropriate balance in terms of skills, knowledge and experience to promote the interests of all shareholders and to meet the needs of the Group.

Meetings in 2023

10 February 2023

7 April 2023

17 May 2023

20 July 2023

1 August 2023
14 August 2023

14 September 2023

6 November 2023
16 November 2023

9

Total Meetings

Members	Attendance
Datuk Dr Abd Hapiz Abdullah	100% 9
Choy Khai Choon	100% 9
Fakhrunniam Othman <i>(appointed with effect from 23 February 2023)</i>	100% 8

A total of nine (9) meetings were held during the year 2023. The Company Secretary acts as Secretary to the ITC meetings. In addition, in attendance by invitation, were the Group Chief Executive Officer, Group Chief Operating Officer, Chief Financial Officer and relevant Management team members who presented their proposals and provided further explanations and clarifications on matters raised at the meetings.

The ITC recommended proposals on investments, divestments, contracts, tenders, and variation orders up to a certain amount specified in MSM Group’s Limit of Authorities. All recommendations were presented to the Board for consideration and approval.

Responsibilities of the Committee

The main responsibilities of the Committee are:

- To ensure that MSM has in place optimum frameworks, mechanisms, policies and procedures for effective investment and procurement undertakings and activities.
- To review proposals related to investments, divestments and procurements of the Group in line with MSM’s prevailing related policies and procedures.

The details of the Committee’s responsibilities and duties are outlined in the Committee’s Terms of Reference which is available on the Company’s corporate website at <https://www.msmsugar.com/our-company/corporate-governance>.

Summary of Activities

Summary of Activities in 2023

The key activities carried out by the Committee during the financial year 2023 were as follows:

- reviewed and recommended the capital expenditure (CAPEX) projects for year 2023;
- reviewed and recommended the award of contract/tender for year 2023;
- reviewed and recommended the revised MSM Investment Policy;
- reviewed the implementation of CAPEX projects and utilisation of CAPEX at MSM Prai Berhad and MSM Sugar Refinery (Johor) Sdn Bhd; and
- reviewed and monitored the ramping-up plans of MSM Sugar Refinery (Johor) Sdn Bhd

Statement by the Board

This Investment and Tender Committee Report was made in accordance with a resolution of the Board of Directors duly passed on 5 April 2024.

Financial Calendar

Announcement on unaudited consolidated results

▶ 2023

- 4th quarter ended 31 December 2022:
22 February 2023
- 1st quarter ended 31 March 2023:
26 May 2023
- 2nd quarter ended 30 June 2023:
24 August 2023
- 3rd quarter ended 30 September 2023:
23 November 2023

▶ 2024

- 4th quarter ended 31 December 2023:
22 February 2024

Annual General Meeting

▶ 12th Annual General Meeting

- Notice of Meeting:
27 April 2023
- Issuance of Annual Integrated Report 2022:
27 April 2023
- Date of Meeting:
8 June 2023

Dividends

Dividend Policy

MSM Group is guided by the MSM Dividend Policy with a payout ratio of at least 50% Profit after Tax and Minority Interest (PATAMI) while considering certain factors. However, any distribution will depend on the Group’s earnings and approval by the Board.

▶ 2022

- No dividend was declared and paid for the financial year ended 31 December 2022

▶ 2023

- No dividend was declared and paid for the financial year ended 31 December 2023

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Additional Compliance Information

Additional Compliance Information

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the following information is provided:

Corporate Proposals

There were no corporate proposals during the financial year ended 31 December 2023.

Non-Audit Fees

During the financial year ended 31 December 2023, the total audit fees paid or payable to the external auditors, PricewaterhouseCoopers PLT (PwC) for services rendered is shown below:

	Group	Company
Fees paid/payable	RM'000	RM'000
Statutory audit	474	175
Other assurance	284	284
Total	758	459

Material Contracts

Save for those disclosed below, neither the Company nor its subsidiaries have entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business) within two (2) years immediately preceding the date of this Annual Integrated Report:

- 1

Sale and Purchase Agreement dated 17 February 2022 between MSM Prai Berhad (MSM Prai) and Lega Perkasa Trading Sdn. Bhd. (Sale and Purchase Agreement) for the disposal of the plant and machinery as set out in the Sale and Purchase Agreement by MSM Prai for a consideration of RM 11,300,000.00. As at the date of this Annual Integrated Report, the Sale and Purchase Agreement has been completed.
- 2

Sale and Purchase Agreement dated 29 July 2022 between MSM Prai and C.F.A. Realty Sdn. Bhd. for the disposal by MSM Prai of two (2) pieces of lands for a consideration of RM 16, 113,258.00 (Sale and Purchase Agreement for Disposal of Lands). The two (2) pieces of lands are held under the following title details:

(a)HS(D) 119796 PT 121676 Mukim Klang Daerah Klang Negeri Selangor measuring approximately 10,670 square meters; and

(b)HS(D) 119797 PT 121677 Mukim Klang Daerah Klang Negeri Selangor measuring approximately 9,697 square meters.

The Sale and Purchase Agreement for Disposal of Lands has been completed on 26 May 2023.

Disclosure of Recurrent Related Party Transactions (RRPT)

At the 12th Annual General Meeting (AGM) held on 8 June 2023, the Company had obtained a Shareholders’ mandate from its Shareholders for the existing RRPT of a revenue or trading nature for MSM and its Group of Companies (MSM Group) and Shareholders’ mandate for the new RRPT of a revenue or trading nature for MSM Group (RRPT Shareholders’ Mandate). The RRPT Shareholders’ Mandate is valid until the conclusion of the forthcoming AGM of the Company.

The Company proposes to seek the following at its forthcoming AGM:

- a)renewal of Shareholders’ mandate for the existing RRPT; and
- b)Shareholders’ mandate for the new RRPT.

If approved by the Shareholders, the above proposed Shareholders’ mandate will be valid until the conclusion of the Company’s next AGM to be held in 2025.

The details of the proposed renewal of the RRPT Shareholders’ Mandate will be disclosed in the Circular to Shareholders which will be sent together with the Notice of the forthcoming AGM.

In accordance with Paragraph 10.09 (2) (b) of the Main Market Listing Requirements (MMLR) of Bursa Malaysia, details of the RRPT conducted during the financial year ended 31 December 2023 pursuant to the Shareholders' Mandate are as follows:

Transacting Parties	Nature of Relationship			Nature of Transaction	Transaction Value for the year ended 31 December 2023 (actual) RM’ 000
MSM Malaysia Holdings Berhad Group (MSM) and FGV Group	Interested Major Shareholders <ul style="list-style-type: none">• FGV Sugar Sdn Bhd (FGV Sugar)• Koperasi Permodalan Felda Malaysia Berhad (KPF)• FGV Holdings Berhad (FGV)• Federal Land Development Authority (FELDA)	Interested Directors <ul style="list-style-type: none">• Nik Fazila Nik Mohamed Shihabuddin (Nik Fazila)• Dato’ Mohd Nazrul Izam Mansor (Dato’ Nazrul)• Raja Faridah Raja Ahmad (Raja Faridah)• Fakhrunniam Othman (Fakhrunniam)	Interested Person Connected <ul style="list-style-type: none">• Felda Asset Holdings Company Sdn Bhd (FAHC)	Provision of management services	3,239
MSM Malaysia Holdings Berhad Group (MSM) and FGV Prodata	Interested Major Shareholders <ul style="list-style-type: none">• FGV Sugar• KPF• FGV• FELDA	Interested Directors <ul style="list-style-type: none">• Nik Fazila• Dato’ Nazrul• Raja Faridah• Fakhrunniam	Interested Person Connected <ul style="list-style-type: none">• FAHC	Provision of information technology (IT) services	7
MSM Malaysia Holdings Berhad Group (MSM) and FGV Security	Interested Major Shareholders <ul style="list-style-type: none">• FGV Sugar• KPF• FGV• FELDA	Interested Directors <ul style="list-style-type: none">• Nik Fazila• Dato’ Nazrul• Raja Faridah• Fakhrunniam	Interested Person Connected <ul style="list-style-type: none">• FAHC	Provision of security services	2,964
MSM Malaysia Holdings Berhad Group (MSM) and FELDA	Interested Major Shareholders <ul style="list-style-type: none">• FGV Sugar• KPF• FGV• FELDA	Interested Directors <ul style="list-style-type: none">• Nik Fazila• Dato’ Nazrul• Raja Faridah• Fakhrunniam	Interested Person Connected <ul style="list-style-type: none">• FAHC	Office rental Address Level 44, Menara FELDA, Platinum Park No. 11, Persiaran KLCC 50088 Kuala Lumpur, Malaysia Area 15,631 sq ft Duration 23 November 2022 to 22 November 2025 Rental Payment Monthly	773
KPF Trading and MSM Malaysia Holdings Berhad Group (MSM)	Interested Major Shareholders <ul style="list-style-type: none">• FGV Sugar• KPF• FGV• FELDA	Interested Directors <ul style="list-style-type: none">• Nik Fazila• Dato’ Nazrul• Raja Faridah• Fakhrunniam	Interested Person Connected <ul style="list-style-type: none">• FAHC	Sale of refined sugar	(nil)
MSM Malaysia Holdings Berhad Group (MSM) and KPF Niaga	Interested Major Shareholders <ul style="list-style-type: none">• FGV Sugar• KPF• FGV• FELDA	Interested Directors <ul style="list-style-type: none">• Nik Fazila• Dato’ Nazrul• Raja Faridah• Fakhrunniam	Interested Person Connected <ul style="list-style-type: none">• FAHC	Provision of motor vehicle insurance	45
MSM Malaysia Holdings Berhad Group (MSM) and Felda Travel	Interested Major Shareholders <ul style="list-style-type: none">• FGV Sugar• KPF• FGV• FELDA	Interested Directors <ul style="list-style-type: none">• Nik Fazila• Dato’ Nazrul• Raja Faridah• Fakhrunniam	Interested Person Connected <ul style="list-style-type: none">• FAHC	Provision of travel and accommodation services	242

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Transacting Parties	Nature of Relationship			Nature of Transaction	Transaction Value for the year ended 31 December 2023 (actual) RM' 000
MSM Malaysia Holdings Berhad Group (MSM) and Felda D'Saji	Interested Major Shareholders <ul style="list-style-type: none">• FGV Sugar• KPF• FGV• FELDA	Interested Directors <ul style="list-style-type: none">• Nik Fazila• Dato' Nazrul• Raja Faridah• Fakhrunniam	Interested Person Connected <ul style="list-style-type: none">• FAHC	Provision of refreshments	50
MSM Malaysia Holdings Berhad Group (MSM) and FGV Transport	Interested Major Shareholders <ul style="list-style-type: none">• FGV Sugar• KPF• FGV• FELDA	Interested Directors <ul style="list-style-type: none">• Nik Fazila• Dato' Nazrul• Raja Faridah• Fakhrunniam	Interested Person Connected <ul style="list-style-type: none">• FAHC	Provision of freight forwarder, handling and transportation services	13,325
MSM Malaysia Holdings Berhad Group (MSM) and FGV Transport	Interested Major Shareholders <ul style="list-style-type: none">• FGV Sugar• KPF• FGV• FELDA	Interested Directors <ul style="list-style-type: none">• Nik Fazila• Dato' Nazrul• Raja Faridah• Fakhrunniam	Interested Person Connected <ul style="list-style-type: none">• FAHC	Supply of courier services	(nil)
FGV Group and MSM Malaysia Holdings Berhad Group (MSM)	Interested Major Shareholders <ul style="list-style-type: none">• FGV Sugar• KPF• FGV• FELDA	Interested Directors <ul style="list-style-type: none">• Nik Fazila• Dato' Nazrul• Raja Faridah• Fakhrunniam	Interested Person Connected <ul style="list-style-type: none">• FAHC	Sale of refined sugar, molasses, mud cake and other sugar products	82
FIC Supplies and MSM Malaysia Holdings Berhad Group (MSM)	Interested Major Shareholders <ul style="list-style-type: none">• FGV Sugar• KPF• FGV• FELDA	Interested Directors <ul style="list-style-type: none">• Nik Fazila• Dato' Nazrul• Raja Faridah• Fakhrunniam	Interested Person Connected <ul style="list-style-type: none">• FAHC	Sale of refined sugar, molasses, mud cake and other sugar products	(nil)
MSM Malaysia Holdings Berhad Group (MSM) and FGV Johor Bulkera Sdn Bhd	Interested Major Shareholders <ul style="list-style-type: none">• FGV Sugar• KPF• FGV• FELDA	Interested Directors <ul style="list-style-type: none">• Nik Fazila• Dato' Nazrul• Raja Faridah• Fakhrunniam	Interested Person Connected <ul style="list-style-type: none">• FAHC	Rental of storage tanks	281
MSM Malaysia Holdings Berhad Group (MSM) and Langsat Bulkera Sdn Bhd	Interested Major Shareholders <ul style="list-style-type: none">• FGV Sugar• KPF• FGV• FELDA	Interested Directors <ul style="list-style-type: none">• Nik Fazila• Dato' Nazrul• Raja Faridah• Fakhrunniam	Interested Person Connected <ul style="list-style-type: none">• FAHC	Rental of storage tanks	510
MSM Malaysia Holdings Berhad Group (MSM) and FGV Integrated Farming Sdn Bhd	Interested Major Shareholders <ul style="list-style-type: none">• FGV Sugar• KPF• FGV• FELDA	Interested Directors <ul style="list-style-type: none">• Nik Fazila• Dato' Nazrul• Raja Faridah• Fakhrunniam	Interested Person Connected <ul style="list-style-type: none">• FAHC	Supply and delivery of fast moving consumer goods	58
MSM Malaysia Holdings Berhad Group (MSM) and FGV R&D Sdn Bhd	Interested Major Shareholders <ul style="list-style-type: none">• FGV Sugar• KPF• FGV• FELDA	Interested Directors <ul style="list-style-type: none">• Nik Fazila• Dato' Nazrul• Raja Faridah• Fakhrunniam	Interested Person Connected <ul style="list-style-type: none">• FAHC	Provision of research services for product development and technical advice on liquid sugar and premix powder manufacturing process	135

Statement on Risk Management
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This statement is made pursuant to:

Paragraph 15.26(b) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysian Code on Corporate Governance 2021 and in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

RESPONSIBILITY AND ACCOUNTABILITY

In our commitment to maintaining and continuously enhancing the system of risk management and internal controls within MSM Group and its subsidiaries, the Board is pleased to present the following statement for the Group during the reviewed year.

Recognising the vital role of a robust risk management system and internal control practices in upholding good corporate governance, with the primary aim of safeguarding shareholders' investments and the Group's assets, the Board asserts its overall responsibility for the Group. A comprehensive review has been undertaken to assess the adequacy and effectiveness of these systems, ensuring compliance with relevant laws and regulations.

Given the inherent limitations in any internal control system, it is designed to manage risks to a tolerable level in pursuit of corporate objectives. While the system can provide reasonable assurance on the state of internal control, it is essential to acknowledge its inherent limitations.

The Board

The leadership of the MSM Group is helmed by the Board, which has entrusted the tasks of Governance and Risk Management to a specialised Board Committee. This delegation ensures an impartial review of internal controls and risk management processes.

Despite the assigned responsibilities, the Board retains overarching accountability for establishing and supervising the Group's risk management framework and internal control systems. The Board is mindful of its pivotal role in shaping the organisational ethos and fostering a culture that effectively addresses key risks to attain the Group's business objectives.

Moreover, the Board acknowledges that the internal control systems are crafted to manage and mitigate risks rather than completely eliminate or prevent instances of substantial misstatements, unforeseeable circumstances, fraud, or losses.

Audit, Governance and Risk Committee

Audit, Governance and Risk Committee (AGRC) at Board level, supports and assists the Board in fulfilling its responsibilities in regards to audit, governance and internal control. AGRC is tasked, among others, with:

- Directing and overseeing the establishment of the Group's overall enterprise risk management framework and policies;
- Reviewing the adequacy and effectiveness of the Group's overall enterprise risk management framework and internal control framework

comprising the governance and internal controls put in place through strategies, policies and systems; and

- Reporting to the Board at least annually, the effectiveness and results of review of the Group's risk management framework and internal control framework.

MSM Risk Committee

MSM Risk Committee (RC) established at the Group level to assist GCEO to monitor the Risk Management matters. The RC chaired by GCEO, and consists of Top Management, Senior Management and Head of Operations. The Risk Committee is responsible in:

- Overseeing and providing guidance on the current risk exposures of MSM, ensuring the appropriate determination of future risk strategy.
- Reviewing, advising, and assessing the key risks faced by MSM, as well as evaluating business continuity. The committee assesses the adequacy and effectiveness of anticipating various types and levels of threats and their mitigation.
- Reviewing the reporting and escalation procedures for identified risks.
- Evaluating the workflow of the Enterprise Risk Management System (ERMS).
- Review the Statement of Risk Management & Internal Control (SORMIC).
- Reviewing the Risk Management Policy and framework periodically.

RISK MANAGEMENT

Risk Management is integral to the Group's organisational processes, serving the overarching goal of maintaining a robust system with continuous emphasis on its adequacy and integrity. This commitment is embedded in the Group's Risk Management Framework.

Within this framework, the Management plays a key role in identifying significant risks, evaluating the risk profile, and consistently implementing strategies for risk mitigation. Furthermore, the management team holds the responsibility for integrating risk management into their respective functional areas and ensuring its seamless incorporation into day-to-day business processes.

The Group's Risk Management function, overseen by Corporate Governance & Risk Management Division (CGRM), employs an effective and progressive Enterprise Risk Management System (ERMS). This system is geared towards identifying, assessing, and monitoring the risks faced by the Group. In response, Management takes specific measures to mitigate these risks.

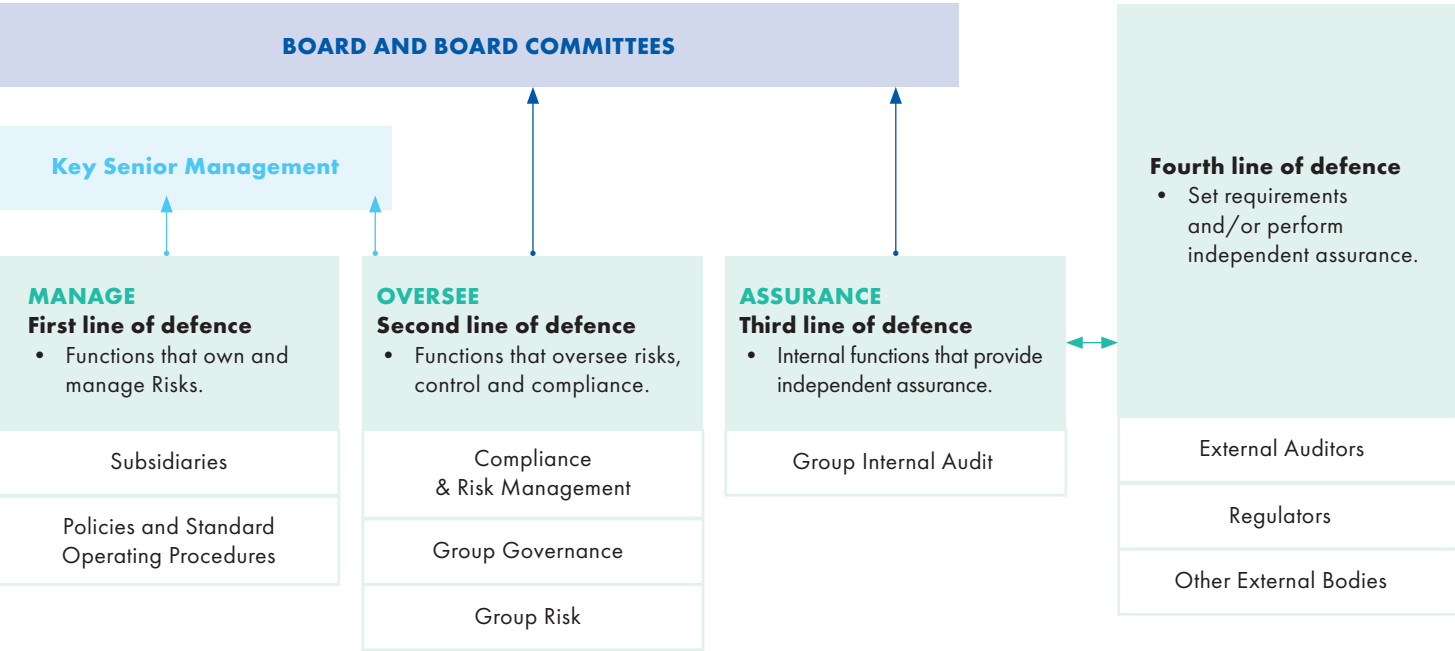
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Risk Management Framework and Process

In ensuring effective oversight of risks enterprise-wide level, we have embedded risk management in all our key processes and activities. These are guided by our Enterprise Risk Management and Framework, which was designed in accordance with ISO 31000 Risk Management - Guidelines. An overview of the Group’s Risk Management Framework is depicted below:



The Risk Management Framework

MSM has adopted the 4 lines of defence model as the fundamental approach to ensure the effectiveness of risk management.

