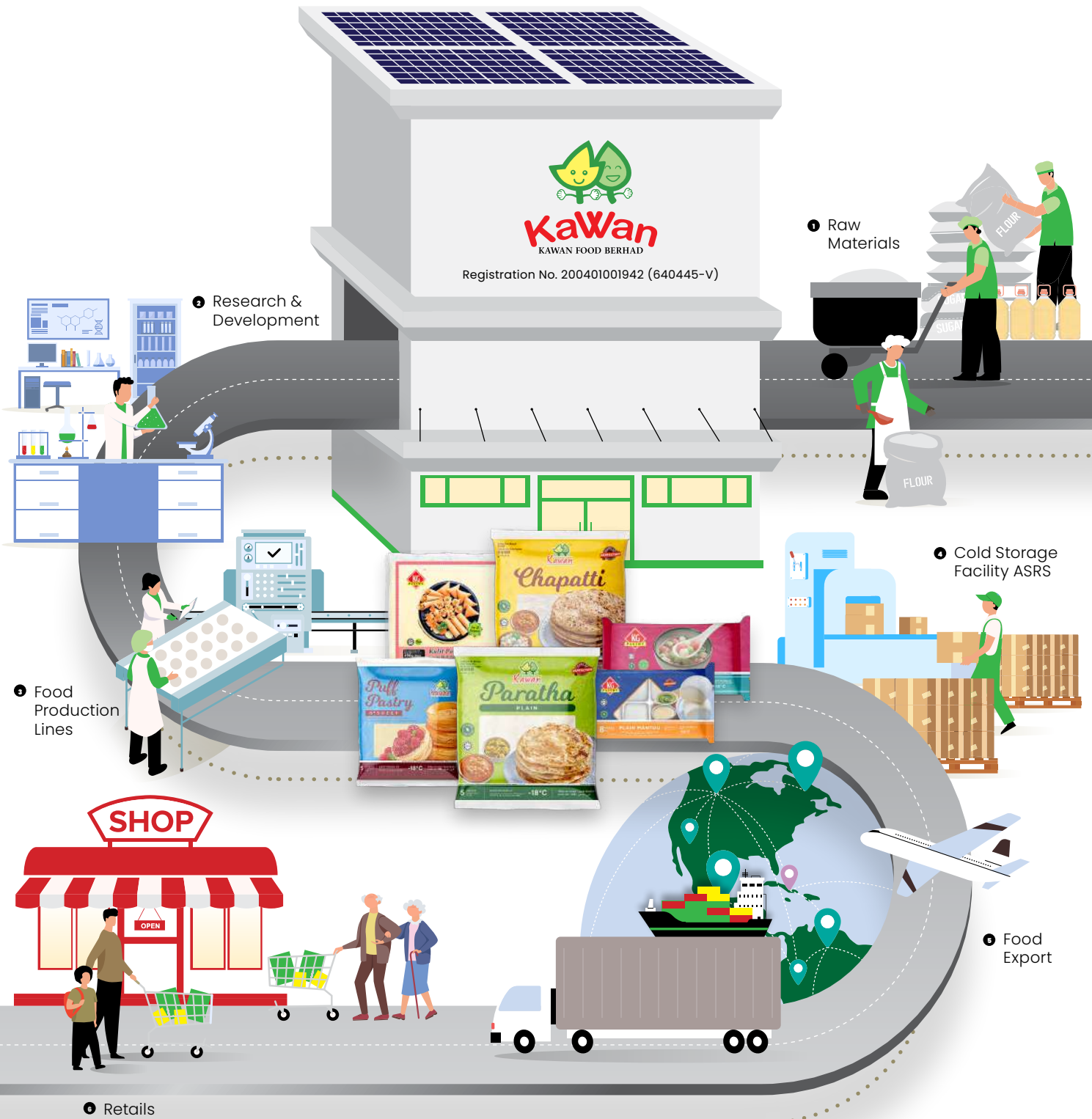


Progress with Purpose, Driven by

REFORMATION





Progress with Purpose, Driven by

REFORMATION

We Are Proud To Be In Businesses That Help To Make This World A Better And Safer Place For Us And Our Future Generations To Live In.

Growing The Vision Is An Aspiration At Kawan Food To Create A Better World For All Of Us To Live In.

20TH ANNUAL GENERAL MEETING

DATE

Wednesday,
26 June 2024

TIME

10:30 a.m.



SCAN to view full Annual Report 2023 or via kawanfood.com/index.php/our-company/investor-relations/



This icon tells you where you can find related information in this Report.

INSIDE



KAWAN AT A GLANCE



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THIS IS KAWAN FOOD BERHAD

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KAWAN AT A GLANCE



Kawan Food Berhad is an investment holding company based in Malaysia, operating in the food processing industry.

Our Company's principal activities involve the manufacturing, sale, trading, and distribution of frozen food products. With over 60 years of heritage dating back to the 1960s, we have grown to become one of Malaysia's leading exporter and manufacturer of frozen Asian food delicacies worldwide.



We operate two manufacturing plants, one located in Pulau Indah, Selangor, and another in Nantong, China. With staff strength numbering 928, we produce a range of food products including paratha, flatbread, pastry, and others that are sold under five brands.

Our products are exported to 40 countries and counting, utilising a range of distribution channels such as distributorship, direct sales to key account customers, e-Commerce, and sales to retailer and wholesalers.

KAWAN AT A GLANCE



REVENUE

RM287.22
Million

2022: RM274.76 million



NET ASSETS PER SHARE

RM1.08

2022: RM1.09



DIVIDEND PER SHARE

3.66
Sen

2022: 3.00 sen



SHARE PRICE

RM1.80

2022: RM2.22



PROFIT BEFORE TAXATION

RM34.27

MIILLION

2022: 40.14 million

PROFIT AFTER TAXATION

RM30.13

MIILLION

2022: RM38.48 million



EARNINGS SHARE

8.35
Sen

2022: 10.70 sen



MARKET CAPITALISATION

RM649.25
Million

2022: RM804.93 million



MANUFACTURING FACILITIES

2 facilities

2022: 2 facilities



EMPLOYEES

928 People

2022: 610 people



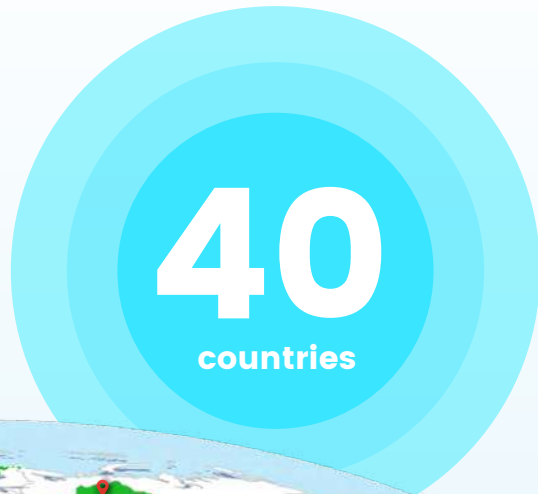
OUR CORPORATE PROFILE

Our Products



Our Presence

-  Countries with Kawan Food Products
-  Countries with Kawan Food Factories



OUR CORPORATE PROFILE

CORE VALUES



1 RESPONSIBILITY

We take ownership and responsibility of our results

2 TEAMWORK

We work together as a team to achieve our mission by having open communication, mutual respect, and sharing of knowledge.

3 INTEGRITY

We are committed to be fair & honest in all our dealings, and adhere to the highest ethical standards.

4 DISCIPLINE

We are dedicated and committed to achieve higher efficiency and effectiveness.

5 INNOVATIVE

We embrace new ideas and are constantly changing to meet our customer's needs.



VISION MISSION

VISION

Food for a
Better World

MISSION

Making family food traditions more enjoyable and accessible than ever, by nurturing a greener, more wholesome, and connected world for our children.

OUR SUPPLY CHAIN MODEL

Food
Ingredients



High Quality
Frozen Food

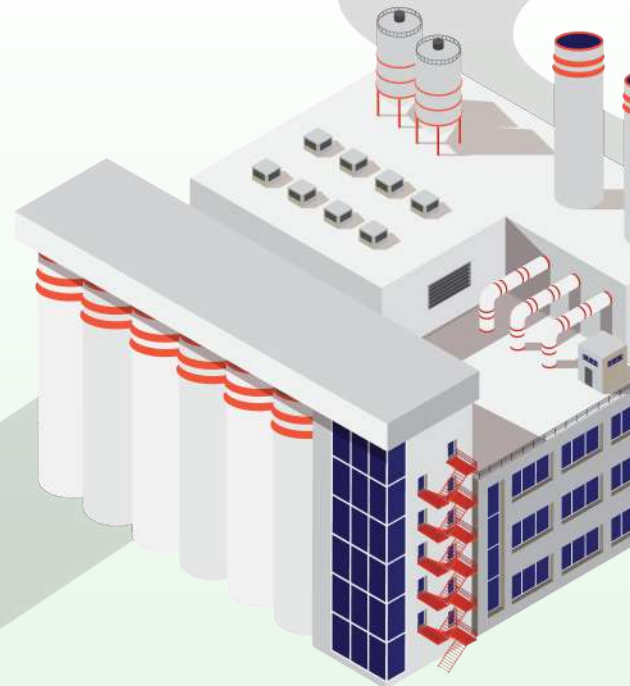


2 MANUFACTURING

Food Manufacturing Process

1 RAW MATERIALS

Plantation and Flour Milling



OUR SUPPLY CHAIN MODEL



3 OUTBOUND LOGISTIC

Distribution Transport

4 MARKETING AND SALES

Distribution Transport

Freight, Logistics and Worldwide Distribution

Authentic and Safe Food with Love & Care

CORPORATE INFORMATION

BOARD OF DIRECTORS

GAN THIAM CHAI

Executive Chairman

GAN THIAM HOCK

Non-Independent
Executive Director

KWAN SOK KAY

Non-Independent
Executive Director

GAN KA BIEN

Non-Independent
Executive Director

DR. NIK ISMAIL BIN NIK DAUD

Senior Independent
Non-Executive Director

LIM HUN SOON @ DAVID LIM

Independent
Non-Executive Director

EUGENE HON KAH WENG

Independent
Non-Executive Director

ABDUL RAZAK BIN SHAKOR

Non-Independent
Non-Executive Director

AUDIT COMMITTEE	NOMINATING COMMITTEE	REMUNERATION COMMITTEE
LIM HUN SOON @ DAVID LIM Chairman	EUGENE HON KAH WENG Chairman	DR. NIK ISMAIL BIN NIK DAUD Chairman
DR. NIK ISMAIL BIN NIK DAUD Member	DR. NIK ISMAIL BIN NIK DAUD Member	LIM HUN SOON @ DAVID LIM Member
EUGENE HON KAH WENG Member	LIM HUN SOON @ DAVID LIM Member	EUGENE HON KAH WENG Member

REGISTERED OFFICE

Boardroom Corporate
Services Sdn Bhd.

Registration No. 196001000110 (3775-X)
12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
T +603 7890 4800
F +603 7890 4650
E boardroom-kl@boardroomlimited.com

SHARE REGISTRAR

Boardroom Corporate
Services Sdn Bhd.

Registration No. 199601006647
(378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan, Malaysia
T +603 7890 4700
F +603 7890 4670
E bsr.helpdesk@boardroomlimited.com

MANAGEMENT OFFICE

Lot 129351
Jalan Sungai Pinang 4/19
Taman Perindustrian Pulau Indah
Selangor Halal Hub, Fasa 2C
42920 Pulau Indah
Selangor Darul Ehsan, Malaysia
T +603 3099 1188
F +603 3099 1028
E info@kawanfood.com

SECRETARIES

Tai Yit Chan
(MAICSA 7009143 / SSM Practicing
Certificate No. 202008001023)

Tai Yuen Ling
(LS 0008513 / SSM Practicing
Certificate No. 202008001075)

AUDITORS

RSM Malaysia PLT

202206000002 (LLP0030276-LCA)
& AF 0768
5th Floor, Penthouse, Wisma RKT
Block A, No 2, Jalan Raja Abdullah
Off Jalan Sultan Ismail
50300 Kuala Lumpur, Malaysia
T +603 2610 2888
F +603 2698 6600

PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad
Registration No. 198401015221 (127776-V)

Malayan Banking Berhad
Registration No. 196001000142 (3813-K)

RHB Bank Berhad
Registration No. 196501000373 (6171-M)

**United Overseas Bank
(Malaysia) Berhad**
Registration No. 199301017069 (271809-K)

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

Stock Name: KAWAN
Stock Code: 7216

WEBSITE

www.kawanfood.com

CORPORATE STRUCTURE



Registration No. 200401001942 (640445-V)
(Investment holding)

100%

KAWAN FOOD MANUFACTURING SDN. BHD.

Registration No. 198401013456 (126016-A)
Manufacturing and sale of frozen food products

100%

KG PASTRY MARKETING SDN. BHD.

Registration No. 200401014903 (653406-V)
Investment property, rental of trucks, and investment holding

100%

KAWAN FOOD (HONG KONG) LIMITED

(1296613)
Trading and distribution of frozen food products

100%

KAWAN FOOD CONFECTIONERY SDN. BHD.

Registration No. 200801007846 (809130-H)
Investment holding

100%

KLBG SDN. BHD.

Registration No. 201801039710 (1301741-W)
Manufacturing and exporting of frozen food products

40%

KAWAN2NATURE SDN. BHD.

Registration No. 2022201045994 (1491691-V)
Distribution and trading in biopesticides solutions and biofertilizers

100%

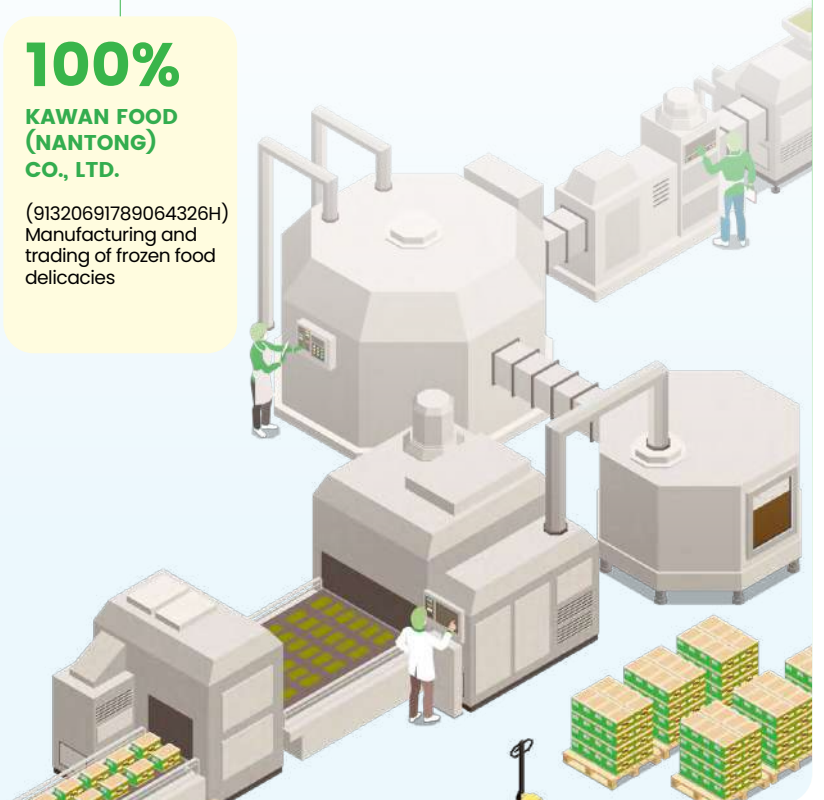
KAWAN FOOD (NANTONG) CO., LTD.

(91320691789064326H)
Manufacturing and trading of frozen food delicacies

100%

KAWAN BIOTECH SDN. BHD.

Registration No. 202301000935 (1494854-P)
Research and manufacturing of organic fertilizers and agriculture products



MANAGEMENT DISCUSSION AND ANALYSIS

Dear Shareholders,

In FY2023, our Group demonstrated resilience amidst a complex and challenging economic landscape: inflationary impacts of the US-China tensions, unravelling of loose monetary policy, and the Ukraine-Russian conflict, which made its impact felt from disruptions to shipping routes and supply networks.

Gan Thiam Chai
Executive Chairman



MANAGEMENT DISCUSSION
AND ANALYSIS

OVERVIEW

In adapting to the changing global environment, we took the opportunity to transform the Group to meet these, and future challenges; refocus on the consumer, streamline our supply chain and route to market, strengthen our balance sheet, improve cashflow, construct a bolder vision and purpose as well as, detail a more robust business strategy for the next five years, and cascade it down the organisation in a balanced scorecard. In addition to these measures, we put better controls in place to strengthen our leadership platform amidst an increasingly competitive landscape, and to extend our market lead in terms of quality and sustainability in the frozen food space. These initiatives include better internal controls and the upgrading of our processes, leading to increased production efficiency, a stronger supply and distribution network, both locally as well as in our export markets; and aligning the total route to market, from our suppliers to our consumers, in line with our strategic direction to create win-win partnerships, as well as making the tough calls on unprofitable segments.

Even in transition, our revenue increased by 4.5% to RM287.2 million from RM274.8 million in FY2022, showing early promise. The challenging environment combined with the higher cost of implementing our initiatives to build a stronger platform for the future impacted our profit before tax ("PBT") from RM40.1 million in FY2022 to RM34.3 million in FY2023. We have sacrificed short term profitability for longer term sustainable growth. These initiatives underscore our commitment to navigate the complexities of the market now, and into the future. This demonstrates our proactive stance and agility in responding to market dynamics amidst challenging conditions in order to continually reinvent ourselves.

Our Group's financial position remains strong with cash and cash equivalents of RM104.3 million. During the year, we improved our cashflow, which put us in a stronger position for share buybacks, higher dividends, and potential future investments, for better return our capital.

In December 2023, we announced the appointment of Adam Pandian as Group Chief Executive Officer ("CEO") with effect from 1 January 2024 following on the departure of Mr Ng Hooi Khai in August 2023. Adam has a strong track record of successfully leading and implementing transformation strategies, particularly in fast-moving consumer goods. Supported by a stronger team of younger leaders in succession within the management team, these new talents fill much needed critical key skill gaps, both reshaping the Group's business model, as well as providing executive ability to achieve our vision and more ambitious targets.

These new strategic initiatives began bearing fruit in the second half of FY2023, with operational and commercial benefits becoming more evident, achieving the Group's strategic and financial goals. Moving forward, our team remains committed to driving operational excellence across the business while addressing continued inflationary pressures from increased labour, utilities, and material costs. The Board fully supports these strategic initiatives which will continue to improve the fundamentals of the business, sustainably.

Overall, our performance in FY2023 underscores our resilience, strategic foresight, and commitment to delivering long term value to our stakeholders.

Revenue

RM287.2
million

(2022: RM274.8 million)

Profit Before Taxation

RM34.3
million

(2022: RM40.1 million)

Cash & Cash
Equivalents

RM104.3
million

(2022: RM98.6 million)

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATING ENVIRONMENT



Market trends

We remain mindful of the evolving trends that are shaping the food and beverage industry. Consumer preferences are changing constantly and we are committed to adapting our strategies to meet their needs in a responsible and sustainable manner.



Convenience

As the pace of life intensifies, consumers are increasingly seeking quick and convenient options such as ready-to-eat meals, snacks, and beverages that offer on-the-go consumption convenience.



Health and wellness

There is growing awareness of environmental and health concerns resulting in healthier eating habits that drive the demand for more nutritious food options, whilst emphasizing the importance of reducing environmental impact across the supply chain.



Sustainability

Sustainability is becoming an important consideration for consumers who prefer brands and products that are committed to offering environmentally friendly products with sustainable packaging solutions.



Cost of living crisis

The ongoing cost of living crisis driven by high inflation and rising energy costs has influenced consumer behaviour. Consumers are increasingly seeking ways to tighten their spending habits and looking for value-driven purchases that align with their disposable income constraints.



MANAGEMENT DISCUSSION AND ANALYSIS



OUR STRATEGIES

This year marked the beginning of our new chapter on a transformative journey, where we undertook significant changes at scale and pace, to reach our targets. We refined our priorities and worked closely with our teams, value chain partners, and stakeholders to drive meaningful changes.

Our strategic roadmap for the medium term focuses on sustainable and accelerated profit growth. We have made substantial progress in recalibrating our strategy by establishing clear goals to streamline our operations, boost profitability, and creating sustainable growth opportunities through:

Consumer focus: Focusing on consumer needs in the marketplace and creating fewer, bigger, and improved innovations to continue to better meet their needs ahead of the competition.

Customer engagement: Gaining a deeper understanding of customer needs, while aligning with them to build a winning partnership of customer network.

Supply partnerships: Restructuring our procurement processes and supplier selection to build a supply network that becomes an extension of our sustainable competitive advantage.

Operational efficiency: Upgrading our operational processes to world-class quality and efficiency, with regards to targeted delivery.

Cost management: Improving margins and managing costs effectively.

Our strategic initiatives improve our long-term supply and quality assurance, mitigate rising costs and sustain competitive margins. By aligning all stakeholders, we will provide our consumers with superior value whilst building more dependable partnerships with our suppliers and customers, and a more rewarding environment for our staff and their families, as well as society at large, and, improved returns for our shareholders.

In the first half of FY2023, we developed robust improvement plans with a focus on cost management and capacity utilisation. We are pleased that despite facing challenges during the first half of the year, we have successfully executed initiatives such as SKU rationalisation, cost control measures, and operational capability, effectively managing cost amidst an inflationary environment. Simplifying the business with a focus on more sustainable high-growth and profitable segments, we have sacrificed marginal profit segments with lower growth.

Going forward, our strategic focus will continue to evolve with ongoing initiatives in new product innovation, sustainability, people and skills development; and acquisition, sales and operations planning, maximizing capacity utilisation, and, identifying capital expenditure needs, operational excellence, and using technology as an enabler.

This strategic direction allows us to navigate challenges, capitalise on opportunities, and drive sustainable growth, reinforcing our commitment to long term value creation for our stakeholders.

MANAGEMENT DISCUSSION AND ANALYSIS

Our People

We recognise that our people are our most valuable asset. They are the cornerstone of our success, embodying our core values, and driving our business forward. We are committed to fostering a culture that enables our people to thrive under inspiring leadership, whilst building the capabilities of our leaders to harness the power of a diverse workforce in more engaging and effective ways.

We place great emphasis that our colleagues feel valued and motivated to contribute to their best to the success of our business. Nevertheless, we understand the importance of prudent cost management and we have had to make difficult decisions along our journey. In the meantime, we have to better position ourselves to attract and retain the best leadership talent that drives innovation and excellence across our operations.

We believe we can differentiate our business through our people. Hence, it is important to create a culture that enables our people to fulfil their potential. We can make informed and strategic business decisions through diverse perspectives. Also, this diversity enables us to better understand and respond to the evolving needs of our customers with agility and foresight.

In FY2023, we underwent a strategic realignment to address the current and future requirements of our Group. The appointment of Adam as CEO reflects our commitment to leadership excellence. With a proven track record and diverse skill sets, Adam brings invaluable experience and a great awareness of all stakeholder interests, making him an ideal leader to drive the development and transformation of our Group in the next phase of our journey.

As we navigate through challenges and uncertainties, both the Board and I have full confidence in Adam's leadership to steer the Group towards greater success. We are thrilled that a person of his calibre and experience has joined our team.



Sustainability

Sustainability is a fundamental component of our business strategy. Over the past two years, we have embarked on a sustainability journey guided by our Sustainability Strategy Framework 2021-2030. This framework is built upon three pillars that contain our priorities with clearly defined goals supported by milestones. These goals are linked to materiality risks and opportunities inherent in our business operations.

We have made good progress and shown significant progress over the past years, demonstrating our commitment to embedding sustainability as part of our business. We are pleased to note a substantial improvement in our FTSE rating from 2.5 to 3.8 out of 4. Furthermore, we are proud to announce that we have been admitted to FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index as constituents in 2023. These achievements not only underscore our commitment to sustainability but also reflect the positive impact of our initiatives on the economy, environment, and communities we serve.

Giving back to the community

Food donation continues to be the focal point of our community engagement efforts. Throughout FY2023, we actively engaged with national charities and local communities to distribute our food to those in need. These collaborative efforts were in direct response to the growing and changing needs of our communities, especially during difficult times.

We worked closely with organisations including Food Bank and Food Aid, to reaching out those in need. In FY2023, our contributions to toward these charities reached RM268.68k.



More information on our Corporate Social Responsibility contributions is disclosed on pages 22 to 59 of our Sustainability Statement.

MANAGEMENT DISCUSSION AND ANALYSIS







RISK MANAGEMENT

The Board and Management of Kawan continued to actively monitor risks that may potentially impact the performance of the Group as part of our robust risk management and internal control measures. The Audit Committee (“AC”) has met four (4) times during the year under review to deliberate the Group’s risk management agenda.

The following table highlights the key focus areas of their deliberations in FY2023 regarding risks arising from our operating environment, its potential implications, and the corresponding mitigation measures implemented:

Strategic	Rising Costs and Inflation	Employees
<p>Impact Risk of loss arising from adopting wrong business strategies, failure to execute business strategies, or failure to respond to changes in the industry/economy</p> <p>Mitigation measures</p> <ul style="list-style-type: none"> • Annual strategy and budget setting exercises • Transformation oversight by Chief Transformation Officer • Scheduled tracking of business performance to ensure progress is maintained • Business review meetings 	<p>Impact Risk related to long term strategic objectives of the business due to unsustainable growth and inflationary pressure arising from political instability, civil unrest, and other persistent challenges to the supply chain.</p> <p>Mitigation measures</p> <ul style="list-style-type: none"> • Tracking and monitoring financial performance on a monthly basis • Supplier portfolios reviews • Stay informed of geo-political issues impacting markets 	<p>Impact Risk of losing competent employees with the right skills, commercial acumen, and knowledge, poses potential challenges in implementing the Group’s strategies.</p> <p>Mitigation measures</p> <ul style="list-style-type: none"> • Provide training programme to enhance skill sets and capabilities • Implement succession planning strategies. • Compensations and benefits review • Compensation incentive schemes including Employees Share Option Scheme and annual bonuses to further incentivise retention • Corporate Social Responsibility Initiatives


Other key activities undertaken by the AC in FY2023 include:

 Set direction for the Group Risk Management	 Set priorities on emerging risks and mitigation actions
 Reviewed key strategic, financial, regulatory, operational risk, and actions based on the risk register external assessments and internal audit findings.	 Reassessment of risks including generation of heat map and risk register.
 Continuously monitored the effectiveness of measures taken by the Group	 Oversaw the effectiveness of BCM programme via implementation of tests and simulation to strengthen the Group’s resilience during disaster or crisis

Priorities for FY2024

The Group Risk Management will continue to support the Group’s business strategies while managing the risk. Priorities for FY2024 include:

- enhance monitoring for more effective risk management;
- continue to enhance emerging risk controls; and
- continue to test the resilience of the Business Continuity Management activities.

 A detailed explanation of Kawan’s risk management approach and internal control activities can be found in the Statement on Risk Management and Internal Control on pages 86 to 91 of this report.

MANAGEMENT DISCUSSION
AND ANALYSIS

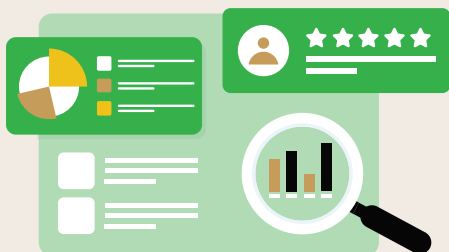
REVIEW OF OPERATIONS

OPERATIONAL OVERVIEW

As a growing company, Kawan is constantly seeking opportunities to expand in our chosen categories, widen our distribution channels, and diversify our customer base in the food industry. We kept up this pursuit successfully in FY2023.

Profit Before Taxation

**RM34.3
million**



Our products continued to be exported around the world, with 19.5% of our sales in FY2023 coming from the international market, mainly in North America, while the Malaysian market accounted for 45.2% of our Group's total revenue.

Our competitive advantage lies in the strength of our brand and products, and our proactive adoption of innovation and technology accompanied by technical skills, further strengthening efficiency, quality, and value as we progress each year.

Export Market

Kawan moves its products through distributors in foreign countries. While traditional retailers make up the majority of our international customers, hypermarkets, supermarkets, and traditional retailers make up the majority of our clientele in the Middle East and Asia. At present, we export our products to all major continents, especially those which have large Asian communities, such as North America, Europe, and Oceania.

In FY2023, our facility's export revenue increased to RM174.4 million from RM153.3 million from FY2022. We also managed to secure new businesses with new distributors.

Top Three (3) Export Continents For FY2023

Continents	Sales (RM)
North America	56.1 million
Asia	40.8 million
Europe	34.5 million



- Flatbread - 85%
- Pastry - 8%
- Others - 7%

Flatbread remained our core product for the export market, contributing 85% of our international sales, followed by Pastry, coming in at 8% of our export sales respectively for FY2023.

MANAGEMENT DISCUSSION AND ANALYSIS



Malaysian Operation

Here at our home base, our products are distributed through traditional retailers, distributors, agents, supermarkets, hypermarkets, foodservice distributors, and to hotels, restaurants, and caterers (“**HORECA**”). Our products are also sold online through our e-Commerce website www.kawanfood.my and various ecommerce platforms such as Lazada, Shopee and Dropee.

Our domestic sales increased by 13.5% to RM129.7 million in FY2023 from RM114.3 million in FY2022.



Pastry and Flatbread contributed 39% and 21% of our local revenue respectively.

Our Malaysian market revenue grew in FY2023 through a combination of new and existing customers. We continued to build on our strengths by bolstering existing customer base with further growth in categories, channels, and new consumers. In FY2023, we successfully extended our channels in retail and convenience store distribution, and we aim to continue expanding the network further in the coming year.

China Operations

Our China base of operations consists of a manufacturing facility as well as a distribution network that primarily services China’s mainland while supporting our global export operations.

Despite the challenging local economic conditions, our China sales increased by 40.3% from RM7.2 million in FY2022 to RM10.1 million in FY2023.

RM10.1
million

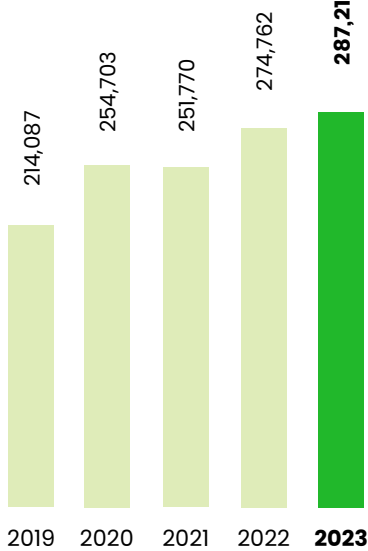
in Revenue from China operations

MANAGEMENT DISCUSSION
AND ANALYSIS

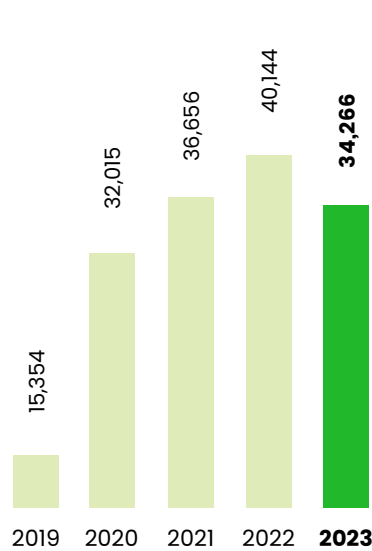
GROUP FINANCIAL REVIEW

The Group achieved revenue of RM287.2 million for FY2023, 4.5% higher compared to RM274.8 million in FY2022. The revenue growth was contributed by both domestic and export sales, where domestic sales grew by 4.2%, and export sales grew by 4.8%.