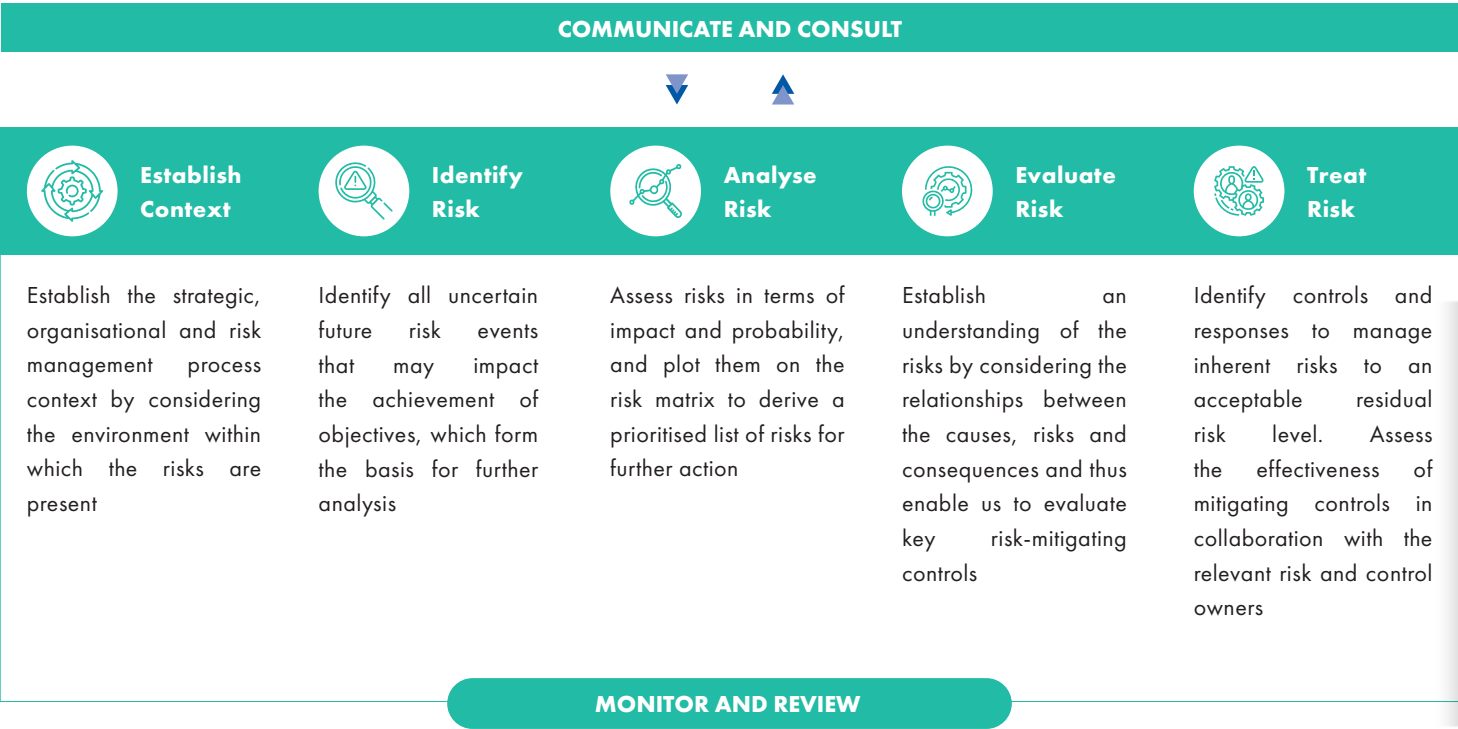
The framework seeks to minimise risk incidents and maximise business outcomes by allowing us to:

- Understand the risk environment, and assess the specific risks and potential exposure
- Determine how best to deal with these risks to manage overall potential exposure
- Manage the identified risks in appropriate ways
- Monitor and seek assurance on the effectiveness of the management of these risks and intervene for improvement where necessary
- Escalate to the Management and Board on a periodic basis on how significant risks are being managed, monitored, assured and improved

Overview of Risk Reporting Architecture is illustrated below:



The process of risk management adopted by the Group is illustrated below:



Enterprise Risk Management System (ERMS)

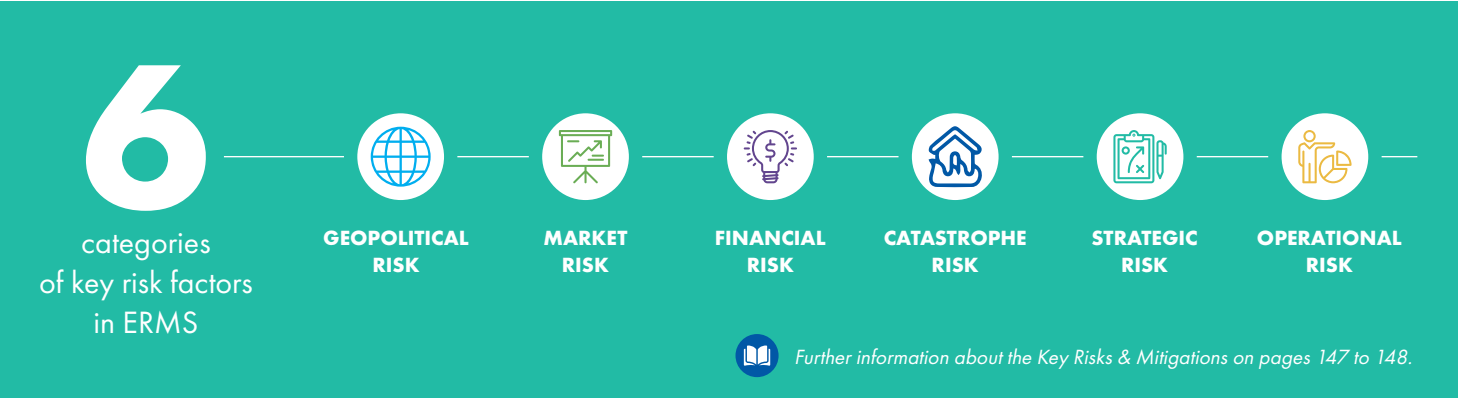
The ERMS is a tool that enables the subsidiaries, operating units and support functions to exercise a consistent approach for risk identification and institutes a common platform to deliberate and manage risks.

The Group has in place a continuous and systematic control structure and process for identifying, evaluating and managing significant risks pertinent to the achievement of the Group’s overall corporate objectives. The control structure and process which has been established throughout the Group is updated and reviewed from time to time to suit the changes in the business environment.

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RISK MANAGEMENT ACTIVITIES

Continuous integration between strategies and risk management was carried out to ensure risk management approach is embedded into business decision.

Listed below are the key risk management activities undertaken by CGRM to reinforce the risk management culture within the Group:

Risk Management Committee	Risk Committee was established on February 2022 and consists of 11 members. As of year end 2023, the Risk Committee had five meetings.
Quarterly Risk Reporting for MSM Group	CGRM published its Quarterly Risk Report as a reporting tool to inform the Management, Board Committees and the Board of the key risks horizon associated with the Group’s business and operations covering the Top 10 and other key risks.
Review of Risk Registers	Existing risk registers were reviewed jointly with the respective risk owners at Operation Site via Microsoft Teams approach, Risk Committee meeting to ensure the analysis and corresponding mitigation measures and action plans were effective and adequately documented.
Risk Management Certification	FOUR (4) DAYS Level 1: Certificate in Risk Management Programme. 23 May 2023 – 26 May 2023
ARiMM Conference & Certification Ceremony	ARiMM Risk Management Conference & C-Suite Forum 2023 at Bangi Resort Hotel on 2 August 2023
Risk Workshop with FGV Group	1) Quarterly ERMS Risk Register Updates Workshop for Risk Champions 2) Quarterly BCM & ERMS Workshop for BCM Coordinators & Risk Champions 3) Risk Appetite Statement Workshop
ERMS System Enhancement	1) Risk Owner – Online Training 2) Risk Champion – Physical Training 3) UAT Testing 4) ERMS Report Testing 3.0
ERMS Training	ERMS Training: 29 March 2023 - MSM Logistics 20 June 2023 - MSM Johor 4 & 6 July 2023 - MSM Holdings
Preliminary / Emerging Risk Assessment	1) China vs Taiwan 2) Dedollarisation

Corruption Risk Management (CRM) Review Workshop	Conducted CRM Review workshop to reassess corruption risk for Corporate Centre and Companies. For further details, refer to page 115 of this Annual Integrated Report.
Risk Communication/ Blast	The Risk Communication/Blast are: <div><div>1) The Risk of Flooding</div><div>2) Risk Management Approach</div><div>3) Ways to Handle Risk Strategically</div><div>4) Business Operation Risks</div><div>5) What are BUSINESS INTEGRITY RISKS?</div><div>6) Risk Management Evolution</div><div>7) Key Global Risks</div><div>8) Challenges & Critical Success Factors</div><div>9) Risk Response Strategies</div><div>10) Be Vigilant of the Haze</div><div>11) What's the Risks</div><div>12) Business Continuity Management</div></div>



KEY RISKS & MITIGATIONS

Risk Category	Category	Description	Mitigation
MARKET RISK			
Volatility in foreign currency exchange (FOREX) movements	Economic	Exposure to volatility in movement of the global currency markets	i. Monitor and update currency market to decide on next course of action in the best interest of the company
Freight Charges (CIF)	Economic	The increase of freight charges (CIF Premium) of incoming raw sugar vessels	i. Monitor and update global freight charges to decide on next course of action in the best interest of the company
Volatility in raw sugar price movement	Economic	Exposure to volatility in global raw sugar price movement (NY11)	i. Monitor and update raw sugar price to decide on next course of action in the best interest of the company
Controlled selling price for retail refined sugar lower than total cost	Economic	Controlled selling price of retaileed refined sugar is lower than total cost which lead to negative margin	i. Introduction of Premium Sugar with higher ASP ii. Engagement with Government on the proposed pricing mechanism iii. Operational efficiency to reduce refining cost iv. Government incentive
FINANCIAL RISK			
Net Current Liability Position	Economic	Net current liabilities indicate an inability to meet short term obligations	Monitoring of cost and pricing structure
Rising energy prices (Crude Oil & Natural Gas)	Environment (renewable energy)	Oil prices have been trending higher surpassing the mark	Hedging of Oil prices
Non-compliance of Covenant will trigger an Event of Default (EOD)	Economic	EOD under General Facility Agreement (GFA) will result in financier, accelerating repayment and may trigger cross-default on the other loans	Refinancing
STRATEGIC RISK			
Low utilisation factor	Operational	Low melting/melting stop causes the low utilisation factor	i. Repair and maintenance ii. Engage external technical consultant & OEM technical advice

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Risk Category	Category	Description	Mitigation
OPERATIONAL RISK 			
Failure of critical equipment/machinery	Operational	Breakdown or failure of critical equipment and machineries	<div><div>i.</div><div>ii.</div><div>iii.</div><div>iv.</div><div>v.</div></div> <div>Review overall Preventative Maintenance (PM) Establish Time-based Maintenance (TBM) contract with selected vendor Spare part Management (min-max critical spare part) Revise related Standard Operating Procedures (SOP), communicate and implement accordingly Plan and schedule inspection and maintenance work</div>
Cyber Security	Operational	Cyber threats Exposure to threats which are classified under Cyber Security Risk due to IT resources, communications and network systems not adequately protected	<div><div>i.</div><div>ii.</div><div>iii.</div><div>iv.</div><div>v.</div><div>vi.</div></div> <div>Continuous monitoring and threat intelligence Cyber security insurance Employee awareness and training Incident Response Plan Robust security measures Roll out cyber security assessment</div>
		Failure of Data Migration	<div><div>i.</div><div>ii.</div><div>iii.</div><div>iv.</div><div>v.</div></div> <div>Perform backup and recovery strategy Robust risk assessment and contingency planning Perform thorough testing and validation Monitoring and post-migration support Affirm data with process owner and sign off</div>
Environmental Issue- Industrial Effluent Treatment System (IETS) for waste water	Operational	IETS related issues: 1) Non-compliances on IETS (Final Discharge) 2) Summon by Department of Environment (DOE) or local authority	<div><div></div></div> <div>Install monitoring devices (flow meter, pH, Dissolved Oxygen (DO) meter, etc.) <div><div>i.</div><div>ii.</div><div>iii.</div></div><div>Establish rescue equipment facility IETS upgrading work Obtain competency certificate IETS</div></div>
Warehouse Security and Flooding	Operational/ Social	Goods /inventory kept at external warehouses at risk of getting stolen	<div><div>i.</div><div>ii.</div><div>iii.</div></div> <div>Monitoring through CCTV Monthly inspection To assess flood issue at all internal and external warehouses</div>
CATASTROPHE RISK 			
Exposure to Pandemic	Social	The outbreak now constitutes a global health emergency that can affect the productivity of an organisation and even a country's economy. Wide and fast spread of virus infection from one source country to another, forces governments (local and/or abroad) to take extreme preventive and mitigating measures on a wide scale over a period, including travel bans	<div><div>i.</div><div>ii.</div><div>iii.</div></div> <div>All staff/contractors have to abide to the SOP initiated by the government while working Urging all staff/contractor to be fully vaccinated and take up the booster dose Implementing control measures at plant to curb COVID-19 spread</div>
Health and safety of our workers	Social	Industrial accidents and health pandemics can lead to lowering of reputation, loss of reliability and contamination of products. Quality is of paramount importance	<div><div>i.</div><div>ii.</div><div>iii.</div></div> <div>Awareness, campaign and training, annual safety training plan Implementing U See U Act All staff/contractors have to abide to minimal personal protective equipment (PPE) requirements (i.e. safety boots)</div>

INTERNAL CONTROL

The Group manages its risks by implementing various internal control mechanisms. The mechanisms apply to all subsidiaries within the Group.

The key elements of our internal control structure are as follows:

- 1

Ethics & Integrity
- 2

Authority & Responsibility
- 3

Policies & Procedures
- 4

Monitoring
- 5

Competency

Ethics and Integrity

The Group is dedicated in upholding the highest standards of ethical conduct and integrity in the execution of its business activities. This commitment is fortified by the establishment of comprehensive Policies & Procedures, serving as fundamental pillars for internal control. Furthermore, this approach aligns seamlessly with the Guidelines on Adequate Procedures for Corporate Liability, rooted in the five guiding principles of T.R.U.S.T.

Integrity Activities

MSM Malaysia Holdings Berhad has undertaken the following key activities to show our commitment to be an ethical and professional organisation, anchored on ethics, integrity and accountability:

- 1

Corruption Risk Management Review
- 2

MSM Integrity Pledge
- 3

Governance, Integrity & Risk Periodic Communication
- 4

MSM Anti-Bribery Policy Statement
- 5


Establishment of New and Revised Policies
- 6

MSM Integrity Talk
- 7

Adequate Procedures Awareness
- 8

Disclosure of Conflict of Interest
- 9

Corporate Governance & Risk Management update to EXCO and BOARD

 Further information about the Integrity activities can be found on pages 114 and 115 of this Annual Integrated Report.

Authority and Responsibility

Organisation Structure

The Group boasts a thorough organisational structure that efficiently arranges its business operations. This structure delineates clear lines of reporting, authority, and segregation of duties, fostering a culture of ownership, accountability, and judiciously delegated authority.

Limits of Authority (LOA)

A well-documented Limits of Authority (LOA), outlining lines of accountability and responsibility, stands as a reference tool. This document aids in identifying the appropriate approving authority at different levels of management, encompassing matters that necessitate approval from the Board.

Job Description

Within the organisational structure, every role is underpinned by a precise description of job responsibilities, linked to the Group's vision and goals. These well-crafted and effective job descriptions provide clarity in understanding responsibilities and the interplay between functions. This not only fosters collaboration across the Group, enhancing operational efficiency but also bolsters succession planning. Moreover, it acts as a mechanism to retain and motivate top talents, ensuring employee engagement and fostering a culture of high performance.

Policies and Procedures

The process of development and revision of policies and procedures in MSM is governed by the MSM Governance of Policies and Procedures Policy to ensure documents are thoroughly reviewed by the relevant stakeholders, in compliance with the Malaysian laws and regulations and appropriately approved by the authorised authority. The monitoring mechanism is also embedded in the Governance of Policies and Procedures Policy to ensure the documents are still relevant and reflect the current business environment.

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Policies

Policies are designed to manage risks and ensure compliance with related requirements of the Group’s operations, aligned to the FGV Holdings Berhad’s requirement. New policies are developed to uphold proper governance of the MSM Group as business needs or risks arise.

The followings are the new and revised policies that were endorsed by AGRC and approved by the Board in 2023:

22 February 2023

MSM Asset Personal Interest Declaration Policy

26 May 2023

Code of Business Conduct & Ethics

4 August 2023

MSM Investment Policy

31 October 2023

Cash Management Policy

5 December 2023

1. MSM Treasury Policy

2. MSM Dividend Policy

3. Diversity, Equity, Inclusion Policy

Anti-Bribery Policy Statement

The Group is dedicated in promoting transparency and fostering ethical conduct, maintaining a positive image of integrity, transparency, and accountability across all facets of its business. The anti-bribery policy statement, a testament to this commitment, was last updated and approved on 4 October 2021, and it is readily available for reference on the company's website.

<https://www.msmsugar.com/our-company/corporate-governance>

MSM Whistleblowing Channel (System) & Committee

Channel

Facilitating the reporting of any allegations of misconduct within the Group serves as a proactive measure against unethical conduct.

This reporting channel plays a pivotal role in supporting MSM to uphold the highest standards of ethical and legal conduct within the Group.

<https://www.msmsugar.com/our-company/corporate-governance>

Committee

The MSM Whistleblowing Committee comprises of the seven (7) members from the management.

MSM External Gift Entertainment and Hospitality Policy

The Group acknowledges that exchanging gifts, entertainment, and hospitality can be inherent in cultivating ordinary business relationships. The Policy's objective is to uphold the highest standards of integrity, ensuring that there is never a suggestion of improper motives behind the offer or acceptance of gifts, entertainment, and hospitality that could unduly influence the recipient.

MSM Conflict of Interest Policy

This policy mandates that all employees associated with the Group consistently act in the best interest of the group, prioritising collective well-being over personal interests. Employees are expressly prohibited from engaging in activities that could lead to personal gain, either for themselves, their 'relative,' 'associate,' or third parties, or any activities conflicting with the overarching interests of the Group.

MSM Whistleblowing Policy

This policy aims to encourage members of the MSM community to report any corruption, fraud, or improper conduct without fear of punishment. It provides guidelines to protect whistleblowers' identities from victimisation and harassment. Employees or the public with knowledge of any misconduct within MSM Group are strongly encouraged to disclose it to safeguard the group's interests and reputation.

MSM Referral Policy

This policy is designed to set forth the rules and principles governing referrals on criminal cases, encompassing, but not limited to, fraud, bribery, and abuse of power, to Enforcement Agencies. With a focus on maintaining adherence to prescribed protocols, this policy delineates guided parameters for the initiation of referrals, considerations during investigations, and any other matters pertinent to the process.

MSM Code of Business Conduct and Ethics (CoBCE) Policy for Employees

The CoBCE Policy serves as a compass for our employees, steering them towards embracing the core values of the Group and adhering to applicable laws and regulations through practices characterised by honesty, transparency, and ethical conduct. Encompassing crucial domains including compliance, integrity, workplace conduct, business practices, safeguarding the Group's assets, confidentiality, and conflict of interest, the CoBCE Policy is a comprehensive guide shaping responsible and ethical behaviour within the organisation.

Corruption Risk Management Review

The report on the Corruption Risk Management assessment was presented to the EXCO Members on 14 February 2024.

Further information about the Corruption Risk Management Review on page 115 of this Annual Integrated Report.

Monitoring

Financial and Operational Review

Financial and Operational Review is a mechanism adopted to measure MSM Group’s actual performance against its business plan, previous year’s performance and the annual budget.

This review is undertaken on a regular basis by an Executive Committee comprising senior management of the Group. The Group Chief Executive Officer, Group Chief Operating Officer and Chief Financial Officer present MSM Group’s Quarterly Financial Information and Operational Performance analysis to the Audit, Governance and Risk Committee prior to Board’s approval and subsequent release to Bursa Malaysia.

Annual Business Plan and Budget

Business Planning, which is coordinated and aligned to specific objectives, is essential to direct the activities and initiatives of each Subsidiary and Head Office towards meeting the Group’s short term and long-term objectives. With this view, the Group emphasises on a comprehensive annual budgeting process to ensure that the Group’s Business Plan are in line with Strategic Plans approved by the Board.

Competency

MSM views its employees as invaluable assets. The Group is committed to its employees and professional development at all levels.

In achieving the next level of productivity, excellent service, and performance, MSM has developed SWIIT Values (S for Sense of belonging, W for winning attitude, I for Integrity, I for Innovation and T for Teamwork) which bring meaningful purpose, practical strategies and goals together to make the organisation aspirations more credible and achievable.



SENSE OF
BELONGING



WINNING
ATTITUDE



INTEGRITY



INNOVATION



TEAMWORK

INTERNAL AUDIT FUNCTION

The Board acknowledges the importance of the internal audit function. The internal audit function provides internal audit services to assist the Audit, Governance and Risk Committee (AGRC) and Board in reviewing the effectiveness, adequacy and integrity of the Group’s systems of internal control in managing risks.

 More details on Internal Audit activities covered in page 129.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement of Risk Management and Internal Control as per Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guideline (APPG) 3 issues issued by Malaysian Institute of Accountants. AAPG3 does not require external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

STATEMENT BY THE BOARD

Based on the processes and measures undertaken by the Board and its Committees during the financial year and assurance provided by the Group Chief Executive Officer and Chief Financial Officer, the Board is of the view that the risk management framework and internal control system as described in this Statement is sound and effective to safeguard the shareholders’ investment and MSM Group’s assets. This Statement is made in accordance to the resolution of the Board dated 5 April 2024.

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SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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Statement on Directors' Responsibilities

The Companies Act 2016 requires the Directors to prepare financial statements (which include the consolidated statements of financial position, consolidated statements of comprehensive income and statements of cash flows of the Group and the Company) for each financial year in accordance with Malaysian Accounting Standards Board (MASB) approved accounting standards in Malaysia for entities other than private entities, the provisions of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia), and to lay these before the Company at its Annual General Meeting.

Incorporated on pages 166 to 264 of this Annual Integrated Report, are the financial statements of the Group and the Company for the financial year ended 31 December 2023. The Directors are required the Companies Act 2016 to prepare Financial Statements for each financial year which give a true and fair view of the financial position of the Group and the Company at the end of the financial year and of the financial performance and cash flows of the Group and the Company for the financial year.

In undertaking the responsibility placed upon them by law, the Directors have relied upon the Group's system of internal control to provide them with reasonable grounds to believe that the Group's accounting records, as well as other relevant records, have been maintained in a manner that enables them to sufficiently explain the transactions and financial position of the Group and the Company. This also enables the Directors to ensure that a true and fair consolidated financial position, statement of comprehensive income and cash flow statements are prepared for the financial year to which these financial statements relate.

The Companies Act 2016 also requires the Directors to cause the Company to keep such accounting and other records in such manner that enables the Directors to sufficiently explain the transactions, financial position and performance of the Group and the Company, as well as to enable such accounting records to be audited conveniently and properly.

The Directors also have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities. This Statement was made in accordance with a resolution of the Board of Directors dated 25 March 2024.



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Directors’
Report

Directors’
Report

The Directors hereby submit the annual report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 19 to the financial statements.

There has been no significant change in the nature of these activities of the Group and of the Company during the financial year.

FINANCIAL RESULTS

	Group RM’000	Company RM’000
(Loss)/Profit for the financial year	(49,884)	84,311

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The Board of Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2023.

RESERVES AND PROVISIONS

All material transfers to and from reserves or provisions during the financial year are disclosed in the financial statements.

DIRECTORS

The Directors in office during the financial year and during the previous period from the end of the financial year to the date of the report are as follows:

Datuk Syed Hisham Syed Wazir	
Datuk Dr. Abd Hapiz Abdullah	
Dato’ Sri Muthanna Abdullah	
Choy Khai Choon	
Nik Fazila Nik Mohamed Shihabuddin	
Dato’ Mohd Nazrul Izam Mansor	
Raja Faridah Raja Ahmad	
Fakhrunniam Othman	(Appointed on 23.02.2023)
Dato’ Rosini Abd Samad	(Cessation of Office on 07.01.2024)

The names of Directors of subsidiaries are set out in the respective subsidiary’s statutory accounts and the said information is deemed incorporated herein by such reference and made part thereof.

DIRECTORS’ BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors’ Remuneration as disclosed in Note 12 to the financial statements) by reason of a contract made by the Company or a related corporation with the Directors or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than those arising from holding company’s long term incentive plan (“LTIP”) as disclosed in Directors’ Interest in Shares and Debentures.

DIRECTORS' INTEREST IN SHARES AND DEBENTURES

According to the Register of Directors’ Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its related corporations during the financial year.

AUDITORS’ REMUNERATION

The amount paid or payable as remuneration of the auditors of the Group and the Company for the financial year ended 31 December 2023 are as follows:

	Group RM’000	Company RM’000
Principal auditors’ remuneration:		
- Audit fee – current year	474	175
- Other assurances services	284	284
	758	459

Details of auditors’ remuneration are set out in Note 11 to the financial statements.

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Directors’
Report

Directors’
Report

DIRECTORS’ REMUNERATION

The details of the Directors’ remuneration for the financial year ended 31 December 2023 are set out below:

	RM’000
Directors’ remuneration:	
- Fees	1,589
- Meeting allowances	486
- Benefits in kind	44
- Other benefits	18
	2,137

Details of Directors’ remuneration are set out in Note 12 to the financial statements.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains a corporate liability insurance for the Directors and officers of the Group throughout the financial year, which provides appropriate insurance cover for the Directors and officers of the Group. The total amount of insurance premium paid by the Group during the financial year amounted to RM81,100 (2022: RM82,690).

There was no indemnity given to or insurance cover for the auditors of the Group and of the Company during the year.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

- (a)to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- (b)to ensure that any current assets, other than debts, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

At the date of this report, the Directors are not aware of any circumstances:

- (a)which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b)which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c)which have arisen and render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve (12) months after the end of the financial year which, in the opinion of the Directors, will or may affect the ability of the Group or the Company to meet their obligations when they fall due.

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

- (a)any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b)any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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 which would render any amount stated in the financial statements misleading.

In the opinion of the Directors:

- (a)the results of the Group’s and of the Company’s operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b)there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature 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.

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Directors’
Report

IMMEDIATE HOLDING COMPANY

The Directors regard FGV Holdings Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad, as the immediate holding company.

ULTIMATE HOLDING BODY

The Directors regard Federal Land Development Authority (FELDA), a body set up under the Land Development Act 1956, as the ultimate holding body of the Company.

AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401 - LCA & AF 1146), have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 25 March 2024.

Signed on behalf of the Board of Directors:



DATUK SYED HISHAM SYED WAZIR
CHAIRMAN



CHOY KHAI CHOON
DIRECTOR

Kuala Lumpur

Statement by
Directors

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Datuk Syed Hisham Syed Wazir and Choy Khai Choon, two of the Directors of MSM Malaysia Holdings Berhad, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 166 to 264 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution dated 25 March 2024.



DATUK SYED HISHAM SYED WAZIR
CHAIRMAN




CHOY KHAI CHOON
DIRECTOR

Kuala Lumpur

Statutory Declaration

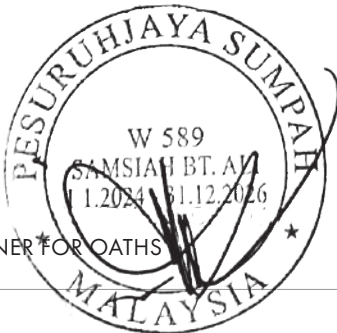
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, Dr. Mazatul ‘Aini Shahar Abdul Malek Shahar, the Officer primarily responsible for the financial management of MSM Malaysia Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 166 to 264 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.



DR. MAZATUL ‘AINI SHAHAR ABDUL MALEK SHAHAR
MIA membership no. 42107

Subscribed and solemnly declared by the abovenamed Dr. Mazatul ‘Aini Shahar Abdul Malek Shahar in Kuala Lumpur on 25 March 2024, before me.



COMMISSIONER FOR OATHS

SAMSIAH BINTI ALI (No. W 589)
PESURUHJAYA SUMPAH
NO. 142B, TKT BAWAH,
BGN. UMNO SELANGOR
JALAN IPOH, 51200
KUALA LUMPUR W.P.

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Independent Auditors’ Report

To the Members of MSM Malaysia Holdings Berhad
(Incorporated in Malaysia) Registration No. 201101007583 (935722-K)

Independent Auditors’ Report

To the Members of MSM Malaysia Holdings Berhad
(Incorporated in Malaysia) Registration No. 201101007583 (935722-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of MSM Malaysia Holdings Berhad (“the Company”) and its subsidiaries (“the Group”) give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including material accounting policies, as set out on pages 166 to 264.

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 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 Ethics Standards Board for Accountants’ 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.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were 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 these matters.

Key audit matters	How our audit addressed the key audit matters
Impairment assessment of goodwill As at 31 December 2023, the Group has goodwill of RM576.2 million. We focused on this area as the recoverable amount of the cash generating unit (“CGU”) is based on value-in-use (“VIU”) calculations, which require management’s judgment on the assumptions used in the calculations, in particular selling price, raw sugar price, sales volume, freight charges, natural gas price, terminal value growth rate and discount rate. Refer to Note 3(d) in the material accounting policies, Note 5 in the critical accounting estimates and judgment and Note 18 to the financial statements.	We performed the following procedures on the cash flow projections to support the impairment assessment of goodwill prepared by the management and approved by the Board of Directors of the Company: <ul style="list-style-type: none">• We assessed the reasonableness of the key assumptions used by management in the VIU calculations, in particular selling price, raw sugar price, sales volume, freight charges, natural gas price, terminal value growth rate and discount rate by comparing with business plans, historical results and market trends;• We assessed the reliability of management’s forecast through the review of past trends of actual financial performance against previous forecasted results;• We examined the sensitivity analysis prepared by the management on selling prices of product subject to price control to evaluate the impact on the impairment assessment; and• We assessed the adequacy of the disclosures in relation to goodwill in the financial statements. Based on our procedures, we noted no significant exceptions.
Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill The carrying values of property, plant and equipment, right-of-use assets and intangible assets other than goodwill of the Group as at 31 December 2023 is RM1,189.7 million, RM95.1 million and RM40.5 million respectively (“non-financial assets”). As at 31 December 2023, the Group’s market capitalisation of RM1,131.8 million was below the carrying value of its net assets of RM1,465.1 million and one of the refineries, MSM Johor has recorded continuous losses due to its low utilisation capacity since previous financial years. These have been identified as indicators for impairment for the non-financial assets of the Group.	We performed the following procedures on the cash flow projections to support the impairment assessment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill prepared by the management and approved by the Board of Directors of the Company: <ul style="list-style-type: none">• We assessed the reasonableness of the key assumptions used by management in the VIU calculations, in particular selling price, raw sugar price, utilisation factor, sales volume, freight charges, natural gas price, long term growth rate and discount rate by comparing with business plans, historical results and market trends;

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Independent Auditors’ Report

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Independent Auditors’ Report

To the Members of MSM Malaysia Holdings Berhad
(Incorporated in Malaysia) Registration No. 201101007583 (935722-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p>Impairment assessment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill (continued)</p> <p>Consequently, management performed an impairment assessment on the Group’s non-financial assets. Management concluded that the non- financial assets were not impaired as at 31 December 2023.</p> <p>We focused on this area as the recoverable amount of the assets based on VIU calculations require management’s judgment on the assumptions used in the calculations, in particular selling price, raw sugar price, utilisation factor, sales volume, freight charges, natural gas price, long term growth rate and discount rate.</p> <p>Refer to Note 3(k) in the material accounting policies, Note 5 in the critical accounting estimates and judgment and Note 16 to the financial statements.</p>	<ul style="list-style-type: none">• We assessed the reliability of management’s forecast through the review of past trends of actual financial performance against previous forecasted results;• We examined the sensitivity analysis prepared by the management on selling prices of product subject to price control to evaluate the impact on the impairment assessment; and• We assessed the adequacy of the disclosures in the financial statements. <p>Based on our procedures, we noted no significant exceptions.</p>
<p>Assessment of Funding Requirements and Ability to Meet the Short Term Obligations</p> <p>As at 31 December 2023, the Group had short term borrowings of RM903 million and payables of RM233 million. This resulted in the current liabilities of the Group exceeding the current assets by RM155 million at that date.</p> <p>As a result, we focused on the Group’s funding and ability to meet their short term obligations due to the net current liabilities position mentioned above.</p> <p>In assessing the liquidity position of the Group, the Directors have considered availability of cash flows from operations and existing facilities to meet the investing and financing obligations of the Group for the next 12 months from the date of approval of the financial statements. We focused on this area as significant judgement and estimates are made in arriving at the cashflow forecast for the next 12 months from the date of approval of the financial statements in assessing the ability of the Group to meet its obligations as and when they arise.</p> <p>Refer to Note 4(a) - Financial Risk Management - Liquidity Risk to the financial statements.</p>	<ul style="list-style-type: none">• We checked management’s cash flow forecasts for the Group over the next 12 months from the date of the approval of the financial statements to the cash flows approved by the Directors;• We assessed the reasonableness of the key assumptions used in the cash flow forecasts comprising selling price, raw sugar price, sales volume, refining costs by comparing with business plans, historical results and market trends;• We checked the borrowing repayment terms of the Group against the loan agreements;• In assessing the sources of funding, we have checked to available loan correspondences, loan agreements and financial support from the immediate holding company, FGV Holdings Berhad;• We checked management’s sensitivity analysis on the assumptions used in cash flow forecast to assess the possible changes to key assumptions that would cause a deficit in the cash and bank balances; and• We checked the adequacy of the disclosures in the financial statements. <p>Based on our procedures, we noted no significant exceptions.</p>

We have determined that there are no key audit matters to report for the Company.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors’ report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors’ Report and Statements by the Chairman and Group Chief Executive Officer, which we obtained prior to the date of this auditors’ report, and Corporate Governance Reports (including Audit, Governance and Risk Committee Report and Statement on Risk Management and Internal Control) and other sections of the Annual Integrated Report 2023, which is expected to be made available to us after that date. Other information 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 on the other information that we obtained prior to the date of this auditors’ report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the 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.

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Independent Auditors’ Report

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Independent Auditors’ Report

To the Members of MSM Malaysia Holdings Berhad
(Incorporated in Malaysia) Registration No. 201101007583 (935722-K)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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:

- (a) 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.
- (b) 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.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) 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 on 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.
- (e) 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.
- (f) 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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, actions taken to eliminate threats or safeguards applied.

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 financial 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.

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.


PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Kuala Lumpur
25 March 2024


MAHESH A/L RAMESH
03428/04/2025 J
Chartered Accountant

MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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Statements of Comprehensive Income

For the Financial Year Ended 31 December 2023

	Note	Group		Company	
		2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
Revenue	6	3,091,223	2,565,985	133,554	149,969
Cost of sales		(3,011,960)	(2,611,704)	-	-
Gross profit/(loss)		79,263	(45,719)	133,554	149,969
Other operating income	7	23,441	10,044	332	618
Selling and distribution expenses		(25,676)	(39,639)	-	-
Administrative expenses		(75,031)	(70,808)	(27,896)	(28,664)
Reversal of impairment/(impairment) of financial assets, net	8	693	2,819	(28)	-
Other operating expenses		(1,854)	(249)	-	-
Other gains/(losses), net	9	10,979	(7,025)	-	-
Profit/(Loss) from operations		11,815	(150,577)	105,962	121,923
Finance income	10	7,932	4,022	-	-
Finance costs	10	(47,760)	(31,984)	(20,534)	(20,894)
(Loss)/Profit before zakat and taxation	11	(28,013)	(178,539)	85,428	101,029
Zakat	13	(1,000)	(1,000)	-	-
Taxation	14	(20,871)	827	(1,117)	(759)
(Loss)/Profit for the financial year		(49,884)	(178,712)	84,311	100,270
Other comprehensive (loss)/income:					
Items that may be subsequently reclassified to profit or loss					
Realisation of foreign exchange reserve upon liquidation of a subsidiary		-	(1,881)	-	-
Currency translation difference		-	439	-	-
Cash flow hedges		213	3,426	213	3,426
		213	1,984	213	3,426
Total comprehensive (loss)/income for the financial year		(49,671)	(176,728)	84,524	103,696
Total (loss)/profit for the financial year attributable to owners of the Company		(49,884)	(178,712)	84,311	100,270
Total other comprehensive (loss)/income for the financial year attributable to owners of the Company		(49,671)	(176,728)	84,524	103,696
Basic and diluted (loss) per share attributable to equity holders of the Company (sen)	15	(7.10)	(25.42)		

Statements of Financial Position

As At 31 December 2023

	Note	Group		Company	
		2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
ASSETS					
Non-current assets					
Property, plant and equipment	16	1,189,747	1,205,454	1,403	1,727
Right-of-use assets	17	95,065	98,656	3,564	4,299
Intangible assets	18	616,678	619,665	2,057	1,816
Investments in subsidiaries	19	-	-	2,308,852	2,308,852
Lease receivables	21	-	-	80,437	81,592
Deferred tax assets	31	-	-	251	216
		1,901,490	1,923,775	2,396,564	2,398,502
Current assets					
Inventories	23	311,931	360,523	-	-
Receivables	22	393,090	282,610	957	744
Tax recoverable		5,591	15,271	1,918	2,054
Amounts due from subsidiaries	24	-	-	5,438	16,610
Amounts due from other related companies	24	331	968	-	-
Lease receivables	21	-	-	2,167	2,167
Deposits, cash and bank balances	27	278,320	220,964	66,663	53,608
		989,263	880,336	77,143	75,183
Assets held for sale	28	-	7,682	-	-
Total assets		2,890,753	2,811,793	2,473,707	2,473,685

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MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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Statements of
Financial Position

As At 31 December 2023 (Continued)

		Group		Company	
		2023	2022	2023	2022
	Note	RM' 000	RM' 000	RM' 000	RM' 000
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	29	718,255	718,255	718,255	718,255
Reorganisation deficit	30	(1,039,632)	(1,039,632)	-	-
Merger relief reserve	30	1,733,939	1,733,939	1,733,939	1,733,939
Cash flow hedge reserve	30	(28)	(241)	(28)	(241)
Retained earnings/(accumulated losses)		52,542	102,426	(360,535)	(444,846)
Equity attributable to owners of the Company		1,465,076	1,514,747	2,091,631	2,007,107
Non-current liabilities					
Deferred tax liabilities	31	32,326	35,940	-	-
Borrowings	33	229,972	299,210	229,972	299,210
Loans due to a subsidiary	25	-	-	74,395	95,157
Lease liabilities	36	19,281	20,603	2,818	3,415
Derivative financial liabilities	26	11	193	11	193
		281,590	355,946	307,196	397,975
Current liabilities					
Payables	32	232,890	334,542	3,825	4,359
Amounts due to subsidiaries	24	-	-	15	12
Amounts due to other related companies	24	5,006	6,937	196	60
Amount due to ultimate holding body	24	76	65	76	65
Amount due to immediate holding company	24	1,301	328	908	208
Loans due to a subsidiary	25	-	-	-	230
Borrowings	33	903,194	580,257	69,263	63,101
Lease liabilities	36	1,277	1,228	597	568
Derivative financial liabilities	26	343	17,743	-	-
		1,144,087	941,100	74,880	68,603
Total liabilities		1,425,677	1,297,046	382,076	466,578
Total equity and liabilities		2,890,753	2,811,793	2,473,707	2,473,685

Consolidated Statement of
Changes in Equity

For The Financial Year Ended 31 December 2023

	Attributable to owners of the Company						
	Share capital (Note 29) RM' 000	Reorgani- sation deficit (Note 30) RM' 000	Merger relief reserve (Note 30) RM' 000	Foreign exchange reserve (Note 30) RM' 000	Cash flow hedge reserve (Note 30) RM' 000	Retained earnings RM' 000	Total RM' 000
2023							
At 1 January 2023	718,255	(1,039,632)	1,733,939	-	(241)	102,426	1,514,747
Loss for the financial year	-	-	-	-	-	(49,884)	(49,884)
Other comprehensive income for the financial year, net of tax:							
Items that may be subsequently reclassified to profit or loss							
- cash flow hedges	-	-	-	-	213	-	213
Total comprehensive income for the financial year	-	-	-	-	213	(49,884)	(49,671)
At 31 December 2023	718,255	(1,039,632)	1,733,939	-	(28)	52,542	1,465,076
2022							
At 1 January 2022	718,255	(1,039,632)	1,733,939	1,442	(3,667)	302,227	1,712,564
Loss for the financial year	-	-	-	-	-	(178,712)	(178,712)
Other comprehensive (loss)/income for the financial year, net of tax:							
Items that may be subsequently reclassified to profit or loss							
- currency translation differences	-	-	-	439	-	-	439
- realisation of foreign exchange reserve upon liquidation of a subsidiary	-	-	-	(1,881)	-	-	(1,881)
- cash flow hedges	-	-	-	-	3,426	-	3,426
Total comprehensive income for the financial year	-	-	-	(1,442)	3,426	(178,712)	(176,728)
Transaction with owners:							
Dividend paid for the financial year ended 31 December 2021 (final)	-	-	-	-	-	(21,089)	(21,089)
At 31 December 2022	718,255	(1,039,632)	1,733,939	-	(241)	102,426	1,514,747

MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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Company Statement of Changes In Equity

For The Financial Year Ended 31 December 2023

Company	Non-distributable				Total RM' 000
	Share capital (Note 29) RM' 000	Merger relief reserve (Note 30) RM' 000	Cash flow hedge reserve (Note 30) RM' 000	Accumulated losses RM' 000	
2023					
At 1 January 2023	718,255	1,733,939	(241)	(444,846)	2,007,107
Profit for the financial year	-	-	-	84,311	84,311
Other comprehensive income for the financial year, net of tax:					
<u>Item that may be subsequently reclassified to profit or loss</u>					
- cash flow hedges	-	-	213	-	213
Total comprehensive income for the financial year	-	-	213	84,311	84,524
At 31 December 2023	718,255	1,733,939	(28)	(360,535)	2,091,631
2022					
At 1 January 2022	718,255	1,733,939	(3,667)	(524,027)	1,924,500
Profit for the financial year	-	-	-	100,270	100,270
Other comprehensive income for the financial year, net of tax:					
<u>Item that may be subsequently reclassified to profit or loss</u>					
- cash flow hedges	-	-	3,426	-	3,426
Total comprehensive income for the financial year	-	-	3,426	100,270	103,696
<u>Transaction with owners:</u>					
Dividend paid for the financial year ended 31 December 2021 (final)	-	-	-	(21,089)	(21,089)
At 31 December 2022	718,255	1,733,939	(241)	(444,846)	2,007,107

Statements of Cash Flows

For The Financial Year Ended 31 December 2023

	Group		Company	
	2023 RM' 000	2022 RM' 000 (Restated)	2023 RM' 000	2022 RM' 000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit for the financial year	(49,884)	(178,712)	84,311	100,270
Adjustments for:				
Taxation	20,871	(827)	1,117	759
Depreciation of property, plant and equipment	75,459	75,345	708	750
Gain on disposal of property, plant and equipment	-	(342)	-	-
Depreciation of right-of-use asset	3,591	3,483	735	704
Property, plant and equipment written off	587	220	210	34
Amortisation of intangible assets	3,603	3,972	375	747
Unrealised gain on sugar future contracts	-	(963)	-	-
Unrealised gain on Brent crude oil forward option	(853)	(1,280)	-	-
Unrealised loss/(gain) on foreign currency exchange translation	137	(4,262)	-	-
Unrealised (gain)/loss on foreign currency exchange forward contracts	(16,548)	16,237	-	-
Gain on liquidation of a subsidiary	-	(1,591)	-	(408)
Dividend income	-	-	(116,360)	(100,000)
Interest income	(7,932)	(4,022)	(1,914)	(35,386)
Interest expense	47,693	31,653	20,467	20,563
Reversal of impairment/(impairment) of trade and other receivables	(1,659)	(3,233)	20	-
Impairment loss of amount due from related company	966	414	-	-
Impairment loss of amounts due from subsidiaries	-	-	8	-
Provision for onerous sales contracts	3,906	8,439	-	-
Impairment of intangible assets	13	-	13	-
Gain on disposal of asset held for sale	(8,381)	-	-	-
Inventories written off	152	272	-	-
Allowance for inventory obsolescence	2,970	294	-	-
Zakat	1,000	1,000	-	-
Ineffective portion of cash flow hedge	67	331	67	331
Non-Cash item from operations	125,642	125,140	(94,554)	(111,906)
Operating profit/(loss) before changes in working capital	75,758	(53,572)	(10,243)	(11,636)

MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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Statements of
Cash Flows

For The Financial Year Ended 31 December 2023 (Continued)

		Group		Company	
		2023	2022	2023	2022
		RM' 000	RM' 000	RM' 000	RM' 000
	Note		(Restated)		(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)					
Changes in working capital:					
Inventories		45,469	59,970	-	-
Receivables		(108,387)	28,890	(265)	(421)
Payables		(107,318)	16,356	(567)	(2,160)
Intercompany		(1,275)	2,080	12,048	1,086
		(171,511)	107,296	11,216	(1,495)
Cash (used in)/generated from operations		(95,753)	53,724	973	(13,131)
Zakat paid		(1,000)	(1,000)	-	-
Tax paid		(14,211)	(23,706)	(1,016)	(3,408)
Net cash (used in)/generated from operating activities		(110,964)	29,018	(43)	(16,539)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment	35	(56,402)	(51,021)	(562)	(159)
Acquisition of right-of-use assets		-	(377)	-	(377)
Purchase of intangible assets		(629)	(1,452)	(629)	(1,447)
Proceeds from disposal of property, plant and equipment		-	691	-	-
Proceeds from disposal of asset held for sale	28	15,519	11,300	-	-
Investment in subsidiary		-	-	-	(241,931)
Repayment of loan by subsidiaries		-	-	-	276,013
Interest received		7,932	4,022	902	1,041
Dividend received		-	-	116,360	100,000
Cash inflow from liquidation of a subsidiary		-	4,013	-	4,013
Proceeds from lease receivables		-	-	2,167	2,167
Net cash (used in)/generated from investing activities		(33,580)	(32,824)	118,238	139,320

Statements of
Cash Flows

For The Financial Year Ended 31 December 2023 (Continued)

	Note	Group		Company		
		2023	2022	2023	2022	
		RM' 000	RM' 000 (Restated)	RM' 000	RM' 000 (Restated)	
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayment of loan due to a subsidiary		-	-	(20,992)	(30,001)	
Interest paid on loan due to a subsidiary		-	-	(3,208)	(1,228)	
Drawdown of borrowings		1,967,980	1,313,430	-	-	
Repayment of borrowings		(1,717,890)	(1,226,240)	(61,500)	(48,750)	
Principal payment of lease liabilities		(1,273)	(1,440)	(568)	(814)	
Interest payment of lease liabilities		(1,073)	(914)	(182)	(49)	
Interest paid on borrowings		(44,925)	(30,174)	(18,342)	(18,009)	
Interest paid on Islamic profit rate swap		(348)	(3,015)	(348)	(3,015)	
Dividend paid		-	(21,089)	-	(21,089)	
Net cash generated from/(used in) financing activities		202,471	30,558	(105,140)	(122,955)	
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT		57,927	26,752	13,055	(174)	
Effect of foreign exchange rate changes		(571)	(563)	-	-	
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		220,964	194,775	53,608	53,782	
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		27	278,320	220,964	66,663	53,608

MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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Statements of
Cash Flows

For The Financial Year Ended 31 December 2023 (Continued)

Cash flows and non-cash changes in liabilities arising from financing activities are as follows:

Group	At 1 January RM’ 000	Cash drawdown RM’ 000	Cash repayment RM’ 000	Non-cash interest RM’ 000	Non-cash addition RM’ 000	At 31 December RM’ 000
2023						
Islamic term loan	362,311	-	(79,842)	16,766	-	299,235
Bankers’ acceptance	517,156	1,967,980	(1,682,973)	31,768	-	833,931
Borrowings	879,467	1,967,980	(1,762,815)	48,534	-	1,133,166
Lease liabilities	21,831	-	(2,346)	1,073	-	20,558
	901,298	1,967,980	(1,765,161)	49,607	-	1,153,724
2022						
Islamic term loan	414,121	-	(66,759)	14,949	-	362,311
Bankers’ acceptance	378,935	1,313,430	(1,189,655)	14,446	-	517,156
Borrowings	793,056	1,313,430	(1,256,414)	29,395	-	879,467
Lease liabilities	4,545	-	(2,354)	914	18,726	21,831
	797,601	1,313,430	(1,258,768)	30,309	18,726	901,298

Company	At 1 January RM’ 000	Cash repayment RM’ 000	Non-cash interest RM’ 000	Non-cash Addition RM’ 000	At 31 December RM’ 000
2023					
Borrowings - Islamic term loan	362,311	(79,842)	16,766	-	299,235
Loan due to a subsidiary	95,387	(24,200)	3,208	-	74,395
Lease liabilities	3,983	(750)	182	-	3,415
	461,681	(104,792)	20,156	-	377,045
2022					
Borrowings - Islamic term loan	414,121	(66,759)	14,949	-	362,311
Loan due to a subsidiary	123,782	(31,229)	2,834	-	95,387
Lease liabilities	722	(863)	49	4,075	3,983
	538,625	(98,851)	17,832	4,075	461,681

Notes to the
Financial Statements

For The Financial Year Ended 31 December 2023

1 GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office of the Company is located at Level 21, Wisma FGV, Jalan Raja Laut, 50350 Kuala Lumpur. The principal place of business of the Company is located at Level 44, Menara Felda, Platinum Park, No.11, Persiaran KLCC, 50088 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are set out in Note 19 of the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The immediate holding company is FGV Holdings Berhad (“FGVH”), a company incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The ultimate holding body is Federal Land Development Authority (“FELDA”), a body set up under the Land Development Act 1956.