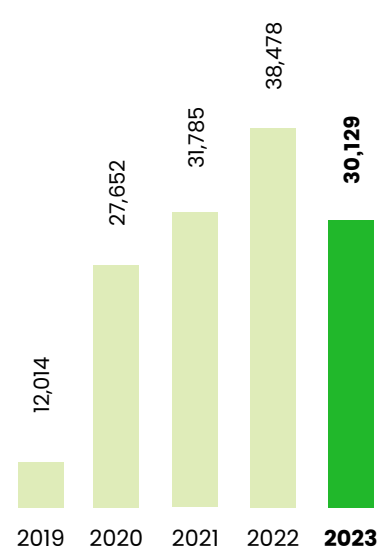
Revenue
(RM'000)



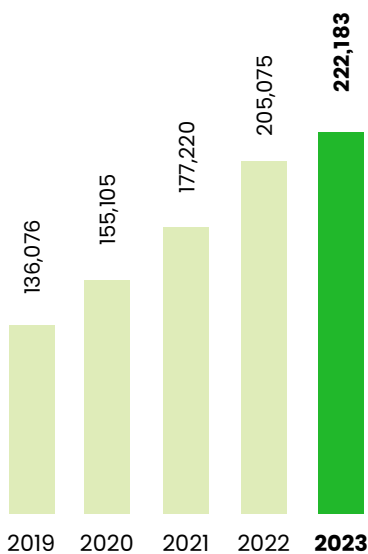
Profit Before Tax
(RM'000)



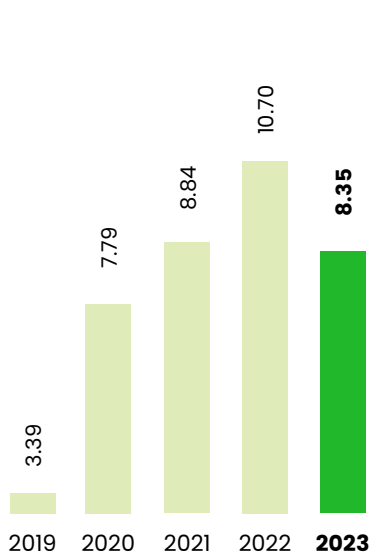
Profit After Tax
(RM'000)



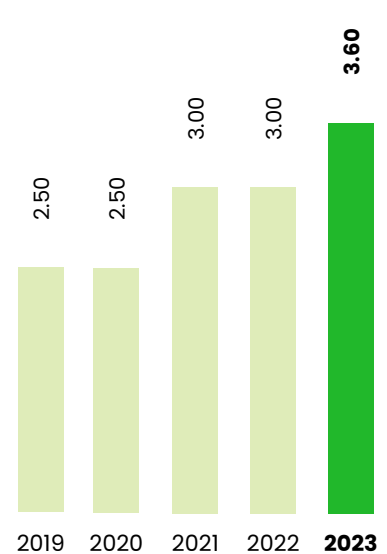
Retained Earnings
(RM'000)



Earnings Per Share ("EPS")
(sen)



Dividend Per Share ("DPS")
(sen)



MANAGEMENT DISCUSSION
AND ANALYSIS

Paratha remained the highest contributor to the Group's sales revenue in terms of product type, accounting for 46.0% of all sales. In terms of revenue contribution by geographical segments, Malaysia remained the largest market for Kawan, generating 45.2% of the Group turnover, followed by North America at 19.5% and the Rest of Asia at 17.7%.

The Group's PBT in FY2023 decreased by 14.6% to RM34.3 million and PBT margin declined from 14.6% to 11.9% mainly due to higher input cost.

RM287.2
million
in Revenue

STATEMENT OF PROFIT & LOSS (RM'000)

	2019	2020	2021	2022	2023
Revenue	214,087	254,703	251,770	274,762	287,215
Profit Before Tax	15,354	32,015	36,656	40,144	34,266
Taxation	3,340	4,363	4,871	1,666	4,137
Profit After Tax	12,014	27,652	31,785	38,478	30,129
Non-Controlling Interests	(176)	(365)	-	(21)	-
Dividends	8,988	8,988	10,786	10,769	13,021
Retained Earnings (opening)	132,874	136,076	155,105	177,720	205,075
Retained Earnings (closing)	136,076	155,105	177,220	205,075	222,183

STATEMENT OF FINANCIAL POSITION (RM'000)

	2019	2020	2021	2022	2023
Issued and Paid-up Share Capital	179,760	179,760	179,760	184,889	184,889
Share Option Reserve	-	-	-	-	2,190
Treasury Shares	-	-	-	(1,345)	(24,245)
Non-Distributable Reserve	8,080	10,143	11,364	8,248	8,148
Retained Earnings	136,076	155,105	177,220	205,075	222,183
Shareholders' Fund	323,916	345,008	368,344	396,867	393,165
Non-Controlling Interests	1,024	659	658	-	-
Deferred Taxation	7,384	9,220	13,618	12,703	13,006
Long Term Borrowings	9,358	5,736	2,113	-	-
	341,682	360,623	384,733	409,570	406,171
Property, Plant and Equipment, Investment Properties, Right-of-use assets, Prepaid Lease Payments	252,185	254,185	246,047	237,007	223,187
Deferred Taxation	465	486	464	464	464
Net Current Assets	89,032	105,952	138,222	172,099	182,520
	341,682	360,623	384,733	409,570	406,171

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RATIOS

	2019	2020	2021	2022	2023
Revenue growth (%)	7.05	18.97	(1.15)	9.13	4.53
Current ratio (times)	3.15	2.89	3.75	4.36	4.34
Cash ratio (times)	1.18	1.42	1.76	1.92	1.91
P/E ratio (times)	41.00	26.69	18.55	20.75	21.56
Debt to Equity ratio	0.020	0.027	0.027	0.016	0.009
Basic earnings per share (sen)	3.39	7.79	8.84	10.70	8.35
Dividend per share (sen)	2.50	2.50	3.00	3.00	3.60
Net assets per share attributable to shareholders of the Company (RM)	0.90	0.96	1.03	1.09	1.08
Share Price – High (RM)	1.96	2.88	2.16	2.41	2.30
Share Price – Low (RM)	1.18	0.82	1.57	1.43	1.70
Share price at 31 December	1.39	2.08	1.64	2.22	1.80
Company market capitalisation (RM'000)	499,732	747,801	589,612	804,932	649,252

*restated due to adjustments for bonus issue

FIVE YEAR DIVIDEND PAYMENT AS % OF PROFIT AFTER TAX

	2019	2020	2021	2022	2023
Profit After Tax (RM'000)	12,014	27,652	31,785	38,478	30,129
Dividend Paid (RM'000)	8,988	8,988	10,786	10,769	13,021
Dividend Payment as % of Profit after Tax	75%	33%	34%	28%	43%



MANAGEMENT DISCUSSION
AND ANALYSIS**Capital Expenditure**

During the year under review, the Group incurred capital expenditure amounting to RM4.8 million, which was utilised mainly on digitalisation, infrastructure, and equipment upgrades for our Pulau Indah manufacturing facilities to achieve further operational and cost efficiencies. The amount was financed through internally generated funds.

We look forward to continue investing in digitalisation initiatives with an emphasis on technology and process improvements, embracing the IR 4.0 trend to empower greater growth through innovation.

Invested

RM1.9 million

in IR 4.0 upgrades

Dividend

We are pleased to announce that the Group was able to maintain our dividend payout despite the challenges this year. An interim single tier dividend of 3.6 sen per ordinary share amounting to RM13.0 million for FY2023 was paid during the year under review. Additionally, the Group had on 22 February 2024, declared an interim single-tier dividend of 4.2 sen per ordinary share amounting to RM14.7 million in respect of the FY2023, which was paid on 2 April 2024.

2024 OUTLOOK AND PROSPECTS

We made a positive start to FY2024 despite this tough trading environment. We are well-positioned for future growth as our core categories continue to be robust. In the near term, we remain resolute in our approach to operational excellence, efficiency enhancement, and margin optimisation, whilst advancing our technological capabilities. Our collaboration efforts with our customers during recovery phase demonstrates our commitment to fostering mutual growth.

Our focus remains on executing our change programme, with ongoing planning aimed at achieving operational and technological excellence. We are optimistic about the substantial untapped potential within our business, bolstered by the depth of our relationships with our customers, robust product portfolio, and solid financial position.

We continue to forge ahead as a unified team in driving our vision forward. We eagerly anticipate the leadership of Mr Adam Pandian, who then becomes our CEO. As the Executive Chairman, I am truly grateful for the invaluable support and guidance provided by our Board as we work together to realise our strategic objectives in 2024.

On behalf of the Board, I would like to extend our gratitude to our shareholders for their support, and to our dedicated Management and employees for their unwavering commitment and tireless efforts. We would also like to express our appreciation to our customers and suppliers for their ongoing commitment and support to Kawan.

Lastly, we are sorry for the loss of our business partner and significant shareholder, Mr Nareshchandra Gordhandas Nagrecha ("Naresh"). Mr Naresh was an invaluable member of our team and will be greatly missed. His contributions to our company were immeasurable and his impact will always be remembered.

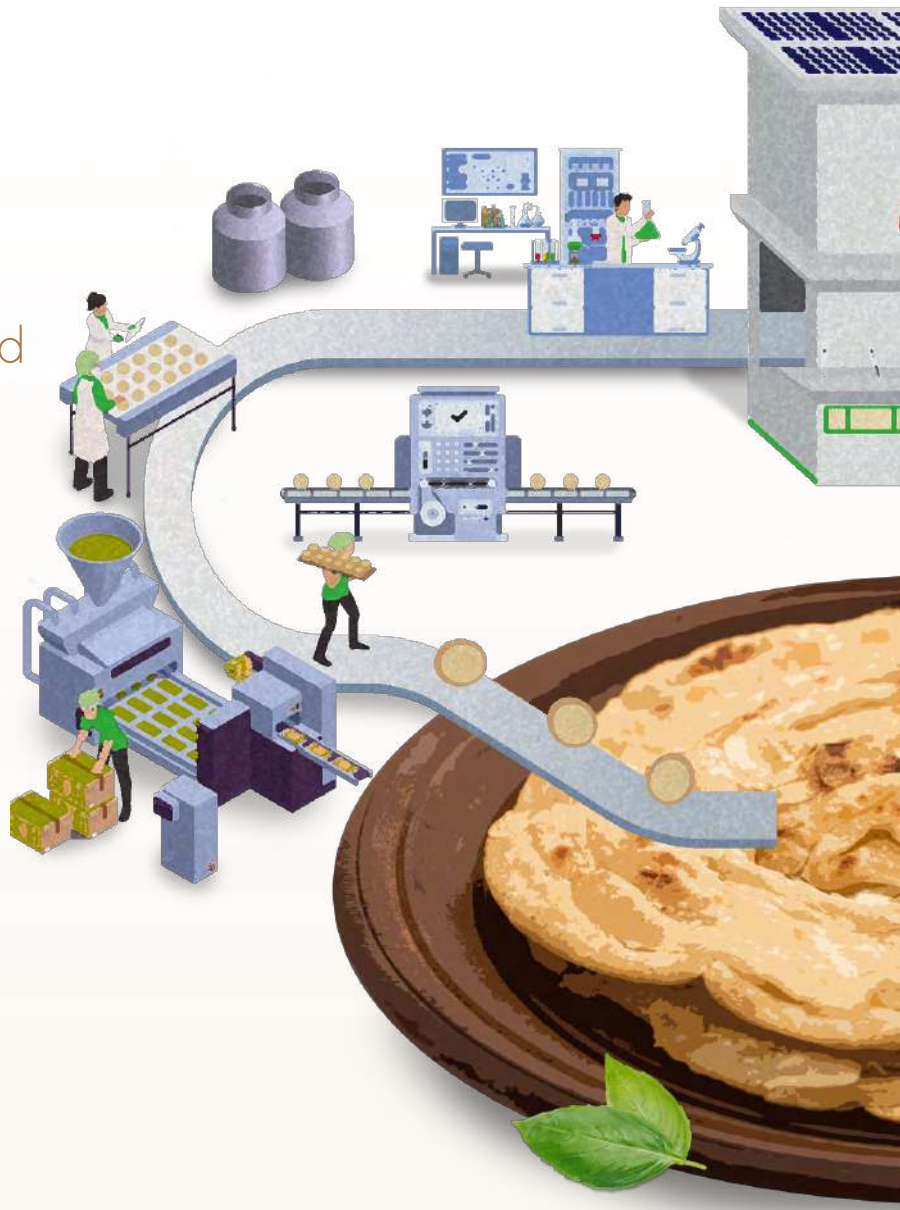
On behalf of the Board and Management,

Mr Gan Thiam Chai
Executive Chairman



SUSTAINABILITY STATEMENT

Kawan Food Berhad (“Kawan” or “the Company”) and its subsidiaries (“the Group”, “we” or “our”) are dedicated to the responsible management of our Economic, Environmental, Social, and Governance (EESG) impact across our operations in Malaysia. We envision ourselves as a leading global company dedicated to providing products that not only create value, but also enhance our customers' lifestyles. We recognise the significant role we play in shaping the environment and impacting society.



This Sustainability Statement (“the Statement”) aims to transparently communicate our solid dedication to sustainable practices throughout our operations.



SUSTAINABILITY STATEMENT



Reporting Standards

This Statement was prepared in accordance with the following standards, guides and frameworks:

- Practice Note 9 of the Main Market Listing Requirements
- Sustainability Reporting Guide, 3rd Edition ("SRG") issued by Bursa Malaysia Security Berhad ("Bursa Malaysia"), 2022
- FTSE4Good Bursa Malaysia Index and other local and international sustainability ratings
- Global Reporting Initiative ("GRI"), 2021
- The United Nations Sustainable Development Goals ("UNSDG")
- Malaysia Code of Corporate Governance, Updated April 2021

Reporting Scope and Boundary

Our reporting provides information for the financial year ended ("FYE") 31 December 2023 ("FYE2023") from 1 January 2023 to 31 December 2023.

The scope of this sustainability statement covers Kawan Food Manufacturing, our active subsidiary engaged in the manufacture and sale of frozen food products in Malaysia.

Our sustainability Statement has been verified by our Internal Audit Department.

Feedback

We value your feedback on this Report and any matters described here. For inquiries, comments and suggestions regarding this content of this Report, please contact:

Corporate Affairs Department
Lot 129351, Jalan Sungai Pinang 4/19
Taman Perindustrian Pulau Indah
Selangor Halal Hub, Fasa 2C
42920 Pulau Indah
Selangor Darul Ehsan,
Malaysia

T +603-3099 1188
F +603-3099 1028
E lplee@kawanfood.com

SUSTAINABILITY STATEMENT

Sustainability Governance Structure

The Group emphasizes sustainable development through effective governance, harmonizing economic, social, and environmental factors in decision-making. Our inclusive governance systems involve the Board of Directors, Sustainability Steering Committee (SSC), and Kawan Food Berhad Management to ensure comprehensive oversight of sustainability matters

The diagram below delineates the roles and responsibilities for each structure level, underscoring our commitment to principled and effective sustainability practices:



At Kawan, we place a high value on transparency and effective communication. Regular meetings are held to discuss pertinent matters and track progress. These meetings serve as platforms for us to stay informed about key developments, strategic initiatives, and performance updates.

Sustainability Policy

Our Sustainability Policy, in place since 2022, underscores our dedication to advancing sustainability goals within the frozen foods sector across our operating markets. We are committed to establishing measurable objectives and targets aligned with internationally recognised standards and principles, e.g. Fair Trade principles, International Labour Organisation Standards, and UN Guiding Principles on Business and Human Rights. This Policy can be viewed at <https://kawanfood.com/wp-content/uploads/2022/05/Kawan-Foods-Sustainability-Policy.pdf>.

Kawan’s commitment to sustainability is embedded in the company’s ongoing sustainability strategy, which is supported by three core pillars as below.



Our Sustainability Policy integrates the principles of a trustworthy business, the empowerment and advancement of people, and a dedicated commitment to environmental stewardship.

This holistic approach demonstrates our commitment to responsible and ethical business practices, the well-being and development of our people, and the preservation of our environment.

SUSTAINABILITY STATEMENT



TRUSTED ENTERPRISE

Rationale

Building an ethical and efficient enterprise which contributes to Sustainable Development

Approach

- Growth That Benefits All Stakeholders
- Optimise the Use of Automation and Industry 4.0 to enhance productivity and drive efficiencies
- Product innovation
- Sound corporate governance and risk management



NURTURING AND EMPOWERING PEOPLE

Rationale

Focusing on our people and the community in everything we do

Approach

- Promote Well-being
- Developing Competence
- Giving Back to Society



ENVIRONMENTAL STEWARDSHIP

Rationale

Minimising negative impacts on the environment including people throughout the lifecycle of our products

Approach

- Adopt Circularity Measures
- Reduce CO₂ Emissions
- Practice Responsible Sourcing

At Kawan, our Sustainability Strategy is supported by corporate policies that convey our commitment to a holistic and coherent approach to sustainability within the Group. The list of policies and guidelines is as below.



Anti-Bribery & Anti-Corruption Policy



Whistleblowing Policy



Code of Conduct and Ethics



Diversity Policy



Human Rights Policy



Responsible Marketing Policy



Sustainable Supply Chain & Procurement Policy



Environmental Policy



Fit and Proper Policy







Product Health & Nutrition Policy

We encourage our customers, employees, suppliers, and contractors to understand and comply with our Policies. Our corporate policies are available at <https://kawanfood.com/index.php/our-company/investor-relations/>.







STAKEHOLDER ENGAGEMENT

We hold our stakeholders in high regard, recognising their pivotal role in realising our sustainability goals, as their experiences are directly or indirectly influenced by our business operations. At Kawan, we are dedicated to addressing the needs and concerns of our stakeholders, striving to cultivate mutually beneficial outcomes that foster economic, social, and environmental sustainability.

The Group engages with stakeholders through a variety of channels which include:

Methods of Engagement	Frequency	Focus Area	Approach
 Customers (distributors, key accounts, retailers and consumers)			
<ul style="list-style-type: none"> Surveys Corporate events Meetings 	<ul style="list-style-type: none"> Ongoing 	<ul style="list-style-type: none"> Product quality Service reliability New products and development 	<ul style="list-style-type: none"> Health & Nutrition, page 47 Product Quality & Safety, page 48 Responsible Marketing, page 48 Customer Satisfaction, page 49
 Industrial Affiliates/Industry and Trade Associations			
<ul style="list-style-type: none"> Association Meetings Training Exhibitions 	<ul style="list-style-type: none"> Ad-hoc 	<ul style="list-style-type: none"> Knowledge and information sharing Adherence to affiliates' charter and code Participation and support in programmes 	<ul style="list-style-type: none"> Economic Presence, page 39
 External Goods and Service Providers			
<ul style="list-style-type: none"> Regular Meetings Contractual/ Annual Review Supplier Evaluation Audits 	<ul style="list-style-type: none"> Yearly Quarterly Ad-hoc 	<ul style="list-style-type: none"> Fair and transparent contract Fair pricing Responsive and timely communication Supplier management process 	<ul style="list-style-type: none"> Supply Chain Performance, page 41
 Government and Regulators			
<ul style="list-style-type: none"> Statutory Submissions Meetings/Workshops Site Visits/Conferences 	<ul style="list-style-type: none"> Monthly/Quarterly/Yearly Ad-hoc 	<ul style="list-style-type: none"> Compliance with legal requirements and other obligations Support for national plans Timely and responsive communication and action 	<ul style="list-style-type: none"> Ethical Business Practices, page 40

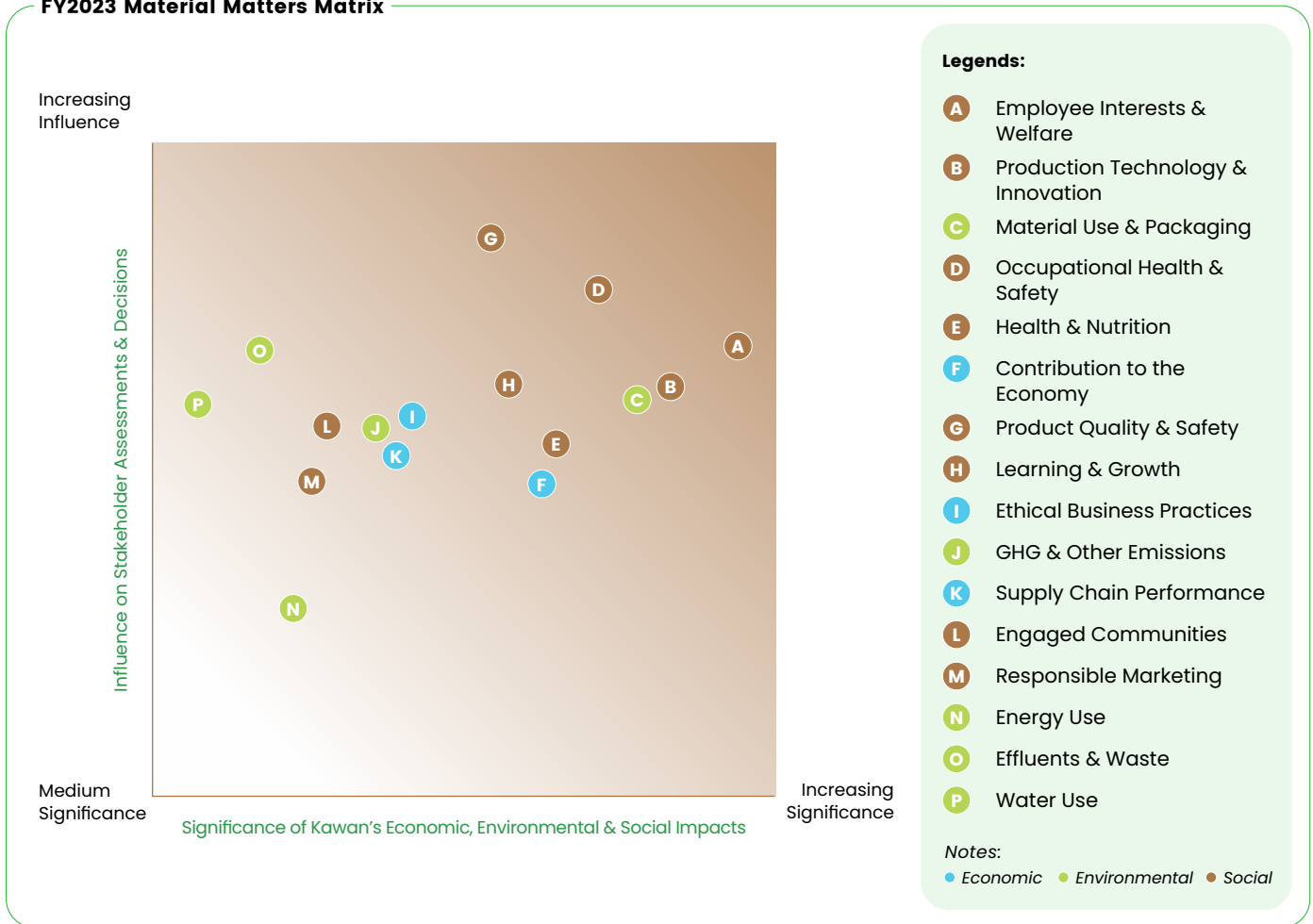
STAKEHOLDER ENGAGEMENT

Methods of Engagement	Frequency	Focus Area	Approach
 Financial Institutions			
<ul style="list-style-type: none"> Quarterly announcements Meetings 	<ul style="list-style-type: none"> Quarterly Ad-hoc 	<ul style="list-style-type: none"> Sustainable business relationship Management of risks 	<ul style="list-style-type: none"> Economic Presence, page 39 Ethical Business Practices, page 40
 Employees			
<ul style="list-style-type: none"> Policies and Procedures Sports & Social Club Events such as the Annual Dinner and Festive Celebrations Team Building Townhall meetings Department meetings 	<ul style="list-style-type: none"> Yearly Ad-hoc/On-going 	<ul style="list-style-type: none"> Safe and healthy workplace Fair and equal treatment Competitive remuneration Career advancement opportunity Workplace diversity Job security and workplace representation 	<ul style="list-style-type: none"> Diversity and Inclusivity, page 46 Local Employment and Sourcing, page 46 Employee Interests & Welfare, page 45 Occupational Health & Safety, page 47 Learning & Growth, page 45
 Local Communities			
<ul style="list-style-type: none"> Corporate Social Responsibility Activities 	<ul style="list-style-type: none"> Ad-hoc 	<ul style="list-style-type: none"> Community engagement 	<ul style="list-style-type: none"> Engaged Communities, pages 47-48
 Media			
<ul style="list-style-type: none"> Interviews/ Press Releases Advertisements New Products Launches 	<ul style="list-style-type: none"> Ad-hoc 	<ul style="list-style-type: none"> News and corporate goings-on Timely and responsive communication 	<ul style="list-style-type: none"> Economic Presence, page 39
 Non-Governmental Organisations (NGOs)			
<ul style="list-style-type: none"> Corporate Social Responsibility and collaboration activities 	<ul style="list-style-type: none"> Ad-hoc 	<ul style="list-style-type: none"> Support of NGO's objectives 	<ul style="list-style-type: none"> Engaged Communities, pages 47-48
 Learning Institutions			
<ul style="list-style-type: none"> Training and internship programmes 	<ul style="list-style-type: none"> Ad-hoc 	<ul style="list-style-type: none"> Potential internship opportunities Knowledge and information sharing Opportunities for collaboration 	<ul style="list-style-type: none"> Learning & Growth, page 45

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS

In FY2021, we conducted a survey among our stakeholders and performed a materiality assessment. In FY2022–2023, the Management reviewed these material matters and determined that they remained relevant. We will conduct another materiality assessment in 2024.


FY2023 Material Matters Matrix



The matrix shows the result of our materiality assessment in FY2021, highlighting the importance of each matter, considering both its relevance to our business and its perceived importance to our stakeholders.

MATERIALITY ASSESSMENT AND KEY SUSTAINABILITY MATTERS










The following table highlights our material sustainability matters and the corresponding UNSDGs:

Material matters		Corresponding UNSDG
ECONOMIC		
Contribution to the Economy	Reduction of economic inequality in society and empowerment of vulnerable groups in its value chain	 
Ethical Business Practices	Management of ethical issues such as corruption, anti-competitive behaviour and fair procurement practices within the operations and supply chain	 
Supply Chain Performance	Management of Kawan's suppliers and their environmental, social and ethical performance in the supply chain	 
ENVIRONMENTAL		
Material Use & Packaging	Minimising environmental and social impacts of Kawan's products through sourcing of ingredients and other materials, taking into consideration the product lifecycle	
GHG & Other Emissions	Management of Kawan's greenhouse gas and other emissions throughout its operations and supply chain	
Energy Use	Management of energy consumption throughout Kawan's operations, including transportation-related activities	
Effluents & Waste	Management of water and land pollution from Kawan's operations, including liquid and solid waste	  
Water Use	Management of water consumption throughout Kawan's operations	
SOCIAL		
Employee Interests & Welfare	Ensuring employee satisfaction by upholding the rights of Kawan's employees through fair treatment practices	 
Learning & Growth	Empowering Kawan's employees by providing training and education to advance their skills and competencies, and support their career development	
Occupational Health & Safety	Providing a healthy and safe work environment for Kawan's employees and those working on its behalf	 
Health & Nutrition	Enhancing the health impacts of Kawan's products and ensuring its product portfolio considers diverse dietary needs	
Engaged Communities	Managing the sustainability impacts of Kawan's operations to surrounding communities wherever it operates and upholding its role as a member of society	
Product Quality & Safety	Ensuring the quality and safety of Kawan's products meet relevant standards and customer expectations	
Production Technology & Innovation	Enhancing production processes through technology and innovation to maximise Kawan's operational efficiency and manage its sustainability impacts	
Responsible Marketing	Marketing Kawan's products by providing accurate and adequate information, including sustainability impacts of the products, as well as ensuring the protection of customer data privacy	

SHORT, MEDIUM & LONG-TERM COMMITMENTS

We are committed to achieving our sustainability goals by FY2030 through clearly defined strategies and key performance indicators (KPIs). Our approach includes ongoing tracking and evaluation of sustainability performance to ensure effective progress. We have identified and implemented relevant initiatives to steadily progress towards the effective achievement of these KPIs.

 Achieved  In Progress

Short-term Commitments (2022 - 2023)	2023 Progress	Status
TRUSTED ENTERPRISE		
Improve customer satisfaction <ul style="list-style-type: none"> To improve satisfaction rating To reduce customer complaints by 10% 	<ul style="list-style-type: none"> Attained 100% satisfaction rating for export customers and showed improvement in local sales satisfaction rating. Despite 25.5% increase to 192 cases compared to 2022, we effectively reduced complaints related to manufactured products in FY2023. 	 <ul style="list-style-type: none"> Please refer to customers complaint section for further explanation.
Maintain zero incidents of corruption <ul style="list-style-type: none"> Conduct a risk assessment for corruption in operations, including existing and new business partners 	<ul style="list-style-type: none"> Zero incidents of corruption 	
Maintain HALAL certification <ul style="list-style-type: none"> To have a robust HALAL Assurance System 	<ul style="list-style-type: none"> Halal Assurance System is effectively maintained. 	
Minimise food safety incidents <ul style="list-style-type: none"> Maintain BRC certification grade Reduce total number of notices of food safety and quality violation received <ul style="list-style-type: none"> 10% reduction of complaints per million units ("CPMU") within one year 	<ul style="list-style-type: none"> Maintained BRC Certification Grade A+ 26.22% increase in the CPMU 	 <ul style="list-style-type: none"> Please refer to customers complaint section for further explanation.
NURTURING AND EMPOWERING PEOPLE		
Enhance skills in business automation and IR 4.0 <ul style="list-style-type: none"> Increase training programmes focusing on technology adoption 	<ul style="list-style-type: none"> IR 4.0 – Lean Manufacturing training was provided during FY2023 	
Establish sustainability-related learning in employees' competence development <ul style="list-style-type: none"> Minimum of two training hours in sustainability topics 	<ul style="list-style-type: none"> ESG refresher training was provided to Heads of Departments and Managers 	
Achieve zero workplace accidents <ul style="list-style-type: none"> To reduce the lost time injury (LTI) by 30% Obtain ISO 45001 certification 	<ul style="list-style-type: none"> LTI has decreased by 67.44% from 8.2 in FY2022 to 2.67 in FY2023. Obtained ISO 45001 certification 	 
Enhance the nutritional value of Kawan's products <ul style="list-style-type: none"> Attain healthier choice standards for products 	<ul style="list-style-type: none"> In the midst of applying for healthier choice logo certification Plant based products, including vadai, purple sweet potato fingers, and falafel were launched in the first quarter of 2023. 	<ul style="list-style-type: none"> Please refer to health and nutrition section for further explanation. 