2 BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention unless otherwise indicated in the individual policy statements in Note 3 to the financial statements.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the financial period.

It also requires Directors to exercise their judgement in the process of applying the Group’s and Company’s accounting policies. Although these estimates and judgement are based on the Directors’ best knowledge of current events and actions, actual results may differ. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

As at 31 December 2023, the Group has incurred a loss before tax after zakat of RM29.0 million and in a net current liabilities position of RM155 million (FY2022: loss before tax after zakat of RM179.5 million and net current liabilities position of RM53 million). The immediate holding company, FGV Holdings Berhad, has confirmed its intention to provide continuing financial support as and when necessary to enable the Group to meet its liabilities as they fall due. Therefore, the Directors consider that it is appropriate to prepare the financial statements of the Group on the going concern basis based on the financial support provided by the immediate holding company as disclosed in Note 4 to the financial statements.

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Notes to the
Financial Statements

For the Financial Year Ended 31 December 2023 (Continued)

Notes to the
Financial Statements

For the Financial Year Ended 31 December 2023 (Continued)

2BASIS OF PREPARATION (CONTINUED)

- (i) Accounting pronouncements that are effective and have been adopted by the Group and Company:

The Group and Company have considered the Agenda Decision on demand deposits with restrictions on use, arising from a contract with third party and has included the cash pledged in order to obtain bank facilities as a component of cash and cash equivalents.

The Group and Company have applied the following accounting pronouncements for the first time for the financial year on 1 January 2023:

- MFRS 17 ‘Insurance Contracts’
- Amendments to MFRS 101 and MFRS Practice Statement 2 ‘Disclosure of Accounting Policies’
- Amendments to MFRS 108 ‘Definition of Accounting Estimates’
- Amendments to MFRS 112 ‘Deferred Tax related to Assets and Liabilities arising from a Single Transaction’
- Amendments to MFRS 112 ‘International Tax Reform - Pillar Two Model Rules’
- Amendment to MFRS 17 ‘Initial application of MFRS 17 and MFRS 9 - Comparative information’

The accounting pronouncements listed above did not have significant impact on the amounts recognised in prior periods and did not significantly affect the current or expected to affect future periods.

- (ii) Accounting pronouncements that are not yet effective and have not been early adopted by the Group and Company:

Accounting pronouncements that are currently being assessed by the Group:

Effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 101 ‘Classification of liabilities as current or non-current’ (‘2020 amendments’) and ‘Non-current Liabilities with Covenants’ (‘2022 amendments’)
- Amendments to MFRS 16 ‘Lease Liability in a Sale and Leaseback’
- Amendments to MFRS 107 and MFRS 7 ‘Supplier Finance Arrangements’

Effective annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121 on ‘Lack of Exchangeability’

The adoption of the amendments to MFRS 101 is expected to affect the assessment of the classification of liabilities by the Group and Company. The other accounting pronouncements that are not yet effective are not expected to have any significant impact on the financial statements of the Group and Company.

3MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Group and the Company, unless otherwise stated.

- (a) Basis of consolidation and investment in subsidiaries

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of financial year. Subsidiaries are all entities, including structured entities, controlled by the Company. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Investments in subsidiaries are measured in the Company’s statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

All intercompany transactions are eliminated on consolidation and revenue and profits relate to external transactions only. Unrealised losses resulting from intercompany transactions are also eliminated unless cost cannot be recovered.

Acquisition accounting

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group when the acquired set of activities and asset meet the definition of a business. The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of the non-controlling interests. The Group recognises any non-current controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets. At the end of reporting period, non-controlling interests consists of amount calculated on the date of combinations and its share of changes in the subsidiary’s equity since the date of combination.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 9 in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recognised as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss (Note 3(d)).

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(a) Basis of consolidation and investment in subsidiaries (continued)

Predecessor accounting

Acquisitions of subsidiaries and businesses under common control that meet the conditions of a merger are accounted for using the predecessor basis of accounting.

Under the predecessor basis of accounting, the results of subsidiaries and businesses under common control are presented as if the business combination had been effected throughout the current and previous years. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the business combination is cancelled with the values of the shares received. Any resulting credit or debit difference is classified as reorganisation reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the combined entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated, unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency with the policies adopted by the Group.

Non-controlling interests is the equity in a subsidiary not attributable, directly or indirectly, to a parent. On an acquisition-by-acquisition basis, the Group measures any non-controlling interests in the acquiree at the non-controlling interests’ proportionate share of the acquiree’s identifiable net assets. At the end of reporting period, non-controlling interests consists of amount calculated on the date of combinations and its share of changes in the subsidiary’s equity since the date of combination.

The gain or loss on disposal of a subsidiary is the difference between net disposal proceeds and the Group’s share of its net assets as of the date of disposal including the cumulative amount of any exchange differences or other reserves that relate to the subsidiary and is recognised in profit or loss.

All earnings and losses of the subsidiary are attributed to the parent and the non- controlling interests, even if the attribution of losses to the non-controlling interests results in a debit balance in the non-controlling interests.

In the Company’s financial statements, investments in subsidiaries are shown at cost less accumulated impairment losses.

Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount (Note 3(f)).

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in equity attributable to owners of the Group.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Loss of control

When the Group ceases to consolidate because of a loss of control, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

Gains or losses on the disposal of subsidiaries include the carrying amount of goodwill relating to the subsidiaries sold.

(d) Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries over the Group’s share of the fair value of their identifiable net assets including contingent liabilities at the date of acquisition. Goodwill on acquisition in respect of a subsidiary is included in the consolidated statement of financial position as intangible assets.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash generating units (“CGUs”), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed. See material accounting policies Note 3(k) on impairment of non-financial assets.

(e) Intangible assets

Intangible assets other than goodwill are measured on initial recognition at cost. The costs of intangible assets acquired in a business combination are their fair values as at the date of acquisition.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is recognized in the profit or loss on a straight-line basis over the estimated economic useful lives.

Intangible assets are assessed for impairment whenever there is an indication that the intangible asset may be impaired. If such an indication exists, an asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount. See material accounting policies Note 3(k) on impairment of non-financial assets.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(e) Intangible assets (continued)

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each statement of financial position date.

Intangible assets with indefinite useful lives and intangible assets under development are not amortised but tested for impairment annually or more frequently if the events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. The useful life of an intangible asset with an indefinite life is also reviewed annually to determine whether the useful life assessment continues to be supportable.

Intangible assets are amortised using the straight line basis over their estimated useful lives as follows:

<u>Intangible assets</u>	<u>Estimated useful lives</u>
Brand	25 years
Software	3 - 5 years

Amortisation on intangible assets under development commences when the assets are ready for their intended use.

The nature of the intangible assets are as follows:

- (i) Brand is related to a sugar brand ‘Prai’ acquired as part of the acquisition of the sugar business.
- (ii) Software relates to information technology (“IT”) used within the Group.

(f) Financial assets

A financial instrument is recognized in the statement of financial position when, and only when, the Group or the Company become a party to the contractual provisions of the instrument.

Classification

Financial assets are classified as measured at amortised cost, fair value through other comprehensive income (“FVOCI”) or fair value through profit or loss (“FVTPL”), as appropriate.

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s and the Company’s business model for managing them.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (“FVOCI”).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

(a) Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in profit or loss.

(ii) FVOCI

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are recognised in profit or loss and impairment expenses are presented as separate line item in profit or loss.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Measurement (continued)

(a) Debt instruments (continued)

(iii) FVPL

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

(b) Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group’s management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group’s right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Impairment

(a) Impairment for debt instruments

The Group and Company assess on a forward-looking basis the expected credit loss (“ECL”) associated with its debt instruments carried at amortised cost and at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Group and Company’s financial instruments that are subject to the ECL model are as follows:

- Receivables (excluding advance payments, prepayments and GST receivables)
- Lease receivable
- Loans and amounts due from subsidiaries/other related companies/holding company
- Financial assets at fair value through other comprehensive income

While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Impairment (continued)

(a) Impairment for debt instruments (continued)

ECL represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive, over the remaining life of the financial instrument.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(i) General 3-stage approach for other receivables, loans and amount due from subsidiaries and related companies that are non-trade related

At each reporting date, the Group and Company measure ECL through loss allowance at an amount equal to 12 month ECL if credit risk on a financial instrument or a group of financial instruments has not increased significantly since initial recognition. For all other financial instruments, a loss allowance at an amount equal to lifetime ECL is required.

The Company applies MFRS 9 general 3 stage approach to measure ECL which uses a lifetime expected loss allowance for lease receivables carried at amortised cost. The ECL rates is based on the probability of recovery of the receivable within one year or more than a year. Based on management assessment, there is no additional loss allowance identified for lease receivables.

The measurement details of ECL are disclosed in the relevant notes to the financial assets.

(ii) Simplified approach for trade receivables and amounts due from subsidiaries and related companies that are trade related

The Group and Company apply the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and amounts due from subsidiaries and related companies that are trade related.

The measurement details of ECL are disclosed in the relevant notes to the financial assets.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Impairment (continued)

(b) Significant increase in credit risk

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportable forward-looking information.

The following indicators are incorporated:

- External credit rating (as far as available).
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor’s ability to meet its obligations.
- Actual or expected significant changes in the operating results of the debtor.
- Significant increases in credit risk on other financial instruments of the same debtor.
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements.
- Significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtor in the group and changes in the operating results of the debtor.

Macroeconomic information (such as commodity prices, market interest rates or growth rates) is incorporated as part of the internal rating model as applicable.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

(c) Definition of default and credit-impaired financial assets

The Group defines a financial instrument as default, which is fully aligned with the definition of credit-impaired when it meets one or more of the following criteria:

Quantitative criteria:

The Group defines a financial instrument as default, when the counterparty fails to make contractual payment within 180 days of when they fall due.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Impairment (continued)

(c) Definition of default and credit-impaired financial assets (continued)

Qualitative criteria:

The debtor meets unlikeliness to pay criteria, which indicates the debtor is in significant financial difficulty. The Group considers the following instances:

- the debtor is in breach of financial covenants.
- concessions have been made by the lender relating to the debtor’s financial difficulty.
- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.
- the debtor is insolvent.

Financial instruments that are credit-impaired are assessed on an individual basis.

(d) Groupings of instruments for ECL measurement

(i) Collective assessment

To measure ECL, trade receivables arising from the Group have been grouped based on the days past due and shared credit risk characteristics as follows:

- (i) Geographical region of customers
- (ii) Customer division
- (iii) Related company and external customers
- (iv) Other shared credit risks

The contract assets relate to amounts due from customers on contracts and unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

(ii) Individual assessment

Trade receivables which are in default or credit-impaired are assessed individually.

Other receivables, loans and amount due from intercompany, are assessed on individual basis for ECL measurement, as credit risk information is obtained and monitored separately.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Financial assets (continued)

Impairment (continued)

(e) Write-off

(i) Trade receivables

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are presented as net impairment losses on the face of profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

(ii) Other debt instruments

The Group writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The assessment of no reasonable expectation of recovery is based on the unavailability of the debtor’s sources of income or assets to generate sufficient future cash flows to repay the amount. The Group may write-off financial assets that are still subject to enforcement activity. Subsequent recoveries of amounts previously written off will result in impairment gains.

(f) Subsidiaries

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary exceeds its recoverable amount. The recoverable amount is higher of an asset’s fair value less costs of disposal and value-in-use. Any subsequent increase in recoverable amount is recognised in profit or loss.

(g) Financial liabilities

Financial liabilities are recognised on the statement of financial position when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method except for derivatives in a loss position, if any, which are measured through profit or loss.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Financial liabilities (continued)

Gains or losses arising from changes in the fair value of derivatives are recognised in profit or loss within other gains/losses, net. Net gains or losses on derivatives include exchange differences.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Foreign exchange differences are capitalised to the extent of the capitalisation of the related borrowing costs.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another 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 the derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

When the basis to determine the future contractual cash flows of the borrowings is modified entirely as a result of IBOR reform, the Group applied the reliefs provided in the Phase 2 amendments of IBOR reform with no modification gain or loss is recognised.

In situations where some or all of a change in the basis for determining the contractual cash flows of a borrowing does not meet the criteria of the Phase 2 amendments, the Group first applies the practical expedient to the changes required by IBOR reform, including updating the effective interest rate of the borrowings. Any additional changes are accounted for as modification of borrowings in accordance with the requirement in MFRS 9 (that is, assessed for modification or derecognition, with the resulting modification gain / loss recognised immediately in profit or loss where the borrowings is not derecognised).

The Group’s Islamic term loan is based on 1-month Kuala Lumpur Interbank Offered Rate (“KLIBOR”). The Group will closely monitor the regulators’ announcement on the alternative benchmark rate or discontinuation of publication of the KLIBOR for the relevant tenor; and engage the counterparties to discuss necessary changes to the related contracts, including the Islamic profit rate swap the Group has entered into. There are no updates at 31 December 2023.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(h) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy.

(i) Property, plant and equipment

Property, plant and equipment are initially stated at cost. All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Cost also includes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.

To the extent a legal or constructive obligation to a third party exists, the acquisition cost includes estimated cost of dismantling and removing the assets are restoring the site.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Major spare parts, stand-by equipment and servicing equipment are classified as property, plant and equipment rather than inventory when they are expected to be used during more than one period.

Freehold land is not depreciated as it has an infinite useful life and assets under construction are not depreciated until when the assets are ready for their intended use.

All property, plant and equipment are depreciated on a straight line basis to write off the cost of each asset to their residual values over their estimated useful lives as follows:

Principal annual rates used are summarised as follows:

<u>Property, plant and equipment</u>	<u>Estimated useful lives</u>
Buildings	20 – 25 years
Plant and machinery	3 – 20 years
Furniture, fittings, equipment and motor vehicles	3 – 11 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. The effects of any revision of the residual values and useful lives are included in profit or loss for the financial year in which the changes arise.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(i) Property, plant and equipment (continued)

Depreciation on property, plant and equipment ceases at the earlier of derecognition and classification as held for sale. Depreciation on assets under construction commences when the assets are ready for their intended use.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in “other operating income” in profit or loss.

At each statement of financial position date, the Group assess whether there is any indication of impairment. If such an indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

(j) Inventories

Inventories which consist of raw materials, work-in-progress, finished goods, molasses and consumables are stated at lower of cost and net realisable value.

Cost is determined on the weighted average cost basis. Raw material cost comprises the landed cost of goods purchased and in the case of work-in-progress and finished goods, includes materials, direct labour, other direct charges and an appropriate proportion of factory overheads. Consumables comprise the actual purchase costs.

Net realisable value is the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated cost to completion.

(k) Impairment of non-financial assets

Assets that have an indefinite useful life for example goodwill or intangible asset not ready to use, are not subject to amortisation and are tested annually for impairment, or when events or circumstances occur indicating that impairment may exist. Property, plant and equipment and other non-current non-financial assets, including intangible assets with definite useful lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount.

The impairment loss is charged to profit or loss. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Impaired assets, except goodwill, are reviewed for possible reversal of impairment at each reporting date and is recognised in profit or loss.

The reversal is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(l) Current and deferred income taxes

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Current and deferred tax is measured using the tax rates that have been enacted or substantively enacted at the statement of financial position date in the countries where the Group’s subsidiaries operate generate taxable income.

Deferred tax is provided for on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised.

Deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(m) Zakat

The Group recognises its obligations towards the payment of zakat on business. Zakat for the current period is recognised as and when the Group has a current zakat obligation as a result of zakat assessment. The amount of zakat expense shall be assessed when a company within the Group has been in operation for at least 12 months, i.e. for the period known as “haul (eligible period)”.

Zakat expense is determined based on the Group’s financial results for the year. The amount of zakat paid is recognised as an expense in the financial year in which it is incurred.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(n) Foreign currencies

In preparing the financial statements of individual entities in the Group, transactions in currencies other than the Group and Company’s functional currency (“foreign currency”) are translated to the functional currencies at rates of exchange ruling on the transaction dates.

Monetary assets and liabilities denominated in foreign currencies at the reporting date have been retranslated to the functional currency at rates ruling on the reporting date.

The Group and Company’s functional and presentation currency is Ringgit Malaysia (“RM”).

Functional and presentation currency

Items included in the financial statements of the each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The financial statements are presented in Ringgit Malaysia (“RM”), which is the Group and Company’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when deferred in equity as qualifying cash flow hedges ad qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss. Foreign exchange gains and losses related to foreign currency forward contracts are presented in profit or loss within “other (losses)/gains – net”.

Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each statement of comprehensive income are translated at average rate (unless this average is not reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in the foreign exchange reserve as a separate component of equity.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Revenue recognition

(i) Revenue from contracts with customers

- Sales of goods

The Group’s revenue which represents income arising in the course of the Group’s and the Company’s ordinary activities is recognised by reference to each distinct performance obligation promised in the contract with customer when or as the Group and the Company transfer the control of the goods and services promised in a contract and the customer obtains control of the goods or services. Depending on the substance of the respective contract with customer, the control of the promised goods or services may transfer over time or at point in time.

A contract with customer exists when the contract has commercial substance, the Group, the Company and their customers have approved the contract and intend to perform their respective obligations, the Group’s, the Company’s and the customer’s rights regarding the goods or services to be transferred and the payment terms can be identified, and it is probable that the Group and the Company will collect the consideration to which it will be entitled to in exchange of those goods or services.

Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties such as sales and service taxes or goods and service tax. If the amount of consideration varies due to discounts, rebates, penalties or other similar items, the Group and the Company estimate the amount of consideration that it expects to be entitled based on the expected value method or the most likely outcome but the estimation is constrained up to the amount that is highly probable of no significant reversal in the future. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or service promised in the contract.

The Group sells refined sugar, liquid sugar, sugar premix, raw sugar and molasses in connection to the sugar operation.

Revenue from sales of goods from the sugar operation and plantation are recognised net of discount and taxes at the point in time when control of the goods has transferred to the customer. Depending on the terms of the contract with the customer, control transfers either upon delivery or shipment of goods to the specific location agreed with the customer, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(o) Revenue recognition (continued)

(i) Revenue from contracts with customers (continued)

- Sales with a right of return

When the customer has a right to return the goods within a given period, the Group is obliged to refund the purchase price. Revenue is adjusted for the expected value of the returns and cost of sales are adjusted for the value of the corresponding goods expected to be returned.

A refund liability for the expected refunds to customers is recognised as adjustment to revenue and correspondingly in trade and other payables. At the same time, the Group has a right to recover the goods from the customer where the customer exercises his right of return and recognises a refund asset and a corresponding adjustment to cost of sales the refund asset is measured by reference to the former carrying amount of the product.

Accumulated experience is used to estimate such returns at the time of sale at a portfolio level using the expected value method. Because the number of goods returned has been steady for years, management assessed that it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

- Revenue from rendering services

Revenue from rendering services including management fees are recognised when the services are performed by reference to completion of the specific services.

Transportation services performed after the transfer of control of sales of goods from the sugar operation to customers are regarded as a separate performance obligation and recognised over time depending on the terms of the contract.

- Receivables, contract asset and contract liabilities

A receivable is recognised when the goods are delivered or services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

- Contract cost

During the previous financial year, the Group has elected the practical expedient to recognise incremental contract cost of obtaining contract with period of less than one year as an expense when incurred.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

- (o) Revenue recognition (continued)
- (ii) Revenue from other sources

Specific revenue recognition criteria for other revenue and income earned by the Group are as follows:
- (a) Incentive from Government

Incentive received from the Government of Malaysia for certain products sold relates to the difference between estimated market price and the controlled price determined by the Government for sale of packed sugar in the domestic market, limited to the amount agreed with the Government on a monthly basis. This subsidy is credited to the profit or loss and recognised as part of revenue from other sources in the accounting period in which the corresponding sales of goods are recognised.
- Specific revenue recognition criteria for other revenue and income earned by the Company are as follows:
- (a) Rental income - recognised on a straight-line basis over the lease terms.
- (b) Finance income - recognised using effective interest method.

Finance income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).
- (c) Dividend income

Dividend income from investments are recognised in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits.

Dividends that clearly represents a recovery of part of the cost of an investment is recognised in other comprehensive income if it relates to an investment in equity instruments measured at FVOCI.
- (p) Dividend distribution

Dividends on ordinary shares are recognised as liabilities when proposed or declared before the statement of financial position date. A dividend proposed or declared after the statement of financial position date, but before the financial statements are authorised for issue, is not recognised as a liability at the reporting date.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

- (q) Cash and cash equivalents
- For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of 3 months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
- (r) Leases

The Group and Company as a lessee

Leases are recognised as a right-of-use (“ROU”) asset and a corresponding liability at the date at which the leased asset is available for use by the Group and Company.
- (a) ROU assets

ROU assets are measured at cost comprising the following:

the amount of the initial measurement of lease liability;

any lease payments made at or before the commencement date less any lease incentives received;

any initial direct costs; and

decommissioning or restoration costs.

The ROU asset is depreciated over the shorter of the right-of-use asset’s useful life and the lease term on a straight-line basis, as follows:

<u>ROU assets</u>	<u>Estimated useful lives</u>
Leasehold land	66 to 99 years
Buildings	3 to 60 years

The ROU assets are adjusted for certain re-measurement of the lease liability.

At each statement of financial position date, the Group assesses whether there is any indication of impairment. If such an indication exists, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount. See material accounting policies Note 3(k) on impairment of non-financial assets.
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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(r) Leases (continued)

The Group and Company as a lessee (continued)

(b) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date, if any;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase and extension options if the group is reasonably certain to exercise that option, if any; and
- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option, if any.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee’s incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Group presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in the statement of profit or loss.

(c) Lease term

In determining the lease term, the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The Group reassesses the lease term upon the occurrence of a significant event or change in circumstances that are within the control of the Group and affects whether the Group is reasonably certain to exercise an option not previously included in the determination of the lease term, or not to exercise an option previously included in the determination of lease term. A revision in the lease term results in the re-measurement of the lease liabilities (refer to (d) below).

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(r) Leases (continued)

The Group and Company as a lessee (continued)

(d) Reassessment of lease liabilities

The Group initially estimates and recognises amounts expected to be payable under residual value guarantees as part of the lease liability. The amounts are reviewed and adjusted if appropriate, at the end of each reporting period.

A change in lease payments (including rent concession, except for COVID-19-related rent concessions), other than those arising from a change in amounts expected to be payable under residual value guarantees or in an index or rate used to determine lease payments, is accounted for as a lease modification if it is not part of the original terms and conditions of the lease. The lease modification is accounted for as either a new lease or as a re-measurement of an existing lease liability, depending on the criteria set in MFRS 16.

(e) Short-term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less, which cost less than RM20,000 each if purchased new. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss.

The Group and Company do not separate any non-lease components from lease components and instead account for each lease component and any associated non-lease components as a single lease component.

The Group and Company as a lessor

As a lessor, the Company determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to the lessee. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

(a) Finance leases

The Company classifies a lease as a finance lease if the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee.

The Company derecognises the underlying asset and recognises a receivable at an amount equal to the net investment in a finance lease. Net investment in a finance lease is measured at an amount equal to the sum of the present value of lease payments from the lessee and the unguaranteed residual value of the underlying asset. Initial direct costs are also included in the initial measurement of the net investment. The net investments are subject to MFRS 9 impairment. In addition, the Company reviews regularly the estimated unguaranteed residual value.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(r) Leases (continued)

The Group and Company as a lessor (continued)

(a) Finance leases (continued)

Lease income is recognised over the term of the lease using the net investment method to reflect a constant periodic rate of return. The Company revises the lease income allocation if there is a reduction in the estimated unguaranteed residual value.

(b) Sublease classification

When the Company is an intermediate lessor, it assesses the lease classification of a sublease with reference to the ROU asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease, then it classifies the sublease as an operating lease.

(s) Contingent liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence and non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably. However contingent liabilities do not include financial guarantee contracts.