SHORT, MEDIUM & LONG-TERM
COMMITMENTS

Achieved



In Progress

Short-term Commitments (2022 - 2023)	2023 Progress	Status
ENVIRONMENTAL STEWARDSHIP		
Achieve zero environmental legal non-compliance	• Zero environmental non-compliance	
Obtain ISO 14001 certification	• Obtained ISO 14001 certification	
To reduce non-hazardous waste to landfills from production facilities by 20%	• The non-hazardous waste has increased by 6.19% to 120 MT	• <i>Please refer to effluents & waste management section for further explanation</i>
To establish a water monitoring and management system and to reduce water use	• Water consumption monitoring meter device is installed at the main water entry for the factory and plant in 2023	
Medium Term Commitments (2025-2027)		
TRUSTED ENTERPRISE		
Increase locally procured products/services	• Decreased by 1%, to 90% of products/services sourced locally	• <i>Please refer to supply chain performance section for further explanation</i>
Establish policies on stakeholder engagement and human rights	• Policies on human rights, sustainable supply chain and procurement, responsible marketing, product health & nutrition, and the environmental policy were established.	
NURTURING AND EMPOWERING PEOPLE		
Conduct annual sustainability-focused engagements and community programmes	• Contributed RM268.68k to non-profit organisations to support various community projects	
ENVIRONMENTAL STEWARDSHIP		
Reduce absolute GHG emissions and intensity	• A total of 1,649 tonnes of CO ₂ have been avoided to date through energy efficiency measures and using renewable energy	
Increase the use of renewable energy for electricity at production facilities based on a quantitative target set at the end of 2023	• Solar panels generated 3.47 GWh of solar energy, resulting in cost savings of RM 1.23 million and avoiding 1,649 tonnes of CO ₂ and 1,389 tonnes of fossil fuel	

SHORT, MEDIUM & LONG-TERM COMMITMENTS



Achieved



In Progress

Long Term Commitments (2028-2030)	2023 Progress	Status
TRUSTED ENTERPRISE		
Attain membership in sustainability-related initiatives, such as RSPO and UN Global Compact	<ul style="list-style-type: none"> An ordinary member of the RSPO since 20 April 2021 	
Establish an in-house platform for idea generation and onward product development and commercialisation	<ul style="list-style-type: none"> Management has already implemented alternative platforms for idea generation, and onward product development and commercialisation. 	
Increase business automation with a focus on energy efficiency	<ul style="list-style-type: none"> Commissioned a heat recovery system in October 2022 to recover waste heat from compressors to preheat the boiler feedwater 	
NURTURING AND EMPOWERING PEOPLE		
Recruit underserved communities such as other marginalised groups <ul style="list-style-type: none"> Setting a target for at least one individual 	<ul style="list-style-type: none"> Developed a human rights policy incorporating our commitment to provide employment opportunities for local communities including underserved communities Hired a person with disability. 	
Achieve a minimum score of 85% for overall employee satisfaction	<ul style="list-style-type: none"> Commenced internal engagement activities among the executives once in two weeks. 	
Provide attractive remuneration packages aligned with sector and work situation	<ul style="list-style-type: none"> Benchmarking and comparison with local employment market was conducted for FY2024 as part of the annual increment exercise. 	
ENVIRONMENTAL STEWARDSHIP		
Determine product carbon footprint <ul style="list-style-type: none"> Conducting a Life Cycle Assessment for a selected product 	<ul style="list-style-type: none"> Management is considering the applicability of the LCA on the products. 	
Improve the sustainability performance of packaging material <ul style="list-style-type: none"> Increase the use of recycled packaging or sustainable materials 	<ul style="list-style-type: none"> Sourcing sustainable packaging options, including recyclable packaging materials 	
Use sustainably sourced ingredients, especially high-volume ingredients such as sugar, flour, fats, and oils	<ul style="list-style-type: none"> Alternative suppliers for main ingredients – flour, margarine, and dough fats have been identified. 	
Increase the use of Centre for Sustainable Palm Oil (“CSPO”) in the Company’s products	<ul style="list-style-type: none"> Seeking to use CSPO in products in an economical manner 	

We will review and revise the short-term, mid-term and long-term commitments this year in 2024.

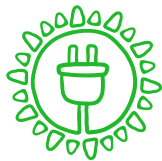
FY2023 KEY SUSTAINABILITY HIGHLIGHTS

The following are the key highlights in sustainability performance and initiatives at Kawan in FY2023:



3.47 GWh

of Solar energy generated



90%

sourced from local suppliers



Scope 1 emissions

316 tCO₂e



Scope 2 emissions

6,007 tCO₂e

Total training hours

8,532



ZERO

Corruption cases reported in FY2023

FY2023 RISKS AND OPPORTUNITIES

A

EMPLOYEE INTERESTS & WELFARE

Ensuring employee satisfaction by upholding the rights of KFB's employees through fair treatment practices.

RISKS

Poor management of employees' interests & welfare will demoralize and affect their performance. Unsatisfied employees can lead to high turnover and poor work quality, leading to increased cost arising from delays, reduced product and service quality, fines and compensations etc., which will ultimately lead to reputational damage and loss of confidence among our stakeholders including customers and shareholders.

OPPORTUNITIES

- Employees are an important asset of the company and building high-performing individuals who are committed to their jobs will benefit the company in the long run.

B

PRODUCTION TECHNOLOGY & INNOVATION

Enhancing production processes through technology and innovation to maximise KFB's operational efficiency and manage its sustainability impacts.

RISKS

Failure to stay in the forefront of technological advancement will likely result in higher production costs, compromised quality, and inability to keep pace with changing consumer preferences.

OPPORTUNITIES

- Remaining in the forefront of new technologies by adopting an IR 4.0 Roadmap will enable proactive responses to changing customer demands.

C

MATERIAL USE & PACKAGING

Minimising environmental and social impacts of KFB's products through sourcing of ingredients and other materials, taking into consideration the product lifecycle.

RISKS

Selection and procurement of materials such as raw ingredients and packaging from unsustainable sources can lead to loss of competitive advantage (e.g. from EU/US markets) and brand reputation, due to being seen as not embracing sustainability e.g. using plastics, non CSPO, and increased vulnerability to supply chain related risks e.g. high dependency on one ingredient.

OPPORTUNITIES

- Sourcing sustainable raw material for production and packaging will ensure steady supply of raw material and manage any potential supply chain disruptions. Also right sourcing will allow the company to cater to specific target market such as "green consumers"
- Focus on environmentally sound supplies (biodegradable & recyclable packaging material)
- Collaborate with local universities on product development.

FY2023 RISKS AND OPPORTUNITIES

D

OCCUPATIONAL HEALTH & SAFETY

Ensuring the provision of a healthy and safe work environment for KFB's employees and those working on its behalf.

RISKS

Poor OHS management will lead to injuries and diseases which will increase operating costs in terms of compensation/remuneration, work delays, penalties/ fines; and reputational loss among stakeholders, loss of business opportunities, and reduced sales.

OPPORTUNITIES

- Safe and healthy work environment will reduce wastage, loss time, and attract a more qualified work force.

E

HEALTH & NUTRITION

Enhancing the health impacts of KFB's products and ensuring its product portfolio considers diverse dietary needs.

RISKS

Not making healthy and nutritious products means not catering to current demands of various lifestyles in society which will cause the company loss of competitive advantage, product leadership, and prospective investors.

OPPORTUNITIES

- Remain relevant in fast-changing consumer preferences and expand market presence
- Initiate plant-based and more nutritious product offerings.

F

CONTRIBUTION TO THE ECONOMY

KFB's contribution to the reduction of economic inequality in society and empowerment of vulnerable groups in its value chain

RISKS

Poor sales and low profits lead to loss of reputation and trust from stakeholders particularly investors/ shareholders, reduced market share, lower employee morale and higher turnover rates; causing operational delays and incurring extra costs.

OPPORTUNITIES

- Growing the business in line with changing market sentiment and creating viable alternative for "green" investors
- Enhance efficiency and manage costs effectively

Potential risk of under-valuation of the company.
Loss of sustainability-centric customers and investors.

FY2023 RISKS AND OPPORTUNITIES



PRODUCT QUALITY & SAFETY

Ensuring the quality and safety of KFB's products meet relevant standards and customer expectations

RISKS

Poor quality & safety affects consumer health and safety, which can incur remedial and compensation costs, leading to fines/summons/litigation, damaged reputation and trust from stakeholders, and reduced sales.

OPPORTUNITIES

- Food safety remains the primary criteria for consumable products, and any improvement will increase consumer confidence and product loyalty.



LEARNING & GROWTH

Empowering KFB's employees through provision of training and education to advance their skills and competence, as well as support their career development.

RISKS

Poor management of employee learning & growth inhibits development of their skills and knowledge, which can affect work quality and performance, leading to delays, repairs and remediation, all of which increases operational cost.

OPPORTUNITIES

- Highly skilled and talented employees will drive growth of the business with expansions to new markets and new products.



ETHICAL BUSINESS PRACTICES

Management of ethical issues such as corruption, anti-competitive behaviour, and fair procurement practices within KFB's operations and the supply chain.

RISKS

Corruption and other unethical governance issues in the organization and supply chain incurs penalties/summons, damages reputation and trust from stakeholders, and affects employee morale.

OPPORTUNITIES

- Eliminating activities that distorts the pricing mechanism in a market economy will allow for more transparent price points reflective of actual production cost.

FY2023 RISKS AND OPPORTUNITIES

J

GHG & OTHER EMISSIONS

Management of KFB's greenhouse gas and other emissions throughout its operations and supply chain.

RISKS

Greenhouse gas (GHG) emissions from the use of energy, as well as emissions of other pollutant gases, at the operations level and throughout the supply chain, contribute to climate change and pollution. This can lead to reputational loss among the public, investors, business partners, etc.

Climate change can also impact the business by increasing production costs due to higher expenses for raw ingredients, as well as increased costs for climate adaptation and mitigation, including safety and health measures, and potential regulatory changes and market instruments.

OPPORTUNITIES

- Being proactive to the changing business environment will ensure the company is prepared to meet the varying expectations of the stakeholders.

K

SUPPLY CHAIN PERFORMANCE

Management of KFB's suppliers and their environmental, social, and ethical performance in the supply chain

RISKS

Poor performance in the supply chain leads to increased environmental impacts e.g. GHG emissions, resource use, pollution; and social impacts e.g. human rights abuse etc. Underperforming suppliers also affect product delivery and quality causing Kawan not to meet customer requirements and standards. These issues can incur extra production/operations/remedial costs, leading to fines/summonses/litigation, damaged reputation, and trust from stakeholders (boycotts), and reduced sales.

OPPORTUNITIES

- Promoting sustainable practices in the supply chain network will reduce disruption, advance supply chain resilience, and will benefit the company.

L

ENGAGED COMMUNITIES

Managing the sustainability impacts of KFB's operations on surrounding communities wherever it operates, and upholding its role as a responsible member of society

RISKS

Not maintaining engaged communities, or good relationships with surrounding communities and the general public, can make the company appear uninterested, leading to potential reputational loss, boycotts, and loss of customers, investors, and potential future employees.

OPPORTUNITIES

- Staying engaged with the community will benefit the company in the form of ready supply of workforce, brand advancement, building reputation, and being a good neighbour.

FY2023 RISKS AND OPPORTUNITIES



RESPONSIBLE MARKETING

Marketing KFB's products through provision of accurate and adequate information, including sustainability impacts of the products, as well as ensuring protection of customer data privacy.

RISKS

False labeling or inaccurate product information can endanger consumer health and safety, leading to remedial costs such as product recalls. Additionally, it may result in fines, summonses, litigation, damage to reputation, and trust from stakeholders, and reduced sales.

Mismanagement of customers' personal data not only violates their right to data privacy but also has repercussions on reputation and may result in fines or penalties.

OPPORTUNITIES

- Enables the building of a strong 'Kawan' brand, fostering trust and loyalty among customers, and delivering high intangible value to the company.



ENERGY USE

Management of energy consumption throughout KFB's operations including transportation related activities.

RISKS

Dependence on energy from non-renewable sources depletes stocks for future use, leading to scarcity and subsequent increases in energy prices. This, in turn, results in higher production costs and other related expenses.

OPPORTUNITIES

- Early awareness of GHG emissions and the impacts of climate change will enable the company to strategically plan for the future as a going concern, especially in its capital asset acquisition and factory modernization programs.
- Corporate Policy of buying high-efficiency machines



EFFLUENTS & WASTE

Management of water and land pollution arising from KFB's operations, including liquid and solid waste.

RISKS

Not managing effluents & waste may incur cost due to fines, penalties, remediation, and lead to reputational loss, boycotts, and potential loss of investors.

OPPORTUNITIES

- Extending the compliance of effluent and waste management to incorporate sustainability enables the company to remain proactive in addressing any potential leakages and reduce foreseeable harm to the environment.



WATER USE

Management of water consumption throughout KFB's operations.

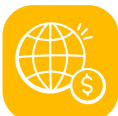
RISKS

Over consumption of water may lead to depletion of water resources which will lead to disruption in production and affect product quality leading to nonfulfillment of orders.

OPPORTUNITIES

- Early awareness of water scarcity will enable the company to identify alternative water sources and plan accordingly to harvest such sources for consumption.

ECONOMIC



ECONOMIC PRESENCE

As one of Malaysia's leading exporters and manufacturers of frozen Asian food delicacies worldwide, we are dedicated to creating value for our stakeholders through strong financial performance, market presence, ethical business practices, and a proven track record of delivering exceptional quality products and services.

CONTRIBUTION TO ECONOMY

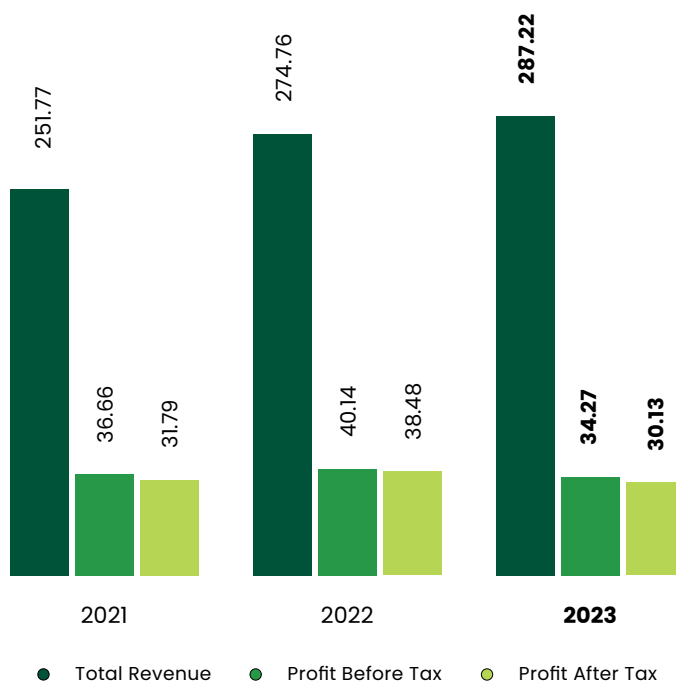
Amid economic challenges, the FY2023 Financial Highlights depict a nuanced performance, a total revenue of RM287.22 million; the profit before tax was RM34.27 million whereas the profit after tax was RM30.13 million.

TOTAL REVENUE

Financial Year (FY)	FY2021	FY2022	FY2023
Total Revenue (RM million)	251.77	274.76	287.22
Profit Before Tax (RM million)	36.66	40.14	34.27
Profit After Tax (RM million)	31.79	38.48	30.13

Please refer to the audited report in our annual report for the further details on our contribution to economy.

Financial Performance (FY2021-FY2023)
(RM '000)



ECONOMIC

ETHICAL BUSINESS PRACTICES

We recognise that our actions have far-reaching impacts on various stakeholders. We are committed to conduct our business in an ethical manner, and aim to set a standard of excellence that not only reflects our core values, but also fosters a culture of responsibility throughout our organisation.

The table below outlines the framework and policies for responsible business practices within the Group.

FRAMEWORK / POLICIES	DESCRIPTION
Code of Conduct	Kawan maintains a Code of Ethical Conduct and Conflict of Interest, that is outlined in the Employee Handbook to ensure ethical standards for all employees, directors, and management, including permanent, part-time, contract, and temporary staff. This commitment emphasises upholding ethical practices in all operations.
Anti-Bribery and Anti-Corruption Policy	<p>Kawan is committed to maintaining integrity and strict compliance with relevant laws, including the Malaysian Anti-Corruption Commission Act ("MACC"). This commitment is set out in our Anti-Bribery and Anti-Corruption ("ABAC") Policy & Guidelines.</p> <p>Our employees receive anti-corruption training as part of our induction procedures. In FY2023, 61 executives and 514 non-executives received comprehensive training on ABAC compliance. The ABAC policy is available on our corporate website for further details at https://kawanfood.com/index.php/our-company/investor-relations/.</p>
Whistleblowing Policy	<p>Kawan maintains a Whistleblowing Policy that allows stakeholders to report concerns about misconduct or illegal behaviour within the company. This policy encompasses complaints related to suspected unethical conduct, fraud, corruption, and misuses of the Group's resources. The Policy also protects whistleblowers from reprisals for disclosures and safeguards the reporting individuals' confidentiality.</p> <p>The Whistleblowing Policy is available on our corporate website https://kawanfood.com/index.php/our-company/investor-relations/. Reports can be made through various channels as below, including directly to the Chairman of the Audit Committee.</p> <p>a) Letter / Documents / Report marked "STRICTLY PRIVATE AND CONFIDENTIAL TO BE OPENED BY THE ADDRESSEE ONLY" addressed to the Senior Independent Non-Executive Director.</p> <p style="margin-left: 40px;">Kawan Food Berhad Lot 129351, Jalan Sungai Pinang 4/19 Taman Perindustrian Pulau Indah Selangor Halal Hub, Fasa 2C 42920 Pulau Indah</p> <p>b) Report via email to dr_nikismail@kawanfood.com</p>

During FY2023, we received a complaint via the whistleblowing channel which was then reviewed by our Whistleblowing Committee. Following careful deliberation, it was identified as a human resource related case necessitating disciplinary measures. Our Human Resource Department conducted an internal investigation, resulted in the issuance of a warning letter being issued. Ongoing monitoring was carried out for three months thereafter.

ECONOMIC

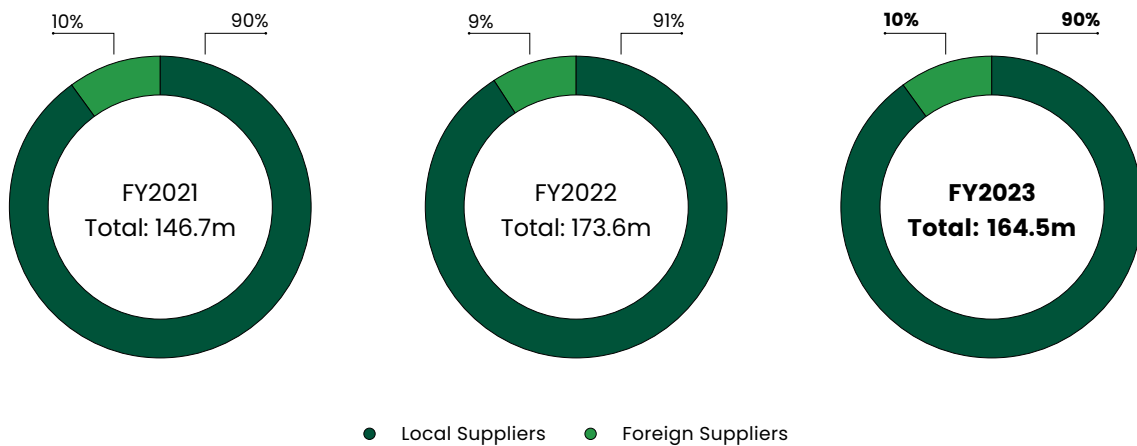


Supply Chain Performance

Kawan places a high priority on ethical and transparent procurement practices, with a Procurement Policy in place since 2023. In FY2023, 90% of our suppliers were local, while 10% were foreign, in line with our commitment to supporting the local economy and reducing environmental impacts.

Local Vs Foreign Suppliers (FY2021-FY2023)

(%)



As a leading frozen food company, we prioritise sustainability in our supplier relationships. We conduct regular supplier audits and reviews to ensure that suppliers adhere to quality standards and ethical practices. This includes an assessment of the environmental risks of potential and existing suppliers. The policy is available on Kawan’s corporate website at <https://kawanfood.com/index.php/our-company/investor-relations/>

ENVIRONMENT



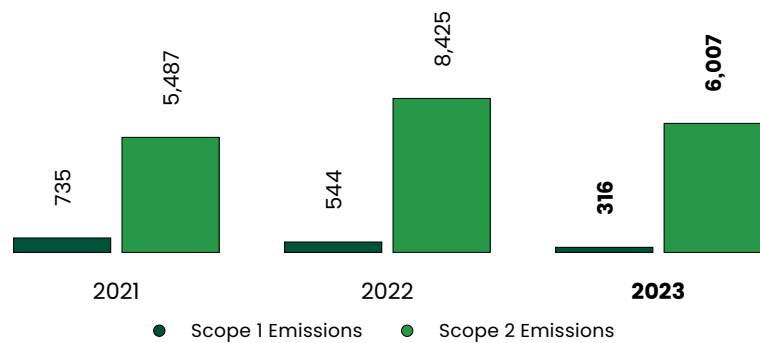
EMISSIONS MANAGEMENT

Kawan is committed to heeding COP28’s call to accelerate low emission technologies and triple renewable energy capacity. We are managing greenhouse gas (“GHG”) emissions throughout our operations and supply chain. Our initiatives include the installation of solar panels at our Pulau Indah facility, resulting in the avoidance of 1,649 tonnes of CO₂. In FY2024, we will focus on setting measurable targets and KPIs to strengthen our commitment to emissions management.

Additionally, we will commence monitoring our scope 3 emissions for employee commute and business travel.

TOTAL EMISSIONS GENERATED

Emissions Generated (FY2021-FY2023)
(tCO₂e)



Type of Emission	FY2021	FY2022	FY2023
Scope 1 Emissions (tCO ₂ e)	735	544	316
Scope 2 Emissions (tCO ₂ e)	5,487	8,425	6,007

ENVIRONMENT

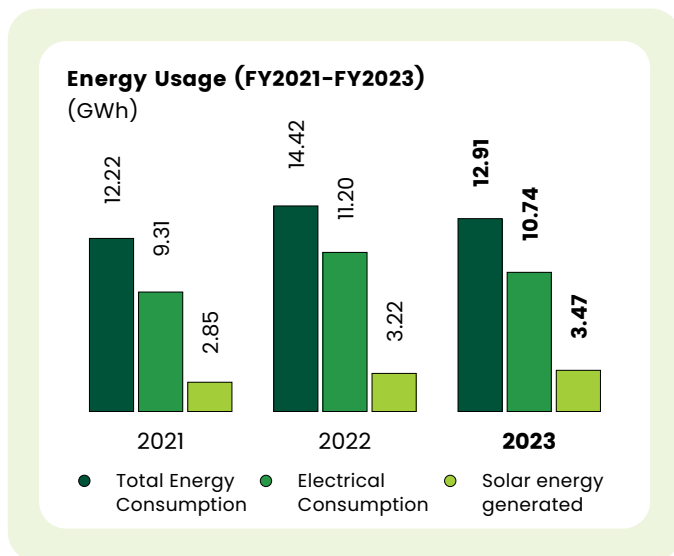
ENERGY MANAGEMENT

Electricity use constitutes a significant portion of the Company's total energy consumption. This electricity, mainly powered through the burning of coal, can be harmful to the environment for example through the emissions of GHGs leading to climate change, as well as the depletion of non-renewable natural resources

From FY2021 to FY2023, our energy consumption has remained stable, reflecting our ongoing efforts in improving energy efficiency. Our energy intensity, measured as energy consumed per kg of output, has remained consistent over the years, demonstrating our strong commitment to embracing renewable energy sources.

In 2023, we installed solar panels at our Shah Alam office as part of our efforts to reduce energy consumption.

TOTAL ENERGY CONSUMPTION



Financial Year (FY)	FY2021	FY2022	FY2023
Total Energy Consumption* (GWh)	12.22	14.42	12.91 [®]
Electrical Consumption (GWh)	9.31	11.20	10.74
Solar energy generated (GWh)	2.85	3.22	3.47
Energy intensity (energy/kg)	0.77	0.58	0.77

* Total Energy consumption refers to electricity from TNB and solar panels
 ® 1.29 GWh out of 3.47GWh of excess energy are sold back to TNB.

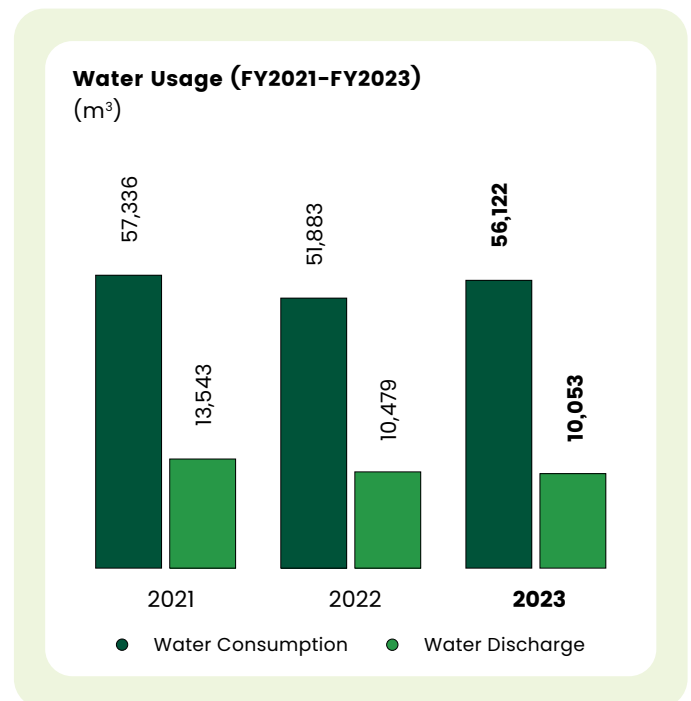
WATER USE

In pursuit of optimal water use, we've implemented a meticulous monitoring system, including the installation of a consumption meter at our main water entry point in FY2023.

Kawan does not operate in any water-stressed locations. We actively seek ways to optimise water consumption, leveraging initiatives such as rainwater harvesting at Kawan's Pulau Indah facility. Collected rainwater is used for cleaning, cooling tower operations, and flushing toilet systems.

Within our Production Division, where water is critical, we closely monitor and manage the consumption. In FY2023, water consumption increased by 8.17% from FY2022. We will continue to explore advanced measures to further reduce water usage.

TOTAL WATER USE



Financial Year (FY)	FY 2021	FY2022	FY2023
Water Consumption (m³)	57,336	51,883	56,122
Water Discharged (m³)	13,543	10,479	10,053
Water Intensity (Water Consumption/ kg)	0.00363	0.00268	0.00305

ENVIRONMENT

EFFLUENTS & WASTE MANAGEMENT

Inadequate disposal of effluents containing significant chemicals and nutrients has the potential to degrade water quality and harm the biodiversity of the ocean. Similarly, ineffective waste management practices can lead to pollution of air, water, and soil, posing threats to the environment and human health. The excessive generation of manufacturing waste puts a strain on natural resources, leading to the degradation of the environment over time.

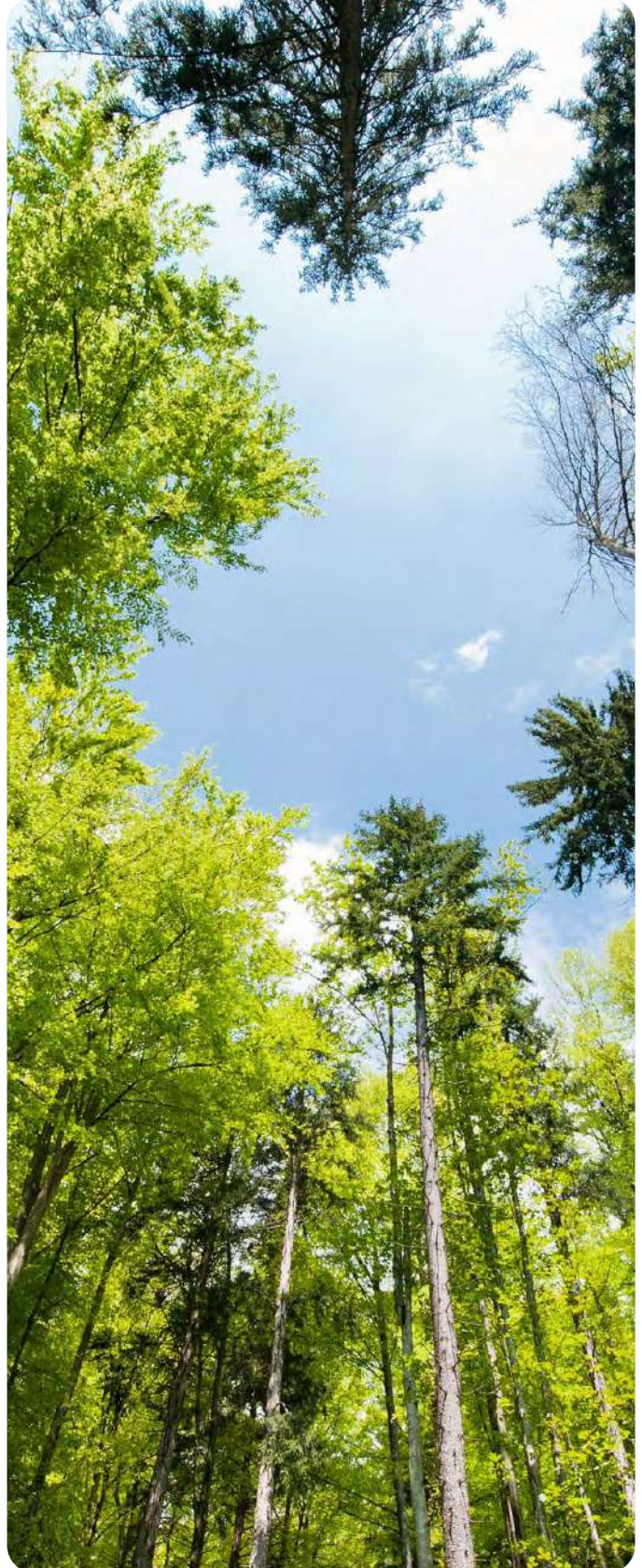
Kawan upholds stringent standards in effluent and waste management to mitigate environmental impact, complying with key regulatory requirements. Despite an increase in total waste, mainly driven by increased production, Kawan remains dedicated to sustainable practices. Our sustainability efforts ensured that there was an increase of waste diverted from landfill compared to previous year.

In tackling the issue of plastic waste, Kawan strongly advocates a circular approach that prioritises sustainable packaging. Kawan encourages its employees to actively engage in its "reduce, reuse and recycle" (3R) initiatives, fostering a workplace culture that prioritises sustainability. The strategic placement of recycling bins around the office aims to inspire employees to contribute to the recycling of paper and plastic, promoting environmental responsibility.

Kawan is committed to addressing waste by improving efficiency across all operations. Waste and effluent management complies with the following:

- The Environmental Quality (Scheduled Wastes) Regulations 2014
- The Environmental Quality (Industrial Effluent) Regulations 2009
- Other relevant local government regulations

Financial Year (FY)	FY2021	FY2022	FY2023
Total Waste (MT)	489.53	674.78	1,064.21
Total Non-Hazardous Waste (MT)	89	113	120
Total Scheduled Waste (MT)	5.02	2.22	2.62
Waste Diverted from Landfill which was Recycled (MT)	395.51	559.56	941.59



SOCIAL



EMPLOYEE INTERESTS & WELFARE

Our engagement initiatives cultivate a positive and thriving work environment, meticulously tracked to gauge and enhance employee satisfaction.

Recognising the significance of foreign workers, we appoint workers' representatives to support and foster a workplace environment that transcends borders.



- Annual Leave
- Medical & Hospitalisation Leave
- Maternity Leave
- Marriage Leave
- Compassionate Leave
- Examination Leave
- Paternity



- Night Shift Allowance
- Call back allowance



- Outpatient medical consultation & treatment under panel clinics



- Hospital & Surgical Insurance
- Personal Accident Insurance



- KPI Incentives
- Annual Bonuses
- Management Incentives
- Employee Share Option Scheme (ESOS)
- Long Service Award

LEARNING AND GROWTH

We invest significantly in learning and growth of our employees through the provision of various internal and external training programmes for our employees, enabling them to obtain relevant certifications. In FY2023, our focus on continuous employee development resulted in a significant increase in total training hours from 5,604 hours in FY2022 to 8,532 hours in FY2023, with an average of 10.10 hours of training per person and a cost of RM357k.

Our training programmes are designed to focus on key areas critical to our operations and growth. These areas include food safety and quality management systems, lean manufacturing, leadership development programmes, and ISO management. By prioritising these training programmes, we aim to empower our employees with necessary skills and knowledge to excel in their roles and contribute effectively to the organisation's success.



Total training hours

8,532

(FY2022 : 5,604, FY2021: 1,167)

Training	FY2021	FY2022	FY2023
Average hours of training per year per employee by category			
HODs and Managers (Hours)	0.74	2.61	3.28
Executives (Hours)	2.15	2.99	2.16
Non-Executives (Hours)	0.65	4.80	4.66
Total (Hours)	3.54	10.40	10.10
Average days per year per employee (Days)	0.3	1.4	1.4

SOCIAL



DIVERSITY AND INCLUSIVITY

Our commitment to support the community is exemplified through local hiring, with a workforce entirely composed of local talents, emphasizing sustainability in our operational footprint. In alignment with diversity and equal opportunity principles, we strictly adhere to local labour laws, actively supporting underprivileged groups through targeted initiatives addressing youth unemployment. At Kawan, diversity is fundamental to sustainable development. We are committed to providing equal opportunities, fostering a workplace free from discrimination.