(t) Provisions

Provisions are recognised when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that an outflow of resources will be required to settle the obligation; and
- a reliable estimate of the amount can be made.

Where the Group expects a provision to be reimbursed (for example, under an insurance contract), the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as finance cost.

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(u) Onerous contracts

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

(v) Non-current assets held for sale

Non-current assets are classified as assets held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for sale in its immediate condition. Management must be committed to the sale, which should be expected within one year from the date of classification as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are re-measured in accordance with the Group’s accounting policies. Thereafter, the assets (or disposal group) are recognised at the lower of their carrying amount and fair value less cost to sell. Assets classified as held for sale, or included within a disposal group that is classified as held for sale, are not depreciated. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are included in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

A discontinued operation is a component of the Group’s business that represents a separate major line of business or geographical area of operations or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. A disposal group that is to be abandoned may also qualify.

Results from operations qualifying as discontinued operations are presented separately as a single amount on profit or loss. Results from operations qualifying as discontinued operations as of the balance sheet date for the latest period presented, that have previously been presented as results from continuing operations, are represented as results from discontinued operations for all periods presented.

In case conditions for classification of non-current assets and disposal groups as held for sale are no longer met, classification as held for sale ceases. Accordingly, results of operations, previously presented in discontinued operations, are reclassified and included in results from continuing operations for all periods presented. Non-current assets that cease to be classified as held for sale are re-measured at the lower of their carrying amount before classification as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset or disposal group not been classified as held for sale, and its recoverable amount at the date of the subsequent decision to sell.

(w) Earnings per share

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated based on the consolidated profit after taxation attributable to equity shareholders of the Company and divided by the weighted number of ordinary shares in issue.

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3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(x) Fair value measurement

The fair value measurement prescribes that the fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

(y) Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in Note 26 to the financial statements. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within ‘finance income/(costs)’ and ‘foreign exchange losses’.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss and presented separately after net operating profit.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss within ‘finance income/(costs)’ (Note 10).

3 MATERIAL ACCOUNTING POLICIES (CONTINUED)

(y) Derivative financial instruments and hedging activities (continued)

Cash flow hedge (continued)

The Group will apply the following Phase 1 reliefs provided by the Amendments to MFRS 9 and MFRS 7 ‘Interest Rate Benchmark Reform’ until the uncertainty arising from IBOR reform no longer being present:

- When considering the ‘highly probable’ requirement, the Group has assumed that the IBOR interest rate on which the Group’s hedged borrowings is based does not change as a result of IBOR reform.
- In assessing whether the hedge is expected to be highly effective on a forward-looking basis the Group has assumed that the IBOR interest rate on which the cash flows of the hedged borrowings and the interest rate swap that hedges it are based is not altered by IBOR reform.
- The Group has not recycled the cash flow hedge reserve for designated hedges that are subject to the IBOR reform.

The Group will apply the following reliefs provided by the Amendments to MFRS 9 and MFRS 7 ‘Interest Rate Benchmark Reform—Phase 2’:

- Hedge designation: When the Phase 1 amendments cease to apply, the Group will amend its hedge designation to reflect changes which are required by IBOR reform, but only to make one or more of the following changes:
 - designating an alternative benchmark rate (contractually or non-contractually specified) as a hedged risk;
 - amending the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
 - amending the description of the hedging instrument.

The Group amends its hedge documentation to reflect this change in designation by the end of the reporting period in which the changes are made. These amendments to the hedge documentation do not require the Group to discontinue its hedge relationships.

- Amounts accumulated in the cash flow hedge reserve: When the Group amends its hedge designation as described above, the accumulated amount outstanding in the cash flow hedge reserve is deemed to be based on the alternative benchmark rate. For discontinued hedging relationships, when the interest rate benchmark on which the hedged future cash flows were based has changed as required by IBOR reform, the amount accumulated in the cash flow hedge reserve is also deemed to be based on the alternative benchmark rate for the purpose of assessing whether the hedged future cash flows are still expected to occur.

(z) Segment reporting

The Group has identified the sugar business as its sole operating segment.

Segment information is not presented as the Group is primarily engaged in the sugar business whereby the measurement of profit or loss used by the chief operating decision maker is on a Group basis.

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4 FINANCIAL RISK MANAGEMENT

(a) Financial risk management policies

The Group is exposed to market risk (including foreign currency exchange risk, commodity price risk and finance rate risk), credit risk and liquidity risk arising from its business activities. The Group’s overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group’s financial performance. The Group uses relevant derivative financial instruments to hedge the risk of such commercial exposure and ensure the implementation risk action plans to effectively mitigate the risks. Such derivatives financial instruments are generally not held for trading as speculative purposes.

The Board of Directors has overall responsibility for the oversight of financial risk management which includes risk identification, operational or strategic, and the subsequent action plans to manage these risks. Management is responsible for identifying, monitoring and managing the Group’s risk exposures.

Market risk

(i) Foreign currency exchange risk

The Group operates internationally and is exposed to foreign currency exchange risk arising from various currency exposures, primarily with respect to the United States Dollar (“USD”).

The Group manages its currency exposure through foreign currency forward contracts.

As at 31.12.2023, a 20% strengthening/weakening of the USD against Malaysia Ringgit (“RM”) at the date of statement of financial position would decrease/increase the Group’s loss after tax of approximately RM22,121,000 (2022: No impact as USD currency exposure was fully hedged through foreign currency forward contracts).

The above exposure mainly as a result of foreign exchange gains/losses on translation of receivables, payables and bank balances. The analysis assumes that all other variables remain constant.

(ii) Commodity price risk

The Group is exposed to raw sugar prices which are subject to fluctuations due to unpredictable factors such as weather, change of global demand and global production.

Management is responsible for managing the Group’s exposure to raw sugar input cost against selling prices of refined sugar set by the Government. Management meets regularly to review their raw sugar requirements and price trends and then decides when to buy and price raw sugar consignments so that a refining margin is locked to ensure budgeted profits are met. In addition, the Group enters into New York 11 raw sugar future contracts to manage its raw sugar purchase cost.

A sensitivity analysis has been performed based on the Group’s exposure to sugar futures as at year end. If price of raw sugar increases or decreases by 10% with all other variables held constant, the Group’s loss after tax and equity would increase or decrease by RM5,088,000 (2022: loss after tax and equity would increase or decrease by RM2,903,000).

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Market risk (continued)

(iii) Finance rate risk

The Group’s finance rate risk mainly arises from term loans. Term loans issued at variable rates expose the Group to cash flow finance rate risk.

The Company has been in constant engagement with its lender to manage its finance rate risk and has been advised that the current KLIBOR is still being referenced for its borrowings. The Company has also been informed that currently, the lender shall be guided by further announcement by Bank Negara Malaysia (BNM) on the timeline for the migration to the alternative reference rate (ARR) upon the cessation of the current KLIBOR rate. Upon the issuance of the guidelines, the lenders will engage the Company on the transition plan.

The finance rate profile of the Group’s and the Company’s finance bearing financial assets, based on carrying amounts as at the end of the financial year was:

	Group		Company	
	2023 RM ’ 000	2022 RM ’ 000	2023 RM ’ 000	2022 RM ’ 000
Financial assets				
At fixed rate:				
Fixed deposits	254,969	208,810	66,575	52,841

The finance rate profile of the Group’s and the Company’s finance bearing financial liabilities, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2023 RM ’ 000	2022 RM ’ 000	2023 RM ’ 000	2022 RM ’ 000
Financial liabilities				
At fixed rate:				
Borrowings	833,931	517,156	-	-

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Market risk (continued)

(iii) Finance rate risk (continued)

The finance rate profile of the Group’s and the Company’s finance bearing financial liabilities, based on carrying amounts as at the end of the reporting period was: (continued)

	Group		Company	
	2023 RM’ 000	2022 RM’ 000	2023 RM’ 000	2022 RM’ 000
Financial liabilities (continued)				
At floating rate (exposed to cash flow finance rate risk):				
Borrowings	299,235	362,311	299,235	362,311
Loan due to a subsidiary	-	-	74,395	95,387
	299,235	362,311	373,630	457,698
	1,133,166	879,467	373,630	457,698

If finance rates on its floating rate financial liabilities increased/decreased by 10 basis points with all other variables held constant, the loss after tax of the Group will increase/decrease by RM227,000 (2022: loss after tax of the Group will increase/decrease by RM275,000).

If finance rates on its floating rate financial liabilities increased/decreased by 10 basis points with all other variables held constant, the profit after tax of the Company will decrease/increase by RM284,000 (2022: profit after tax of the Company will decrease/increase by RM348,000).

Other financial assets and financial liabilities are non-finance bearing, and therefore are not affected by changes in finance rates.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures from outstanding receivables.

The Group adopts the policy of dealing with customers with an appropriate credit history, and obtaining sufficient security where appropriate, including payments in advance, security in the form of guarantees, deeds of undertaking or letters of credit which can be called upon if the counterparty is in default under the terms of the agreement.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk (continued)

Receivables, amounts due from subsidiaries and other related companies’ exposure are closely monitored and continuously followed up.

The Group’s deposits, cash and bank balances were largely placed with major financial institutions in Malaysia. The Directors are of the view that the possibility of non-performance by these financial institutions, including those non-rated financial institutions, is remote on the basis of their financial strength.

(a) Impairment of financial assets

The Group’s financial assets that are subject to the expected credit loss (ECL) model include trade and other receivables. While cash and cash equivalents are also subject to the impairment requirements of MFRS 9, the impairment loss is expected to be immaterial.

(i) Trade receivables, lease receivable, amounts due from subsidiaries and related companies that are trade related using simplified approach

The Group applies the MFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 24 months before reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. No significant changes to estimation techniques or assumptions were made during the reporting period.

(ii) Other receivables, loans and amounts due from immediate holding company, subsidiaries and other related companies that are non-trade related using general 3-stage approach

The Group uses three categories for other receivables which reflect their credit risk and how the loss allowance is determined for each of those categories (3 stage approach). These financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the group, and a failure to make contractual payments for a period of greater than 365 days past due.

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Credit risk (continued)

(a) Impairment of financial assets (continued)

(ii) Other receivables, loans and amounts due from immediate holding company, subsidiaries and other related companies that are non-trade related using general 3-stage approach (continued)

A summary of the assumptions underpinning the Group’s ECL model is as follows:

Category	Group’s definition of category	Basis for recognising ECL
Performing	Debtors have a low risk of default and a strong capacity to meet contractual cash flows	12 month ECL
Underperforming	Debtors for which there is a significant increase in credit risk or significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due	Lifetime ECL
Non-performing	Interest and/or principal repayments are 180 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL (credit-impaired)
Write-off	There is evidence indicating that there is no reasonable expectation of recovery based on unavailability of debtor’s sources of income or assets to generate sufficient future cash flows to repay the amount	Asset is written off

Inter-company balances

The Company provided unsecured loans to subsidiaries. The Company monitors the results of the subsidiaries regularly.

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position and there was no indication that the loans to the subsidiaries are not recoverable.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting obligations due to shortage of funds. The Group maintains a sufficient level of cash and cash equivalents to meet the Group’s working capital requirements by closely monitoring its cash flows.

Cash flow forecasting is performed in the operating entities of the Group and then aggregated by management. Management monitors rolling forecasts of the Group’s liquidity requirements to ensure it has sufficient cash to meet operational needs.

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk (continued)

As disclosed in Note 33 to the financial statements, the Company would have not complied with two of the financial covenants for its Islamic term loan. The Company had received a Supplemental Letter dated 13 December 2023 from the lender granting the waiver on 2 out of 3 financial covenants i.e. Consolidated Net Debt and Financing to EBITDA Ratio and Consolidated Finance Payment Cover Ratio for the financial year ending 31 December 2023. The Company will continue to monitor the compliance of the financial covenants and will engage the lenders as and when required.

The Directors are of the view that, based on the assumptions presented by management of the Company, there are reasonable grounds that the Group will have sufficient cash flows for the next twelve months from the financial statements approval date to meet their cash flow requirements, and there is no material uncertainty on its ability to continue as a going concern despite the net current liabilities position of the Group as at 31 December 2023. The Group’s cash requirements for at least the next twelve months from the financial statements approval date primarily include operational requirements, capital expenditure for the Group’s refineries and repayment of loan facilities and tax liabilities. In preparing the cash flow forecast, the Group expects to fund its obligations via cash inflows from sale of sugar products and revolving facilities. If required, the Group may continue to draw upon the availability of unutilised trade lines from its lenders and trade lines under subsidiaries of FGV Holdings Berhad. In addition, FGV Holdings Berhad has also confirmed its intention to provide continuing financial support to the Group as and when necessary to enable the Group to meet its liabilities as they fall due including the Company’s Islamic Term Loan obligations. The financial support given by FGV Holdings Berhad covers a period of twelve months from the date of the support letter, 25 March 2024.

The Company plans to manage its liquidity risk by receiving income in the form of dividends and management fees from its subsidiaries and to restructure the repayment of loan due to a subsidiary to meet its obligations over the next twelve months.

Surplus cash is invested in profit bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts. At the reporting date, the Group held cash investments of RM254,969,000 (2022: RM208,810,000) and other liquid assets of RM23,351,000 (2022: RM12,154,000) that are expected to readily generate cash inflows for managing liquidity risk. At the reporting date, the Company held cash investments of RM66,575,000 (2022: RM52,841,000) and other liquid assets of RM88,000 (2022: RM767,000) that are expected to readily generate cash inflows for managing liquidity risk.

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk (continued)

The table below analyses the Group’s and the Company’s non-derivative financial liabilities into relevant maturity groupings based on the remaining maturity periods at the reporting date to the contractual maturity dates. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The table below summaries the maturity profile of the Group’s and Company’s financial liabilities based on the remaining maturity periods at the statement of financial position date. The amounts disclosed in the table are based on contractual undiscounted cash flows.

Group	Less than 1 year RM’ 000	Between 1 and 2 years RM’ 000	Between 2 and 5 years RM’ 000	Over 5 years RM’ 000	Total RM’ 000
<u>At 31 December 2023</u>					
Payables	232,890	-	-	-	232,890
Amounts due to other related companies	5,006	-	-	-	5,006
Amount due to immediate holding company	1,301	-	-	-	1,301
Amount due to ultimate holding body	76	-	-	-	76
Borrowings	913,676	82,416	241,349	-	1,237,441
Lease liabilities	2,304	2,145	5,392	26,162	36,003
Total undiscounted financial liabilities	1,155,253	84,561	246,741	26,162	1,512,717
<u>At 31 December 2022</u>					
Payables	334,542	-	-	-	334,542
Amounts due to other related companies	6,937	-	-	-	6,937
Amount due to immediate holding company	328	-	-	-	328
Amount due to ultimate holding body	65	-	-	-	65
Borrowings	596,501	81,827	241,247	-	919,575
Lease liabilities	2,304	2,132	5,468	26,849	36,753
Total undiscounted financial liabilities	940,677	83,959	246,715	26,849	1,298,200

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial risk management policies (continued)

Liquidity risk (continued)

Company	Less than 1 year RM’ 000	Between 1 and 2 years RM’ 000	Between 2 and 5 years RM’ 000	Over 5 years RM’ 000	Total RM’ 000
<u>At 31 December 2023</u>					
Payables	3,825	-	-	-	3,825
Amounts due to subsidiaries	15	-	-	-	15
Amounts due to other related companies	196	-	-	-	196
Amount due to immediate holding company	908	-	-	-	908
Amount due to ultimate holding body	76	-	-	-	76
Loan due to a subsidiary	-	85,615	-	-	85,615
Borrowings	79,745	82,416	241,349	-	403,510
Lease liabilities	750	763	2,338	-	3,851
Total undiscounted financial liabilities	85,515	168,794	243,687	-	497,996
<u>At 31 December 2022</u>					
Payables	4,359	-	-	-	4,359
Amounts due to subsidiaries	12	-	-	-	12
Amounts due to other related companies	60	-	-	-	60
Amount due to immediate holding company	208	-	-	-	208
Amount due to ultimate holding body	65	-	-	-	65
Loan due to a subsidiary *	-	108,402	-	-	108,402
Borrowings	79,344	81,827	241,248	-	402,419
Lease liabilities	750	750	2,414	688	4,602
Total undiscounted financial liabilities	84,798	190,979	243,662	688	520,127

* Comparatives have been restated to reflect the remaining maturity periods of the liability.

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Capital risk management policies

The Group’s and Company’s primary objectives on capital management policies are to safeguard the Group’s and Company’s ability to maintain healthy capital ratios to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group and Company manage its capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial year ended 31 December 2023 and 31 December 2022.

The Group considers its debts and equity attributable to owners of the Company as capital and monitor capital using gearing ratio. This ratio is calculated as net debt divided by total capital of the Group and of the Company. Net debt is calculated as total borrowings (including ‘current and non-current borrowings’ as shown in the consolidated statement of financial position), lease liabilities and loan due to a subsidiary less deposits, cash and bank balances. Total capital is calculated as ‘equity attributable to owners of the Company as shown in the consolidated statement of financial position plus the net debt of the Group and of the Company.

The gearing ratio analysis for the Group and the Company are as disclosed below:

	Group		Company	
	2023 RM’ 000	2022 RM’ 000	2023 RM’ 000	2022 RM’ 000
Net debt	875,404	680,334	310,382	408,073
Equity attributable to owners of the Company	1,465,076	1,514,747	2,091,631	2,007,107
Total capital	2,340,480	2,195,081	2,402,013	2,415,180
Gearing ratio	37%	31%	13%	17%

The increase in the Group’s gearing ratio in 2023 is due to increase in borrowing and decrease in retained earnings.

(c) Fair value estimation

Financial instruments that are measured in the statement of financial position at fair value are disclosed by the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (continued)

The following table presents the Group’s financial assets and liabilities that are measured at fair value at 31 December 2023 and 31 December 2022:

	Carrying amount RM’ 000	Level 1 RM’ 000	Level 2 RM’ 000	Level 3 RM’ 000
Group - Liabilities				
<u>As at 31 December 2023</u>				
Financial liabilities at fair value through profit or loss:				
Derivatives				
- Foreign exchange forward contracts	(343)	-	(343)	-
Derivatives used for hedging:				
- Islamic profit rate swap	(11)	-	(11)	-
<u>As at 31 December 2022</u>				
Financial liabilities at fair value through profit or loss:				
Derivatives				
- Foreign exchange forward contracts	(16,890)	-	(16,890)	-
- Brent crude oil option contracts	(853)	(853)	-	-
Derivatives used for hedging:				
- Islamic profit rate swap	(193)	-	(193)	-
Company - Liabilities				
<u>As at 31 December 2023</u>				
Derivatives used for hedging:				
- Islamic profit rate swap	(11)	-	(11)	-
<u>As at 31 December 2022</u>				
Derivatives used for hedging:				
- Islamic profit rate swap	(193)	-	(193)	-

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4 FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Fair value estimation (continued)

There were no transfers between levels 1 and 2 during the financial year.

(i) [Financial instruments in Level 1](#)

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise of sugar commodity futures contracts and Brent crude oil option contracts.

(ii) [Financial instruments in Level 2](#)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Instruments included in Level 2 comprise Islamic profit rate swap and foreign exchange forward contract.

There are no offsetting financial assets and financial liabilities during the financial year.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumption that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

[Goodwill](#)

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units (‘CGU’) to which the goodwill is allocated. Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

The recoverable amounts of CGUs were determined based on the higher of fair value less cost to sell and value-in-use (‘VIU’) calculations. The VIU is the net present value of the projected future cash flows derived from the CGU discounted at an appropriate discount rate. Projected future cash flows are estimates made based on historical, industry trends, general market and economic condition and other available information. Projected future cash flows are based on Group’s judgement in terms of assessing future uncertain parameters such as selling price, raw sugar price, sales volume and terminal value growth rate. These judgements are based on the historical track record and expectations of future events that are believed to be reasonable under current circumstances.

As a result of these impairment assessments, the Group did not recognise any impairment. A forecast period of 5 years together with a terminal value growth rate was used to derive the recoverable amount.

The key assumptions and sensitivity analysis are as disclosed in Note 18 to the financial statements.

5 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

[Impairment of non-financial assets](#)

The Group and the Company assess whether there is any indication that non-financial assets are impaired at the end of each reporting period and tests non-financial assets for impairment if such indication exists. The carrying amount of the Group’s non financial assets was assessed for impairment as the Group’s market capitalisation was below the carrying value of its net assets as at 31 December 2023.

Impairment is measured by comparing the carrying amount of a cash generating unit with its recoverable amount. The recoverable amount is measured at the higher of the fair value less costs to sell for that asset and its value in use. The value in use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. Projected future cash flows are calculated based on historical and industry trends, general market and economic conditions and other available information. Changes to any of these assumptions would affect the determination of value in use.

Refer to Note 16 to the financial statements for the details of the impairment assessment carried out by management on MSM Johor’s CGU, which comprise property, plant and equipment, right-of-use assets and working capital.

[Deferred tax assets](#)

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. This involves judgment regarding the future financial performance of the particular entity in which the deferred tax asset has been recognised.

As of 31 December 2023, the Group has not recognised deferred tax assets of RM159,355,000 (2022: RM137,668,000) in respect of unused tax losses and unabsorbed capital allowances of a loss making subsidiary of the Group.

In evaluating whether it is probable that future taxable profits will be available in future periods, all available evidence was considered, including approved budgets and business plans, continuous effective cost management plans and analysis of historical operating results. These forecasts are consistent with those prepared and used internally for business planning and impairment testing purposes.

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6 REVENUE

The Group and Company derive the following types of revenue:

	Group		Company	
	2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
Revenue from contract with customers	3,043,223	2,565,985	15,035	14,319
Revenue from other sources	48,000	-	118,519	135,650
	3,091,223	2,565,985	133,554	149,969

Disaggregation of revenue from contracts with customers:

	Group		Company	
	2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
Revenue from contract with customers				
Management fee income	-	-	15,035	14,319
Sales of goods (refined sugar and molasses)	3,040,887	2,560,339	-	-
Rendering of services (transportation services)	2,336	5,646	-	-
	3,043,223	2,565,985	15,035	14,319
Revenue from other sources				
Incentive from Kementerian Perdagangan Dalam Negeri dan Kos Sara Hidup (KPDN) for sales of packed sugar	48,000	-	-	-
Interest income	-	-	1,914	35,386
Dividend income	-	-	116,360	100,000
Others	-	-	245	264
	48,000	-	118,519	135,650
	3,091,223	2,565,985	133,554	149,969
Timing of revenue recognition				
- at a point in time	3,040,887	2,560,339	-	-
- over time	2,336	5,646	15,035	14,319
	3,043,223	2,565,985	15,035	14,319

6 REVENUE (CONTIUNED)

The analysis of revenue by geographical locations is as follows:

	Group	
	2023 RM' 000	2022 RM' 000
Malaysia	2,391,023	2,022,286
Asia	558,172	486,962
Oceania	82,342	56,737
Europe	836	-
Africa	5,868	-
North America	411	-
South America	4,571	-
	3,043,223	2,565,985

7 OTHER OPERATING INCOME

	Note	Group		Company	
		2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
Gain on liquidation of a subsidiary	19(b)	-	1,591	-	408
Income from sale of scrap		642	975	-	-
Gain on disposal of asset held for sale	28	8,381	-	-	-
Gain on disposal of property, plant and equipment	16	-	342	-	-
Unrealised gains on foreign currency exchange translation		57	4,240	-	-
Realised gains on foreign currency exchange translation		7,792	2,429	-	-
Insurance claims		6,416	432	305	198
Others		153	35	27	12
		23,441	10,044	332	618

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8 (REVERSAL OF IMPAIRMENT)/IMPAIRMENT OF FINANCIAL ASSETS, NET

	Note	Group		Company	
		2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
(Reversal)/Impairment loss of trade and other receivables	22	(1,659)	(3,233)	20	-
Impairment loss of amount due from a related company	24	966	414	-	-
Impairment loss of amount due from subsidiaries	24	-	-	8	-
		(693)	(2,819)	28	-

9 OTHER GAINS/(LOSSES), NET

		Group		Company	
		2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
Unrealised fair value gains/(losses)-net					
- Sugar futures contract		-	963	-	-
- Brent crude oil forward option		853	1,280	-	-
- Foreign currency exchange forward contracts		16,548	(16,237)	-	-
		17,401	(13,994)	-	-
Realised fair value (losses)/gains-net					
- Sugar futures contract		-	(1,313)	-	-
- Brent crude oil forward option		(2,347)	3,068	-	-
- Foreign currency exchange forward contracts		(4,075)	3,127	-	-
		(6,422)	4,882	-	-
Liquidation of excess raw sugar contracts		-	2,087	-	-
		10,979	(7,025)	-	-

10 FINANCE INCOME AND COSTS

	Note	Group		Company	
		2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
Finance income:					
Interest income		7,932	4,022	-	-
Finance costs:					
Interest on:					
- bankers' acceptances		(31,768)	(14,446)	-	-
- term loans		(16,766)	(14,949)	(16,766)	(14,949)
- interest on Islamic profit rate swap		(311)	(2,731)	(311)	(2,731)
- loan due to a subsidiary		-	-	(3,208)	(2,834)
- lease liabilities		(1,073)	(914)	(182)	(49)
- ineffective cash flow hedge		(67)	(331)	(67)	(331)
		(49,985)	(33,371)	(20,534)	(20,894)
Amount capitalised on qualifying assets					
- property, plant and equipment	16, 35	2,225	1,387	-	-
		(47,760)	(31,984)	(20,534)	(20,894)

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11 (LOSS)/PROFIT BEFORE ZAKAT AND TAXATION

(Loss)/Profit before zakat and taxation is stated after charging/(crediting):

	Note	Group		Company	
		2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
Cost of raw sugar consumed		2,477,840	2,063,142	-	-
Changes in inventories of work in progress, refined sugar and molasses		(48,592)	(60,536)	-	-
Inventories written off		152	272	-	-
Allowance for inventory obsolescence		2,970	294	-	-
Change in provision for onerous sales contracts		3,906	8,439	-	-
Impact of inventories carried at net realisable value	23	2,205	13,994	-	-
Distribution and transport expenses		25,637	39,738	-	-
Natural gas and fuel consumed		213,366	201,480	-	-
Property, plant and equipment:					
- Depreciation	16	75,459	75,345	708	750
- Write-offs	16	587	220	210	34
- Gain on disposal of property, plant and equipment		-	(342)	-	-
Right-of-use assets:					
- Depreciation	17	3,591	3,483	735	704
Intangible assets:					
- Amortisation	18	3,603	3,972	375	747
- Impairment	18	13	-	13	-
Gain on disposal of asset held for sale	7	(8,381)	-	-	-
Insurance claim	7	(6,416)	(432)	(305)	(198)
Principal auditors' remuneration:					
- Audit fee – current year		474	463	175	170
- Non-Audit fee – current year		-	190	-	190
- Other assurance services		284	284	284	284
Repair and maintenance		77,679	61,379	1,503	1,300
Staff costs*		103,594	98,037	16,017	15,795
Rental expenses for short term leases and low value assets		7,024	8,140	-	-
Unrealised foreign exchange loss/(gain)		137	(4,262)	-	-

11 (LOSS)/PROFIT BEFORE ZAKAT AND TAXATION (CONTINUED)

(Loss)/Profit before zakat and taxation is stated after charging/(crediting): (continued)

* Staff costs (excluding Directors' remuneration) are analysed as follows:

	Group		Company	
	2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
Wages, salaries and bonuses	72,073	69,309	12,310	12,350
Defined contribution plan	10,440	9,883	2,066	2,036
Other employee benefits	21,081	18,845	1,641	1,409
	103,594	98,037	16,017	15,795

12 DIRECTORS' REMUNERATION

	Receivable from the Company RM' 000	Receivable from subsidiaries RM' 000	Group RM' 000
2023			
Fees:			
- Independent Non-Executive	1,073	-	1,073
- Non-Independent Non-Executive	516	-	516
	1,589	-	1,589
Meeting allowances:			
- Independent Non-Executive	336	-	336
- Non-Independent Non-Executive	150	-	150
	486	-	486
Benefits in kind:			
- Independent Non-Executive Director	44	-	44
Other benefits:			
- Independent Non-Executive	13	-	13
- Non-Independent Non-Executive	5	-	5
	18	-	18
	2,137	-	2,137

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12 DIRECTORS’ REMUNERATION (CONTINUED)

	Receivable from the Company RM’ 000	Receivable from subsidiaries RM’ 000	Group RM’ 000
2022			
Fees:			
- Independent Non-Executive	1,154	-	1,154
- Non-Independent Non-Executive	443	-	443
	1,597	-	1,597
Meeting allowances:			
- Independent Non-Executive	356	-	356
- Non-Independent Non-Executive	138	-	138
	494	-	494
Benefits in kind:			
- Independent Non-Executive Director	42	-	42
Other benefits:			
- Independent Non-Executive	9	-	9
- Non-Independent Non-Executive	3	-	3
	12	-	12
	2,145	-	2,145

13 ZAKAT

	Group		Company	
	2023 RM’ 000	2022 RM’ 000	2023 RM’ 000	2022 RM’ 000
Movement in zakat liability:				
At beginning of financial year	-	-	-	-
Current financial year’s zakat expense	1,000	1,000	-	-
Zakat paid	(1,000)	(1,000)	-	-
At the end of financial year	-	-	-	-

14 TAXATION

		Group		Company	
	Note	2023 RM’ 000	2022 RM’ 000	2023 RM’ 000	2022 RM’ 000
Current tax		24,063	720	1,152	-
(Over)/Under accrual in prior financial year		(172)	2,424	-	603
Real property gains tax		594	-	-	-
		24,485	3,144	1,152	603
Deferred tax	31	(3,614)	(3,971)	(35)	156
		20,871	(827)	1,117	759

The numerical reconciliation of the relationship between taxation and (loss)/profit before taxation after zakat is as follows:

	Group		Company	
	2023 RM’ 000	2022 RM’ 000	2023 RM’ 000	2022 RM’ 000
(Loss)/Profit before taxation after zakat	(29,013)	(179,539)	85,428	101,029
Tax at Malaysian tax rate of 24% (2022: 24%)	(6,963)	(43,089)	20,503	24,247
Tax effects of:				
- expenses not deductible for tax purposes	11,043	5,951	8,540	2,963
- income not subject to tax	(2,410)	(1,135)	(27,926)	(24,098)
- (over)/under accrual in prior financial year	(172)	2,424	-	603
- real property gains tax	594	-	-	-
- utilisation of group tax relief	-	-	-	(2,956)
- temporary differences not recognised as deferred tax	21,688	36,521	-	-
- temporary differences in respect of prior years	(2,909)	(1,499)	-	-
	20,871	(827)	1,117	759

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15 (LOSS) PER SHARE

	Group	
	2023 RM' 000	2022 RM' 000
(Loss) for the financial year attributable to owners of the Company	(49,884)	(178,712)
Weighted average number of ordinary shares in issue ('000)	702,980	702,980
Basic and diluted (loss) per share (sen)	(7.10)	(25.42)

16 PROPERTY, PLANT AND EQUIPMENT

Group	Note	Freehold land RM' 000	Buildings RM' 000	Plant and machinery RM' 000	Furniture, fittings, equipment and motor vehicles RM' 000	Assets under construction RM' 000	Total RM' 000
2023							
<u>Cost</u>							
At 1 January 2023		6,486	439,458	1,383,924	72,462	40,116	1,942,446
Additions	35	-	127	2,617	1,871	55,724	60,339
Write-offs		-	(28)	(3,007)	(4,175)	-	(7,210)
Reclassifications		-	43,306	22,682	7,847	(73,835)	-
At 31 December 2023		6,486	482,863	1,406,216	78,005	22,005	1,995,575
<u>Accumulated depreciation</u>							
At 1 January 2023		-	108,389	580,244	48,359	-	736,992
Charge for the financial year		-	9,987	57,988	7,484	-	75,459
Write-offs		-	(9)	(2,884)	(3,730)	-	(6,623)
At 31 December 2023		-	118,367	635,348	52,113	-	805,828
<u>Net book value</u>							
At 31 December 2023		6,486	364,496	770,868	25,892	22,005	1,189,747

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Freehold land RM' 000	Buildings RM' 000	Plant and machinery RM' 000	Furniture, fittings, equipment and motor vehicles RM' 000	Assets under construction RM' 000	Total RM' 000
2022							
<u>Cost</u>							
At 1 January 2022		6,486	435,787	1,363,377	71,588	11,582	1,888,820
Additions	35	-	349	2,703	1,365	56,441	60,858
Write-offs		-	-	(2,003)	(1,495)	-	(3,498)
Disposal		-	(3,019)	(250)	(115)	(350)	(3,734)
Reclassifications		-	6,341	20,097	1,119	(27,557)	-
At 31 December 2022		6,486	439,458	1,383,924	72,462	40,116	1,942,446
<u>Accumulated depreciation</u>							
At 1 January 2022		-	101,012	523,012	43,272	-	667,296
Charge for the financial year		-	9,449	59,415	6,481	-	75,345
Write-offs		-	-	(1,998)	(1,280)	-	(3,278)
Disposal		-	(2,072)	(185)	(114)	-	(2,371)
At 31 December 2022		-	108,389	580,244	48,359	-	736,992
<u>Accumulated impairment</u>							
At 1 January 2022		-	883	121	10	-	1,014
Disposal		-	(883)	(121)	(10)	-	(1,014)
At 31 December 2022		-	-	-	-	-	-
<u>Net book value</u>							
At 31 December 2022		6,486	331,069	803,680	24,103	40,116	1,205,454

Included in the Group's assets under construction during the financial year are finance costs capitalised amounting to RM2,225,000 (2022: RM1,387,000) (Note 10) applying a capitalisation rate of 4.41% (2022: 3.14%).

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16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Impairment assessment

Financial year ended 31 December 2023

(a) MSM Sugar Refinery (Johor) Sdn Bhd (“MSM Johor”)

MSM Johor has recorded continuous losses due to its low utilisation capacity since previous financial years, and this has been identified as indicator for impairment for the assets.

The recoverable amount was determined using value in use calculation based on probability weighted scenario assessment of cash flow projection which is approved by the Board of Directors. The key assumptions of the projection are based on the 2024 to 2028 cash flow forecasts approved by the Directors and it covers a finite projection period of 25 years (2022: 27 years), based on the useful life of the plant.

The recoverable amount of MSM Johor’s assets calculated based on value in use calculation was RM1,340 million, which exceeds the carrying value by RM159 million (2022: calculation was RM1,421 million, which exceeds the carrying value by RM282 million).

The carrying amount of MSM Johor CGU includes property, plant and equipment, right-of-use assets and working capital.

The key assumptions used for the value in use calculation are:

Key assumptions	2023	2022
Selling price, RM/MT *	2,967 – 4,564	2,303 – 3,635
Selling price of products subject to price control, RM/MT #	3,690 – 4,190	2,690
Raw sugar price, RM/lb	0.96 – 1.04	0.65 – 0.79
Utilisation factor	26.6% – 59.0%	19.5% – 57.0%
Sales volume, MT’000	266 – 587	195 – 570
Freight charges, RM/MT	157.5 – 180.0	152.3 – 162.4
Natural gas price, RM/MMBtu	44.5 – 48.4	33.0 – 54.8
Long term growth rate %	2.0%	2.0%
Discount rate % (pre-tax)	12.4%	12.0%

* Excluding products subject to price control

In deriving the key assumption of selling price of products subject to price control, the Group has applied three probability weighted scenario on the assumptions surrounding the selling prices based on the Group’s ongoing discussion with the relevant authorities.

16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Impairment assessment (continued)

Financial year ended 31 December 2023 (continued)

(a) MSM Sugar Refinery (Johor) Sdn Bhd (“MSM Johor”) (continued)

The sensitivity on the MSM Johor’s assets VIU recoverable amount to key assumptions are as follows:

2023		VIU lower by RM’ 000
Key assumptions	Sensitivity	

Selling price of product subject to price control	Selling price remain at RM2,690/MT *	(1,267,012)
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* Represents existing ceiling price for products subject to price control

2022		VIU lower by RM’ 000
Key assumptions	Sensitivity	

Raw sugar price	Increase NY11 in 2024 and 2025 by USD0.61 cents/lbs and USD0.30 cents/lbs	(6,900)
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Selling price	Decrease of selling price by RM116/mt in 2023	(266,852)
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Natural gas price	Increase in natural gas price by 22% to RM67/MMBtu in 2023	(16,968)
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The above sensitivity analysis is based on the movement of individual key assumptions while holding all other assumptions constant.

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16 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Furniture fittings, equipment, and motor vehicles RM'000
2023	
<u>Cost</u>	
At 1 January 2023	6,368
Addition	594
Write-offs	(979)
At 31 December 2023	5,983
<u>Accumulated depreciation</u>	
At 1 January 2023	4,641
Charge for the financial year	708
Write-offs	(769)
At 31 December 2023	4,580
<u>Net book value</u>	
At 31 December 2023	1,403
2022	
<u>Cost</u>	
At 1 January 2022	6,235
Addition	223
Write-offs	(90)
At 31 December 2022	6,368
<u>Accumulated depreciation</u>	
At 1 January 2022	3,947
Charge for the financial year	750
Write-offs	(56)
At 31 December 2022	4,641
<u>Net book value</u>	
At 31 December 2022	1,727

17 RIGHT-OF-USE ASSETS

Group	Leasehold land RM'000	Building RM'000	Total RM'000
2023			
<u>Cost</u>			
At 1 January 2023	90,416	26,126	116,542
Termination of lease contract	(1,370)	(1,708)	(3,078)
At 31 December 2023	89,046	24,418	113,464
<u>Accumulated depreciation</u>			
At 1 January 2023	12,989	4,897	17,886
Charge for the financial year	1,552	2,039	3,591
Termination of lease contract	(1,370)	(1,708)	(3,078)
At 31 December 2023	13,171	5,228	18,399
<u>Net book value</u>			
At 31 December 2023	75,875	19,190	95,065
2022			
<u>Cost</u>			
At 1 January 2022	90,416	7,023	97,439
Addition	-	19,103	19,103
At 31 December 2022	90,416	26,126	116,542
<u>Accumulated depreciation</u>			
At 1 January 2022	11,458	2,945	14,403
Charge for the financial year	1,531	1,952	3,483
At 31 December 2022	12,989	4,897	17,886
<u>Net book value</u>			
At 31 December 2022	77,427	21,229	98,656

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17 RIGHT-OF-USE ASSETS (CONTINUED)

Total cash outflow for leases of the Group is as follows:

	Group	
	2023 RM' 000	2022 RM' 000
Rental of short term assets and low value assets	7,024	8,140
Principal payments of lease liabilities	1,273	1,440
Interest payment of lease liabilities	1,073	914
	9,370	10,494

The Group has leased a piece of leasehold land for 60 years, which used as a site for a sugar refinery.

The Group also leases office premise, warehouse and railway track where the rental contracts are entered into fixed periods of lease terms. The extension options included in the rental contracts has been considered in determining the lease term upon lease inception.

Short term lease commitment of the Group is as follows:

	Group	
	2023 RM' 000	2022 RM' 000
Short term lease commitment	5,619	7,024

Company	Building RM' 000
2023	
Cost	
At 1 January 2023	6,160
Termination of lease contract	(1,708)
At 31 December 2023	4,452
Accumulated depreciation	
At 1 January 2023	1,861
Charge for the financial year	735
Termination of lease contract	(1,708)
At 31 December 2023	888
Net book value	
At 31 December 2023	3,564

17 RIGHT-OF-USE ASSETS (CONTINUED)

Company	Building RM' 000
2022	
Cost	
At 1 January 2022	1,708
Addition	4,452
At 31 December 2022	6,160
Accumulated depreciation	
At 1 January 2022	1,157
Charge for the financial year	704
At 31 December 2022	1,861
Net book value	
At 31 December 2022	4,299

Total cash outflow for leases of the Company is as follows:

	Company	
	2023 RM' 000	2022 RM' 000
Principal payments of lease liabilities	568	814
Interest payment of lease liabilities	182	49
	750	863

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18 INTANGIBLE ASSETS

	Group				Company
	Goodwill RM' 000	Brand RM' 000	Software RM' 000	Total RM' 000	Software RM' 000
2023					
<u>Cost</u>					
As at 1 January 2023	576,240	86,033	16,492	678,765	9,880
Additions	-	-	629	629	629
Impairment	-	-	(13)	(13)	(13)
As at 31 December 2023	576,240	86,033	17,108	679,381	10,496
<u>Accumulated amortisation</u>					
As at 1 January 2023	-	44,429	14,671	59,100	8,064
Charge for the financial year	-	3,226	377	3,603	375
As at 31 December 2023	-	47,655	15,048	62,703	8,439
<u>Net book value</u>					
As at 31 December 2023	576,240	38,378	2,060	616,678	2,057
2022					
<u>Cost</u>					
As at 1 January 2022	576,240	86,033	15,040	677,313	8,433
Additions	-	-	1,452	1,452	1,447
As at 31 December 2022	576,240	86,033	16,492	678,765	9,880
<u>Accumulated amortisation</u>					
As at 1 January 2022	-	41,204	13,924	55,128	7,317
Charge for the financial year	-	3,225	747	3,972	747
As at 31 December 2022	-	44,429	14,671	59,100	8,064
<u>Net book value</u>					
As at 31 December 2022	576,240	41,604	1,821	619,665	1,816

18 INTANGIBLE ASSETS (CONTINUED)

Goodwill

The goodwill relates to the acquisition of the sugar business and is allocated to the sugar segment. This represents the lowest level at which goodwill is monitored for internal management purposes.

The recoverable amount of the Cash Generating Unit (“CGU”) is determined based on probability weighted scenario assessment of value-in-use (“VIU”) calculations using cash flows projections which is approved by the Board of Directors. The key assumptions of the projection are based on 2024 to 2028 cash flow forecasts approved by the Directors and applying a terminal value multiple using a long term sustainable growth rate.

The recoverable amount calculated based on VIU of RM2,311.9 million exceeded the carrying value by RM868 million (2022: RM1,191 million).

The key assumptions used for the CGU’s value in use calculation are:

Key assumptions	2023	2022
Selling price, RM/MT *	2,967 – 4,564	2,303 – 3,635
Selling price of products subject to price control #	3,690 – 4,190	2,690
Raw sugar price, RM/lb	0.96 – 1.04	0.65 – 0.79
Sales volume, MT’000	922 – 1,162	1,002 – 1,220
Freight charges, RM/MT	157.5 – 188.5	152.3 – 173.9
Natural gas price, RM/MMBtu	44.5 – 48.8	33.0 – 54.8
Terminal value growth rate, %	2%	2%
Discount rate, % (pre-tax)	11.4% - 12.4%	11.6% – 12.0%

* Excluding products subject to price control

In deriving the key assumption of selling price of products subject to price control, the Group has applied three probability weighted scenario on the assumptions surrounding the selling prices based on the Group’s ongoing discussion with the relevant authorities

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18 INTANGIBLE ASSETS (CONTINUED)

Goodwill (continued)

The sensitivity on the goodwill arising from the sugar business operations in Malaysia VIU recoverable amount to key assumptions are as follows:

2023

Key assumptions	Sensitivity	VIU lower by RM' 000
Selling price of product subject to price control	Selling price remain at RM2,690/MT *	(2,311,900)

* Represents existing ceiling price for products subject to price control

All changes taken in isolation, a reduction in selling price of products subject to price control by RM291/MT, increase in raw sugar price by USD0.24 cents/lb, decrease in terminal value growth rate by 3.6%, increase in discount rate by 2.6%, decrease in domestic sales volume by 30,000MT, increase in freight charges by USD 15.68/MT, or increase in natural gas prices by RM17.45/MMBtu would result in the recoverable amount being equal to the carrying amount.

2022

Key assumptions	Sensitivity	VIU lower by RM' 000
Raw sugar price	Increase NY11 in 2024 and 2025 by USD0.61 cents/lb and USD0.30 cents/lb	(29,500)
Selling price	Decrease of selling price by RM116/mt in 2023	(681,863)
Natural gas price	Increase in natural gas price by 22% to RM67/MMBtu in 2023	(39,637)

All changes taken in isolation, a reduction in selling price by 17.2%, increase in raw sugar price by USD2.2 cents/lb, increase in terminal value growth rate by 6.9%, increase in discount rate by 3.6%, decrease in sales volume by 17.1%, increase in freight charges by RM23/MT, increase in landed cost by RM96/MT or increase in natural gas prices by 15.7% would result in the recoverable amount being equal to the carrying amount.

The above sensitivity analysis is based on the movement of individual key assumptions while holding all other assumptions constant.

19 INVESTMENTS IN SUBSIDIARIES

	Note	Company	
		2023 RM' 000	2022 RM' 000
<u>Unquoted investments, at cost</u>			
At 1 January		2,401,598	1,365,469
Additional investment in a subsidiary	19(a)	-	1,017,500
Capital contribution during the year	19(a)	-	23,106
Liquidation of a subsidiary	19(b)	-	(4,477)
At 31 December		2,401,598	2,401,598
<u>Accumulated impairment</u>			
At 1 January		92,746	93,618
Liquidation of a subsidiary	19(b)	-	(872)
At 31 December		92,746	92,746
Net investment in subsidiaries		2,308,852	2,308,852

Financial year 2022

- (a) Additional investment in subsidiaries during the financial year 2022

Additional investment and capital contribution in MSM Sugar Refinery (Johor) Sdn. Bhd.

During the financial year ended 31 December 2022, MSM Malaysia Holdings Berhad (“the Company”) made a capital injection of RM1,040,605,879 to MSM Sugar Refinery (Johor) Sdn. Bhd. (“MSMJ”) by way of capitalising loan due from MSMJ of RM798,675,329 (net of impairment that was previously recognised of RM13,433,142) and cash injection of RM241,930,550.

- (b) Liquidation of a subsidiary during the financial year 2022

MSM Trading International DMCC (“MTI Dubai”) was a wholly owned subsidiary of MSM Malaysia Holdings Berhad (“MSMH”) and was in the business of raw and refined sugar trading. MTI Dubai ceased its operations in April 2019 after its business functions were brought back to Malaysia and assumed by MSM Prai Berhad. Subsequently, MTI Dubai has filed for voluntary winding up and the winding-up exercise was completed on 16 September 2022 as per the Deregistration Letter issued by Dubai Multi Commodities Centre.

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19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) Liquidation of subsidiaries during the financial year 2022 (continued)

i. The effect of the liquidation on the financial position of the Group as at the financial year end is as follows:

Equity	RM' 000
Share capital	(4,477)
Accumulated losses	1,968
Current loss	87
Foreign exchange reserve	(1,881)
Total Equity of MTI Dubai	(4,303)
Add: Cash inflow from liquidation	4,013
Loss on liquidation	(290)
Add: Realisation of foreign exchange reserve upon liquidation	1,881
Net gain on liquidation of MTI Dubai	1,591

ii. The effect of the liquidation on the financial position of the Company as at the financial year end is as follows:

	RM' 000
Cost of investment in MTI Dubai	(4,477)
Impairment of cost of investment	872
Carrying value of cost of investment	(3,605)
Less: Cash inflow from liquidation	4,013
Net gain on liquidation of MTI Dubai	408

19 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Details of subsidiaries, are as follows:

Name of subsidiaries	Place of business/ country of incorporation	Nature of business	Proportion of ordinary shares directly held by parent		Proportion of ordinary shares held by the Group	
			2023 %	2022 %	2023 %	2022 %
<u>Direct subsidiaries</u>						
MSM Prai Berhad	Malaysia	Sugar refining, sales and marketing of refined sugar products	100	100	100	100
MSM Trading & Distribution Sdn Bhd	Malaysia	Dormant	100	100	100	100
MSM Sugar Refinery (Johor) Sdn Bhd	Malaysia	Sugar refining, sales and marketing of refined sugar products	100	100	100	100
<u>Indirect subsidiary through MSM Prai Berhad</u>						
MSM Logistics Sdn Bhd	Malaysia	Provision of transportation services	-	-	100	100

20 LOAN DUE FROM A SUBSIDIARY

	Note	Company	
		2023 RM' 000	2022 RM' 000
Islamic term loan – MSM Sugar Refinery (Johor) Sdn Bhd		-	798,675
Capitalised as cost of investment in subsidiary	19(a)	-	(798,675)
		-	-

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20 LOAN DUE FROM A SUBSIDIARY (CONTINUED)

The interest rates charged during the financial year were as follows:

	2023 % per annum	2022 % per annum
Islamic term loan	-	4.39 – 5.44

Islamic term loan was unsecured, with interest charged at a rate which is at the prevailing rate based on a licensed bank’s Islamic term loan facility rate on the day of the drawing.