Our workforce, driven by a 'Safety First and Quality Always' mindset, exhibited remarkable resilience in 2023. Adhering to Malaysian Employment regulations and the International Labour Organisation's principles, our Code of Conduct sets stringent yet fair employment standards, ensuring compliance and no instances of non-compliance during this reporting period.

Guided by our Diversity Policy, which is enforced on 2023, Kawan champions an inclusive workplace, valuing equality and openness at all levels. Our commitment to diversity reflects the communities in which we operate. We persistently strive to nurture a workplace culture characterised by growth, inclusivity, and fairness, prioritizing the holistic well-being and contentment of our valued employees.

LOCAL EMPLOYMENT AND SOURCING

Kawan diligently abides by local labour laws during recruitment processes and prioritizes the hiring of local candidates. Recognizing the value of workplace diversity in nurturing innovation, tolerance, and overall performance, we are committed to offering equal employment opportunities irrespective of race, gender, religion, age, or disability. Kawan maintains a strict policy against discrimination in all aspects of the hiring process. Notably, as of the conclusion of FY2023, individuals with disabilities comprised 0.1% of our workforce.

The company's Social Performance data covering workforce breakdown can be found in the Sustainability Performance Data table.

HUMAN RIGHTS

Kawan is committed to upholding human rights throughout its operations and value chain. Our Human Rights Policy, in line with international standards, was established in 2023. Our Code of Conduct, updated annually, ensures awareness and compliance and extends to our business partners. We use proactive assessments and set targets for continuous improvement, along with screening and monitoring processes.

We actively work with industry peers to address human rights issues, particularly in relation to foreign workers and the elimination of forced labour. Through partnerships with recruitment agencies, we ensure fair employment practices, prioritise safe working conditions and provide decent accommodation. At Kawan, we are committed to creating a workplace where human rights are respected and upheld.

KAWAN'S COMMITMENT TO LABOUR PRINCIPLES



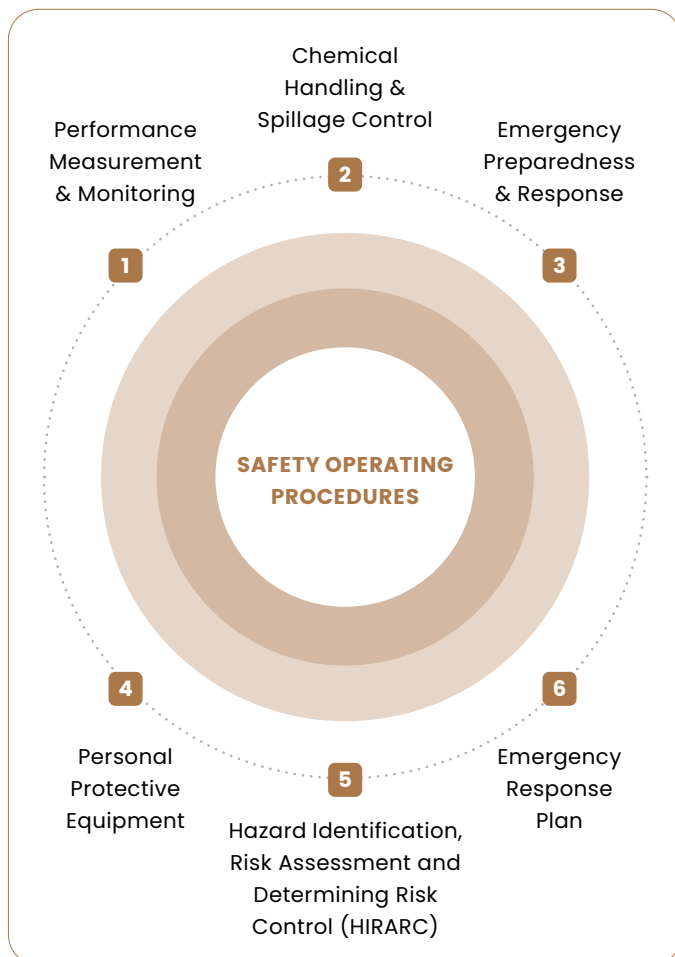
- Freely Chosen Employment
- Paying Living Wages
- Respecting Freedom of Association and Rights to Collective Bargaining
- Non-Excessive Working hours
- No Child Labour
- Non-Discrimination
- Safe and hygienic working conditions
- No Harsh or Inhumane Treatment

SOCIAL

OCCUPATIONAL HEALTH AND SAFETY (“OHS”)

At Kawan, we prioritise the well-being of our employees with a robust Occupational Health and Safety (“OHS”) management system based on ISO45001:2018. We conduct regular safety briefings and monitor health and safety in the workplace on a quarterly basis through our Health, Safety and Environment Committee. In FY2023, our lost time injury rate decreased significantly, from 8.2 to 2.67, driven by proactive measures such as increased safety awareness and routine safety checks. In FY2023, a total of 167 hours was dedicated to health and safety training. Through tools like Hazard Identification, Risk Assessment, and Risk Control (HIRARC), we identify and mitigate risks, fostering an initiative-taking approach.

We already achieved ISO 45001 certification by developing manuals, conducting training and planning audits throughout FY2023. Our commitment to OHS is supported by our Occupational Health and Safety Policy Statement and Safety Operating Procedures, ensuring a safe and healthy workplace. The following is the list of Safety Operating Procedures that are in place:



HEALTH AND SAFETY PERFORMANCE

Financial Year (FY)	FY2021	FY2022	FY2023
Number of work-related fatalities	0	0	0
Total man hours worked (Hours in million)	1.50	1.83	2.25
lost time incident (injury) rate *	7.3	8.2	2.67
Severity rate	84.7	73.7	4.0
Frequency rate	9.3	13.1	6.23

*Based on DOSH Malaysia JKKP8 per 1,000,000 hours

HEALTH & NUTRITION

In line with the National Plan of Action for Nutrition of Malaysia III (NPANM III) 2016–2025, Kawan actively promotes nutritional well-being by providing a diverse, affordable, and nutritious products. In response to the changing preferences of consumers, we have introduced plant-based products. Our commitment is aligned with Malaysia’s strategic plans to address nutritional deficiencies, combatting non-communicable diseases (NCDs), and tackling obesity. Furthermore, we are currently in the process of applying for the Healthier Choice logo certification.

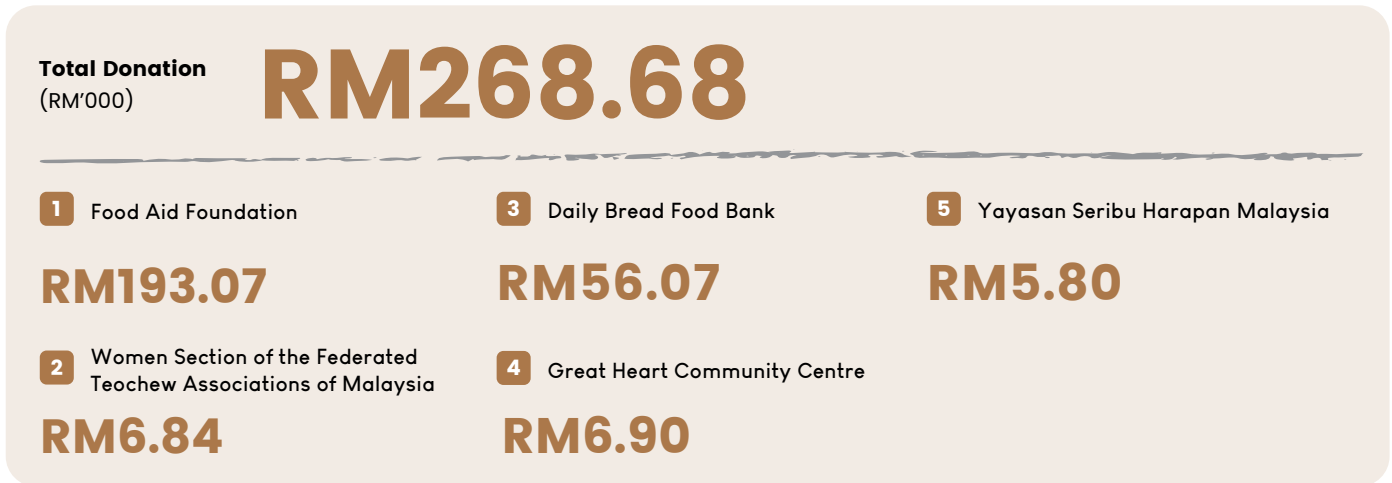
Our commitment to health extends to promoting these products through attractive pricing, and collaborating with universities to improve their nutritional impact. Kawan’s dedication to health and nutrition reflects our vision for a sustainable and health-conscious future. We produce safe, tasty, and sustainable food, and aim to improve global nutrition.

ENGAGED COMMUNITIES

Kawan is committed to community involvement and social responsibility. In FY2023, we launched initiatives that enable consumers to contribute to community causes. Under our KawanCare initiative, we align community investment with our ‘truly friendlicious’ strategy. In FY2023, KawanCare contributed RM268.68k to non-profit organizations and partnered with Food Aid Foundation, Women Section of the Federated Teochew Associations of Malaysia, Daily Bread Food Bank, Great Heart Community Centre, and Yayasan Seribu Harapan Malaysia. We welcome employee involvement in community programmes, recognizing their right to volunteerism as part of our corporate responsibility. Our engagement with communities reflects our mission to enrich lives and contribute to economic and social development.

SOCIAL

In FY2023, Kawan had made various donations which are tabulated as below:



PRODUCT QUALITY & SAFETY

We focus strict on product quality and safety, ensuring rigorous testing through ISO/IEC 17025 laboratory accreditation and compliance with BRCGS food safety standards. Our quality assurance team uses a Hazard Analysis Critical Control Point (HACCP) system to manage safety throughout the product lifecycle. Our Pulau Indah facility is accredited with BRCGS Food Safety, MS1480 HACCP, MS1514 GMP and HALAL certificates. We extend our commitment to food safety and quality to its supply chain partners by conducting annual reviews and audits. Additionally, we engage third-party auditors for independent assessments to ensure the high compliance of our HALAL, quality, and safety assurance systems.

In FY2023, we audited 18 suppliers with an average score of 78.2% emphasising continuous improvement. We implement allergen labelling and declarations to protect vulnerable groups. There were no product recalls in FY2023, demonstrating our commitment to food safety and quality.

PRODUCT TECHNOLOGY & INNOVATION

Kawan is constantly seeking to improving production efficiency and service quality through the use of technology, automation, and digitalisation. Our capital expenditure had been allocated to upgrade equipment and production lines, aligning with Industry 4.0.

These investments demonstrate Kawan's ongoing commitment to product innovation with a strong emphasis on functionality, quality, sustainability, and affordability. We anticipate enhancing the long-term value of our products, and launching new innovative products in FY2024.

RESPONSIBLE MARKETING

At Kawan, we prioritise responsible marketing practices in line with industry standards and international guidelines such as the Garis Panduan Pengiklanan Makanan (KKM), ICC's Advertising and Marketing Communication Practice Code, and FDA guidelines. Our food packaging and labels provide clear nutritional information to help consumers make informed, healthy choices such as those related to presence of allergens and nutritional value.

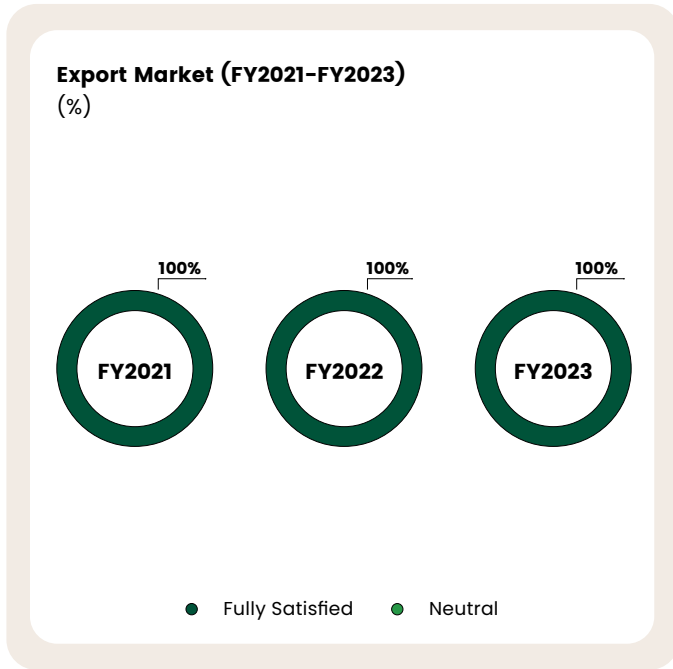
We are committed to allergen awareness and protection, ensuring accurate labelling to protect vulnerable groups. Continuous monitoring and evaluation, including metrics such as customer satisfaction and compliance, drive our improvement efforts. For us, responsible marketing is not just a practice, but a fundamental part of our commitment to a healthier society and environment. It builds trust and encourages conscientious consumer choice.

DATA PRIVACY

We prioritise the privacy of our customers, employees and stakeholders. Guided by the Board of Directors, our company-wide practices maintain a rigorous approach to securing information assets. We consistently engage with employees to emphasise the importance of data protection, supported by a robust framework from our IT department. Through proactive measures, such as real-life scenarios, we emphasise the importance of data protection in maintaining our business reputation. Responsible data management is fundamental to our commitment to trust, transparency and ethical business practices, ensuring a sustainable and secure business environment.

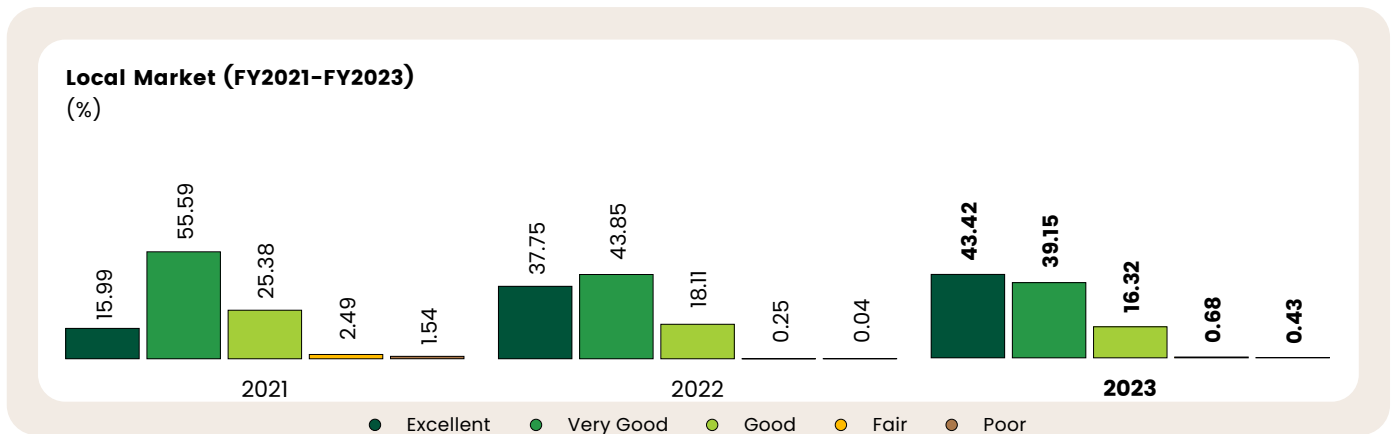
SOCIAL

CUSTOMER SATISFACTION



At Kawan, customer satisfaction is our number one priority. We maintain open lines of communication through daily consultations and responsive channels to address customer concerns promptly and sincerely. Our commitment to excellence is reflected in our annual customer satisfaction survey. We are proud to see continuous improvement year on year, demonstrating our commitment to exceeding customer expectations.

Financial Year (FY)	FY 2021	FY2022	FY2023
Export Market (%)			
Fully Satisfied	100	100	100
Neutral	0	0	0
Local Market (%)			
Excellent	15.99	37.75	43.42
Very Good	55.59	43.85	39.15
Good	25.38	18.11	16.32
Fair	2.49	0.25	0.68
Poor	1.54	0.04	0.43



CUSTOMER COMPLAINTS

During the year, we received customer complaints and our food safety team had identified areas of non-compliance. We have taken proactive steps to address the root cause of these issues, including strengthening operational controls, providing training to production staff, enhancing monitoring procedures, and fostering closer collaboration with our distributors. These measures have been implemented and further improved upon in FY2024 in alignment with our strategic objectives. Consequently, we observed a reduction in complaints related to products manufactured in FY2023 reduced.

GOING FORWARD

Our commitment to sustainability in frozen food production is unwavering, as we continually strive to improve our practices to minimise environmental impact and promote social responsibility. Through innovation, collaboration, and responsible sourcing, we aim to create a more sustainable future for generations to come. Our efforts are focused on reducing waste, optimising energy use, and supporting local communities, while delivering high quality frozen food products to our customers. Together, we are making significant progress towards a more sustainable and resilient food system.

SUSTAINABILITY PERFORMANCE DATA

Description	2021	2022	2023
ECONOMIC			
Supply Chain			
Total Procurement Spent (RM)	146.7m	173.6m	164.5m
Percentage of local suppliers	90%	91%	90%
Percentage of foreign suppliers	10%	9%	10%
Anti-Corruption			
Percentage of operations assessed for corruption-related risks	100%	100%	100%
Confirmed incidents of corruption	0	0	0
Number of Employees Who Have Received Training on Anti-Corruption by Employment Category			
Executive	110 (73.83%)	60 (38.46%)	61 (7.12%)
Non-executive	0 (0%)	118 (31.64%)	514 (59.98%)
ENVIRONMENTAL			
Total Energy Consumption (GWh)	12.22	14.42	12.91
Electricity consumption (GWh)	9.31	11.20	10.74
Solar Energy Generated (Gwh)	2.85	3.22	3.47
Diesel consumption (genset) (litre)	N/A	20	20
Energy Intensity (energy/kg)	0.77	0.58	0.77
Diesel consumed by Company-owned vehicles (litre)	277,957	298,458	342,688
Water consumption (m ³)	57,336	51,883	56,122
Water discharged (m ³)	13,543	10,479	10,053
Water intensity (water consumption/output)	0.00363	0.00268	0.00305
Scope 1 emissions (tCO ₂ e)	735	544	316
Scope 2 emissions (tCO ₂ e)	5,487	8,425	6,007
Total Waste (MT)	489.53	674.78	1,064.21
Total non-hazardous waste	89	113	120
Domestic waste (MT)	89	113	120
Total Scheduled Waste (MT)	5.02	2.22	2.62
Used compressor oil (MT)	1.34	0.60	0.40
Pathogen waste (MT)	1.28	2.22	1.42
Used Hydraulic Oil (MT)	1.00	0.40	0.80

SUSTAINABILITY
PERFORMANCE DATA

Description	2021	2022	2023
Mineral Oil (MT)	1.400	N/A	N/A
Waste diverted from landfill which was recycled	395.52	559.56	941.59
Cans (MT)	2.14	1.54	2.30
Drums size 20Liter (MT) – chemical	0.44	0.86	0.57
Plastic (MT)	8.79	9.30	10.11
Broken cartons (MT)	29.51	38.46	34.49
Flour (MT)	328.20	483.67	878.57
Flour sacks (MT)	2.40	3.03	2.23
Used cooking Oil (MT)	24.04	22.69	13.28
SOCIAL			
Diversity			
Total number of employees	533	529	857
Number of new employee hires	147	146	462
Workforce Breakdown by Nationality			
Malaysians	362 (67.92%)	349 (65.97%)	378 (44.11%)
Non-Malaysians	171 (32.08%)	180 (34.03%)	479 (55.89%)
Breakdown by Ethnicity			
Malay	197 (36.96%)	194 (36.67%)	240 (28.00%)
Chinese	88 (16.51%)	89 (16.82%)	97 (11.32%)
Indian	33 (6.19%)	30 (5.67%)	35 (4.08%)
Others	215 (40.34%)	216 (40.83%)	485 (56.59%)
Workforce Breakdown by Employment Contract			
Permanent Staff	531 (99.62%)	527 (99.62%)	836 (97.55%)
Contract/part-time staff	2 (0.38%)	2 (0.38%)	21 (2.45%)
Percentage of contractors/temporary staff (%)	0.38%	0.38%	2.45%
Workforce Breakdown by Employment Category			
Executives	149 (27.95%)	156 (29.49%)	188 (21.94%)
Non-Executives	384 (72.05%)	373 (70.51%)	669 (78.06%)

SUSTAINABILITY PERFORMANCE DATA

Description	2021	2022	2023
SOCIAL (CONTINUED)			
Workforce Breakdown by Age Group			
<30 years old	234 (43.90%)	212 (40.08%)	416 (48.54%)
30-49 years old	253 (47.47%)	272 (51.42%)	397 (46.31%)
50 years old and above	46 (8.63%)	45 (8.51%)	44 (5.13%)
Number of disabled employees	1	1	1
Workforce Breakdown by Gender and Age Group for Each Employee Category			
Executives			
Male	85	83	102
Female	64	73	86
<30 years old	40	38	39
30-49 years old	93	102	131
50 years old and above	16	16	18
Non-Executives			
Male	287	271	456
Female	97	102	213
<30 years old	194	174	377
30-49 years old	160	170	266
50 years old and above	30	29	26
Female Representation in the Management			
% Women in Management	44.7	43.2	43.48
% Women in Top Management	50	50	52
Board of Directors Diversity			
Breakdown of Directors by Gender			
Total of Directors	8	8	8
Female	2	2	2
Male	6	6	6
Breakdown of Directors by Age Group			
<30 years old	0	0	0
30-49 years old	1	1	1
50 years old and above	7	7	7

SUSTAINABILITY
PERFORMANCE DATA

Description	2021	2022	2023
Breakdown of Directors by Ethnicity			
Malay	2	2	2
Chinese	6	6	6
Indian	0	0	0
Non-Malaysian	0	0	0
Human Rights			
Number of complaints concerning human rights violations	0	0	0
Health and Safety			
Number of work-related fatalities	0	0	0
Total man-hours worked (million)	1.50	1.83	2.25
Lost time incident (injury) rate*	7.3	8.2	2.67
Frequency rate	9.3	13.1	6.23
Training			
Total Training Hours	1,167	5,604	8,532
Average hours of training per year per employee by category	3.54	10.4	10.10
Head of Departments and Managers	0.74	2.61	3.28
Executive	2.15	2.99	2.16
Non-executive	0.65	4.8	4.66
Customer Satisfaction			
Customer Complaints (Number)	89	75	192
% Customer Complaints	36.8	-22.3	25.5
Resolution rate (%)	100	100	100

*Based on DOSH Malaysia JKKP8 per 1,000,000 hours

BURSA SUSTAINABILITY PERFORMANCE DATA

Indicator	Measurement Unit	2023
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	268,680.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	5
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	3.14
Executive	Percentage	10.14
Non-executive/Technical Staff	Percentage	10.39
General Workers	Percentage	76.33
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	4.17
Management Between 30-50	Percentage	72.90
Management Above 50	Percentage	22.92
Executive Under 30	Percentage	26.43
Executive Between 30-50	Percentage	68.57
Executive Above 50	Percentage	5.00
Non-executive/Technical Staff Under 30	Percentage	45.65
Non-executive/Technical Staff Between 30-50	Percentage	48.91
Non-executive/Technical Staff Above 50	Percentage	5.43
General Workers Under 30	Percentage	60.41
General Workers Between 30-50	Percentage	36.29
General Workers Above 50	Percentage	3.30
Gender Group by Employee Category		
Management Male	Percentage	52.08
Management Female	Percentage	47.92
Executive Male	Percentage	55.00
Executive Female	Percentage	45.00
Non-executive/Technical Staff Male	Percentage	64.67
Non-executive/Technical Staff Female	Percentage	35.33
General Workers Male	Percentage	69.48
General Workers Female	Percentage	30.52
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	75.00
Female	Percentage	25.00
Under 30	Percentage	0.00
Between 30-50	Percentage	12.50
Above 50	Percentage	87.50

BURSA SUSTAINABILITY PERFORMANCE DATA

Indicator	Measurement Unit	2023
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	12,913.00
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.53
Bursa C5(c) Number of employees trained on health and safety standards	Number	106
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	2,743
Executive	Hours	3,959
Non-executive/Technical Staff	Hours	1,783
General Workers	Hours	47
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	2.45
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	7
Executive	Number	34
Non-executive/Technical Staff	Number	33
General Workers	Number	56
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	56.120000

GRI CONTENT INDEX REFERENCE

GRI STANDARD / OTHER SOURCE	DISCLOSURE ITEM	DISCLOSURE DESCRIPTION / STATUS	REFERENCE PAGES(S) IN ANNUAL REPORT
GRI 2: General Disclosures 2021			
1. The organisation and its reporting practice			
2-1	Organisation details	KAWAN at a Glance	2-3
2-2	Entities included in the organisation's sustainability reporting	Reporting Scope and Boundary	23
2-3	Reporting period, frequency and contact point	Reporting Scope and Boundary	23
2-4	Restatement of information	There is no changes in material matters	N/A
2-5	External assurance	There is no external assurance performed for KAWAN as of yet.	N/A
2. The organisation and its reporting practice			
2-6	Activities, value chain and other business relationship	Our supply chain model	6-7
2-7	Employees	Diversity and Equal Opportunity: • Employee Diversity Employment	46
2-8	Workers who are not employees	Contract workers are hired based on stages and requirements of the ongoing projects.	51
3. Governance			
2-9	Governance structure and composition	Sustainability Governance	24
2-10	Nomination and selection of highest governance body	Corporate Governance Overview Statement: • Appointments and Re-election of Directors	74-85
2-11	Chair of the highest governance body	Corporate Governance Overview Statement: • Board Composition	78-79
2-12	Role of the highest governance body in overseeing the management of impacts	Sustainability Governance	24

GRI CONTENT
INDEX REFERENCE

GRI STANDARD / OTHER SOURCE	DISCLOSURE ITEM	DISCLOSURE DESCRIPTION / STATUS	REFERENCE PAGES(S) IN ANNUAL REPORT
2-13	Delegation of responsibility for managing impacts	Sustainability Governance	24
2-14	Role of the highest governance body in sustainability reporting	Sustainability Governance	24
2-15	Conflict of interest	Anti-Corruption: • Conflict of Interest Policy	78
2-16	Communication of critical concerns	Anti-Corruption: • Whistleblowing Policy	40
2-17	Collective knowledge of the highest governance body	Corporate Governance Overview Statement: • Directors' Training	81
2-18	Evaluation of the performance of the highest governance body	Corporate Governance Overview Statement: • Sustainability	79
2-19	Remuneration policies	Corporate Governance Overview Statement: • Directors' Remuneration	83
2-20	Process to determine remuneration	Corporate Governance Overview Statement: • Directors' Remuneration	83
4. Strategy, policies and practices			
2-22	Statement on sustainable development strategy	Going Forward	49
2-26	Mechanism for seeking advice and raise concerns	Anti-Corruption: • Whistleblowing Policy	40
2-27	Compliance with laws and regulations	• Anti-Bribery and Anti-Corruption Policy • Environmental Compliance • Occupational Health and Safety	40, 47

GRI CONTENT INDEX REFERENCE

GRI STANDARD / OTHER SOURCE	DISCLOSURE ITEM	DISCLOSURE DESCRIPTION / STATUS	REFERENCE PAGES(S) IN ANNUAL REPORT
5. Stakeholder engagement			
2-29	Approach to stakeholder engagement	Stakeholder Engagement	26-27
GRI 3: Material Topics 2021			
3-1	Process to determine material topics	Materiality Assessment and Key Sustainability Matters	28
3-2	List of material topics	Materiality Assessment and Key Sustainability Matters	28
3-3	Management of material topics	<ul style="list-style-type: none"> • Economic • Environment • Social 	28
GRI 201: Economic Performance 2016			
201-1	Direct economic value generated and distributed	Direct Impact: Economic Presence and Sustainable Profitability	39
201-2	Financial implications and other risks and opportunities due to climate change	Gathering and analyse the necessary data to include TCFD in future sustainability reports	N/A
GRI 204: Procurement Practices 2016			
204-1	Proportion of spending on local suppliers	Procurement & Supply Chain	41
GRI 205: Anti-corruption 2016			
205-2	Communication and training about anti-corruption policies and procedures	Anti-Corruption: <ul style="list-style-type: none"> • Anti-Bribery and Anti-Corruption Policy 	40
205-3	Confirmed incidents of corruption and actions taken	Anti-Corruption: <ul style="list-style-type: none"> • Anti-Bribery and Anti-Corruption Policy 	40

GRI CONTENT
INDEX REFERENCE

GRI STANDARD / OTHER SOURCE	DISCLOSURE ITEM	DISCLOSURE DESCRIPTION / STATUS	REFERENCE PAGES(S) IN ANNUAL REPORT
GRI 302: Energy 2016			
302-1	Energy consumption within the organisation	Energy Efficiency	43
GRI 303: Water and Effluents 2016			
303-5	Water consumption	Water Consumption	43
GRI 305: Emissions 2016			
305-1	Direct (Scope 1) GHG emissions	Emissions Management	42
305-2	Energy indirect (Scope 2)	Emissions Management	42
GRI 306: Waste 2020			
306-1	Waste generation and significant waste-related impacts	Waste Management	44
GRI 401: Employment 2016			
401-1	New employee hires and employee turnover	Employment	51
401-2	Benefit provided to full-time employees that are not provided to temporary or part-time employees	Employment	45
401-3	Parental leave	Employment	45
GRI 403: Occupational Health and Safety 2018			
403-1	Occupational health and safety management system	Occupational Health & Safety	47
GRI 404: Training and Education 2016			
404-1	Average hours of training per year per employee	Training and development	45
404-2	Programs for upgrading employee skills and transition assistance programs	Training and development	45
GRI 405: Diversity and Equal Opportunity 2016			
405-1	Diversity of governance bodies and employees	Diversity and Equal Opportunity	46, 51-53

BOARD AT A GLANCE





CE

The Board, under the leadership of the Chairman, is responsible for determining the overall strategy of the Group and providing oversight of the senior management. It holds the ultimate decision-making authority for Kawan Food Berhad.

1 GANTHIAM CHAI

Executive Chairman

Board



2 GANTHIAM HOCK

Non-Independent Executive Director

Board



3 KWAN SOK KAY

Non-Independent Executive Director

Board



4 GAN KA BIEN

Non-Independent Executive Director

Board



5 DR. NIK ISMAIL BIN NIK DAUD

Senior Independent Non-Executive Director

Board RC AC NC



6 EUGENE HON KAH WENG

Independent Non-Executive Director

Board NC AC RC



7 ABDUL RAZAK BIN SHAKOR

Non-Independent Non-Executive Director

Board



8 LIM HUN SOON @ DAVID LIM

Independent Non-Executive Director

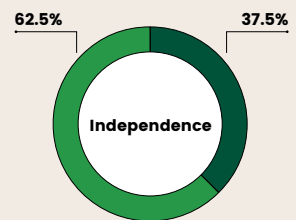
Board AC RC NC



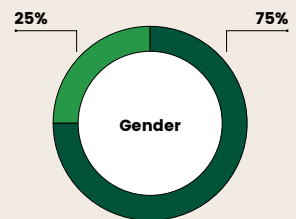
Legend:

Board Board Chairman Member

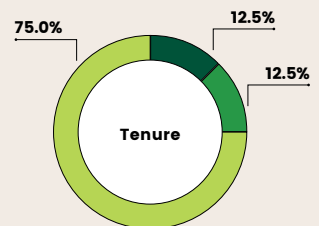
Board Composition



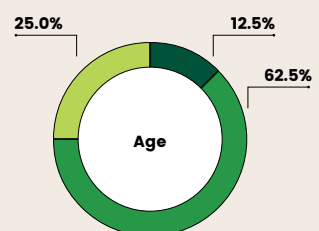
● Independent Directors
● Non-Independent Directors



● Male
● Female



● 0-3 Years
● 3-6 Years
● More than 6 Years



● 40-59 Years Old
● 60-69 Years Old
● 70-79 Years Old

BOARD OF DIRECTOR'S PROFILES



GAN THIAM CHAI

Executive Chairman



AGE
70



Date of Appointment
1 June 2005

Board Meeting

7/7

Gan Thiam Chai ("Mr. T.C. Gan") was appointed to the Board on 1 June 2005 and has been the Executive Chairman since 1 March 2010.