The outstanding loan due from a subsidiary has been fully capitalised in the previous financial year as cost of investment in a subsidiary.

(a) Reconciliation of loss allowance

Loan due from a subsidiary using general 3 stage approach

The loss allowance for loan due from a subsidiary as at 31 December 2023 reconciles to the opening loss allowance for that provision as follows:

	Performing RM’ 000	Under- performing RM’ 000	Non- performing RM’ 000	Total RM’ 000
Opening loss allowance as at 1 January 2022	-	(13,433)	-	(13,433)
Capitalisation of loan due from a subsidiary to cost of investment in subsidiary	-	13,433	-	13,433
Closing loss allowance as at 31 December 2022/ 31 December 2023	-	-	-	-

21 LEASE RECEIVABLES

	Company	
	2023 RM’ 000	2022 RM’ 000
Not later than 1 year	2,167	2,167
Later than 1 year	80,437	81,592
	82,604	83,759

The leased asset is in respect of a piece of leasehold land acquired for the construction of a sugar refinery which the Company leases to a subsidiary of the Company. The Company and its subsidiary had agreed that the total investment recovery cost of RM87,346,451 as at 30 April 2016, which is the commencement date of the lease agreement for the said land, will be recovered by the subsidiary over a period of 59 years. Accordingly, the Company has transferred the net book value of the leasehold land amounting to RM87,346,451 as at 30 April 2016 from property, plant and equipment to lease receivables in 2019.

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	Company	
	2023 RM’ 000	2022 RM’ 000
Within 1 year	2,167	2,167
In the second year	2,167	2,167
In the third year	2,167	2,167
In the fourth year	2,167	2,167
In the fifth year	2,167	2,167
After the fifth year	100,207	102,374
Total undiscounted lease payments receivable	111,042	113,209
Unearned finance income	(28,438)	(29,450)
Net investment in the lease	82,604	83,759

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22 RECEIVABLES

	Note	Group		Company	
		2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
Current assets:					
Trade receivables		334,962	245,001	-	-
Other receivables	a	44,507	29,163	218	30
Deposits		2,974	3,934	12	11
Prepayments		13,333	8,882	747	703
		395,776	286,980	977	744
Loss allowance – Trade receivables		(2,619)	(4,127)	-	-
Loss allowance – Other receivables		(67)	(243)	(20)	-
Total receivables		393,090	282,610	957	744

The receivables are denominated as follows:

		Group		Company	
		2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
Ringgit Malaysia		301,307	238,490	957	744
US Dollar		91,559	43,841	-	-
Others		224	279	-	-
		393,090	282,610	957	744

Credit term of trade receivables range between 30 to 60 days (2022: 30 to 60 days).

- (a) Included in other receivables are:-
- i) Cash placed for sugar futures trading facilities of RM16,774,000 (2022: RM19,529,000).
 - ii) Incentive receivable from Ministry of Domestic Trade and Cost of Living (Kementerian Perdagangan Dalam Negeri dan Kos Sara Hidup) of RM24,000,000.

22 RECEIVABLES (CONTINUED)

- (b) Reconciliation of loss allowance

- (i) Trade receivables using simplified approach

The Group and the Company apply MFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of revenue earned over a period of 24 months before 31 December 2023 or 31 December 2022 respectively and the corresponding historical credit losses experienced within this period.

The Group do not solely rely on historical loss rates, but also consider forward-looking information on macroeconomic factors such as expected changes in commodity prices which affect the ability of the customers to settle the receivables.

The movement of loss allowance for trade receivables is as follows:

	Note	Trade receivables	
		2023 RM' 000	2022 RM' 000
At 1 January		(4,127)	(7,603)
Decrease in loss allowance recognised in profit or loss during the year	8	1,508	3,476
At 31 December		(2,619)	(4,127)

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22 RECEIVABLES (CONTINUED)

- (b) Reconciliation of loss allowance (continued)
- (i) Trade receivables using simplified approach (continued)

31 December 2023

The following table contains an analysis of the credit risk exposure of trade receivables for which an ECL allowance is recognised, based on collective impairment assessment:

	Current RM' 000	Less than 30 days past due RM' 000	More than 30 days past due RM' 000	More than 60 days past due RM' 000	More than 90 days past due RM' 000	Total RM' 000
31 December 2023						
Gross carrying amount – trade receivables	319,320	12,924	42	19	2,657	334,962
Individual assessment – credit impaired	-	-	-	-	(815)	(815)
	319,320	12,924	42	19	1,842	334,147
Expected loss rate	0.01%	0.22%	7.14%	0.00%	93.97%	
Collective loss allowance	(42)	(28)	(3)	-	(1,731)	(1,804)
Carrying amount (net of loss allowance)	319,278	12,896	39	19	111	332,343

The following table contains an analysis of the credit risk exposure of trade receivables for which an ECL allowance is recognised, based on individual impairment assessment:

	Non-credit impaired RM' 000	Credit- impaired RM' 000	Total RM' 000
31 December 2023			
Gross carrying amount	-	815	815
Loss allowance	-	(815)	(815)
Carrying amount (net of loss allowance)	-	-	-

Decrease in loss allowance since prior year is due to receipts from customers during the financial year.

22 RECEIVABLES (CONTINUED)

- (b) Reconciliation of loss allowance (continued)
- (i) Trade receivables using simplified approach (continued)

31 December 2022

The following table contains an analysis of the credit risk exposure of trade receivables for which an ECL allowance is recognised, based on collective impairment assessment:

	Current RM' 000	Less than 30 days past due RM' 000	More than 30 days past due RM' 000	More than 60 days past due RM' 000	More than 90 days past due RM' 000	Total RM' 000
31 December 2022						
Gross carrying amount – trade receivables	233,158	6,532	1,113	131	4,067	245,001
Individual assessment – credit impaired	-	-	-	-	(1,280)	(1,280)
	233,158	6,532	1,113	131	2,787	243,721
Expected loss rate	0.04%	0.40%	2.07%	9.92%	96.84%	
Collective loss allowance	(86)	(26)	(23)	(13)	(2,699)	(2,847)
Carrying amount (net of loss allowance)	233,072	6,506	1,090	118	88	240,874

The following table contains an analysis of the credit risk exposure of trade receivables for which an ECL allowance is recognised, based on individual impairment assessment:

	Non-credit impaired RM' 000	Credit- impaired RM' 000	Total RM' 000
31 December 2022			
Gross carrying amount	-	1,280	1,280
Loss allowance	-	(1,280)	(1,280)
Carrying amount (net of loss allowance)	-	-	-

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22 RECEIVABLES (CONTINUED)

- (b) Reconciliation of loss allowance (continued)
- (ii) Other receivables using general 3 stage approach

The loss allowance for other receivables for the Group and Company as at 31 December 2023 reconciles to the opening loss allowances for that provision as follows:

Group	Note	Performing RM' 000	Under- performing RM' 000	Non- performing RM' 000	Total RM' 000
Opening loss allowance as at 1 January 2022		-	(8,048)	-	(8,048)
Individual financial assets transferred to under-performing (credit-impaired financial assets)	8	-	(243)	-	(243)
Written off as bad debts		-	8,048	-	8,048
Closing loss allowance as at 31 December 2022		-	(243)	-	(243)
Decrease in loss allowance	8	-	151	-	151
Written off as bad debts		-	25	-	25
Closing loss allowance as at 31 December 2023		-	(67)	-	(67)

Company		Performing RM' 000	Under- performing RM' 000	Non- performing RM' 000	Total RM' 000
Opening loss allowance as at 1 January 2023		-	-	-	-
Individual financial assets transferred to under-performing (credit-impaired financial assets)	8	-	(20)	-	(20)
Closing loss allowance as at 31 December 2023		-	(20)	-	(20)

23 INVENTORIES

	Group	
	2023 RM' 000	2022 RM' 000
At cost:		
- Raw materials	125,803	171,780
- Work-in-progress	31,019	-
- Finished goods	58,692	31,721
- Consumable stores	24,769	26,310
- Molasses	398	4,535
At net realisable value:		
- Raw materials	23,606	54,497
- Work-in-progress	11,595	38,734
- Finished goods	36,049	32,946
	311,931	360,523

Impact of write downs of inventories to net realisable value amounted to RM2,205,000 (2022: RM13,994,000). The amount recognised is included in cost of sales in the statement of profit or loss (Note 11).

24 AMOUNTS DUE FROM/(TO) SUBSIDIARIES, OTHER RELATED COMPANIES, IMMEDIATE HOLDING COMPANY AND ULTIMATE HOLDING BODY

	Group		Company	
	2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
Current assets				
Amounts due from:				
Subsidiaries	-	-	5,452	16,616
Other related companies	1,380	1,382	-	-
Immediate holding company	331	-	-	-
	1,711	1,382	5,452	16,616
Loss allowances – subsidiaries	-	-	(14)	(6)
Loss allowances – related companies	(1,380)	(414)	-	-
	331	968	5,438	16,610

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24 AMOUNTS DUE FROM/(TO) SUBSIDIARIES, OTHER RELATED COMPANIES, IMMEDIATE HOLDING COMPANY AND ULTIMATE HOLDING BODY (CONTINUED)

	Group		Company	
	2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
Current liabilities				
Amounts due to:				
Subsidiaries	-	-	15	12
Other related companies	5,006	6,937	196	60
Immediate holding company	1,301	328	908	208
Ultimate holding body	76	65	76	65
	6,383	7,330	1,195	345

- (a) Amounts due from/(to) subsidiaries are unsecured, interest free, denominated in Ringgit Malaysia and have credit terms of 30 to 180 days (2022: 30 to 180 days).
- (b) Amounts due from/(to) other related companies are unsecured, interest free, denominated in Ringgit Malaysia and have credit terms of 30 to 60 days (2022: 30 to 60 days).
- (c) The amount due from/(to) the immediate holding company represents non-trade balance, which is expected to be settled within the normal credit period of 90 days (2022: 90 days) and is denominated in Ringgit Malaysia, unsecured and interest free.
- (d) Amount due to ultimate holding body relates to office rental charges which is denominated in Ringgit Malaysia, unsecured and interest free and repayable within 60 days.
- (e) The fair value of amount due from/(to) subsidiaries, other related companies, immediate holding company and ultimate holding body approximates its carrying value, as the impact of discounting is not significant.

Reconciliation of loss allowance

The following table contains an analysis of the credit exposure trade amount due from other related companies for which an ECL allowance is recognised, based on individual impairment assessment:

	Note	2023 RM' 000	2022 RM' 000
At 1 January		(414)	-
Loss allowance recognised in profit or loss during the year	8	(966)	(414)
At 31 December		(1,380)	(414)

Loss allowance increase due to uncollectible amount from previous years.

25 LOANS DUE TO A SUBSIDIARY

	Company	
	2023 RM' 000	2022 RM' 000
Non-current liability		
Loans due to a subsidiary		
Unsecured:		
- Financing in nature	74,395	95,157
Current liability		
Loans due to a subsidiary		
Unsecured:		
- Financing in nature	-	230

Loans due to a subsidiary relates to funding facility from a subsidiary. The funding is revolving credit in nature and is repayable in 6 months from the drawdown date.

As of 31 December 2023, the Company has the discretion to roll over this obligation for at least twelve months after the reporting period, hence the obligation is classified as non-current liability.

The loan is unsecured, denominated in Ringgit Malaysia and the average interest rate of the loan ranges from 3.64% - 4.63% (2022: 2.82% - 4.62% per annum).

26 DERIVATIVE FINANCIAL INSTRUMENTS

Group	2023		2022	
	Assets RM' 000	Liabilities RM' 000	Assets RM' 000	Liabilities RM' 000
Non-current:				
Islamic profit rate swap	-	(11)	-	(193)
Current:				
Brent crude oil options contracts	-	-	-	(853)
Foreign exchange forward contract	-	(343)	-	(16,890)
	-	(354)	-	(17,936)

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26 DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

	2023		2022	
	Notional amount RM' 000	Derivative liabilities RM' 000	Notional amount RM' 000	Derivative liabilities RM' 000
Group				
Islamic profit rate swap	41,667	(11)	125,000	(193)
Brent crude oil options contracts	-	-	1,980	(853)
Foreign exchange forward contracts	20,946	(343)	398,394	(16,890)
	62,613	(354)	525,374	(17,936)

	2023		2022	
	Assets RM' 000	Liabilities RM' 000	Assets RM' 000	Liabilities RM' 000
Company				
Non-current:				
Islamic profit rate swap	-	(11)	-	(193)

	2023		2022	
	Notional amount RM' 000	Derivative liabilities RM' 000	Notional amount RM' 000	Derivative liabilities RM' 000
Company				
Islamic profit rate swap	41,667	(11)	125,000	(193)

27 DEPOSITS, CASH AND BANK BALANCES

Deposits, cash and bank balances comprise of the following:

	Group		Company	
	2023 RM' 000	2022 RM' 000 (Restated)	2023 RM' 000	2022 RM' 000 (Restated)
Fixed deposits with licensed investment bank in Malaysia	233,594	188,769	45,200	32,800
Restricted deposit	21,375	20,041	21,375	20,041
Cash and bank balances	23,351	12,154	88	767
Deposits, cash and bank balances	278,320	220,964	66,663	53,608

27 DEPOSITS, CASH AND BANK BALANCES (CONTINUED)

The effective interest rates of the fixed deposits range from 2.65%- 5.44% (2022: 1.52%- 4.25%) per annum for the Group and range from 2.65% - 3.10% (2022: 1.65% - 3.00%) per annum for the Company respectively. All fixed deposits have original maturity terms of 1 months or less (2022: 3 months or less).

Bank balances are deposits held at call with banks and earn no interest.

Restricted deposit relates to bank balance pledged in order to obtain certain bank facilities. The withdrawal of this deposit from the designated account requires approval from the bank. This deposit can be utilised to meet short-term cash requirements, i.e. principal and interest payments for the loan facility for the next 3 months.

The fixed deposits, cash and bank balances are denominated as follows:

	Group		Company	
	2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
Ringgit Malaysia	117,340	146,321	66,663	53,608
US Dollar	160,980	74,643	-	-
	278,320	220,964	66,663	53,608

Credit rating profiles of banks in which the fixed deposits have been placed are as follows:

	Group		Company	
	2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
AAA	254,969	208,810	66,575	52,841

AAA - A financial institution rated AAA has a superior capacity to meet its financial obligations. This is the highest long-term financial institution rated assigned by RAM Ratings.

AA - A financial institution rated AA has a strong capacity to meet its financial obligations. The financial institution is resilient against adverse changes in circumstances, economic conditions and/or operating environments.

A - A financial institution rated A has an adequate capacity to meet its financial obligations. The financial institution is more susceptible to adverse changes in circumstances, economic conditions and/or operating environments than those in higher-rated categories.

For long-term ratings, RAM Ratings applies subscripts 1, 2 or 3 in each rating category from AA to C. The subscripts 1 indicates that the financial institution ranks at the higher end of its generic rating category; the subscript 2 indicates a mid-ranking; and the subscripts 3 indicates that the financial institution ranks at the lower end of its generic rating category.

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28 ASSETS HELD FOR SALE

Group	Leasehold land RM' 000	Plant and machinery RM' 000	Total RM' 000
2023			
As at 1 January 2023	7,682	-	7,682
Disposal	(7,682)	-	(7,682)
As at 31 December 2023	-	-	-
2022			
As at 1 January 2022	7,682	11,300	18,982
Disposal	-	(11,300)	(11,300)
As at 31 December 2022	7,682	-	7,682

On 26 May 2023, the Group completed the disposal of Pulau Indah land, the effect of disposal is shown below:

	RM' 000
Net book value of assets disposed	7,682
Cost to sell	50
Gain on disposal of asset held for sale	8,381
Proceeds from disposal	16,113
Real property gains tax	(594)
Net proceeds from disposal	15,519

29 SHARE CAPITAL

	Group and Company			
	2023 Number of shares	2022 Number of shares	2023 RM' 000	2022 RM' 000
Issued and fully paid up:				
Ordinary shares				
At 1 January/31 December	702,980,000	702,980,000	718,255	718,255

30 RESERVES

- (i) Reorganisation deficit (non-distributable)
- Reorganisation deficit comprises the difference between the fair value of 577,979,800 new ordinary shares issued at RM3.50 per share on 20 May 2011 and the carrying amounts of the sugar business as at January 2010. It is recognised as reorganisation deficit in accordance with the predecessor method of accounting.
- (ii) Merger relief reserve (non-distributable)
- Merger relief reserve comprises the 577,979,800 new ordinary shares with a par value of RM0.50 each issued at a fair value of RM3.50 per share for the acquisition of entire equity interests in MSM Prai Berhad and MSM Perlis Sdn Bhd on 20 May 2011. The difference between par value and fair value is recognised as merger relief reserve in accordance with section 60(4) of the Companies Act 1965.
- (iii) Foreign exchange reserve
- The foreign exchange reserve is used to record exchange difference arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.
- (iv) Cash flow hedge reserve
- The Group manages its cash flow interest rate risk with floating-to-fixed interest rate swaps which are designated in cash flow hedge relationships.
- To the extent this hedge is effective, the change in fair value of the hedge instrument is recognised in the cash flow hedge reserve. The gain or loss relating to the ineffective portion of the interest rate swaps is reclassified to profit or loss and recognised within 'finance cost'.

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31 DEFERRED TAX (ASSETS)/LIABILITIES

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group		Company	
	2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
Deferred tax liabilities/(assets)				
- Subject to income tax	32,326	35,940	(251)	(216)

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	Note	Group		Company	
		2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
At 1 January		35,940	39,911	(216)	(372)
(Credited)/Charged to profit and loss:	14, 16				
- property, plant and equipment		(3,634)	1,004	(2)	(8)
- payables and accruals		(927)	1,281	7	88
- intangible assets		(2,420)	(2,420)	-	-
- unabsorbed capital allowances		-	(11)	-	-
- unabsorbed business losses		-	(128)	-	-
- receivables		-	(271)	-	-
- right-of-use assets		(506)	4,463	(176)	1,032
- derivatives financial (assets)/liabilities		3,567	(3,567)	-	-
- lease liabilities		306	(4,322)	136	(956)
(Credited)/Charged to profit and loss		(3,614)	(3,971)	(35)	156
At 31 December		32,326	35,940	(251)	(216)

31 DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

	Group		Company	
	2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
Deferred tax liabilities (before offsetting)				
- property, plant and equipment*	134,833	113,567	38	40
- right-of-use assets	4,596	5,102	855	1,032
- intangible assets	15,616	18,036	-	-
	155,045	136,705	893	1,072
Offsetting*	(122,719)	(100,765)	(893)	(1,072)
Deferred tax liabilities (after offsetting)	32,326	35,940	-	-
Deferred tax assets (before offsetting)				
- derivatives	-	3,567	-	-
- unabsorbed capital allowances*	114,514	89,614	-	-
- payables and accruals	3,143	2,216	324	332
- lease liabilities	4,934	5,240	820	956
- unabsorbed business loss	128	128	-	-
	122,719	100,765	1,144	1,288
Offsetting*	(122,719)	(100,765)	(893)	(1,072)
Deferred tax assets (after offsetting)	-	-	251	216

The amount of unused tax losses and deductible temporary differences (subject to approval by the Inland Revenue) for which no deferred tax assets are recognised in the statement of financial position of the Group as the Directors are of the view it is not probable that sufficient taxable profits will be available to allow the deferred tax assets to be utilised is as follows:

	Group		Company	
	2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
Unused tax losses	510,067	418,601	-	-
Unabsorbed capital allowances	153,914	155,014	-	-
	663,981	573,615	-	-

* Presentation of comparatives have been restated to conform with current year presentation.

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31 DEFERRED TAX (ASSETS)/LIABILITIES (CONTINUED)

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, unutilised tax losses will be imposed with a limit of utilisation for 7 consecutive years. In Budget 2022, the existing time limit to carry forward unutilised business losses to be extended to 10 consecutive YAs. The existing transitional provision for unutilised business losses from YA 2018 be allowed to be carried forward for 10 consecutive YAs, until YA 2028.

The Group’s unused tax losses as of 31 December 2023 for which no deferred tax assets were recognised based on the year of assessment (“YA”) expiry are as follows:

	Group	
	2023 RM’ 000	2022 RM’ 000
Expiring in 2028	85,010	85,010
Expiring in 2029	178,813	178,813
Expiring in 2030	27,446	27,446
Expiring in 2031	13,138	13,138
Expiring in 2032	114,194	114,194
Expiring in 2033	91,466	-
	510,067	418,601

32 PAYABLES

	Note	Group		Company	
		2023 RM’ 000	2022 RM’ 000	2023 RM’ 000	2022 RM’ 000
Current liabilities:					
Trade payables		27,502	12,486	-	-
Other payables		34,822	72,821	1,276	1,603
Accruals		157,233	237,363	2,453	2,692
Unpaid balance for acquisition of property, plant and equipment	35	13,333	11,872	96	64
Total payables		232,890	334,542	3,825	4,359

Trade payables carry credit periods between 30 to 60 days (2022: 30 to 60 days).

Included in accruals is RM86,000,000 (2022: RM156,000,000) which relates to purchase of raw material.

The fair value of the payables approximates their carrying value, as the impact of discounting is not significant.

32 PAYABLES (CONTINUED)

The payables are denominated as follows:

	Group		Company	
	2023 RM’ 000	2022 RM’ 000	2023 RM’ 000	2022 RM’ 000
- Ringgit Malaysia	146,655	176,569	3,825	4,359
- United States Dollar	86,062	157,948	-	-
- Japanese Yen	-	25	-	-
- Others	173	-	-	-
	232,890	334,542	3,825	4,359

33 BORROWINGS

	Group		Company	
	2023 RM’ 000	2022 RM’ 000	2023 RM’ 000	2022 RM’ 000
Non-current liabilities:				
Islamic term loans				
- Secured	229,972	299,210	229,972	299,210
Current liabilities:				
Islamic term loans				
- Secured	69,263	63,101	69,263	63,101
Bankers’ acceptances				
- Unsecured	833,931	517,156	-	-
	903,194	580,257	69,263	63,101
	1,133,166	879,467	299,235	362,311

All borrowings are denominated in Ringgit Malaysia.

Bankers’ acceptances

The average interest rates of the borrowings range approximately 3.62% to 4.75% (2022: 2.60% to 4.40%) per annum.

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33 BORROWINGS (CONTINUED)

Islamic term loans

The average interest rates of the borrowings range approximately 5.48% to 5.85% (2022: 4.39% to 5.44%) per annum.

The Islamic term loans which have a tenure of 12 years (2022: 12 years) are secured against a leasehold land, debenture and certain bank balances of the Group.