Mr. T.C. Gan has accumulated more than 30 years of experience in the food processing industry. After leaving school in 1971, he joined Behn Meyer Industries Sdn. Bhd. as a Technical Assistant. He left the company in 1976 and set up Kian Guan Trading Co. in 1977. In 1984, he founded Kawan Food Manufacturing Sdn. Bhd. ("KFM"). The growth of KFM from a small business to an award-winning enterprise is attributable to his efforts.

His business acumen and sound technical knowledge in the food industry is an invaluable asset to the Group. He is responsible for the overall business planning and development, product research and development, transformation and modernisation of food production process through automation, and the formulation of the Company's strategic plans and policies.

Mr. T.C. Gan is the husband of Mdm. Kwan Sok Kay, brother of Mr. Gan Thiam Hock and father of Ms. Gan Ka Bien. He does not hold any directorship in other public companies nor listed issuers. He attended all seven (7) Board Meetings held during the financial year ended 31 December 2023.



BOARD OF DIRECTOR'S PROFILES



GAN THIAM HOCK

Non-Independent Executive Director



AGE
61



Date of Appointment
1 June 2005

Board Meeting



Gan Thiam Hock ("Mr. T.H. Gan") was appointed to the Board on 1 June 2005.

Mr. T.H. Gan has over 30 years of experience in the marketing of pastry and frozen food products. After leaving school in 1981, he joined Mr. T.C. Gan at Kian Guan Trading Co. He is also the co-founder of KFM and holds the position of Sales Director, a position he continues to serve in until today.

Mr. T.H. Gan is responsible for the overall expansion and development of the marketing networks of the Group, as well as implementation of sales, distributions, and promotional activities for the domestic market.

Mr. T.H. Gan is the brother of Mr. T.C. Gan and brother-in-law to Mdm. Kwan Sok Kay. He does not hold any directorship in other public companies nor listed issuers. He attended all seven (7) Board Meetings held during the financial year ended 31 December 2023.

BOARD OF DIRECTOR'S PROFILES



KWAN SOK KAY

Non-Independent Executive Director



AGE
69



Date of Appointment
1 June 2005

Board Meeting



Kwan Sok Kay ("Mdm. Kwan") was appointed to the Board on 1 June 2005.

After leaving school in 1973, she was involved in book-keeping work in several companies until she joined Unic Plastics Industries Sdn. Bhd., a plastic products manufacturing company, as an Account cum Administrative Assistant in 1975. Subsequently, she joined KFM in 1984 as a Director, before holding the post of Finance Director in 1986.

Mdm. Kwan is responsible for the financial management and administrative functions of the Group, as well as the implementation of accounting and operational procedures, and human resource policies.

Mdm. Kwan is the wife of Mr. T.C. Gan, sister-in-law of Mr. T.H. Gan and mother of Ms. Gan Ka Bien. She does not hold any directorship in other public companies nor listed issuers. She attended all seven (7) Board Meetings held during the financial year ended 31 December 2023.



BOARD OF DIRECTOR'S PROFILES

GAN KA BIEN

Non-Independent Executive Director



AGE
43



Date of Appointment
24 November 2020

Board Meeting

7/7

Gan Ka Bien (“Ms. K.B. Gan”) was appointed to the Board on 24 November 2020. She has over 15 years of experience in marketing.

Ms. K.B. Gan graduated with a Bachelor of Business from the University of Technology in Sydney, Australia in 2002. She also obtained a Diploma in Marketing Research from Marketing Research Society of Australia. In 2017, she became a licensed Master Practitioner of Neuro-Linguistic Programming.

In 2003, Ms. K.B. Gan started her career as a Business Manager with KFM. She was involved in promoting products to overseas and domestic markets, and was subsequently promoted to Senior Business Manager of KFM in 2012, during which time she successfully launched multiple products.

In 2019, Ms. K.B. Gan was appointed as the Head of Marketing, managing the Group’s entire marketing initiatives in creating a differentiated Kawan brand for all of the Group’s products, with long term strategies. Being the head of the Group’s Corporate Social Responsibility, she plays an active role in building public confidence in Kawan, its leaders, and stakeholders.

Ms. K.B. Gan is the daughter of Mr. T.C. Gan and Mdm. Kwan. She does not hold any directorship in other public companies nor listed issuers. She attended all seven (7) Board Meetings held during the financial year ended 31 December 2023.



**BOARD OF DIRECTOR'S
PROFILES**



**DR. NIK ISMAIL
BIN NIK DAUD**

Senior Independent Non-Executive Director



AGE
73



Date of Appointment
2 January 2017

Board Meeting

7/7

Dr. Nik Ismail Bin Nik Daud ("Dr. Nik") was appointed to the Board on 2 January 2017. He was appointed by the Board as Senior Independent Non-Executive Director on 8 April 2019. He is also the Chairman of the Remuneration Committee, a member of Audit Committee, and Nominating Committee of the Company.

Dr. Nik graduated with a Bachelor of Agricultural Science (Hons) from University of Malaya in 1975. Subsequently, he obtained a Postgraduate Diploma in Food Science from the Catholic University of Leuven, Belgium in 1976, a Master of Science in Food Science & Microbiology from the University of Strathclyde, Scotland in 1978, a PhD in Food Science from the University of London, United Kingdom in 1983, and a Master of Business Administration from Universiti Kebangsaan Malaysia ("UKM") in 1987.

He began his career as a lecturer on various subjects including food quality and safety systems, food microbiology, food analysis, new product development, food legislation and operations management, management of biotechnology, and entrepreneurship in science and technology at undergraduate and graduate levels in UKM in 1978. He has also conducted workshops for many food companies and government agencies on food technology and industry related topics since 1983. His industry experience includes holding positions in food companies. He was appointed as Managing Director of UKM Holdings Sdn Bhd in 2006 till 2014.

Dr. Nik has been a member of various committees including National HACCP and Audit Committee, Technical Advisory Committee on Malaysian Food Regulations, 1985, Technical Committee of the National Food Safety Council, Malaysia, Member of National Food Safety and Nutrition Council, Malaysia, National Codex Alimentarius Committee, Malaysia Standards ("MS") on Coffee, Beverages, Flour, Starches and Food Safety, and a Member of the Industrial Standard of Food and Food Products. Currently, he chairs the drafting of revised MS on coffee and coffee products.

Dr. Nik was the President of the Malaysian Institute of Food Technology for 18 years until 2014 and was also the former President of the Federation of Institutes of Food Science and Technology, Association of South East Asian Nations (FIFSTA). He is a Fellow of the International Academy of Food Science and Technology, and a member of IUFOST Codex Committee.

Dr. Nik does not have any family relationship with any Director and/or major shareholder of the Company. He does not hold any directorship in other public companies nor listed issuers. He attended all seven (7) Board Meetings held during the financial year ended 31 December 2023.



BOARD OF DIRECTOR'S PROFILES



ABDUL RAZAK BIN SHAKOR

Non-Independent Non-Executive Director



AGE
66



Date of Appointment
16 August 2016

Board Meeting

7/7

Abdul Razak Bin Shakor ("En. Abdul Razak") was appointed to the Board on 16 August 2016.

En. Abdul Razak attended Institute Technology MARA, Malaysia, majoring in Insurance. He has obtained the Certificate of Insurance from Lloyd's of London, the Chartered Insurance Institute (Cert. CII), United Kingdom ("UK") and the Institute of Risk Management (Cert. IRM), UK, and is a Fellow of the Malaysian Insurance Institute (FMII). He has more than forty-four (44) years extensive working experience in risk management, insurance, and financial services sector in Malaysia and internationally. He has served in key regional management positions in South East Asia and the Middle East, and North Africa for multinational/international organisations. Currently, En. Abdul Razak is the Founder and Managing Director of Esperanza Management Advisors Sdn. Bhd., a Specialist Risk Management consulting services firm and Chairman of Sentinel Insurance Brokers Sdn. Bhd., a Bank Negara licensed insurance, reinsurance, and takaful insurance broking company.

En. Abdul Razak does not have any family relationship with any Director and/or major shareholder of the Company. He does not hold any directorship in other public companies nor listed issuers. He attended all seven (7) Board Meetings held during the financial year ended 31 December 2023.

BOARD OF DIRECTOR'S PROFILES



LIM HUN SOON @ DAVID LIM

Independent Non-Executive Director



AGE
68



Date of Appointment
21 October 2015

Board Meeting

7/7

Lim Hun Soon @ David Lim ("Mr. David Lim") was appointed to the Board on 21 October 2015. He is the Chairman of the Audit Committee and a member of Remuneration Committee and Nominating Committee of the Company.

Mr. David Lim graduated with a Bachelor of Arts in Economics from the University of Leeds in 1978 and subsequently joined Peat Marwick Mitchell (now known as KPMG) in the United Kingdom ("UK") in 1978. He qualified as a member of the Institute of Taxation, UK in 1981 and as a Chartered Accountant in England and Wales in 1982. He returned to Malaysia in 1982 to continue his service with KPMG, and was admitted as a member of the Malaysian Institute of Accountants ("MIA") and the Malaysian Association of Certified Public Accountants (now known as the Malaysian Institute of Certified Public Accountants ("MICPA")) in 1982 and 1984 respectively.

Mr. David Lim had an extensive career serving as an Auditor in KPMG, spanning thirty-three (33) years. During his career with KPMG, he was admitted as Partner of the firm in 1990 and served in the Management Committee of the firm from 1997 to 2001, and in KPMG's Partnership Supervisory Council from 2002 to 2010. He was also the Asian Anchor Practice representative for Marketing from 2000 to 2001, in which role he gained extensive and insightful knowledge from KPMG Global counterparts worldwide.

In 2006, he was tasked to start up the Audit Committee Institute, Malaysia, which is a virtual worldwide initiative sponsored by KPMG to assist independent directors in enhancing their awareness and ability to implement effective board processes.

Mr. David Lim actively served as an examiner for Company Law examinations conducted by the MICPA for over a period of ten (10) years. He was the Chairman of the MICPA Code of Ethics Committee and a member of the MIA Code of Ethics Committee, both from 2002 to 2004. He retired from KPMG in 2011.

In 2013, he was appointed as a Council member of The Institute of Chartered Accountants in England & Wales ("ICAEW"). This was the first time that ICAEW, in its illustrious history had granted Malaysia a seat on the Council. The position was for a term of two (2) years till 2015. He was reappointed for a further two terms till March 2019 (being the maximum permitted tenure).

Mr. David Lim sits on the board of several public listed companies, namely Ranhill Utilities Berhad, Press Metal Aluminium Holdings Berhad and Public Investment Bank Berhad as an Independent Non-Executive Director. He also holds directorships in Rockwills Trustee Bhd.

Mr. David Lim does not have any family relationship with any Director and/or major shareholder of the Company. He attended all seven (7) Board Meetings held during the financial year ended 31 December 2023.



BOARD OF DIRECTOR'S PROFILES

EUGENE HON KAH WENG

Independent Non-Executive Director



AGE
65



Date of Appointment
22 November 2018

Board Meeting

7/7

Eugene Hon Kah Weng ("Mr. Eugene") was appointed to the Board on 22 November 2018. He is the Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee of the Company.

Mr. Eugene started his training in accountancy in 1979 with a reputable accounting firm and qualified as a Certified Public Accountant in 1985 with the Malaysian Association of Certified Public Accountants (now renamed as the Malaysian Institute of Certified Public Accountants). He was also admitted into the Malaysian Institute of Accountants as a Chartered Accountant.

Mr. Eugene left the accountancy profession in 1991 and assumed a senior position with a large financial services group covering businesses of merchant banking, finance, insurance, leasing, money broking, and consumer financing. In 2011, he joined the Central Bank as Finance Director. While with these organisations, he gained extensive experience in management, finance, risk management and corporate governance. At the Central Bank, Mr. Eugene acquired invaluable leadership skills and gained extensive experience in corporate governance and risk management relating to central banking operations.

Over the years, Mr. Eugene held key management positions, was a key member of various group committees and also served as a nominee director on the boards of various companies of the financial services group. At the Central Bank, Mr. Eugene was a key member of the financial risk management committee, crisis management committee, and served on the board of trustees for the trust funds of the Bank.

Mr. Eugene sits on the board of Affin Hwang Investment Bank Berhad as an Independent Non-Executive Director since 1 March 2021.

Mr. Eugene does not have any family relationship with any Director and/or major shareholder of the Company. He attended all seven (7) Board Meetings held during the financial year ended 31 December 2023.

Notes to the Board of Directors' Profiles

None of the Directors has: -

1. any conflict of interest or potential conflict of interest, including interest in any competing business with Kawan Food Berhad or its subsidiaries (excluding a related party transaction which has been disclosed in the Circular to Shareholders dated 30 April 2024);
2. any conviction for offences within the past five (5) years other than traffic offences, if any; and
3. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.



KEY MANAGEMENT'S PROFILES

ADAM PANDIAN

Group Chief Executive Officer



AGE
61



Appointment to
current position:
January 2024

Qualification

- Bachelor of Business Administration, National University of Singapore

Training

- Advanced Management Program by Prof. Peter Doyle, University of Warwick
- Creating Competitive Advantage by Prof. Karl Moore, Oxford University
- Strategic Management for HiPos, by Saatchi & Saatchi
- Leaders developing Leaders Program, Kellogg Leadership Academy
- Kellogg Leadership coaching, Howard Epstein (New York) and Graham Richardson (Sydney)

Working Experience:

- Joined Kawan Food Group as Advisor to Executive Chairman and Head of Transformation and subsequently appointed as Group Chief Executive Officer in January 2024.
- More than 35 years of management experience in commercial, supply chain and corporate roles, developing and implementing transformation strategies across various industries and organizations with a foundation in fast-moving consumer goods.
- Starting his career in Procter & Gamble in brand management, he moved on to several senior positions including Account Director for Leo Burnett, Regional Account Director for Saatchi & Saatchi, General Manager and Commercial Director for Keebler, and as Managing Director for Greater China and Southeast Asia for Kellogg.
- Prior to joining Kawan in April 2023, he held Chief Operating Officer roles in various divisions within the Hap Seng Group as well as corporate roles within the Group MD's office where he served in change management, business turnarounds and driving group synergy across operating divisions.

He does not have any family relationship with any Director and/or major shareholder of the Company. He has a direct interest of 3,330,000 ordinary shares in the securities of the Company.

YEAP CHEE KEONG, ANDY

Chief Operating Officer



AGE
39



Appointment to
current position:
July 2022

Qualification

- Master of Business Administration (Executive) in Australian Graduate School of Management, University of New South Wales
- First Class Honours degree in Bachelor of Electrical Engineering, University of New South Wales
- Professional Technologist, Malaysia Board of Technologists

Working Experience:

- Over 15 years of experience in procurement, management, design, implementation and commissioning of factories, cold storage, machineries, control systems and electrical systems in food, power, and water industries.
- Responsible for driving factory modernisation through Industry 4.0 transformations, Manufacturing Excellence and sustainability initiatives.
- Experience in leading the design, procurement, and construction of a state of the art frozen food manufacturing and storage facility with highly automated production lines, efficient refrigeration systems, Automated Storage and Retrieval System, rainwater harvesting system, and solar photovoltaic systems.
- Joined in April 2013 as Production Manager and was promoted to Senior Factory Manager in March 2014. Subsequently, he was promoted to Chief Operating Officer in July 2022.

He is the son-in-law of Mr. T.C. Gan and Mdm. Kwan.



KEY MANAGEMENT'S PROFILES

TS. DR. KUAN YAU HOONG

Factory Manager



AGE
39



Appointment to current position:
May 2022

Qualification

- Doctor of Philosophy in Food Technology (Food Biopolymers), Universiti Sains Malaysia
- Master of Science in Food Technology (Food Biopolymers), Universiti Sains Malaysia
- Bachelor of Science (Hons) in Food Science and Nutrition, Universiti Malaysia Sabah
- Professional Technologist, Malaysia Board of Technologists
- Trend Scout, SIRIM Malaysia
- Professional Member, Research Chef Association, USA
- Professional Member, Malaysian Institute of Food Technology
- Professional Member, Malaysian Association for the Study of Obesity

Working Experience:

- More than 10 years experiences in the areas of food, oleochemicals, home and personal care industry and academic in large food manufacturing, multi-national corporation and renowned university.
- He started his career with Seberang Flour Mill as Food Technologist where he optimised flour formulations to enhance product performance for flour-based products at lower costs.
- As a lecturer cum Strategic Research Initiative of Taylors University where he was responsible to grow and drive research in the area of food biopolymers and colloids chemistry. Championed twice for US food development competition and leads the development and execution of projects related to his area of expertise and obesity with research grants of more than RM1m. He has contributed to the academic community by producing high impact research papers and articles that showcase his knowledge and expertise in the field.
- Prior to joining Kawan in 2022, he was working as Principal Researcher for Home and Personal Care at KLK Oleo, overseeing and leading the development of innovative high value applications for globally renowned consumer brands.

He does not have any family relationship with any Director and/or major shareholder of the Company.

ESTHER LEE FUI MENG

Group Financial Controller



AGE
46



Appointment to current position:
August 2022

Qualification

- Chartered Accountant-Member of Malaysian Institute of Accountants

Working Experience:

- More than 20 years of working experience in the areas of external auditing, finance operations, tax compliance and planning, investment banking, and corporate reporting. Prior to joining the Group, she worked with Ernst and Young, and in several public-listed companies including investment banking, manufacturing, food and beverages, and others.

She does not have any family relationship with any Director and/or major shareholder of the Company.

KEY MANAGEMENT'S PROFILES

GAN MENG HOI

Head of National Sales



AGE
33



Appointment to
current position:
January 2023

Qualification

- Fellow Member of Association of Chartered Certified Accountant (ACCA)
- BSc (Hons) in Accounting and Finance, Sunway University in affiliation with Lancaster University

Working Experience:

- More than 7 years experience in areas of finance operations, accounting, data analysis, and project management
- He started his career with Ernst & Young focusing on audit.
- Prior to joining Kawan Group, he joined a private manufacturing Group of Companies as General Manager.
- More than 5 years experience in manufacturing, business development, sales and marketing, and business operations of FMCG products, having worked in manufacturing and trading companies.
- He joined Kawan Group in February 2019 and is responsible for the implementation of Kawan's ERP system. He was promoted to Divisional Head of Data Analytics and Commercial in January 2022 and subsequently, promoted to Head of National Sales in January 2023.

He is the son of Mr. T.H. Gan.

KHOO BOO SENG, RAYMOND

Head of Export



AGE
54



Appointment to
current position:
March 2017

Qualification

- SPM

Working Experience:

- More than 20 years experience in the areas of domestic and export sales of FMCG products, having worked in various companies that specialise in distributorship.
- He joined in May 2010 as Business Manager and was promoted to Head of Export in 2017.

He does not have any family relationship with any Director and/or major shareholder of the Company.



KEY MANAGEMENT'S PROFILES

ZHAO JIAN JIAN

Operational General Manager of Kawan Food (Nantong) Co., Ltd



Appointment to current position: March 2018

Qualification

- Food Engineering specialist, Nanjing Agricultural University

Working Experience:

- More than 30 years experience in the areas of production, quality control, and operations in large food manufacturing and foreign food companies prior to joining the Group.
- He joined in August 2009 as Plant Manager and was promoted to Operations General Manager in March 2018.

He does not have any family relationship with any Director and/or major shareholder of the Company.

Notes to the Key Management's Profiles

None of the Key Management has:

1. held any directorship in public companies or listed issuers;
2. any conflict of interest or potential conflict of interest, including interest in any competing business with Kawan Food Berhad or its subsidiaries (excluding a related party transaction which has been disclosed in the Circular to Shareholders dated 30 April 2024);
3. any conviction for offences within the past five (5) years other than traffic offences, if any; and
4. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT


The Board of Directors (“the Board”) of Kawan Food Berhad (“Kawan” or “the Company”) advocates the principles of good corporate governance. Throughout the financial year ended 31 December 2023 (“FY2023”), the Board and the Company continue to enhance its corporate governance processes to ensure that the Company and its subsidiaries (“the Group”) are aligned with best practices.

The Corporate Governance Overview Statement (“CG Overview Statement”) explains how the Company has applied the following three (3) key principles set out in the Malaysian Code on Corporate Governance (“MCCG”) during the FY2023:




PRINCIPLE A

BOARD LEADERSHIP
AND EFFECTIVENESS

 Refer to pages 75 to 83
for more info.


PRINCIPLE B

EFFECTIVE AUDIT AND RISK
MANAGEMENT

 Refer to page 84
for more info.

PRINCIPLE C

INTEGRITY IN CORPORATE
REPORTING AND MEANINGFUL
RELATIONSHIP WITH
STAKEHOLDERS

 Refer to page 85
for more info.

This statement is prepared in compliance with Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and to be read together with the Corporate Governance Report for detailed disclosures of the Company’s application of the principles in the MCCG, which is available on the Company’s website at www.kawanfood.com.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

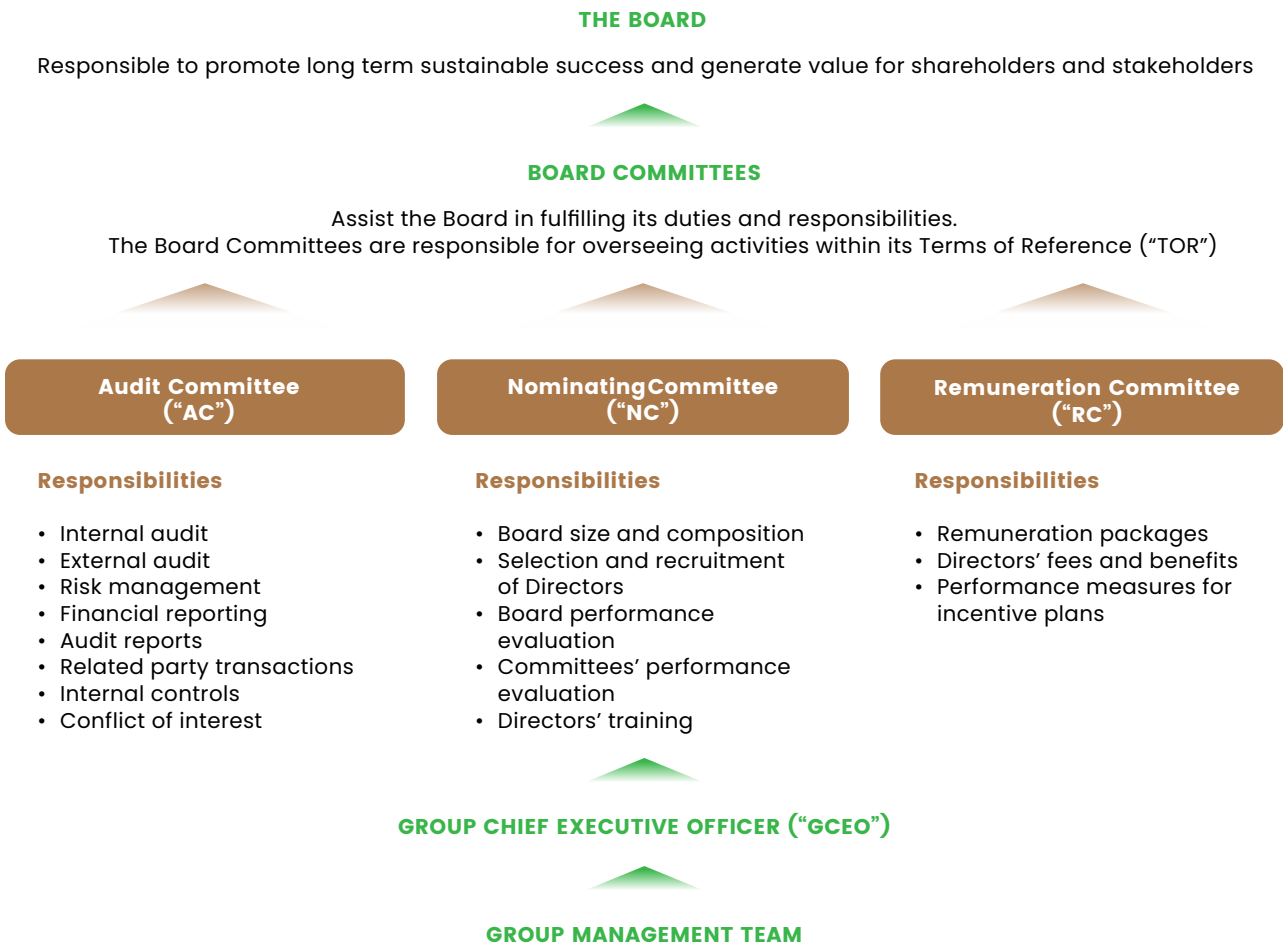
PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Board is collectively responsible for setting strategic directions of the Group and oversees the business affairs of the Group to ensure long-term success. The Board’s role and responsibilities, authorities and schedule of matters reserved for the Board are detailed in the Board Charter which is available for reference on the Company’s website at www.kawanfood.com.

In order to ensure effective discharge of the responsibilities of the Board, the Board has delegated some of its authority and powers to its committees, namely, Audit Committee, Nominating Committee and Remuneration Committee (“Board Committees”).

Governance structure



BOARD KEY FOCUS AREAS IN FY2023



1

Review Group strategies, plans and budget

2

Acquisitions and Joint Venture

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

BOARD ACTIVITIES IN FY2023

- During the financial year under review, the Board discussed and deliberated on Kawan's opportunities in the industry, 5 years business plan, and its strategic direction for the Group;
- Reviewed and approved the Audited Financial Statements of the Company and Group for the financial year ended 31 December 2022;
- Discussed the proposed joint venture business to establish a joint venture company;
- Discussed future business plan of Kawan Food Nantong Co., Ltd;
- Reviewed and approved the conflict of interest ("COI") policy and COI Declaration form;
- Reviewed and approved the proposed investment of Renewable Energy – Solar Photovoltaics systems at Kawan Food Shah Alam;
- Reviewed and approved the proposed joint venture business between Kawan Food Manufacturing Sdn Bhd, a wholly-owned subsidiary of the Company and Good2Nature Sdn Bhd to establish a joint venture company;
- Reviewed and approved the proposed disposal of 32.5% equity interest in Kejap Food Sdn Bhd by KG Pastry Marketing Sdn Bhd, a wholly-owned subsidiary of the Company;
- Approved annual business plan and budget;
- Received updates and reports from the Chair of the NC and RC Committees;
- Received updates and reports from the Chair of the AC on its oversight of financial performance, related party transactions, internal controls, risks and management on the work undertaken by each committee;
- Received reports and updates from GCEO and/or Head of Transformation on operational and financial performance of the Group and other key matters;
- Received updates on the progress of Environmental, Social and Governance ("ESG") Project implementation;
- Reviewed and approved ESG related policies:
 - Health And Nutrition Policy
 - Sustainable Ingredients and Packaging Policy
 - Responsible Marketing Policy
 - Sustainable Supply Chain & Procurement Policy
 - Human Rights Policy
 - Forced Labour Policy
 - Child Labour And Young Worker Policy
 - Working Hours Policy
 - Kawan Food Labour Principles
 - Occupational Safety and Health Policy
 - Environmental Policy
- Reviewed and approved revised Organisational Chart;
- Received new business update on Kejap Food Sdn Bhd and Kawan2Nature Sdn Bhd;
- Deliberated and approved the Group's financial budget and Capex Budget for Financial Year Ending 31 December 2023;
- Approved the Company's full year and interim results;
- Approved the proposed interim single-tier dividend;
- Discussed updates on corporate governance and regulatory matters;
- Recommended the proposed authority for the Company to purchase its own ordinary shares for shareholders' approval;
- Recommended the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature;
- Reviewed and approved the overall content of the annual report;
- Discussed and recommended the proposed allocation of Employees Share Option Scheme ("ESOS") to key personnel for shareholders' approval;
- Discussed and recommended the proposed amendments to the Constitution of the Company, proposed amendments to the By-laws governing the ESOS, and proposed grant of ESOS option to the Independent Non-Executive Directors and Non-Independent Non-Executive Director for shareholders' approval; and
- Discuss and approved the offer of ESOS for FY2023.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

DIVISION OF RESPONSIBILITIES

The details of Board’s responsibilities are set out in the Board Charter which are available online at www.kawanfood.com.

Executive Chairman	The roles of the Chairman and GCEO are separate and distinct. There is a clear division of responsibilities between the two roles. The Chairman is responsible for providing leadership and instilling good corporate governance and effectiveness of the Board.
Executive Directors (“ED”)	The EDs are responsible for day-to-day management of the business operations.
GCEO	The GCEO is primarily responsible for the day-to-day management of the Group’s business within a set of authorities, Group’s strategies, policies and business plans approved and delegated by the Board.
Senior Independent Non-Executive Director (“SINED”)	The SINED acts as a sounding board for the Chairman and to serve as an intermediary for other Directors when necessary. He is also the point of contact for major shareholders and other stakeholders as well as a liaison for whistleblowing.
Independent Non-Executive Directors (“INEDs”)	The INEDs are responsible for providing insights, unbiased and independent views, advice, and judgement to the Board and to ensure effective checks and balances on the Board. The INEDs are essential for protecting the interest of shareholders, in particular minority shareholders, and can make significant contributions to the Company’s decision making by bringing in the quality of detached impartiality.
Non-Independent Non-Executive Director (“NINED”)	The NINED utilise his skills, expertise and experience to contribute to the development of the Group as a whole.

The Board members have unrestricted access to the information pertaining to the Company to discharge their duties and responsibilities. The Board also has access to the advice and services of the Company Secretaries and may obtain independent professional advice at the Company’s expense as and when necessary.

BOARD CHARTER

The Board has adopted a Board Charter that serves as a structured guide on matters relating to the Board. The Board Charter is designed to provide guidance and clarity to Directors and Management with regards to the roles of the Boards and its Board Committees, the role of the Chairman and Independent Directors, GCEO, the requirements of Directors in carrying out their roles and in discharging their duties towards the Company as well as the Board’s operating practices. It also serves as a reference point for Board activities.

The Board will review and update the Board Charter from time to time to reflect the changes to the Company’s policies and procedures to ensure the Board Charter remains consistent with the Board’s objectives, current laws and practices. The Board Charter is available on the Company’s website at www.kawanfood.com.

CODE OF CONDUCT AND ETHICS

The Company has put in place a Code of Conduct and Ethics (“CoCE”) to ensure transparent and ethical conduct that permeates throughout the Group. The CoCE is available on the Company’s website at www.kawanfood.com.

WHISTLE-BLOWER POLICY

The Company has put in place a Whistleblowing Policy to provides avenues for employees and external party to raise legitimate concerns relating to potential breaches of business conduct, non-compliance with legal and regulatory requirements as well as other malpractices The Whistleblowing Policy is available on the Company’s website at www.kawanfood.com.

ANTI-BRIBERY AND ANTI-CORRUPTION POLICY (“ABC POLICY”)

With the implementation of Section 17A Malaysia Anti-Corruption Commission Act coming into force in June 2020, the ABC Policy was established and updated to manage risk in relation to fraud, bribery and corruption practices. Additionally, Whistleblowing Policy was revised to provide avenues for employees and other stakeholders to disclose concerns relating to violations or improper conduct or wrongdoings or non-compliance with legal and regulations requirements within the Group. The ABC Policy is available on the Company’s website at www.kawanfood.com.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A

BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)



DIRECTORS' FIT AND PROPER POLICY

The Company has adopted a Directors' Fit and Proper Policy to ensure a formal and transparent process for the appointment and re-election of Directors and the appointment of Key Senior Management of the Company. The execution is delegated to the NC, which will be reviewed and approved by the Board. The Board reviews the Directors' Fit and Proper Policy periodically, which is available on the Company's website at www.kawanfood.com.

COI POLICY

The COI Policy was adopted in 2023. This policy outlines the disclosure obligations of each Director and Key Senior Management with respect to COI, and the procedures to be followed when a COI arises or potentially arises to ensure systematic identification, disclosure, and management of COI in an effective and timely manner.