The Group and the Company are required to comply with certain financial covenants i.e. consolidated net debt and financing to equity ratio, consolidated net debt and financing to earnings before interest, tax, depreciation and amortisation (“EBITDA”) ratio and consolidated finance payment cover ratio (collectively known as “financial covenants”). The financial covenants are to be complied with annually (2022: annually).

On 13 December 2023, CIMB has issued a Supplemental Letter, informing MSM Malaysia Holdings Berhad that the Bank has agreed to waive 2 of the 3 financial covenants i.e. Consolidated Net Debt and Financing to EBITDA Ratio and Consolidated Finance Payment Cover Ratio for the financial year ended 31 December 2023. Therefore the Group was not required to meet these covenants. The Group has complied with the other covenant for the year ended 31 December 2023.

34 SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to related party disclosures mentioned elsewhere in the financial statements, set out below are other significant related party transactions and balances.

Federal Land Development Authority (“FELDA”), the Group and Company’s ultimate holding body effective from 24 December 2020, is a statutory body corporate set up under the Land Development Act 1956, and controlled by the Malaysian Government. The Group considers that, for the purpose of MFRS 124 – “Related Party Disclosures”, the Malaysian Government is in the position to exercise significant influence over it. As a result, the Malaysian Government and Malaysian Government controlled bodies (collectively referred to as “government-related entities”) are related parties of the Group and the Company.

Apart from the individually significant transactions as disclosed in the financial statements, the Group and the Company have collectively, but not individually, significant transactions with other government-related entities which include but not limited to the following:

- Deposit placing with and deposit taking from government-related entities
- Utilities services provided by the government-related entities

These transactions are conducted in the ordinary course of the Group’s business on terms consistently applied in accordance with the Group’s internal policies and processes. These terms do not depend on whether the counterparties are government-related entities or not.

34 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

Related parties and their relationship with the Group are as follows:

Related parties	Relationship
Federal Land Development Authority (“FELDA”)	Ultimate holding body
FGV Holdings Berhad (“FGVH”)	Immediate holding company
Koperasi Permodalan FELDA Malaysia Berhad (“KPF”)	Related company
Felda Holdings Berhad (“FHB”)	Subsidiary of FGVH
FGV Chuping Agro Valley Sdn Bhd formerly known as MSM Perlis Sdn Bhd	Subsidiary of FGVH
FGV Integrated Farming Holdings Sdn Bhd (“FGVIF”)	Subsidiary of FGVH
FGV R&D Sdn Bhd (“FGV R&D”)	Subsidiary of FGVH
FGV Applied Technologies Sdn Bhd (“FGVAT”)	Subsidiary of FGVH
KPF Trading Sdn Bhd (Felda Trading Sdn Bhd) (“KPF Trading”)	Subsidiary of KPF
KPF Niaga Sdn Bhd (“KPF Niaga”)	Subsidiary of KPF
Felda D’Saji Sdn Bhd (“D’Saji”)	Subsidiary of KPF
FGV Prodata Systems Sdn Bhd (“FPSB”)	Subsidiary of FHB
FGV Security Services Sdn Bhd (“FSS”)	Subsidiary of FHB
FGV Transport Sdn Bhd (“FGVT”)	Subsidiary of FHB
Felda Travel Sdn Bhd (“Felda Travel”)	Subsidiary of FHB
Delima Oil Products Sdn Bhd (“D.O.P”)	Subsidiary of FHB
FGV Kernel Products Sdn Bhd (“FKPSB”)	Subsidiary of FHB
FGV Johor Bulklers Sdn Bhd (“FGVJB”)	Subsidiary of FHB
Langsat Bulklers Sdn Bhd (“Langsat Bulklers”)	Subsidiary of FHB
MSM Sugar Refinery (Johor) Sdn Bhd (“MSM Johor”)	Subsidiary company
MSM Logistics Sdn Bhd (“MSM Logistics”)	Subsidiary company
MSM Prai Berhad (“MSM Prai”)	Subsidiary company
MSM Trading & Distribution Sdn Bhd (“MSM Trading”)	Subsidiary company

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34 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant transactions with related parties

	Group		Company	
	2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
(i) Transactions with FGVH and subsidiaries of FGVH:				
- management fees:				
- current year	3,239	3,085	1,871	1,782
- other services	193	145	52	-
- sales of refined sugar	(78)	(17)	-	-
	3,354	3,213	1,923	1,782
(ii) Transactions with FHB and subsidiaries of FHB:				
- sales of refined sugar	(4)	(55)	-	-
- security services (FSS)	2,964	2,037	-	-
- IT Services	7	49	7	-
- transportation services	13,322	16,197	-	-
- rental of tanker	791	399	-	-
- other services	280	57	235	78
(iii) Transactions with subsidiaries of KPF:				
- sales of refined sugar	-	(3,633)	-	-
- insurance service	45	-	-	-
- provision of refreshment	50	78	50	78
(iv) Transaction with FELDA				
- rental	773	889	773	889

34 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Significant transactions with related parties (continued)

	Group		Company	
	2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
(v) Transactions with subsidiaries:				
Dividends received from:				
- MSM Prai	-	-	(116,360)	(100,000)
Interest received/receivable from:				
- MSM Johor	-	-	-	(33,319)
Interest paid/payable to:				
- MSM Prai	-	-	3,208	2,834
Management fees from:				
- MSM Prai	-	-	(10,013)	(9,537)
- MSM Logistics	-	-	(331)	(315)
- MSM Johor	-	-	(4,691)	(4,467)
Office rental from:				
- MSM Johor	-	-	(16)	(22)
- MSM Prai	-	-	(229)	(242)
Land rental from:				
- MSM Johor	-	-	(2,167)	(2,167)
Lease interest recharge receivable from MSM Johor	-	-	(1,012)	(1,026)
(vi) Transactions between subsidiaries and government related financial institutions:				
Joint Industry incentive received/receivable from Ministry of Domestic Trade and Cost of Living (Kementerian Perdagangan Dalam Negeri dan Kos Sara Hidup)	(48,000)	-	-	-

These transactions were undertaken on agreed terms between the related parties.

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34 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant financial year end balances are as follows:

	Group		Company	
	2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
Amount due to immediate holding company, FGVH	(1,301)	(328)	(908)	(208)
Amounts due from/(to) other related companies				
Due from				
- KPF	-	967	-	-
- Other related companies	331	1	-	-
	331	968	-	-
Due to				
- Ultimate holding body, FELDA	(76)	(65)	(76)	(65)
- Other related companies	(5,006)	(6,937)	(196)	(60)
	(5,082)	(7,002)	(272)	(125)
Amounts due from subsidiaries:				
- MSM Prai	-	-	898	8,084
- MSM Logistics	-	-	29	189
- MSM Johor	-	-	4,511	8,329
- MSM Trading	-	-	-	8
	-	-	5,438	16,610
Amounts due to subsidiaries:				
- MSM Johor	-	-	(15)	(12)
Lease receivable:				
- MSM Johor	-	-	82,604	83,759
Loans due to a subsidiary, net of repayments:				
- MSM Prai	-	-	(74,395)	(95,387)

34 SIGNIFICANT RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management personnel remuneration

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include Directors of the Company, and certain members of senior management of the Group.

The aggregate amount of emoluments received/receivable by Directors of the Group during the year is disclosed in Note 12 to the financial statements.

The aggregate amount of emoluments received/receivable by other key management personnel of the Group and Company during the year is as follows:

	Group		Company	
	2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
Salary, allowances and bonuses	8,927	9,380	6,038	6,161
Defined contribution plan	1,439	1,524	961	988
Other employee benefits	86	162	79	120
Total	10,452	11,066	7,078	7,269

Benefits-in-kind provided to other key management personnel of the Group and of the Company amounted to RM21,600 (2022: RM22,539) and RM21,600 (2022: RM22,539) respectively.

35 PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Note	Group		Company	
		2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
Aggregate cost of property, plant and equipment		60,339	60,858	594	223
Capitalisation of borrowing cost		(2,225)	(1,387)	-	-
Unpaid balances included in other payables and accruals	32	(13,333)	(11,872)	(96)	(64)
Cash paid in respect of previous financial years acquisition		11,621	3,422	64	-
		56,402	51,021	562	159

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36 LEASE LIABILITIES

	Group		Company	
	2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
At 1 January	21,831	4,545	3,983	722
Addition	-	18,726	-	4,075
Payment of lease liabilities	(2,346)	(2,354)	(750)	(863)
Interest expense on lease liabilities	1,073	914	182	49
At 31 December	20,558	21,831	3,415	3,983
Classified as:				
Current	1,277	1,228	597	568
Non-Current	19,281	20,603	2,818	3,415
	20,558	21,831	3,415	3,983

37 CAPITAL COMMITMENTS

Capital expenditure not provided for in the financial statements are as follows:

	Group		Company	
	2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
Property, plant and equipment:				
- contracted and not provided for	72,584	77,976	834	1,789

38 FINANCIAL INSTRUMENTS

The analysis of classification of financial instruments are as follows:

Group	Amortised cost		Fair value through profit or loss	
	2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
As at 31 December				
Financial assets				
Current assets				
Receivables (excluding prepayments)	379,757	273,728	-	-
Amount due from immediate holding company	-	-	-	-
Amounts due from other related companies	331	968	-	-
Deposits, cash and bank balances	278,320	220,964	-	-
Total financial assets	658,408	495,660	-	-

Group	Liabilities at amortised cost		Liabilities at fair value through profit or loss	
	2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
Financial liabilities				
Non-current liabilities				
Borrowings	229,972	299,210	-	-
Lease liabilities	19,281	20,603	-	-
Derivatives financial liabilities	-	-	11	193
	249,253	319,813	11	193
Current liabilities				
Payables	232,890	334,542	-	-
Amount due to immediate holding company	1,301	328	-	-
Amounts due to other related companies	5,006	6,937	-	-
Amount due to ultimate holding body	76	65	-	-
Borrowings	903,194	580,257	-	-
Lease liabilities	1,277	1,228	-	-
Derivative financial liabilities	-	-	343	17,743
	1,143,744	923,357	343	17,743
Total financial liabilities	1,392,997	1,243,170	354	17,936

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38 FINANCIAL INSTRUMENTS (CONTINUED)

The analysis of classification of financial instruments are as follows: (continued)

Company	Amortised cost		Fair value through profit or loss	
	2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
As at 31 December				
Financial assets				
<u>Non-current assets</u>				
Lease receivables	80,437	81,592	-	-
<u>Current assets</u>				
Receivables (excluding prepayments)	210	41	-	-
Amount due from subsidiaries	5,438	16,610	-	-
Deposits, cash and bank balances	66,663	53,608	-	-
Lease receivables	2,167	2,167	-	-
	74,478	72,426	-	-
Total financial assets	154,915	154,018	-	-

Company	Liabilities at amortised cost		Liabilities at fair value through profit or loss	
	2023 RM' 000	2022 RM' 000	2023 RM' 000	2022 RM' 000
Financial liabilities				
<u>Non-current liabilities</u>				
Borrowings	229,972	299,210	-	-
Lease liabilities	2,818	3,415	-	-
Loan due to subsidiary	74,395	95,157	-	-
Derivatives financial liabilities	-	-	11	193
	307,185	397,782	11	193
<u>Current liabilities</u>				
Payables	3,825	4,359	-	-
Amounts due to subsidiaries	15	12	-	-
Amounts due to other related companies	196	60	-	-
Amount due to ultimate holding body	76	65	-	-
Loan due to a subsidiary	-	230	-	-
Amount due to immediate holding company	908	208	-	-
Borrowings	69,263	63,101	-	-
Lease liabilities	597	568	-	-
	74,880	68,603	-	-
Total financial liabilities	382,065	466,385	11	193

39 CONTINGENT LIABILITIES

On 28 October 2021, former employees of MSM Malaysia Holdings Berhad (the “Company”) have filed claims against the Company for alleged unlawful dismissal, where they have sought reinstatements to their former position without any loss in service and/or seniority.

At the first trial hearing on 1 November 2022, the former employees had submitted a settlement proposal to the Company. Subsequently, two (2) more settlement proposals were put forth to the Company.

The next trial dates are fixed on 1 April 2024 and 4 April 2024. Based on legal opinion, there is an even chance of the Company resisting the claims from its former employees, failing which the Company’s possible liability may be limited to approximately RM3.5 million.

The Company deemed the outflow of resources from the claims filed by the former employees is not probable as there was no unfair dismissal by the Company.

40 FINANCIAL SUPPORT

The immediate holding company, FGV Holdings Berhad (“FGVH”) has confirmed its intention to continue to provide support so as to enable the Group to meet its obligation as and when they fall due.

41 COMPARATIVES

In the current financial year, the Group applied a voluntary change of accounting policy on its cash and cash equivalents, in relation to the classification of its demand deposit, arising from the issuance of Agenda Decision (“AD”) that was published on 22 April 2022, which clarified that the restrictions on the use of a demand deposit arising from a contract with a third party do not result in the deposit no longer being cash, unless those restrictions change the nature of the deposit in a way that it would no longer meet the definition of cash in MFRS 107.

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41 COMPARATIVES (CONTINUED)

As a result of the change in accounting policy, restricted deposit with restriction which was previously excluded as cash and cash equivalents is now recognised as cash and cash equivalents of the Group. The effect of the change in accounting policy on the financial statements is disclosed as follows:

Statement of cash flows for the financial year ended 31 December 2022.

	As previously stated RM' 000	Reclassification RM' 000	As presented RM' 000
Group			
<u>Cash flows from financing activities</u>			
Changes in restricted cash	(3,348)	3,348	-
Net cash generated from/(used in) financing activities	27,210	3,348	30,558
Net change in cash and cash equivalents	23,404	3,348	26,752
Effects of foreign exchange rate changes	(563)	-	(563)
Cash and cash equivalent at the beginning of the financial year	178,082	16,693	194,775
Cash and cash equivalent at the end of the financial year	200,923	20,041	220,964
Company			
<u>Cash flows from financing activities</u>			
Changes in restricted cash	(3,348)	3,348	-
Net cash generated from/(used in) financing activities	(126,302)	3,348	(122,954)
Net change in cash and cash equivalents	(3,522)	3,348	(174)
Cash and cash equivalent at the beginning of the financial year	37,089	16,693	53,782
Cash and cash equivalent at the end of the financial year	33,567	20,041	53,608

42 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 25 March 2024.

Analysis of Shareholdings

As at 22 April 2024

Total Issued Shares	:	702,980,000
Class of Shares	:	Ordinary share
Voting Right	:	One (1) vote per ordinary share

INFORMATION ON SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

No.	Name of Shareholders	Direct Interest		Deemed Interest	
		No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1	FGV Sugar Sdn Bhd	281,369,800	40.03	-	-
2	Koperasi Permodalan Felda Malaysia Berhad	107,393,952	15.27	-	-
3	FGV Holdings Berhad	77,150,248	10.97	281,369,800*	40.03
4	Amanahraya Trustees Berhad	46,946,000	6.68	-	-

*Deemed interested by virtue of its interest in FGV Sugar Sdn Bhd, its wholly-owned subsidiary.

INFORMATION ON DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	Direct Interest		Deemed Interest	
		No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1	Datuk Syed Hisham Syed Wazir	-	-	-	-
2	Choy Khai Choon	-	-	-	-
3	Dato' Sri Muthanna Abdullah	-	-	-	-
4	Datuk Dr Abd Hapiz Abdullah	-	-	-	-
5	Nik Fazila Nik Mohamed Shihabuddin	-	-	-	-
6	Dato' Mohd Nazrul Izam Mansor	-	-	-	-
7	Fakhrunniam Othman	-	-	-	-
8	Raja Faridah Raja Ahmad	-	-	-	-

INFORMATION ON GROUP CHIEF EXECUTIVE OFFICER'S SHAREHOLDINGS

No.	Name of Group Chief Executive Officer	Direct Interest		Deemed Interest	
		No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1	Syed Feizal Syed Mohammad	-	-	-	-

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Analysis of Shareholdings

As at 22 April 2024

Analysis of Shareholdings

As at 22 April 2024

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Less than 100	1,054	15.28	4,909	0.00
100 to 1,000	2,262	32.79	1,242,958	0.18
1,001 to 10,000	2,610	37.83	11,161,173	1.59
10,001 to 100,000	749	10.86	24,349,141	3.47
100,001 to less than 5% of issued shares	220	3.19	153,361,819	21.81
5% and above of issued shares	4	0.06	512,860,000	72.95
Total	6,899	100	702,980,000	100

LIST OF TOP 30 SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
1	FGV SUGAR SDN BHD	281,369,800	40.03
2	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KOPERASI PERMODALAN FELDA MALAYSIA BERHAD (448921)	107,393,952	15.27
3	FGV HOLDINGS BERHAD	77,150,248	10.97
4	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	46,946,000	6.68
5	AFFIN HWANG NOMINEES (ASING) SDN BHD DBS VICKERS SECS (S) PTE LTD FOR WII PTE LTD	13,452,000	1.91
6	YEOH YEW CHOO	8,119,500	1.16
7	HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC	6,022,800	0.86
8	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM KAF) (446190)	5,686,200	0.81
9	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM MAYBANK) (412183)	3,500,000	0.50
10	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF CORE INCOME FUND	3,495,000	0.50
11	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR AHAM AIIMAN GROWTH FUND	3,307,000	0.47
12	RHB INVESTMENT BANK BERHAD IVT (SHQ-SW BOOK 1) EQD TEAM	2,931,800	0.42

LIST OF TOP 30 SHAREHOLDERS (CONTINUED)

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
13	AMANAH RAYA BERHAD KUMPULAN WANG BERSAMA SYARIAH	2,929,100	0.42
14	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD KAF TACTICAL FUND	2,847,900	0.41
15	TEE KONG PENG	2,830,000	0.40
16	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT AL-FAUZAN (5170)	2,509,800	0.36
17	RHB CAPITAL NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GREEN PRISCILLA LEE (1011127)	2,300,000	0.33
18	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR INBAMANAY A/P M J ARUMANAYAGAM (8061712)	2,257,600	0.32
19	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MAYBANK MALAYSIA VALUE FUND	2,198,600	0.31
20	CHEN CHIH LIANG	2,137,500	0.30
21	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR BANK OF SINGAPORE LIMITED (LOCAL)	2,000,000	0.28
22	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT SHARIAH PROGRESS PLUS FUND	1,810,100	0.26
23	CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DEVA DASSAN SOLOMON (MY1091)	1,755,800	0.25
24	AMANAH RAYA BERHAD KUMPULAN WANG BERSAMA	1,715,000	0.24
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR INBAMANAY A/P M J ARUMANAYAGAM (E-SS2)	1,671,300	0.24
26	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM HOCK FATT (E-SS2)	1,670,000	0.24
27	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)	1,629,300	0.23
28	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD AIIMAN ASSET MANAGEMENT SDN BHD FOR LEMBAGA TABUNG HAJI	1,625,200	0.23
29	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SELINA SHARMALAR SOLOMON (8112136)	1,600,600	0.23
30	GO HOOI MENG	1,555,000	0.22

MSM AT A GLANCE	A PERSPECTIVE FROM OUR LEADERSHIP	OUR APPROACH TO VALUE CREATION	OUR GROUP BUSINESS REVIEW		SUSTAINABILITY OVERVIEW AT MSM	ACCOUNTABILITY & TRANSPARENCY	FINANCIAL STATEMENTS	ADDITIONAL INFORMATION
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List of
Top 10 Material Properties

List of
Top 10 Material Properties

No.	Location/ Address	Ownership/ Tenure	Year Lease Expiring	Approximate Area	Description/ Functions	Years of Acquisition/ Registration new grant	Age - for buildings	Net Book Value (RM' 000)	Rental per annum (RM' 000)
1	PLO 46, Jalan Ipil 2, Tanjung Langsat Industrial Complex, Mukim Sungai Tiram, 81700 Pasir Gudang, Johor Darul Takzim	Owned	N/A	66,826.01 sq.m	Building for Sugar Refinery	2018	5	321,030	
2	PLO 46, Jalan Ipil 2, Tanjung Langsat Industrial Complex, Mukim Sungai Tiram, 81700 Pasir Gudang, Johor Darul Takzim	Leased	2025	50.63 acres (Land)	Land for Sugar Refinery	2016	N/A	75,980	
3	798, Main Road, 13600 Prai, Seberang Perai, Penang Malaysia	Owned	N/A	759,071 sq.ft	Building for Sugar refinery	1964	59	24,330	
4	Sebahagian Lot RAC 2003 (Lot A), Sungai Buloh, Mukim Gombak, Daerah Petaling, Selangor	Leased	A lease for 21 years/ Expiring on 31 January 2043	361,831.50 sq.ft	Development of the new siding/ additional siding and other related infrastructures for cranes and unload sugar from the wagon	2022	N/A	12,537	738
5	Lot 61, Jalan BRP 8/1. Perusahaan Bukit Rahman Putra, 47000 Sungai Buloh, Selangor	Owned	N/A	11,166.75 m²	Facility for sugar distribution and storage	1994	29	9,083	
6	Level 44, Menara Felda, Platinum Park, No. 11, Persiaran KLCC, 50088 Kuala Lumpur.	Leased	2028	15,631 sq.ft	MSM Headquarter	2012	11	3,283	750
7	H.S. (D) 28162, Lot 286, Bandar Prai, Daerah Seberang Perai Tengah, Pulau Pinang – Plot A & B, 798, Main Road, 13600 Prai, Seberang Perai, Penang Malaysia	Leased	A lease for 30 years/ Expiring on 30 November 2024 with option to renew for another 30 years	97,494 sq.ft	Property erected with molasses tanks, refined sugar warehouse, raw sugar warehouse, container parking area, railway lines and packaging materials warehouse	1969	N/A	2,627	26
	H.S. (D) 28162, Lot 286, Bandar Prai, Daerah Seberang Perai Tengah, Pulau Pinang – Plot C, 798, Main Road, 13600 Prai, Seberang Perai, Penang Malaysia	Leased	A lease for 30 years/ Expiring on 30 November 2024 with option to renew for another 30 years	60,575 sq.ft	Property erected with raw sugar warehouse and miscellaneous materials warehouse	1970	N/A		16

No.	Location/ Address	Ownership/ Tenure	Year Lease Expiring	Approximate Area	Description/ Functions	Years of Acquisition/ Registration new grantw	Age - for buildings	Net Book Value (RM' 000)	Rental per annum (RM' 000)
	H.S. (D) 28137, Lot 287, Bandar Prai, Daerah Seberang Perai Tengah, Pulau Pinang , 798, Main Road, 13600 Prai, Seberang Perai, Penang Malaysia	Leased	A lease for 30 years/ Expiring on 30 November 2024 with option to renew for another 30 years	605,484 sq.ft	Property erected with raw sugar warehouse and miscellaneous materials warehouse	1965	N/A		163
8	H.S.(D) : 85062, PT No. PT1113, Pekan Sungai Buloh, Daerah Gombak, Negeri Selangor. Lot 60, Jalan BRP 8/1. Perusahaan Bukit Rahman Putra, 47000 Sungai Buloh, Selangor.	Freehold	N/A	12,140.4764 m² (land)	Facility for sugar distribution and storage	1993 Register new land title on 24 September 2016	N/A	2,228	
9	H.S.(D) : 85062, PT No. PT1113, Pekan Sungai Buloh, Daerah Gombak, Negeri Selangor. Lot 61, Jalan BRP 8/1. Perusahaan Bukit Rahman Putra, 47000 Sungai Buloh, Selangor.	Freehold	N/A	11,054.7185 m² (land area)	Facility for sugar distribution and storage	1993 Register new land title on 24 September 2016	N/A	2,029	
10	H.S.(D) : 85062, PT No. PT1113, Pekan Sungai Buloh, Daerah Gombak, Negeri Selangor. Lot 58, Jalan BRP 8/1. Perusahaan Bukit Rahman Putra, 47000 Sungai Buloh, Selangor.	Freehold	N/A	6,070.47 m² (land area)	Bays for trucks and primers	1993 Register new land title on 24 September 2016	N/A	1,114	

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