The objective of this policy aims to ensure that COI is handled appropriately, promoting transparency, foster a culture of honesty and accountability, and good governance within the Group. Disclosure should occur as soon as practicable after the relevant facts have come to the knowledge of the individual and should be reported on a half yearly basis, including at all Board and the AC meetings.

The COI Policy is available on the Company's website at www.kawanfood.com.

BOARD COMPOSITION

As at 31 December 2023, the Board comprises eight (8) Directors: one (1) Executive Chairman, three (3) EDs, one (1) SINED, two (2) INEDs and one (1) NINED. Of the eight (8) Directors, two (2) were women. Details of the Directors can be found on pages 60 to 69 of this annual report.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board composition complied with paragraph 15.02 of the MMLR of Bursa Securities, which requires at least two (2) Directors or one-third (1/3) of the Board, whichever is the higher, to be independent.

The NC reviewed the Board and Board Committees composition in FY2023 on an annual basis. The composition of the Board comprises an appropriate balance of representation from relevant key areas that supports the sustainability efforts in the business taking into consideration the complexity and nature of the Group's businesses.

BOARD INDEPENDENCE

The Board recognises that independence and objective judgement are crucial and imperative in decision-making process. The INEDs play a significant role in providing an unbiased and independent view, advice and judgement taking into account the interest of relevant stakeholders including minority shareholders of the Group.

Pursuant to Practice 5.3 of the MCCG, the tenure of an Independent Director does not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director.

However, the retention of Independent Director after serving a cumulative term of nine (9) years shall be subjected to annual assessment by the NC, regarding the independence and contributions; and annual shareholders' approval through two-tier voting process in a general meeting, where the Board provides valid justification on the recommendation in the explanatory notes to the resolution in the notice of a general meeting. Notwithstanding the above, the tenure of Independent Director should not exceed a cumulative term of twelve (12) years.

As to-date, the tenure of all Independent Directors is less than nine (9) years of service. The Board is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their tenure of service. The Board believes that continued contribution will provide stability and benefits to the Board and the Company as a whole, especially their invaluable knowledge of the Group and its operations gained through the years. The calibre, qualification, experience and personal qualities, particularly of the Director's integrity and objectivity in discharging his

responsibilities in the best interest of the Company should be the predominant factors to determine the ability of a Director to serve effectively as an Independent Director.

The Board is also confident that the Independent Directors themselves, after having provided all the relevant confirmations on their independence, will be able to determine if they can continue to bring independent and objective judgement during Board deliberations and decision making.

DIVERSITY

The Board acknowledges the importance of having diversity of Board, Management, and employees in terms of skills, expertise, gender, age, and ethnicity. The Company has put in place a Diversity Policy as the Company's commitment to diversity at all levels.

During the financial year under review, there were no changes to Company's Board composition. Currently, the Board comprises two (2) female Non-Independent Executive Directors which accounts for 25% representation of women on the Board.

The Board supports the country's aspirational target of 30% representation of women directors in line with Practice 5.9 of MCCG and will consider a diverse range of candidates including female representation in future recruitment and selection processes.

The Diversity Policy is available on the Company's website at www.kawanfood.com.

BOARD EVALUATION

The Board through its NC also undertakes an annual review of performance and effectiveness of the Board and Board Committees as well as the contribution of each individual Directors to the Board and Board Committees.

The Board Evaluation Report indicated that the Board, Board Committees, and individual Directors continue to be highly effective in providing oversight of the Company and its governance.

Following the FY2023 Board evaluation, the Board is satisfied that the SINED and INEDs are independent to discharge their duties and responsibilities effectively.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

TIME COMMITMENT

The Board meets once quarterly with additional meetings being convened whenever necessary, to discharge their responsibilities effectively. The Senior Management are also invited to meetings for presentation, if required.

The attendance of the Directors at Board and its Committee meetings for FY2023 are as follows:

Member(s)	Board	AC	NC	RC
Gan Thiam Chai <i>Executive Chairman</i>	7/7			
Gan Thiam Hock <i>Executive Director</i>	7/7			
Kwan Sok Kay <i>Executive Director</i>	7/7			
Gan Ka Bien <i>Executive Director</i>	7/7			
Dr. Nik Ismail Bin Nik Daud <i>Senior Independent Non-Executive Director</i>	7/7	6/6	3/3	7/7
Abdul Razak Bin Shakor <i>Non-Independent Non-Executive Director</i>	7/7			
Lim Hun Soon @ David Lim <i>Independent Non-Executive Director</i>	7/7	6/6	3/3	7/7
Eugene Hon Kah Weng <i>Independent Non-Executive Director</i>	7/7	6/6	3/3	7/7



CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD TRAINING AND DEVELOPMENT

The Board acknowledges the importance of continuous education and training programmes for Directors to discharge its responsibilities effectively and to be apprised of the changes to regulatory requirements and the impact such regulatory requirements will have on the Group. The Company Secretaries circulate and brief the relevant guidelines on statutory and regulatory requirements from time to time and for the Board's reference.

All Directors attended the Mandatory Accreditation Programme as required by the MMLR of Bursa Securities.

The Directors of the Company have attended the following training programmes, workshops, briefing and seminars during FY2023:

Directors	Courses/Seminar/Conference
Gan Thiam Chai	<ul style="list-style-type: none"> Mandatory Accreditation Programme Part II – Leading for Impact (“MAP II”)
Gan Thiam Hock	<ul style="list-style-type: none"> MAP II
Kwan Sok Kay	<ul style="list-style-type: none"> MAP II
Gan Ka Bien	<ul style="list-style-type: none"> MAP II The Sustainable Brands Kuala Lumpur 2023 conference Advocacy Session for Directors and CEOs of Main Market Listed Issuers
Dr. Nik Ismail Bin Nik Daud	<ul style="list-style-type: none"> MAP II Webinar on International Union of Food Science and Technology (IUFoST) Roundtable Discussion – International Years of Millets Asian World Centre seminar on Board Governance Excellence Executive Roundtable Masterclass Malaysia 2023, Kuala Lumpur IUFoST Webinar on Food Safety Seminar IUFoST on Sustainable Food Packaging: Environmental and Food Safety Issues KPMG Webinar on 2023 Board and Audit Committee Priorities Webinar on Institute of Corporate Directors Malaysia (ICDM) PowerTalk: Generative AI – An Opportunity or Risk? IIM & ICDM Seminar on National Integrity Forum: Leading governance with integrity Bursa Malaysia Webinar on Advocacy Session for Directors and CEOs of Main Market Listed Issuers
Abdul Razak Bin Shakor	<ul style="list-style-type: none"> MAP II Role of Insurance Broker Economist Intelligence Corporate Network Forum Project Risk Workshop – Perlis Inland Port KL Cyber Risk Assessment Training Risk Management Culture (A Takaful Perspective)
Lim Hun Soon @ David Lim	<ul style="list-style-type: none"> MAP II ESG Risk Management – Oversight of ESG risks within operations and across the value chain Business Considerations for Human Rights Management ESG: Contextualising Net Zero Global Economic Outlook 2023 The Generational Divide: Bridging Differences and Building Collaboration Islamic Stockbroking 2023 – An Overview of Sukuk Structuring and Issues
Eugene Hon Kah Weng	<ul style="list-style-type: none"> Cloud day Amazon Web Services (AWS) Executive Briefing Media Preparedness and Crisis Simulation Affin Conference Series 2023 Understanding Cyber Security Cybersecurity Incident Management Process and BCM Awareness Talk Advocacy sessions for Directors and CEOs of main market listed issuers Dialogue with Bursa Market Surveillance ESG Talk – Addressing challenges in implementing International Sustainability Standards Board (ISSB) standards MAP II

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE A BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

NC

1

EUGENE HON KAH WENG

Independent
Non-Executive Director
Membership: Chairman

2

DR. NIK ISMAIL BIN NIK DAUD

Senior Independent
Non-Executive Director
Membership: Member

3

LIM HUN SOON @ DAVID LIM

Independent
Non-Executive Director
Membership: Member

ROLES

- Oversee the Board appointment process including the nomination and selection of Directors, and Key Senior Management of Kawan.
- Recommend new Directors' nomination to the Board and Key Senior Management of Kawan.
- Review Board training programmes and making recommendations thereof.
- Assess the performance and effectiveness of individual Directors, Board, and Board Committees, which includes assessing the fitness and propriety of Directors who are due for retirement by rotation at the forthcoming Annual General Meeting ("AGM").
- Assess and review the Board composition (ie. size, experience, diversity etc) and organisation structure of Kawan.
- Oversee the succession planning for the Board and Key Senior Management of Kawan.

FOCUS AREAS IN FY2023



1

Succession Planning
for Management

2

Assessment of
Board effectiveness

NC ACTIVITIES IN FY2023

- Reviewed performance and effectiveness of the Board and Board Committees as well as contribution of each individual Directors to the Board and Board Committees in FY2023;
- Discussed and reviewed Management Succession Planning;
- Reviewed the composition of the Board in meeting necessary skills, experience, and competency of the Board;
- Recommended for the Board's approval the appointment of Mr Adam Pandian as GCEO of the Company;
- Reviewed the performance of GCEO and Group Financial Controller;
- Reviewed and assessed the term of office and performance of the AC and each of its members;
- Assessed Directors' training needs in order to propose suitable orientation and training programmes;
- Reviewed the Directors' retirement by rotation at the Nineteenth ("19th") AGM of the Company held on 21 June 2023;
- Discussed the management structure of the Company; and
- Revised the organisational structure.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

RC

1

DR. NIK ISMAIL BIN NIK DAUD

Senior Independent
Non-Executive Director
Membership: Chairman

2

LIM HUN SOON @ DAVID LIM

Independent
Non-Executive Director
Membership: Member

3

EUGENE HON KAH WENG

Independent
Non-Executive Director
Membership: Member

ROLES

- Assess, review, and recommend to the Board the remuneration packages of individual Directors, GCEO and Key Senior Management.
- Review and approve performance measures for incentive plans recommended by the Management.
- Assess the performance and recommend to the Board for approval the total remuneration packages of GCEO, EDs, Non-Executive Directors (“NEDs”), and Key Senior Management.

REMUNERATION PACKAGES

The remuneration packages for the EDs and Key Senior Management comprises basic salary, benefits in kind, bonuses, and allowances which reflects their roles and performance for the year. The NED’s remuneration package comprises Directors’ fees, benefits in kind, and meeting allowances which reflect the individual’s role and responsibilities. The Board remuneration is reviewed by benchmarking against peer companies.

The Chairman of the AC, RC, and NC receives higher fees in consideration of their service as a chairman of the respective committees. The Directors will receive an additional fee if they are members of the Board Committees. The fees for Directors are determined by the Board with approval from shareholders at the AGM.

The interested Directors abstained from deliberation and voting on their own remuneration at the Board meetings.

The remuneration of the Directors on a named basis for FY2023 are disclosed in the CG Report which is available on the Company’s website at www.kawanfood.com.

FOCUS AREAS IN FY2023



1

Revised
Balanced
Scorecard

2

Performance
Management &
Reward System

3

Remuneration
Package for
Directors and GCEO

RC ACTIVITIES IN FY2023

- Reviewed and recommended to the Board for approval, the Directors fees and benefits payable (including allowances) to the Directors. The Board will then recommend to the shareholders for approval at the AGM;
- Reviewed the terms of engagement and remuneration package of GCEO;
- Reviewed and recommended for the Board’s approval the following matters:
 - a) Salary adjustment and bonus for EDs and Key Senior Management;
 - c) Performance evaluation and bonus allocation of GCEO; and
 - d) Remuneration package of Chief Operating Officer.
- Reviewed and deliberated on the Balance Scorecard, Key Performance Indicators and Performance Management, and Reward System.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE B EFFECTIVE AUDIT AND RISK MANAGEMENT



AC

The AC of the Company comprises one (1) SINED and two (2) INEDs. Collectively, the AC members are financially literate, possess commercial expertise skills, and experience to enable them to discharge their duties and responsibilities pursuant to the AC's TOR.

Based on the recommendation of MCCG, the AC requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC.

The AC assists the Board in fulfilling its statutory and fiduciary responsibilities on financial reporting, compliance with applicable financial reporting standards and other legal requirements, internal audit, external audit functions, and risk management of the Group.

On an annual basis, the AC reviews and evaluates the suitability, objectivity, and independence of the External Auditors, taking into consideration the following:

- Technical competencies
- Independence and objectivity
- Audit scope and planning
- Adequacy of technical support
- Time commitment
- Audit and non-audit fees

The details on the roles of the AC are set out in AC report of this annual report.

SOUND RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges their overall responsibilities in maintaining an effective risk management and internal control system to safeguard stakeholders' investments and the Group's assets. The AC assists the Board in the oversight of proper implementation of risk management and control system.

The Group has established a robust risk management framework as an approach to identify, assess, report, and monitor risks facing the Group. Kawan maintains a risk register comprising Group-wide risks specific to the business activities, which is reviewed and updated every quarter.

The Group has outsourced the Internal Audit function to a professional service firm which is independent of the activities and operations of the Group. The outsourced Internal Auditors reports directly to the AC. The Internal Audit function is primarily responsible in assessing and improving the effectiveness of the risk management, internal control systems, and governance processes within the Group.

The statement on Risk Management and Internal Control set out in this annual report provides a detailed description of the state of risk management and internal controls.

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

PRINCIPLE C INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Communications with Stakeholders

The Board recognises the importance of effective communication between the Company, investors, shareholders, stakeholders, and public at large to provide timely, accurate, and equal access to material information on the Group's performance and operations.

Kawan engages with its stakeholders by way of announcements via Bursa Securities and press releases. All financial results, notice of dividends and ad-hoc announcements are available on the Bursa Securities' website. The investor relations section which is available on the Company's corporate website at www.kawanfood.com contains information on Kawan such as our corporate profile, annual reports, Board of Directors, AGM, etc., for both existing and potential shareholders. The stakeholders can reach out to Kawan should they require further information or assistance.

Kawan also organised meetings with analysts, institutional fund managers, shareholders, and potential investors. Our discussions generally covers the topics of financial and business performance, outlook, and strategic direction of the Group.

General Meetings

The 19th AGM and Extraordinary General Meeting ("EGM") of the Company was held physically in 2023. The AGM and EGM

are the principal forum for dialogue with shareholders. The AGM provides an opportunity for shareholders to understand the financial and operational performance of the Company and to pose questions to the Chairman, other Directors, and key management. The Chairman allocated sufficient time to encourage the shareholders, proxies and the corporate representatives to ask questions pertaining to the matters tabled at general meetings, or voice any concerns. The Board, Management team, and the Company's External Auditors were present at the meetings to answer questions raised and provide clarification as required by the shareholders, proxies, and corporate representatives.

The notice of AGM sets out the resolutions together with the Company's Annual Report, was circulated to shareholders at least twenty-eight (28) days prior to the meeting to provide shareholders with sufficient time for consideration and to make informed decisions. Shareholders who are unable to attend are allowed to appoint proxies to attend, speak, and vote on their behalf. The voting at the 19th AGM was conducted through electronic poll voting, of which the votes cast were validated by an independent scrutineer. The outcome of all resolutions proposed at the AGM announced to Bursa Securities at the end of the meeting day, while the minutes of the AGM was circulated to the shareholders not later than 30 business days after the meeting.

This Statement was approved by the Board on 18 April 2024.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors (“The Board”) is pleased to provide the Statement on Risk Management and Internal Control of Kawan Food Berhad (“the Company” or “Kawan”) and its subsidiaries (“the Group”) which outlines the nature of risk management and internal control of the Group for the financial year ended 31 December 2023. This statement has been prepared pursuant to paragraph 15.26 (b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements (“MMLR”) and by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and Malaysian Code on Corporate Governance (“MCCG”).



Board responsibilities

The Board acknowledges its overall responsibility of the Group's system of risk management and internal control. The Board remains committed to put in place an ongoing process for reviewing its adequacy and integrity in order to safeguard shareholders' investment and the Group's assets.

The Board has delegated the risk management responsibilities to the Audit Committee (“AC”) which provides oversight on the Group's risk management and internal control systems. The adequacy and effectiveness of internal controls were reviewed by the AC in relation to the audits conducted by Internal Audit (“IA”) during the year.

Nevertheless, the Board recognises that the systems are designed to manage rather than eliminate risks of failure. It can therefore only provide a reasonable, rather than absolute assurance against material misstatement or losses.

Jointly controlled companies were excluded as the Board does not have direct control over its operations. However, the Group's interest in these entities is served through its representation on the Board of these jointly controlled companies.

Risk culture

The risk culture is driven from the top and strengthened by the middle Management, which serves as the foundation upon which a robust risk management framework is built.

Risk management updates are continuously communicated and reinforced throughout the Group to cultivate its identification, assessment, and mitigation of risks. The Group has instilled a culture in which the Board, Management and the employees are committed to strengthening processes and controls in managing business activities.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management (“RM”) Framework

BOARD OF DIRECTORS

- Accountable for the governance of risk management and internal control systems.



AC

- Oversees the implementation of risk management framework, policies, and procedures in identifying and managing risks across the Group;
- Reviews and monitors the effectiveness of the Group’s risk management systems.



RISK MANAGEMENT WORKING COMMITTEE (“RMWC”)

- Provides adequate support to AC with regards to risk management;
- Chaired by the CEO and supported by Head of Departments/Functional Heads;
- Identify, assess, and monitor the Group’s risks.
- Oversees the quarterly report on risk exposures and risk management activities to facilitate understanding and determination of appropriate risk responses. The risk management report is communicated to AC on a quarterly basis for review and discussion.



RISK MANAGEMENT UNIT (“RMU”)

- Performs risk assessments to identify, evaluate, and manage material risks.

1ST LINE OF DEFENCE

2ND LINE OF DEFENCE

3RD LINE OF DEFENCE

Business Units

Risk management on a day-to-day basis through effective controls.

Risk Management

Provide oversight and support to first line of defence by identifying, managing, and monitoring risk including policies, procedures and training.

Internal and External Audit

Provide independent assurance to the AC and Board on the effectiveness and adequacy of the risk management framework.

Risk Management Process

The Group has in place a risk management process that provides a structured approach to ensure that there is an on-going process to identify, prioritise, and manage risks exposure, as illustrated below:

1

Identify existing and potential risks including emerging risks as well as changes affecting existing risks

2

Assess risks

Assess likelihood and impact of these risks using risk matrix

3

Evaluate risks

Determine the significance and risk level of these threats – high, significant, moderate and low

4

Decide risks responses

– how to manage and control risks

5

Monitor continuously the identified risks and their controls in place.

6

Report

Present risk reports to the AC and highlight new/emerging risk areas and the controls in place.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Managing risks within the Group involves an on-going assessment process to identify, evaluate, and manage significant risks faced by the Group. This process has been in place for the year under review and up to the date of approval of this statement.

Kawan maintains a risk register. The risk register is reviewed and updated every quarter by RMWC. The Risk Officer then provides the AC with the Group Risk Management Reports at its scheduled meetings.

The AC deliberated on the material risks identified on a quarterly basis and the AC Chairman subsequently reported updates to the Board with respect to risk management and mitigation procedures.




Activities in FY2023

In FY2023, we engaged with internal and external stakeholders to understand risks that could materially impact Kawan. Effective risk management allows Kawan to mitigate these risks whilst leveraging opportunities that improve Kawan's competitive edge.

During the financial year, the AC carried out the following activities in discharging its duties and functions:

-  Set direction for the Group Risk Management
-  Reviewed key strategic, financial, regulatory, operational risks, and actions based on the risk register external assessments and internal audit findings.
-  Continuously monitored the effectiveness of measures taken by the Group
-  Set priorities on emerging risks and mitigation actions
-  Reassessed risks including the generation of a heat map and risk register.
-  Oversaw the effectiveness of Business Continuity Management programme via implementation of tests and simulation to strengthen the Group's resilience during disaster or crisis

The following table highlights the key focus areas of their deliberations in FY2023:

Impact	Mitigation measures
 Focus area STRATEGIC	
Risk of loss arising from adopting wrong business strategies, failure to execute business strategies or failure to respond to changes in the industry/ economy	<ul style="list-style-type: none"> • Annual strategy and budget setting exercises • Transformation oversight by Head of Transformation • Regular tracking of financial performance to ensure progress is maintained. • Business review meetings
 Focus area RISING COSTS AND INFLATION	
Risk related to long term strategic objectives of the business due to unsustainable growth and inflationary pressure arising from political instability, civil unrest, and other persistent challenges to the supply chain.	<ul style="list-style-type: none"> • Tracking and monitoring financial performance on a monthly basis. • Supplier portfolios reviews • Stay informed of geo-political events impacting markets
 Focus area EMPLOYEES	
Risk of losing competent employees, with the right skills, commercial acumen, and knowledge poses potential challenges in implementing the Group's strategies.	<ul style="list-style-type: none"> • Provide training programme to enhance skill sets and capabilities • Implement succession planning strategies. • Compensations and benefits review. • Compensation incentive schemes including Employees Share Option Scheme and annual bonuses to enhance retention • Corporate Social Responsibility Initiatives

Priorities for FY2024

The RMWC will continue to support the Group's business strategies while managing the risk. Priorities for FY2024 include:

- enhance monitoring for more effective risk management;
- continue to enhance emerging risk controls; and
- continue to test the resilience of the Business Continuity Management activities.






STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

MATERIAL RISKS

The principal risks are classified based on following categories: strategic risk, financial risk, technology risk, operational risk, food risk, health and environment, regulatory risk, and people risk. In FY2023, Kawan carried out a new risk assessment exercise, of which Kawan collated inputs from both external and internal stakeholders. The risks identified are further prioritised based on their residual risk ratings and future risks outlooks.

The table below presents a summary of the Group’s material risks and the mitigating measures for the FY2023.

Description	Mitigation
 Machine Failure (Operational)	
Risk of loss resulting from failures of systems, machineries, and processes.	<ul style="list-style-type: none"> Preventive maintenance initiatives Optimising inventory management for critical spare parts
 HALAL (Regulatory)	
Risks of suspension of operations or logo withdrawal leading to imposition of penalties or fines arising from failure to comply with HALAL regulations.	<ul style="list-style-type: none"> Third party independent audits Collaborate with industry and trade bodies to share best practices in HALAL systems. Strengthen liaison with regulatory authorities for improved relations.
 Operational costs (Operational)	
Risk of Margin could be affected by fluctuations in the operational costs.	<ul style="list-style-type: none"> Monitoring supply availability Exploring alternative vendors Strengthen liaison with vendors for improved relations. Higher production efficiency

INTERNAL AUDIT

The Group’s Internal Audit function (“GIA”) is an outsourced professional service provider that reports independently to the AC. The GIA provides risk based and objective assurance on the adequacy, efficiency, and effectiveness of risk management, control, and governance. The selection of the areas to be audited is based on an annual audit plan that is approved by the AC. The annual audit plan is developed based on risk assessments of Kawan Group.

During the financial year, the GIA have carried out reviews which involved assessing the adequacy of controls over the following:

-  IT Security Management
-  Organisational Governance & Compliance
-  Anti-Corruption Programme
-  Recurrent Related Party Transaction
-  Production and Cost Management
-  Supply Chain Management - Warehousing & Logistics
-  Review of NetSuite ERP System
-  Review of KFN

Upon completion of the audit assignment, the GIA provides an audit report which covers the scope of audit work performed, evaluation of the internal control systems with detailed audit observations, management responses and timeline to implement the GIA’s recommendation. All significant and material findings by the internal auditors are reported to the AC for review and deliberation. The AC assesses the overall adequacy and effectiveness of the internal control systems and reports the deliberations and material findings to the Board.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL SYSTEM

The key features of the Group's internal control system are as follows:

The AC and the Board

The Board has delegated its authority in overseeing the adequacy and operating effectiveness of the Group's risk management and internal control systems to the AC. The AC has oversight of the independence, scope of work and resources of the Internal Audit. The AC meets quarterly to review audit and investigations reports prepared by IA. The effectiveness of the internal control system is monitored and evaluated by the AC on an ongoing basis.

Further details on AC activities can be found on AC report.

Organisation Structure & Authority Limits

The Group has a formal organisation structure with clearly defined accountabilities, reporting lines and authority in order to align to its business and operational needs.

The Limit of Authority clearly outlines the Board and Management's limits and approval authorities across various key processes. The delegation of authorities is duly approved by the Board and subject to review and update to reflect business and operational changes and needs.

Annual Budget and Financial Projections

The Group's annual budget is deliberated and approved by the Board on an annual basis. Actual performances are reviewed against the approved budget with explanations of major variances and presented to the Board.

Group Policies and Procedures

The Group has put in place documented policies and procedures which covers a wide range of areas including food safety, security, product quality assurance, human resource, and purchasing to provide guidance for the employees. These policies are subject to review as and when required to ensure its relevance to the Group's operations and continue to support the Group's business activities as it continues to grow.

Human Resource Policies and Procedures

The HR Policies and Procedures of the Group incorporates policies and guidelines on human resource management in the Group. These policies and procedures are reviewed as and when the need arises and are communicated to employees via email.

Whistleblowing Policy ("WBP")

WBP provides internal and external parties with accessible channels to raise concerns or disclose information regarding suspected or known malpractices, misconducts or wrongdoings within the Group without fear of any form of victimisation, harassment, retribution or retaliation.

Our Senior Independent Non-Executive Director has oversight over the access to the whistleblowing cases and the whistleblowing processes. The WBP is available on the Group's website.

Anti-Bribery and Anti-Corruption Policy ("ABAC")

The Group maintain a zero-tolerance approach against bribery and corruption.

The Group's ABAC sets out principles and clear procedures for all donations, sponsorships, hospitality, and gifting activities of the Group. The ABAC also provide guidance to all employees on how to deal with improper solicitation, bribery, and other corrupt activities.

This policy applies to all stakeholders and employees of Kawan and the Group. All employees are required to declare that they have read, understood, and will abide by the Policy. Ongoing training on ABAC sessions are carried out to raise awareness on corporate liability.

People Development

A succession planning has been established to strengthen the Group's talent and succession. In respect of this, the Group has identified the potential talent within the organization and has provided structured leadership development programme and coaching in making these talent ready for future leadership. The Group will continue to develop its human capital by improving talent management, learning and development, organisation design, and remuneration and performance management.

Information and Communication

The Group has in place effective communication of critical information channels across the Group. Matters that require Board and Senior Management's attention are highlighted for review, deliberation, and decision making on a timely basis.



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Monitoring and Review

Monthly management reports comprising key financial results and operational performance are reviewed and monitored by the management team. Quarterly financial statements are presented to the AC and the Board for their review, consideration and approval.

Business Continuity Management (“BCM”)

BCM programme is part of our commitment in enhancing business resilience throughout our Group. We have put in place a BCM programme which provides a systematic approach and consistent practices to build organisational resilience with adequate capability mechanisms to ensure continuation of business and operations. Kawan has also established a Crisis Management Framework to provide guidance on establishing a comprehensive approach in managing crises. These plans will be reviewed and tested accordingly to ensure effectiveness and relevance to the current business environment.

External Certifications

The Group continues to adopt relevant safety, quality, HALAL, and Occupational Health and Safety Assessment Series certification systems.

All of our manufacturing sites are subject to independent third-party audits under BRCGS Global Food Safety Standard.

The Group has been awarded MS1480: 2019 HACCP food safety certification and Veterinary Health Mark (VHM) that supports the Group on the issuance of Health Certificate for our exports.

The Group was awarded the HALAL “WhiteList” status by the Malaysian Islamic Development Department (JAKIM) and Jabatan Agama Islam Selangor (JAIS) for HALAL fast track application, which allows JAKIM and JAIS to expedite the issuance of HALAL certificates within three (3) working days. The comprehensive Halal Assurance System has been established and the Group will be subject to ad-hoc audits from time to time to ensure compliance with the systems. We also engaged 3rd party halal auditor to ensure high compliance of our HALAL assurance system.

REVIEW OF THIS STATEMENT BY THE EXTERNAL AUDITOR

Pursuant to Paragraph 15.23 of the Bursa Malaysia Securities Berhad’s MMLR, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the FY2022 Annual Report. Their review was performed in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants. Based on their review, nothing has come to their attention that causes them to believe that this statement is not prepared, in all material respect, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Directors of Listed Issuers to be set out, or is factually inaccurate.

CONCLUSION

The Chief Operating Officer and Group Financial Controller have provided assurance to the Board that the Group’s risk management and internal control systems are operating adequately and effectively, in all material aspects.

The Board is of the view that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies, nor uncertainties that would require separate disclosure in the Group’s annual report. Nevertheless, the Board shall continue to take the appropriate and necessary measures to continuously improve the Group’s risk management and internal control system to meet the Group’s corporate objectives.

This statement was approved by the Board on 18 April 2024.

AUDIT COMMITTEE REPORT

COMPOSITION

The Audit Committee ("AC") comprises three (3) members, all of whom are independent Non-Executive Directors ("INED"):

1

LIM HUN SOON @ DAVID LIM*

Independent
Non-Executive Director
Membership: Chairman

2

DR. NIK ISMAIL BIN NIK DAUD

Senior Independent
Non-Executive Director
Membership: Member

3

EUGENE HON KAH WENG*

Independent
Non-Executive Director
Membership: Member

* Member of the Malaysian Institute of Accountants (MIA).

The AC's composition meets the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), which requires that at least one member of the AC must fulfil the financial expertise requisite of paragraph 15.09(1)(c) of MMLR of Bursa Securities. The AC Chairman and a member of AC are members of the MIA and the Malaysian Institute of Certified Public Accountants (MICPA).

For the financial year under review, the Board of Directors ("Board") evaluated the performance and effectiveness of the AC via the Nominating Committee's review of the term of office and performance of the AC and its members and was satisfied that the AC members were able to and had discharged their functions and responsibilities in accordance with the Terms of Reference of the AC.

The role, scope, and responsibilities of the AC are set out in its Terms of Reference which are accessible on the Company's website at www.kawanfood.com.

Further details of the AC members' experience and qualification are available in Directors' profiles.

MEETINGS

The AC conducted six (6) meetings during the financial year ended 31 December 2023 ("FY2023"), details of which are set out as follows:

Name	No. of Meetings Attended
Lim Hun Soon @ David Lim	6/6
Dr. Nik Ismail Bin Nik Daud	6/6
Eugene Hon Kah Weng	6/6

The Group Chief Executive Officer ("GCEO"), Company Secretaries, Group Financial Controller, Corporate Affairs Manager, and Management were invited to attend the meetings to present their reports and provide appropriate information as well as clarification to relevant items on the agenda. The Internal Auditors were invited to present the internal audit reports to the AC during the AC meetings, to present specific issues arising from audit findings. The External Auditors also attended the AC meeting to present their annual audit plan, annual financial statements, and other matters deemed relevant.

The AC Chairman reported to the Board activities and significant matters discussed at each AC meeting. Deliberations during the AC meetings were recorded. Minutes of the AC meetings were tabled for confirmation at the following AC meeting and subsequently tabled to the Board for notation.



AUDIT COMMITTEE REPORT

KEY ACTIVITIES IN FY2023

Financial Reporting

- Reviewed and recommended to the Board for approval:
 - quarterly unaudited financial results including announcements to Bursa Securities; and
 - audited financial statements of the Company and its subsidiaries (“the Group”) to reflect the true and fair view of the business results and financial position of the Group and that the financial statements were prepared in compliance with Malaysian Financial Reporting Standard (MFRS).
- Discussed and resolved all key accounting matters that arose during the year; and
- Reviewed and deliberated on audit issues raised by the External Auditors and the action plans required to address them.

External Audit

- Reviewed and approved the external audit plan including scope of work and approach for FY2023;
- Had two (2) meetings with the External Auditors without the presence of the Management to discuss relevant issues and concerns arising from the audits;
- Reviewed and recommended to the Board, the re-appointment of External Auditors, taking into consideration their competencies, commitments, independence, and objectivity;
- Assessed the independence and objectivity of the External Auditors and recommended to the Board the audit and non-audit fees payable to External Auditors; and
- Reviewed and recommended to the Board, the appointment of new External Auditors in Kawan Food (Nantong) Co., Ltd, taking into consideration their competencies, commitments, independence, objectivity, audit and non-audit fees payable to External Auditors.

Internal Audit (“IA”)

- Reviewed and reported to the AC on the IA plans pertaining to their consistency with the Enterprise Risk Management Framework, specifically focusing on high risk areas identified, together with the results of assessments;
- Reviewed IA report on a quarterly basis;
- Reviewed the internal control issues identified by Internal Auditors, management’s response to audit recommendations and the implementation of the action plans;
- Monitored the implementation of corrective actions by Management;
- Had private sessions with the IA without the presence of Management to discuss relevant issues and concerns arising from the audits;

- Reviewed effectiveness of the IA through evaluation of performance, adequacy of resources, and competencies of the Internal Auditors; and
- Reviewed the overall performance of the IA, including assessment of their independence, technical competency, and sufficiency of its manpower and budget to carry out its work.

Risk Management and Internal Control

- Reviewed Kawan’s top risk profiles and deliberated on the significant threats and opportunities on a quarterly basis;
- Reviewed quarterly risk management reports on risk management activities, exposure and mitigating actions;
- Reviewed, tracked, and monitored, on an ongoing basis, the effectiveness of the Group’s internal control and risk management systems; and
- Continuous review the effectiveness of Group’s Business Continuity Management and performing simulation and testing exercises across the Group

Related Party Transactions (“RPTs”)

- Reviewed all RPTs on a quarterly basis to ensure RPTs were carried out on an arm’s length basis and on normal commercial terms, consistent with the Company and Group’s usual business practices and policies, which are not more favourable than those generally available to the third parties/public, and are not to the detriment of the minority shareholders;
- Reviewed and deliberated on RPTs, recurring and potential conflict of interest that may arise; and
- Reviewed and recommended for Board’s approval the Circular to Shareholders in relation to the proposed renewal of shareholders’ mandate for recurrent related party transactions of revenue or trading nature.

Annual Report

- Reviewed and recommended the following to the Board for approval:
 - a) Audited Financial Statement;
 - b) Management Discussion and Analysis;
 - c) Sustainability Statement;
 - d) Statement on Risk Management and Internal Control;
 - e) Audit Committee Report;
 - f) Corporate Governance Overview Statement; and
 - g) Corporate Governance Report.

AUDIT COMMITTEE REPORT

Other Matters

- Reviewed the financial projection on proposed investments and joint ventures businesses made by the Group;
- Reviewed export sales growth in 2023 and 2024 projections;
- Reviewed the key account and distributor growth in 2023 and 2024 projections;
- Reviewed the budget for the Group on a yearly basis;
- Reviewed the effectiveness of Anti-Bribery and Anti-Corruption (“ABC”) controls in relation to the ABC Policy;
- Reviewed the allocation of the share options pursuant to Employees Share Option Scheme (“ESOS”) to ensure compliance with the MMLR of Bursa Securities and ESOS’s By-Laws;
- Reviewed and recommended to the Board the Conflict of Interest Policy of the Group for approval and adoption;
- Reviewed the Group’s updates on key governance matters and observations in regards of the provisions set out in the Malaysian Code on Corporate Governance pursuant to the MMLR of Bursa Securities;
- Reviewed and recommended for the Board’s approval, the Statement to Shareholders in relation to the proposed renewal of authority for the Company to purchase its own ordinary shares; and
- Reviewed the proposed dividend payout taking into consideration the cash flow requirements before recommending for Board’s approval.

IA FUNCTION

The IA function of Kawan is outsourced to a professional firm, Tricor Axcelasia Sdn Bhd to provide independent and objective assurance on the adequacy, efficiency and effectiveness of internal controls.

The Group IA activities were performed by a team of four (4) to five (5) professional Internal Auditors, led by Ms Sarine Loo (“Ms. Sarine”) who has 25 years of experience in risk management, IA and corporate governance advisory services. Ms. Sarine is a professional member with the Institute of Internal Auditors of Malaysia (“IIAM”).

The number of staff deployed for the IA reviews ranges from 4 to 5 staffs per visit including the Engagement Director. The IA staff who performed the IA reviews have professional qualifications and/or university degree. Some of the IA staff are members of the Institute of Internal Auditors Malaysia. All the IA staff were free from any relationships or conflict of interest, which could impair their objectivity and independence.

In accordance with the annual IA plan approved by the AC, the IA conduct the following audits:-



IT Security Management



Organisational Governance & Compliance



Anti-Corruption Programme



Recurrent Related Party Transaction



Production and Cost Management
- Warehousing & Logistics



Review of NetSuite ERP System



Production Management



Supply Chain Management



Review of KFN

The audits were performed using a risk-based approach and guidance from the International Professional Practice Framework. The IA results comprising progress of previous auditable processes action plan were presented and reviewed by the AC.

The total costs incurred for outsourcing the IA function of Kawan for the FY2023 was RM179,094.

Further details of the IA functions can be found on the Annual Report under the Statement on Risk Management and Internal Control.

ADDITIONAL COMPLIANCE INFORMATION

Pursuant to the Listing Requirements of Bursa Malaysia Securities Berhad

MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest which were still subsisting as at the end of the financial year ended or which were entered into since the end of the previous financial year (not being contracts entered into in the ordinary course of business) except as disclosed below and in Notes 37 to the financial statements under "Related Parties" on pages 182 to 184 of this Annual Report.

AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2023, the amount of audit and non-audit fees paid and payable by the Company and the Group to the External Auditors are as follows:

	Company (RM)	Group (RM)
Audit services rendered	56,500	271,537
Non-audit services rendered	8,000	8,000
Total	64,500	279,537

UTILISATION OF PROCEEDS

There were no proceeds raised by the Company from any corporate proposals during the financial year ended 31 December 2023.

RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

At the Nineteenth Annual General Meeting ("AGM") held on Wednesday, 21 June 2023, the Company obtained a shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature. The disclosure of the recurrent related party transactions conducted during the financial year ended 31 December 2023 is set out on page 183 of the Annual Report.



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STATEMENT ON DIRECTORS' RESPONSIBILITY

The Board of Directors is required under Paragraph 15.26(a) of Main Market Listing Requirements of Bursa Malaysia Securities Berhad to issue a statement explaining the Board's responsibility in preparing the annual financial statements.

In preparing the annual financial statements of the Company and the Group, the Directors are collectively responsible to ensure that these financial statements have been properly drawn up in accordance with the applicable approved Malaysian Financial Reporting Standard issued by the Malaysian Accounting Standards Board and the provisions of the Companies Act, 2016 ("the Act") so as to give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the financial performance and the cash flows of the Group and of the Company for the financial year ended on that date.

In preparing the financial statements for the year ended 31 December 2023, the Directors have:

- i) adopted appropriate accounting policies and applied them consistently;
- ii) made judgements and estimates that are reasonable and prudent;
- iii) prepared financial statements on the going concern basis; and
- iv) ensured applicable accounting standards have been followed, subject to any material departure and explained in the financial statements.

The Directors have responsibility for ensuring that the proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Act.

The Directors are also responsible for taking reasonable steps to safeguard the assets of the Company and the Group and to prevent and detect fraud and other irregularities.

This Statement is made in accordance with a resolution of the Board of Directors dated 18 April 2024.

DIRECTORS' REPORT

The directors have pleasure in presenting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of its subsidiaries are as stated in Note 9 to the financial statements.

RESULTS

	Group RM	Company RM
Profit for the financial year attributable to:		
Owners of the Company	30,128,633	17,180,532
Non-controlling interests	-	-
	30,128,633	17,180,532

In the opinion of the directors, the financial results of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDEND

The amount of dividend paid by the Company since the end of previous financial year were as follows:

In respect of the financial year ended 31 December 2023, an interim single tier dividend of 3.6 sen per ordinary share totalling RM13,021,188 was declared on 27 February 2023 and paid on 31 March 2023.

The directors do not recommend any final dividend in respect of the financial year ended 31 December 2023.

In respect of the financial year ending 31 December 2024, an interim single tier dividend of 4.2 sen per ordinary share totalling RM14,703,023 was declared on 6 March 2024 and paid on 2 April 2024.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

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

DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year apart from the issue of options pursuant to the Employees' Share Option Scheme ("ESOS").

At an extraordinary general meeting held on 31 May 2018, the Company's shareholders approved the establishment of the ESOS of not more than 15% of the issued share capital of the Company to eligible employees of the Group and of the Company.

The salient features of the ESOS are, inter alia, as follows:

- (i) The ESOS shall be in force for a period of five (5) years commencing from the effective date on or before the expiry thereof, the Board of Directors shall have the sole and absolute discretion upon recommendation of the ESOS Committee, without the Company's shareholders' approval in a general meeting, to extend in writing the tenure of the ESOS for another five (5) years, or such shorter period as it deems fit immediately from the expiry of the first five (5) years, the ESOS shall not in aggregate exceed ten (10) years from the effective date of 2 October 2018 or such longer period as may be allowed by the relevant authorities;

On 20 March 2023, the Company had announced the extension of the duration of the ESOS for another 5 years from 2 October 2023 to 1 October 2028.

- (ii) As of the date of offer, an employee who fulfils the following conditions shall be eligible to participate in the ESOS:
 - (a) has attained eighteen (18) years of age;
 - (b) is not an undischarged bankrupt nor subject to any bankruptcy proceedings;
 - (c) must have been confirmed in service and have served at least six (6) months in the employment of the Group and of the Company;
 - (d) the employee is under an employment contract, which the contract is for a duration of at least one (1) year and shall have not expired within three (3) months from the date of offer; and
 - (e) has fulfilled any other criteria as may be imposed by the ESOS Committee from time to time.
- (iii) The exercise price shall be determined by ESOS Committee and shall be based on the five (5)-day Volume Weighted Average Market Price ("VWAMP") of the Company's shares immediately preceding the date of offer, with a discount, if any, the such discount shall not be more than ten percent (10%);
- (iv) The shares issued and allocated pursuant to the exercise of the options shall, upon issuance and allotment rank pari-passu in all respects with the then existing shares and be entitled to all rights (including voting, dividend, allotment, distribution, transfer and other rights, as well as those arising on a liquidation of the Company) attaching to the then existing shares, save and except that new shares so issued and allocated will not be entitled to any dividends, rights, allotments or other forms of distribution which may be declared, made or paid, for which entitlement date is prior to the date allotment of such new shares; and
- (v) The eligible employees shall be entitled to exercise such number of the vested options within the option period and they shall have no right to exercise all or any of the options that have been granted but not vested to them.

DIRECTORS' REPORT

OPTIONS GRANTED OVER UNISSUED SHARES (CONTINUED)

The salient features of the Scheme are, inter alia, as follows: (continued)

The options offered to take up unissued ordinary shares is as follows:

Date of offer	Expiry date	Number of options over ordinary shares				At 31.12.2022
		At 1.1.2022	Granted	Exercised	Expired	
26.7.2023	25.1.2024	-	250,000	-	-	250,000
15.9.2023	31.12.2026	-	27,960,000	-	-	27,960,000
22.11.2023	31.12.2026	-	1,800,000	-	-	1,800,000
		-	30,010,000	-	-	30,010,000

DIRECTORS OF THE COMPANY

The directors of the Company who held office during the financial year until the date of this report are:

Gan Thiam Chai
 Gan Thiam Hock
 Kwan Sok Kay
 Gan Ka Bien
 Lim Hun Soon @ David Lim
 Abdul Razak Bin Shakor
 Dr. Nik Ismail bin Nik Daud
 Eugene Hon Kah Weng

DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of directors of the subsidiaries during the financial year and up to the date of this report are:

Gan Thiam Chai
 Gan Thiam Hock
 Kwan Sok Kay
 Lau Wing Hon
 Jean-Marc, Michel Lhermite (resigned on 14 April 2023)
 Toshiro Nakazawa (resigned on 14 April 2023)

DIRECTORS' REPORT

DIRECTORS' INTERESTS

The directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 were as follows:

	Number of ordinary shares			At 31.12.2023
	At 1.1.2023	Acquired	(Transferred)	
THE COMPANY				
Direct interest				
Gan Thiam Chai	91,807,548	14,725,449	(106,532,997)	-
Gan Thiam Hock	22,462,133	-	-	22,462,133
Kwan Sok Kay	19,724,405	-	(19,724,405)	-
Lim Hun Soon @ David Lim	7,637,028	2,500,000	-	10,137,028
Gan Ka Bien	4,013,849	-	(4,013,849)	-
Deemed interest				
Gan Thiam Chai	10,711,600	126,257,402	(10,711,600)	126,257,402
Gan Thiam Hock	2,706,300	304,366	-	3,010,666
Kwan Sok Kay	10,711,600	126,257,402	(10,711,600)	126,257,402

By virtue of their substantial interests in the shares of the Company, Gan Thiam Chai and Kwan Sok Kay are also deemed interested in the shares of the subsidiaries to the extent that the Company has an interest.

	Number of share options over ordinary shares			At 31.12.2023
	At 1.1.2023	Granted	Exercised	
THE COMPANY				
Direct Interest				
Lim Hun Soon @ David Lim	-	450,000	-	450,000
Abdul Razak Bin Shakor	-	450,000	-	450,000
Dr. Nik Ismail Bin Nik Daud	-	450,000	-	450,000
Eugene Hon Kah Weng	-	450,000	-	450,000
Gan Ka Bien	-	4,800,000	-	4,800,000

None of the other directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations.

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than the benefits shown under directors' remuneration) by reason of a contract made by the Company or a related corporation with a director or with a firm of which a director is a member or with a company in which the director has a substantial financial interest, other than certain directors, and the spouse of a director and children of certain directors who have significant financial interests in companies which traded with certain companies within the Group in the ordinary course of business as disclosed in Note 37 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object 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.

DIRECTORS' REMUNERATION

The amount of remuneration of the directors or past directors of the Company comprising remuneration received/receivable from the Company and the subsidiaries during the financial year are as follows:

	From the Company RM	From the subsidiaries RM
Executive directors		
Fees	340,000	-
Salaries and bonuses	-	3,285,915
Defined contribution benefits	-	425,732
Benefits-in-kind	-	68,599
Incentive	-	233,765
Meeting allowances	81,000	-
	421,000	4,014,011
Non-executive directors		
Fees	415,000	-
Benefits-in-kind	7,918	-
Meeting allowances	157,500	-
	580,418	-
	1,001,418	4,014,011

INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the directors and the officers of the Group and of the Company are RM20,000,000 and RM37,110 respectively.

No indemnity has been given to or insurance premium paid, during or since the end of financial year, for the auditors of the Group and of the Company.

DIRECTORS' REPORT

SUBSIDIARY COMPANIES

The details of the Company's subsidiaries are disclosed in Note 9 to the financial statements.

AUDITORS' REMUNERATION

The amounts paid to or receivable by the auditors as remuneration for their services as auditors are as follows:

	Group RM	Company RM
Auditor's remuneration:		
- audit fees	271,537	56,500
- non-audit fees	8,000	8,000
	279,537	64,500

OTHER STATUTORY INFORMATION

- (a) Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and had satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that the current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts and the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
 - (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
 - (iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the Group's and the Company's financial statements misleading.
- (c) At the date of this report, there does not exist:
- (i) 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 liabilities of any other person; or
 - (ii) any contingent liability in respect of the Group and of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONTINUED)

- (d) In the opinion of the directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the results of the operations of the Group and of the Company for the current financial year.

AUDITORS

The auditors, RSM Malaysia PLT, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

GAN THIAM CHAI

Selangor

18 April 2024

GAN THIAM HOCK

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
ASSETS					
Non-current assets					
Property, plant and equipment	6	195,999,221	210,392,802	-	-
Right-of-use assets	7	16,886,380	17,050,791	-	-
Investment properties	8	7,702,092	7,847,930	-	-
Investments in subsidiaries	9	-	-	65,317,252	64,107,252
Investment in an associate	10	-	1,615,915	-	-
Investment in a joint venture	11	2,600,000	100,000	-	-
Other investments	12	-	-	122,000,000	122,000,000
Deferred tax assets	13	464,119	464,119	-	-
Total non-current assets		223,651,812	237,471,557	187,317,252	186,107,252
Current assets					
Other investments	12	9,240,224	2,799,036	-	-
Trade and other receivables	14	78,682,061	72,547,213	5,225,465	10,656,204
Inventories	15	36,429,562	42,033,804	-	-
Current tax assets		3,106,097	4,266,268	1,527,130	2,487,900
Prepayments		5,345,260	3,110,842	21,648	30,706
Cash and cash equivalents and short-term investments	16	104,301,693	98,581,662	12,492,614	10,225,933
Total current assets		237,104,897	223,338,825	19,266,857	23,400,743
TOTAL ASSETS		460,756,709	460,810,382	206,584,109	209,507,995
EQUITY AND LIABILITIES					
Equity					
Share capital	17	184,889,706	184,889,706	184,889,706	184,889,706
Treasury shares	18	(24,244,909)	(1,345,429)	(24,244,909)	(1,345,429)
Reserves	19	232,520,964	213,323,547	32,081,395	25,731,549
TOTAL EQUITY		393,165,761	396,867,824	192,726,192	209,275,826

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
LIABILITIES					
Non-current liabilities					
Deferred tax liabilities	13	13,005,719	12,702,708	-	-
Total non-current liabilities		13,005,719	12,702,708	-	-
Current liabilities					
Loans and borrowings	20	3,560,015	6,398,772	-	-
Trade and other payables	21	50,833,424	44,649,288	13,857,917	232,169
Current tax liabilities		191,790	191,790	-	-
Total current liabilities		54,585,229	51,239,850	13,857,917	232,169
TOTAL LIABILITIES		67,590,948	63,942,558	13,857,917	232,169
TOTAL EQUITY AND LIABILITIES		460,756,709	460,810,382	206,584,109	209,507,995

The annexed notes form an integral part of the financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM Restated	2022 RM	2023 RM	2022 RM
Revenue	22	287,215,315	274,761,875	18,181,788	14,811,593
Cost of sales		(205,148,099)	(191,684,230)	-	-
Gross profit		82,067,216	83,077,645	18,181,788	14,811,593
Other income	23	8,926,548	11,117,491	1,287,151	1,413,758
Selling and distribution expenses		(25,177,613)	(28,892,152)	-	-
Administrative expenses		(32,035,340)	(25,353,412)	(2,401,342)	(1,446,134)
Profit from operating activities		33,780,811	39,949,572	17,067,597	14,779,217
Finance income	24	1,165,003	890,846	112,935	63,306
Finance costs	25	(207,781)	(312,323)	-	(7,745)
Share of loss of associate		(471,711)	(384,085)	-	-
Profit before taxation	26	34,266,322	40,144,010	17,180,532	14,834,778
Taxation	27	(4,137,689)	(1,666,272)	-	-
Profit for the financial year		30,128,633	38,477,738	17,180,532	14,834,778

STATEMENTS OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM Restated	2022 RM	2023 RM	2022 RM
OTHER COMPREHENSIVE EXPENSE, NET OF TAX:					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations	28	(100,530)	(2,635,288)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		30,028,103	35,842,450	17,180,532	14,834,778
Profit attributable to:					
Owners of the Company		30,128,633	38,498,719	17,180,532	14,834,778
Non-controlling interests		-	(20,981)	-	-
		30,128,633	38,477,738	17,180,532	14,834,778
Total comprehensive income attributable to:					
Owners of the Company		30,028,103	35,863,431	17,180,532	14,834,778
Non-controlling interests		-	(20,981)	-	-
		30,028,103	35,842,450	17,180,532	14,834,778
			2023 sen	2022 sen	
EARNINGS PER ORDINARY SHARE:					
- Basic	29	8.35	10.70		
- Diluted	29	8.35	10.70		

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Attributable to owners of the Company						Non-controlling interests	Total equity
		Non-distributable			Distributable				
		Share capital	Translation reserve	Share option reserve	Treasury shares	Retained earnings	Total		
	RM	RM	RM	RM	RM	RM	RM	RM	
Group									
Balance as at 1.1.2022		179,759,880	10,883,559	480,031	-	177,220,380	368,343,850	658,373	369,002,223
Profit for the financial year		-	-	-	-	38,498,719	38,498,719	(20,981)	38,477,738
Other comprehensive expense for the financial year		-	(2,635,288)	-	-	-	(2,635,288)	-	(2,635,288)
Total comprehensive (expense)/income for the financial year		-	(2,635,288)	-	-	38,498,719	35,863,431	(20,981)	35,842,450
Contributions by and distributions to owners									
- dividend to owners of the Company	30	-	-	-	-	(10,768,982)	(10,768,982)	-	(10,768,982)
- issuance of ordinary shares pursuant to ESOS	17	5,129,826	-	(386,223)	-	-	4,743,603	-	4,743,603
- share options granted under ESOS		-	-	31,351	-	-	31,351	-	31,351
- share options lapsed		-	-	(125,159)	-	125,159	-	-	-
- share buy-back	18	-	-	-	(1,345,429)	-	(1,345,429)	-	(1,345,429)
- changes in ownership interest in a subsidiary		-	-	-	-	-	-	(637,392)	(637,392)
Total transactions with owners of the Company		5,129,826	-	(480,031)	(1,345,429)	(10,643,823)	(7,339,457)	(637,392)	(7,976,849)
Balance as at 31.12.2022/1.1.2023		184,889,706	8,248,271	-	(1,345,429)	205,075,276	396,867,824	-	396,867,824
Profit for the financial year		-	-	-	-	30,128,633	30,128,633	-	30,128,633
Other comprehensive expense for the financial year		-	(100,530)	-	-	-	(100,530)	-	(100,530)
Total comprehensive (expense)/income for the financial year		-	(100,530)	-	-	30,128,633	30,028,103	-	30,028,103
Contributions by and distributions to owners									
- dividend to owners of the Company	30	-	-	-	-	(13,021,188)	(13,021,188)	-	(13,021,188)
- share options granted under ESOS		-	-	2,190,502	-	-	2,190,502	-	2,190,502
- share buy-back	18	-	-	-	(22,899,480)	-	(22,899,480)	-	(22,899,480)
Total transactions with owners of the Company		-	-	2,190,502	(22,899,480)	(13,021,188)	(33,730,166)	-	(33,730,166)
Balance as at 31.12.2023		184,889,706	8,147,741	2,190,502	(24,244,909)	222,182,721	393,165,761	-	393,165,761

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Non-distributable		Distributable		Total RM
		Share capital RM	Share option reserve RM	Treasury shares RM	Retained earnings RM	
Company						
Balance as at 1.1.2022		179,759,880	480,031	-	21,665,753	201,905,664
Profit and total comprehensive income for the financial year		-	-	-	14,834,778	14,834,778
Contributions by and distributions to owners						
- dividend to owners of the Company	30	-	-	-	(10,768,982)	(10,768,982)
- issuance of ordinary shares pursuant to ESOS	17	5,129,826	(386,223)	-	-	4,743,603
- share options granted under ESOS		-	31,351	-	-	31,351
- share options lapsed		-	(125,159)	-	-	(125,159)
- share buy-back	18	-	-	(1,345,429)	-	(1,345,429)
Total transactions with owners of the Company		5,129,826	(480,031)	(1,345,429)	(10,768,982)	(7,464,616)
Balance as at 31.12.2022/1.1.2023		184,889,706	-	(1,345,429)	25,731,549	209,275,826
Profit and total comprehensive income for the financial year		-	-	-	17,180,532	17,180,532
Contributions by and distributions to owners						
- dividend to owners of the Company	30	-	-	-	(13,021,188)	(13,021,188)
- share options granted under ESOS		-	2,190,502	-	-	2,190,502
- share buy-back	18	-	-	(22,899,480)	-	(22,899,480)
Total transactions with owners of the Company		-	2,190,502	(22,899,480)	(13,021,188)	(33,730,166)
Balance as at 31.12.2023		184,889,706	2,190,502	(24,244,909)	29,890,893	192,726,192

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation		34,266,322	40,144,010	17,180,532	14,834,778
Adjustments for:					
Bad debts written off		-	187,249	-	-
Depreciation of investment properties	8	145,838	145,839	-	-
Depreciation of property, plant and equipment	6	19,162,255	18,749,314	-	-
Depreciation of right-of-use assets	7	338,613	340,513	-	-
Property, plant and equipment written off	26	905,647	18,494	-	-
Dividends income	22	-	-	(18,181,788)	(14,811,593)
Employee share scheme expenses	26	2,190,502	31,350	2,190,502	-
Finance income from money market funds	24	(1,165,003)	(890,846)	(112,935)	(63,606)
Impairment loss on trade receivables	26	267,593	1,065,377	-	-
Reversal of impairment loss on trade receivables	26	(174,798)	(74,206)	-	-
Provision for slow moving inventories	15	5,073,310	243,884	-	-
Provision for slow moving inventories no longer required	15	(2,963,925)	(109,167)	-	-
Inventories written off	15	2,404,240	435,645	-	-
Finance costs	25	207,781	168,681	-	-
Gain on disposal of property, plant and equipment	26	(34,496)	(43,493)	-	-
Loss from disposal of an associate		544,203	-	-	-
Fair value loss on financial assets	26	558,812	95,279	-	-
Unrealised gain on foreign exchange	26	(1,178,362)	(725,768)	(1,273,656)	(1,413,758)
Share of loss in an associate		471,711	384,085	-	-
Operating profit/(loss) before working capital changes		61,020,243	60,166,240	(197,345)	(1,454,179)
Decrease/(Increase) in inventories		1,090,617	(9,871,946)	-	-
(Increase)/Decrease in trade and other receivables, prepayments and other financial assets		(8,514,758)	(16,675,561)	10,600,395	(2,673,687)
Increase/(Decrease) in trade and other payables		7,002,203	5,346,781	13,625,752	(140,812)
Cash generated from/(used in) operations		60,598,305	38,965,514	24,028,802	(4,268,678)
Dividends received		-	-	13,021,188	10,785,593
Income tax paid		(3,199,936)	(2,953,549)	(116,050)	(403,867)
Income tax refunded		1,638,571	3,080	1,076,819	-
Net cash generated from operating activities		59,036,940	36,015,045	38,010,759	6,113,048

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
CASH FLOWS FROM INVESTING ACTIVITIES					
Investment in an associate		-	(2,000,000)	-	-
Investment in a joint venture		(2,500,000)	(100,000)	-	-
Increase stake in a subsidiary		-	(637,392)	-	(637,392)
Proceeds from disposal of property, plant and equipment		611,928	59,000	-	-
Proceeds from disposal of an associate		600,000	-	-	-
Purchase of property, plant and equipment		(5,824,333)	(9,677,916)	-	-
Finance income received from money market funds	24	1,165,003	890,846	112,935	63,606
Placement in other investments		(7,000,000)	-	-	-
Net cash (used in)/generated from investing activities		(12,947,402)	(11,465,462)	112,935	(573,786)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid to owners of the Company	30	(13,021,188)	(10,768,982)	(13,021,188)	(10,768,982)
Finance costs on loans and borrowings	25	(207,781)	(168,681)	-	-
Proceeds from Employees' share option scheme granted to subsidiaries		-	1	-	-
Proceeds from issuance of ordinary shares pursuant to Employees' share option scheme		-	4,743,603	-	4,743,603
Repayment of loans and borrowings		(2,838,757)	(5,719,789)	-	-
Share buy-back	18	(22,899,480)	(1,345,429)	(22,899,480)	(1,345,429)
Net cash used in financing activities		(38,967,206)	(13,259,277)	(35,920,668)	(7,370,808)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS					
		7,122,332	11,290,306	2,203,026	(1,831,546)
Effect of foreign exchange differences		(1,402,301)	(1,309,229)	63,655	70,658
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		98,581,662	88,600,585	10,225,933	11,986,821
CASH AND CASH EQUIVALENTS CARRIED FORWARD	16	104,301,693	98,581,662	12,492,614	10,225,933

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
At 1 January		6,398,772	12,118,561	-	-
<i>Cash flows:</i>					
Interest paid		(207,781)	(168,681)	-	-
Repayments of borrowings		(2,838,757)	(5,719,789)	-	-
<i>Non-cash changes:</i>					
Interest charged during the financial year		207,781	168,681	-	-
At 31 December		3,560,015	6,398,772	-	-
Cash outflows for leases as lessee					
<i>Included in net cash from operating activities:</i>					
Payment relating to short-term leases		1,021,839	272,713	-	-
Total cash outflows for leases		1,021,839	272,713	-	-

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

1. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding activities, whilst the principal activities of its subsidiaries are as stated in Note 9 to the financial statements.

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

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

3. MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention.

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. In addition, the directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

(b) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, 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. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

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.

The accounting policies of subsidiaries are changed when necessary to align them with the policies adopted by the Group.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(b) Basis of consolidation (continued)****(ii) Associate**

Associate is an entity over which the Group has the power to participate in its financial and operating policy decisions, but which is not control or joint control. Associate is accounted for using the equity method of accounting.

Under the equity method, the investment is initially recognised at cost and adjusted thereafter for the post-acquisition change in the investor's share of comprehensive income of the associate. On acquisition of the investment, the associate's identifiable assets and liabilities are measured at fair value. Any excess of the cost of the investment over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill and included in the carrying amount of the investment. Goodwill is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of its associate's post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

Distributions received from an investee reduce the carrying amount of the investment.

If the Group's share of losses of an associate equals or exceeds its interest in the associate, the Group does not provide for additional losses, unless it has incurred obligations or made payments on behalf of the associate.

Profits or losses on Group transactions with associate is eliminated to the extent of the Group's interest in the relevant associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investment in associate is 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 investments includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(b) Basis of consolidation (continued)****(iii) Business combinations**

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures goodwill at the acquisition date as:

- (a) the fair value of the consideration transferred; plus
- (b) the recognised amount of any non-controlling interests in the acquiree; plus
- (c) if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- (d) the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iv) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as equity accounted investee or as a financial asset at FVPL depending on the level of influence retained.

(vi) Joint arrangements

A joint arrangement (i.e. either a joint operation or a joint venture, depending on the rights and obligations of the jointly controlling parties to the arrangement), is one in which the Group is party to an arrangement of which two or more parties have joint control, which is the contractually agreed sharing of control of the arrangement; it exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Jointly controlled entities are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution (or included in a disposal group that is classified as held for sale or distribution). The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted joint ventures, after adjustments, if any, to align the accounting policies with those of the Group, from the date that joint control ceases.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(b) Basis of consolidation (continued)****(vi) Joint arrangements (continued)**

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

Joint venture is an entity over which the Group has the power to participate in its financial and operating policy decisions, but which is not control or joint control. Joint venture is accounted for using the equity method of accounting.

Investment in a joint venture is 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 investments includes transaction costs.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the owners of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(c) Foreign currency**(i) Foreign currency transaction**

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting period, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(c) Foreign currency (continued)****(i) Foreign currency transaction (continued)**

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date when the Group first adopted MFRS) which are treated as assets and liabilities of the Group and of the Company. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in a joint venture that includes a foreign operation while retaining joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Financial instruments**(i) Initial recognition and measurement**

The Group and the Company recognise a financial asset or a financial liability (including derivative instruments) in the statement of financial position when, and only when, an entity in the Group and the Company become a party to the contractual provisions of the instruments.

On initial recognition, all financial assets (including intra-group loans and advances) and financial liabilities (including intra-group payables) are measured at fair value plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(a) Financial instruments (continued)****(ii) Financial assets**

For the purpose of subsequent measurement, the Group or the Company classify financial assets into two measurement categories, namely: (i) financial assets at amortised cost ("AC") and (ii) financial assets at fair value through profit or loss ("FVPL"). The classification is based on the Group's and the Company's business model objective for managing the financial assets and the contractual cash flow characteristics of the financial instruments.

After initial recognition, the Group and the Company measure financial assets, as follows:

(i) Financial assets at AC

A financial asset is measured at AC if: (a) it is held within the Group's and the Company's business objective to hold the asset only to collect contractual cash flows, and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

(ii) Financial assets at FVPL

A financial asset is measured at FVPL if it is an equity investment, held for trading (including derivative assets) or if it does not meet any of the condition specified for the AC model.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 3(k)(i).

(iii) Financial liabilities

After initial recognition, the Group and the Company measure all financial liabilities at amortised cost using the effective interest method, except for:

Financial guarantee contracts is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of: (a) the amount of the loss allowance; and (b) the amount initially recognised less, when appropriate, the cumulative of income recognised in accordance with the principles in MFRS 15 *Revenue from Contracts with Customers*.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(d) Financial instruments (continued)****(iv) Derecognition of financial instruments**

For derecognition purposes, the Group and the Company first determine whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial asset, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group and the Company transfer the contractual rights to receive cash flows of the financial asset, including circumstances when the Group and the Company act only as a collecting agent of the transferee, and retain no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expired. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group and the Company consider a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

(v) Fair value measurement

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note 3(v).

(vi) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets and financial liabilities carried at amortised cost, interest income and interest expense are recognised in profit or loss using the effective interest method. A gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

(vii) Equity investments

The Group measures all equity investments at fair value. For equity investments at FVPL, changes in fair value are recognised in profit or loss. Where the Group has elected to present the changes in fair value in other comprehensive income, the amounts presented are not subsequently transferred to profit or loss when the equity investments are derecognised. The cumulative gains or losses is transferred to retained profits instead. The election is made on an instrument-by-instrument basis and it is irrevocable. The amount presented in other comprehensive income includes the related foreign exchange gains or losses.

Dividend income from equity investments at FVPL and fair value through other comprehensive income ("FVOCI") is recognised in profit or loss as other income when the Group's right to receive payment has been established.

Changes in the fair value of equity investments at FVPL are recognised in other income or expenses, as applicable, in the profit or loss. Impairment losses or reversal of impairment losses on equity instruments measured at FVOCI are recognised in other comprehensive income and are not reported separately from other changes in fair value.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(e) Property, plant and equipment****(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Costs also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "administrative expenses" respectively in profit or loss.

(ii) Subsequent cost

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Leasehold land is amortised over the remaining lease periods ranging from 65 to 81 years.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(e) Property, plant and equipment (continued)****(iii) Depreciation (continued)**

The estimated useful lives of other property, plant and equipment for the current and previous years are as follows:

Buildings	40 to 50 years
Apartments	50 years
Motor vehicles	5 to 10 years
Furniture, fittings and office equipment	3 to 10 years
Plant and machinery	10 years
Prepaid lease asset	33 years
Renovation	10 years
Signage	10 years

Capital work in progress is not depreciated until the assets are ready for their intended use.

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(f) Leases**(i) Definition of a lease**

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either the Group has the right to operate the asset; or the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(f) Leases (continued)****(ii) Recognition and initial measurement****(a) As a lessee**

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentive receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(f) Leases (continued)****(iii) Subsequent measurement****(a) As a lessee**

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use asset are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on straight-line basis over the lease term as part of "other income".

(g) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of joint venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill that forms part of the carrying amount of the joint venture.

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

(h) Investment properties**(i) Investment properties carried at cost**

Investment properties are properties which are owned to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include freehold land and leasehold land which in substance is a lease held for a currently undetermined future use. Properties that are occupied by the Group are accounted for as owner-occupied rather than as investment properties. Investment properties are measured at cost are accounted for similarly to property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(h) Investment properties (continued)****(i) Investment properties carried at cost (continued)**

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The cost of self-constructed investment properties includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment properties to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

An investment property is derecognised on disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of 50 years for buildings and over the remaining lease periods of 84 years for leasehold land. Freehold land is not depreciated.

(ii) Determination of fair value

The directors estimate the fair values of the Group's investment properties without the involvement of independent valuers.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on the weighted average cost method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash with insignificant risk of changes in fair value.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(k) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit losses, except for cash and bank balance. Loss allowances for trade receivables is always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12 months expected losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experiences.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group and the Company determine that the debtor does not have assets or sources of income that could generated sufficient cash flows to repay the amounts subject to write-off. However, financial assets that are written-off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amount of the other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the assets recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(k) Impairment (continued)****(ii) Other assets (continued)**

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units (groups of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Dividend distribution

Dividends are recognised as liabilities when they are declared (i.e. the dividends are appropriately authorised and no longer at the discretion of the entity). Typically, dividends are recognised as liabilities in the period in which their distribution is approved at the Shareholders' Annual General Meeting. Interim dividends are recognised when paid.

(iv) Treasury shares

The cost of treasury shares purchased is shown as a deduction from equity in the statement of financial position. When treasury shares are sold or reissued, they are credited to equity. As a result, no gain or loss on treasury shares is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(m) Employee benefits****(i) Short-term employee benefits**

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to the statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group has no further payment obligations.

(n) Share-based payments

Share-based payments of the Group and of the Company are equity-settled share options granted to employees, for which an option pricing model is used to estimate the fair value at grant date. That fair value is charged on a straight-line basis as an expense in the profit or loss over the period that the employee becomes unconditionally entitled to the options (vesting period), with a corresponding increase in equity.

The number of such options is adjusted annually to reflect best estimates of those expected to vest (ignoring purely market-based conditions) with consequent changes to the expense. Equity is also increased by the proceeds receivable, as and when employees choose to exercise their options.

If the Group and the Company modify the terms and conditions on which the equity instruments were granted, as a minimum, the services received measured at the grant date fair value of the equity instruments granted (unless those equity instruments do not vest because of failure to satisfy a vesting condition other than a market condition) are charged to the profit or loss.

Cancellations of grants of equity instruments during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied) are accounted for as an acceleration of vesting, therefore the unrecognised remaining amount is recognised immediately in profit or loss.

(o) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(p) Revenue and other income****(i) Revenue**

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the assets.

The Group transfers control of goods or services at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group performs;
- (b) the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Company's right to receive payment is established.

(iii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Rental income from subleased property is recognised as other income.

(iv) Finance income

Finance income is recognised as it accrues using the effective interest method in profit or loss except for finance income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with accounting policy on borrowing costs.

(q) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

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 capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(r) Income tax**

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(s) Earnings per ordinary share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the year, and adjusted for own shares held.

The dilutive earnings per share of the Group has been calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of ordinary shares that would have been issued upon full exercise of the remaining share options and convertible notes, adjusted by the number of such shares that would have been issued at fair value.

(t) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker, which in this case is the Chief Executive Officer of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(u) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)**(v) Fair value measurements**

Fair value of an asset or a liability, except for 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.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

The Group and the Company recognise transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS**4.1 New MFRS and amendments to MFRSs adopted**

For the preparation of the financial statements, the following new MFRS and amendments to the MFRSs issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2023:

- MFRS 17 *Insurance Contracts*
- Amendments to MFRS 17 *Insurance Contracts*
- Amendment to MFRS 17 *Insurance Contracts* – *Initial Application of MFRS 17 and MFRS 9 Financial Instruments – Comparative Information*
- Amendments to MFRS 101 *Presentation of Financial Statements – Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112 *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules*

The amendments to MFRS 101 – *Presentation of Financial Statements* and MFRS Practice Statement 2 – *Disclosure of Accounting Policies* require the disclosure of 'material', rather than 'significant', accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements. The amendments also clarified that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS (CONTINUED)**4.1 New MFRS and amendments to MFRSs adopted (continued)**

The amendments did not result in any changes to the Group's and the Company's accounting policies. The previous term, "significant accounting policies" used throughout the financial statements has been replaced with "material accounting policy information".

The Group has adopted the amendments to MFRS 112 - *Income Taxes – International Tax Reform – Pillar Two Model Rules* upon their release on 2 June 2023. The amendments provide a temporary mandatory relief from deferred tax accounting for the top-up tax which is applied retrospectively. Since the newly enacted tax legislation in Malaysia will only come into effect in year 2025, there is no current tax impact for the current year ended 31 December 2023. The Group is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect.

The adoption of the above-mentioned new MFRS and other amendments to MFRSs has no significant impact on the financial statements of the Group and the Company.

4.2 Amendments to MFRSs not yet effective

The following are amendments to the MFRSs that have been issued by the MASB up to the date of the issuance of the Group's and the Company's financial statements but have not been adopted by the Group and the Company:

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16 *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*
- Amendments to MFRS 107 *Statement of Cash Flows* and MFRS 7 *Financial Instruments: Disclosures – Supplier Finance Arrangements*

Amendments to MFRSs effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121 *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

Amendments to MFRSs effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10 *Consolidated Financial Statements* and MFRS 128 *Investment in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The directors anticipate that the above-mentioned amendments will be adopted by the Group and the Company when they become effective.

The initial application of amendments to MFRSs is not expected to have any significant impact on the financial statements of the Group and of the Company.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing its financial statements, the Group and the Company have made significant judgements, estimates and assumptions that impact on the carrying value of certain assets, liabilities, income and expenses as well as other information reported in the notes. The Group and the Company periodically monitor such estimates and assumptions and makes sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The judgements made in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements, and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Useful lives of property, plant and equipment, right-of-use assets and investment properties

The cost of property, plant and equipment, right-of-use assets and investment properties are depreciated on a straight-line basis over their estimated economic useful lives. The directors estimate the useful lives of these property, plant and equipment, right-of-use assets and investment properties to be within 3 to 84 years. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment, right-of-use assets and investment properties are disclosed in Note 6, Note 7 and Note 8 respectively.

(b) Impairment of non-financial assets

The Group and the Company assess whether there are any indicators of impairment for all non-financial assets at each reporting date. Non-financial assets are tested for impairment when there are indicators that the carrying amount may not be recoverable. An impairment exists when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The carrying amount of the non-financial assets are disclosed in Notes 6 to 11 respectively.

(c) Loss allowances of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency, significant financial difficulties of the receivables, default or significant delay in payments, current economic trends and forward-looking information that is available.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

(d) Tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group's domicile.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)**(d) Tax (continued)**

The carrying amount of current tax assets at 31 December 2023 of the Group and of the Company is RM3,106,097 (2022: RM4,266,268) and RM1,527,130 (2022: RM2,487,900) respectively.

The carrying amount of current tax liabilities at 31 December 2023 of the Group is RM191,790 (2022: RM191,790).

The carrying amount of deferred tax assets and liabilities are disclosed in Note 13.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(e) Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is written down to their estimated realisable value when their cost may no longer be recoverable such as when inventories are damaged or become wholly or partly obsolete or their selling prices have declined. In any case, the realisable value represents the best estimate of the recoverable amount, is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of write-downs to net realisable value include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and may materially affect the carrying amount of inventories at the reporting date (as reflected in Note 15).

(f) Share-based payments

Share-based payments are measured at grant date fair value. For share options granted to employees, in many cases market prices are not available and therefore the fair value of the options granted shall be estimated by applying an option pricing model. Option pricing models need input data such as expected volatility of the share price, expected dividends or the risk-free interest rate for the life of the option. The overall objective is to approximate the expectations that would be reflected in a current market or negotiated exchange price for the option. Such assumptions are subject to judgements and may turn out to be significantly different than expected.

Fair value determined at the grant date of equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's and the Company's estimate of equity instruments that will eventually vest. The estimate of the number of equity instruments expected to vest is revised by the Group and the Company at the end of each reporting period through settlement. Revisions of the original estimates, if any, is recognised in profit or loss so that the cumulative expense includes the revised estimate, with the corresponding adjustment to the reserve for employee equity-settled benefits.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

6. PROPERTY, PLANT AND EQUIPMENT

	Buildings RM	Apartments RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Plant and machinery RM	Renovations RM	Signage RM	Capital work in progress RM	Total RM
Group									
Cost									
At 1 January 2022	121,575,281	515,912	5,593,061	14,744,831	162,729,730	8,588,466	287,029	4,447,525	318,481,835
Additions	-	-	746,419	515,720	3,121,455	-	-	5,294,322	9,677,916
Disposals	-	-	(145,923)	-	(18,000)	-	-	-	(163,923)
Written off	-	-	(158,501)	-	-	-	-	-	(158,501)
Effect of movements in exchange rates	(838,584)	-	(49,926)	(383,622)	(598,416)	-	-	(3,908)	(1,874,456)
Reclassification	107,779	-	-	8,119	5,357,204	-	-	(5,473,102)	-
Transfer from right-of-use assets	-	-	-	604,876	-	-	-	-	604,876
At 31 December 2022/ 1 January 2023	120,844,476	515,912	5,985,130	15,489,924	170,591,973	8,588,466	287,029	4,264,837	326,567,747
Additions	-	-	1,010,822	517,958	3,718,125	-	-	577,428	5,824,333
Disposals	-	-	(162,095)	(10,350)	-	-	-	(577,428)	(749,873)
Written off	-	-	-	-	(277,504)	-	-	(628,143)	(905,647)
Effect of movements in exchange rates	504,024	-	26,429	355,141	237,997	-	-	-	1,123,591
Reclassification	-	-	-	53,255	3,164,373	-	-	(3,217,628)	-
At 31 December 2023	121,348,500	515,912	6,860,286	16,405,928	177,434,964	8,588,466	287,029	419,066	331,860,151

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RM	Apartments RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Plant and machinery RM	Renovations RM	Signage RM	Capital work in progress RM	Total RM
Group									
Accumulated depreciation									
At 1 January 2022	12,356,848	178,131	2,811,809	7,367,821	69,272,240	5,817,570	115,180	-	97,919,599
Charge for the financial year	2,420,574	10,741	1,086,338	1,636,259	13,198,673	372,006	24,723	-	18,749,314
Disposals	-	-	(130,417)	-	(17,999)	-	-	-	(148,416)
Written off	-	-	(140,007)	-	-	-	-	-	(140,007)
Effect of movements in exchange rates	(159,567)	-	(37,069)	(41,322)	(556,757)	-	-	-	(794,715)
Transfer from right-of-use assets	-	-	-	116,804	-	-	-	-	116,804
At 31 December 2022/ 1 January 2023	14,617,855	188,872	3,590,654	9,079,562	81,896,157	6,189,576	139,903	-	115,702,579
Charge for the financial year	2,423,004	10,741	1,080,773	1,701,563	13,553,211	368,240	24,723	-	19,162,255
Disposals	-	-	(162,092)	(10,349)	-	-	-	-	(172,441)
Effect of movements in exchange rates	126,881	-	22,592	34,975	382,135	-	-	-	566,583
Transfer from right-of-use assets	-	-	-	119,339	-	-	-	-	119,339
At 31 December 2023	17,167,740	199,613	4,531,927	10,925,090	95,831,503	6,557,816	164,626	-	135,378,315

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

6. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Buildings RM	Apartments RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Plant and machinery RM	Renovations RM	Signage RM	Capital work in progress RM	Total RM
Group									
Accumulated impairment loss									
At 1 January 2022	-	-	-	-	489,498	-	-	-	489,498
Effect of movements in exchange rates	-	-	-	-	(17,132)	-	-	-	(17,132)
At 31 December 2022/1 January 2023	-	-	-	-	472,366	-	-	-	472,366
Effect of movements in exchange rates	-	-	-	-	10,249	-	-	-	10,249
At 31 December 2023	-	-	-	-	482,615	-	-	-	482,615
Carrying amounts									
At 31 December 2022	106,226,621	327,040	2,394,476	6,410,362	88,223,450	2,398,890	147,126	4,264,837	210,392,802
At 31 December 2023	104,180,760	316,299	2,328,359	5,480,838	81,120,846	2,030,650	122,403	419,066	195,999,221

(a) Apartments

The strata title for apartments with net carrying amount of RM147,586 (2022: RM152,575) have yet to be issued to a subsidiary.

(b) Security

Buildings with net carrying amount of RM18,054,702 (2022: RM18,132,690) have been charge to licensed banks for banking facilities granted to subsidiaries (Note 20).

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

7. RIGHT-OF-USE ASSETS

	Leasehold lands RM	Prepaid lease payments RM	Total RM
Group			
Cost			
At 1 January 2022	16,737,790	4,797,151	21,534,941
Transfer to property, plant and equipment	-	(604,876)	(604,876)
Effect of movements in exchange rates	-	(140,066)	(140,066)
At 31 December 2022/1 January 2023	16,737,790	4,052,209	20,789,999
Effect of movements in exchange rates	-	87,922	87,922
At 31 December 2023	16,737,790	4,140,131	20,877,921
Accumulated depreciation			
At 1 January 2022	2,241,433	1,313,048	3,554,481
Charge for the financial year	201,067	139,446	340,513
Transfer to property, plant and equipment	-	(116,804)	(116,804)
Effect of movements in exchange rates	-	(38,982)	(38,982)
At 31 December 2022/1 January 2023	2,442,500	1,296,708	3,739,208
Charge for the financial year	201,066	137,547	338,613
Transfer to property, plant and equipment	-	(119,339)	(119,339)
Effect of movements in exchange rates	-	33,059	33,059
At 31 December 2023	2,643,566	1,347,975	3,991,541
Carrying amounts			
At 31 December 2022	14,295,290	2,755,501	17,050,791
At 31 December 2023	14,094,224	2,792,156	16,886,380

(a) Lands

The lands are wholly related to leasehold lands with unexpired lease period of more than 50 years.

(b) Prepaid lease payments

The prepaid lease payments are wholly related to a leasehold land with unexpired lease period of less than 50 years. The prepaid lease payments are not transferable and have a remaining tenure of 33 years (2022: 34 years).

(c) Security

Leasehold lands and prepaid lease payments with net carrying amount of RM15,514,316 (2022: RM15,651,586) have been charged to licensed banks banking facilities granted to subsidiaries (Note 20).

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

8. INVESTMENT PROPERTIES

	Group	
	2023 RM	2022 RM
Cost		
At 1 January/31 December	10,491,946	10,491,946
Accumulated depreciation		
At 1 January	2,644,016	2,498,177
Charge for the financial year	145,838	145,839
At 31 December	2,789,854	2,644,016
Carrying amounts		
At 31 December	7,702,092	7,847,930
Represented by:		
Leasehold land with unexpired lease period of more than 50 years	5,730,845	5,812,254
Buildings	1,971,247	2,035,676
	7,702,092	7,847,930

Investment properties comprise two (2022: two) commercial properties that are leased to third parties. The leases are renewable on yearly basis. No contingent is charged.

The fair value of the investment properties are as follows:

	Group	
	2023 RM	2022 RM
Cost		
At 31 December	50,351,250	66,909,323

The Group estimates the fair value of its investment properties based on the comparison of the Group's investment properties with similar properties that were listed for sale within the same locality or other comparable localities.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

8. INVESTMENT PROPERTIES (CONTINUED)

The disclosure of fair value above was measured at the reporting date using the following method:

Significant unobservable inputs (Level 3)

The valuation of commercial property is based on market comparable approach. The significant unobservable input is yield adjustment based on directors' assumptions. The yield adjustments are made for any difference in the nature, location or condition of the specific property.

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2023	2022
	RM	RM
Rental income	(1,608,096)	(1,618,080)
Direct operating expenses	129,806	123,995

Investment properties of the Group amounting to RM7,702,092 (2022: RM7,847,930) has been charged to a licensed bank for credit facilities granted to a subsidiary (Note 20).

The operating lease payments to be received are as follows:

	Group	
	2023	2022
	RM	RM
Less than one year	1,566,284	1,613,472
One to two years	2,709,068	3,132,568
More than two years	1,047,552	2,190,336
Total undiscounted lease payments	5,322,904	6,936,376

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AS AT 31 DECEMBER 2023

9. INVESTMENT IN SUBSIDIARIES

	Company	
	2023	2022
	RM	RM
Unquoted shares – at cost	37,578,006	37,037,514
Increase stake in a subsidiary	-	637,392
Dissolution of a subsidiary	-	(96,900)
	37,578,006	37,578,006
Less: Impairment loss		
At beginning of the financial year	-	(96,900)
Impairment loss no longer required	-	96,900
At end of the financial year	-	-
	37,578,006	37,578,006
Capital contribution	20,730,322	20,730,322
Effect of movements in exchange rates	7,008,924	5,798,924
	65,317,252	64,107,252

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

9. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Subsidiaries of the Group	Effective ownership interest		Country of incorporation	Principal activities
	2023 %	2022 %		
Kawan Food Manufacturing Sdn. Bhd.	100	100	Malaysia	Manufacturing and sale of frozen food products
KG Pastry Marketing Sdn. Bhd.	100	100	Malaysia	Investment property and rental of trucks
Kawan Food Confectionery Sdn. Bhd.	100	100	Malaysia	Investment holding
Kawan Food (Hong Kong) Limited**	100	100	Hong Kong	Trading and distribution of frozen food products
KLBG Sdn. Bhd.	100	100	Malaysia	Manufacturing and exporting of frozen food products
Subsidiary of Kawan Food (Hong Kong) Limited				
Kawan Food (Nantong) Co., Ltd.®	100	100	The People's Republic of China	Manufacturing and trading of frozen food delicacies

* Audited by other member firms of RSM International

The capital contribution to Kawan Food (Hong Kong) Limited are interest free and are determined to form part of the Company's net investment in the subsidiary, hence are deemed as quasi-equity.

® Not audited by member firms of RSM International

Non-controlling interests in subsidiary

The Group's subsidiary that has material non-controlling interests ("NCI") is as follows:

	KLBG Sdn. Bhd.	
	2023 RM	2022 RM
NCI percentage of ownership interest and voting interest	-	40%
Carrying amount of NCI	-	-
Loss allocated to NCI	-	(20,981)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

10. INVESTMENT IN AN ASSOCIATE

	Group	
	2023 RM	2022 RM
Unquoted shares - at cost	-	2,000,000
Share of post-acquisition loss	-	(384,085)
	-	1,615,915

Details of the associate are as follows:

Associate of the Group	Effective ownership interest		Country of incorporation	Principal activities
	2023 %	2022 %		
Kejap Food Sdn. Bhd. [#]	-	32.5	Malaysia	Sales of food and beverages via stall and drive-thru basis

[#] Not audited by RSM Malaysia PLT.

In the previous financial year, the Group acquired 32.5% of equity interest in Kejap Food Sdn. Bhd. for total consideration of RM 2 million.

During the current financial year, the Group disposed its entire 32.5% equity interest in Kejap Food Sdn. Bhd., for a total cash consideration of RM600,000. As at 31 December 2023, the amount was held by the solicitor as a stakeholder, pursuant to the shares sale and purchase agreement. This amount was subsequently received from the solicitor on 16 April 2024.

The associate was accounted for using the equity method by the Group based on management accounts as at 30 September 2023 (2022: 31 December 2022).

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AS AT 31 DECEMBER 2023

10. INVESTMENT IN AN ASSOCIATE (CONTINUED)

The following table summarises the audited information of the Group's material associate:

	Kejap Food Sdn. Bhd. 2023 RM
Summarised financial information	
As at 30 September	
Non-current assets	1,896,831
Current assets	4,379,949
Non-current liabilities	(463,853)
Current liabilities	(852,916)
Net assets	4,960,011
As at 30 September	
Revenue	2,140,560
Loss and total comprehensive expense for the financial year	(1,659,578)
Group's share of results	
As at 30 September	
Group's share of loss and total comprehensive expense for the financial year	(471,711)

11. INVESTMENT IN A JOINT VENTURE

	Group	
	2023 RM	2022 RM
Unquoted shares - at cost	2,600,000	100,000

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

11. INVESTMENT IN A JOINT VENTURE (CONTINUED)

Details of the joint venture are as follows:

Joint venture of the Group	Effective ownership interest		Country of incorporation	Principal activities
	2023 %	2022 %		
Kawan2Nature Sdn. Bhd. ^{*^#}	40	40	Malaysia	Venture into biocompost business

* On 9 November 2023, the Company has subscribed 2,500,000 redeemable preference shares in Kawan Biotech Sdn. Bhd. for a total cash consideration of RM2,500,000. Kawan Biotech Sdn. Bhd. is the subsidiary of Kawan2Nature Sdn. Bhd.

[^] On 16 December 2022, the Group has established and registered a joint venture company with Good2Nature Sdn. Bhd. On 20 January 2023, the Group had via one of its wholly own subsidiaries, entered into a Joint Venture Agreement with Good2Nature Sdn. Bhd., which is the counterparty of the joint venture.

[#] No summarised financial information has been disclosed as the directors of the Group regarded the financial information as immaterial to the Group.

12. OTHER INVESTMENTS

	Shares quoted in Malaysia RM	Total RM
Group		
2023		
Current		
Financial assets at fair value through profit or loss	9,240,224	9,240,224
Market value of quoted investments	9,240,224	9,240,224
2022		
Current		
Financial assets at fair value through profit or loss	2,799,036	2,799,036
Market value of quoted investments	2,799,036	2,799,036

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

12. OTHER INVESTMENTS (CONTINUED)

	Company	
	2023 RM	2022 RM
Non-current		
At cost		
Redeemable Cumulative Preference Shares (Unquoted shares)	122,000,000	122,000,000
Dividends recognised in profit or loss	5,160,600	4,026,000

13. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2023 RM	2022 RM	2023 RM	2022 RM	2023 RM	2022 RM
Group						
Property, plant and equipment	-	-	(17,000,691)	(19,952,205)	(17,000,691)	(19,952,205)
Provisions	3,510,945	3,269,766	-	-	3,510,945	3,269,766
Reinvestment allowance	-	4,320,000	-	-	-	4,320,000
Others	948,146	123,850	-	-	948,146	123,850
Deferred tax assets/(liabilities)	4,459,091	7,713,616	(17,000,691)	(19,952,205)	(12,541,600)	(12,238,589)
Set off	(3,994,972)	(7,249,497)	3,994,972	7,249,497	-	-
Net deferred tax assets/(liabilities)	464,119	464,119	(13,005,719)	(12,702,708)	(12,541,600)	(12,238,589)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

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

Movement in temporary differences during the financial year

	Recognised in			Recognised in			At 31.12.2023 RM
	At 1.1.2022 RM	profit or loss (Note 27) RM	other comprehensive income (Note 28) RM	At 31.12.2022/ 1.1.2023 RM	profit or loss (Note 27) RM	other comprehensive income (Note 28) RM	
Group							
Property, plant and equipment	(15,334,754)	(4,617,451)	-	(19,952,205)	2,951,564	-	(17,000,641)
Provisions	2,464,567	805,199	-	3,269,766	241,179	-	3,510,945
Others	(283,748)	4,727,653	(55)	4,443,850	(3,495,704)	(50)	948,096
	(13,153,935)	915,401	(55)	(12,238,589)	(302,961)	(50)	(12,541,600)

As at 31 December 2023, the Group has the following deferred tax assets which are not recognised in the financial statements due to uncertainty in the availability of future taxable income:

	Group	
	2023 RM	2022 RM
Property, plant and equipment	(2,489)	(92,514)
Unabsorbed capital allowances	114,880	140,291
Unabsorbed tax losses	184,602	262,813
	296,993	310,590

As at 31 December 2023, the Group has unabsorbed capital allowances and unabsorbed tax losses of approximately RM478,668 (2022: RM584,000) and RM769,174 (2022: RM1,095,000) respectively, which are available to set off against future chargeable income.

The unabsorbed capital allowances are available indefinitely for offset against future taxable profits except for the tax losses which will expire in the following financial years:

	Group	
	2023 RM	2022 RM
Year of assessments		
2029	-	300,817
2030	485,315	532,821
2031	106,248	106,248
2032	177,611	177,611

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

14. TRADE AND OTHER RECEIVABLES

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Trade					
Trade receivables	(a)	77,431,605	67,939,251	-	-
Less: Impairment loss					
- Individual impairment losses		(1,113,811)	(1,195,814)	-	-
- Collective impairment losses		(547,886)	(373,088)	-	-
Effect of movements in exchange rates		(62,691)	(15,920)	-	-
		75,707,217	66,354,429	-	-
Non-trade					
Amount due from subsidiaries	(b)	-	-	5,223,465	10,654,204
Other receivables		2,974,844	6,192,784	2,000	2,000
		2,974,844	6,192,784	5,225,465	10,656,204
		78,682,061	72,547,213	5,225,465	10,656,204

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2022: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Included in trade receivables of the Group is amount of RM12,400,369 (2022: RM11,858,158) due from companies in which certain directors have interests and held directorship.

(b) Amount due from subsidiaries

Amount due from subsidiaries is unsecured, interest free and receivable on demand.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

15. INVENTORIES

	Group	
	2023 RM	2022 RM
At cost		
Raw materials	3,795,723	5,805,901
Packing materials	5,126,210	6,172,907
Finished goods	23,996,626	24,506,350
Spare parts	5,920,669	5,613,789
Goods-in-transit	303,881	539,018
	39,143,109	42,637,965
Less: Allowance for slow moving inventories		
At beginning of the financial year	(604,162)	(469,444)
Allowance during the financial year	(5,073,310)	(243,884)
Allowance no longer required	2,963,925	109,167
At end of the financial year	(2,713,547)	(604,161)
	36,429,562	42,033,804
Recognised in profit or loss:		
Inventories recognised as cost of sales	205,145,028	190,822,578
Inventories written off	2,404,240	435,645
Provision for slow moving inventories	5,073,310	243,884
Provision for slow moving inventories no longer required	(2,963,925)	(109,167)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

16. CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Money market funds with licensed fund management companies				
- redeemable at call	452,180	560,714	206,545	201,828
- redeemable upon 1 day notice	40,562,580	53,899,555	1,870,672	1,810,259
	41,014,760	54,460,269	2,077,217	2,012,087
Cash and bank balances	63,286,933	44,121,393	10,415,397	8,213,846
	104,301,693	98,581,662	12,492,614	10,225,933

17. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2023	2022	2023 RM	2022 RM
<i>Issued and fully paid with no par value</i>				
At 1 January	362,581,760	359,519,760	184,889,706	179,759,880
Issued for cash under Employees' Share Option Scheme	-	3,062,000	-	5,129,826
At 31 December	362,581,760	362,581,760	184,889,706	184,889,706

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

There were no other changes in the issued and paid-up capital of the Company during the financial year.

18. TREASURY SHARES

	Group and Company	
	2023 RM	2022 RM
At cost		
At 1 January	(1,345,429)	-
Acquired during the financial year	(22,899,480)	(1,345,429)
At 31 December	(24,244,909)	(1,345,429)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

18. TREASURY SHARES (CONTINUED)

The shares purchased can be retained as treasury shares, distributed as dividend, transferred, resold or subsequently cancelled in accordance with Section 127 of the Companies Act 2016.

During the financial year, the Company repurchased its shares of 12,275,100 (2022: 882,100) ordinary shares with total consideration of RM22,899,480 (2022: RM1,345,429) as follows:

Date	Number of shares	Purchase price	Total consideration paid (RM)
6 October 2023	156,500	1.818	284,528
9 October 2023	286,500	1.830	524,418
10 October 2023	734,200	1.845	1,354,482
11 October 2023	846,900	1.869	1,582,839
12 October 2023	614,100	1.870	1,148,318
13 October 2023	919,900	1.865	1,715,650
16 October 2023	157,100	1.845	289,900
17 October 2023	240,000	1.850	444,000
18 October 2023	31,600	1.850	58,460
19 October 2023	63,500	1.850	117,475
20 October 2023	265,000	1.859	492,669
23 October 2023	275,800	1.857	512,229
24 October 2023	88,000	1.840	161,920
25 October 2023	8,200	1.878	15,401
26 October 2023	917,200	1.870	1,715,091
27 October 2023	5,000	1.870	9,350
30 October 2023	15,500	1.860	28,830
1 November 2023	1,800	1.860	3,348
2 November 2023	200,000	1.860	372,000
3 November 2023	158,300	1.857	294,033
7 November 2023	414,500	1.861	771,405
8 November 2023	281,500	1.865	524,868
9 November 2023	232,700	1.863	433,622
10 November 2023	287,500	1.860	534,649
14 November 2023	696,600	1.865	1,299,417
17 November 2023	341,400	1.871	638,657
20 November 2023	120,000	1.880	225,600
21 November 2023	201,000	1.875	376,929
22 November 2023	325,800	1.878	611,732
23 November 2023	274,300	1.877	514,740
24 November 2023	199,200	1.875	373,504
27 November 2023	262,800	1.858	488,369
28 November 2023	198,000	1.876	371,381

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18. TREASURY SHARES (CONTINUED)

Date	Number of shares	Purchase price	Total consideration paid (RM)
29 November 2023	240,000	1.879	451,058
30 November 2023	159,700	1.877	299,752
1 December 2023	107,800	1.880	202,664
4 December 2023	205,400	1.878	385,799
5 December 2023	171,300	1.879	321,801
6 December 2023	137,500	1.879	258,430
7 December 2023	185,000	1.877	347,219
8 December 2023	145,600	1.878	273,502
12 December 2023	180,800	1.879	339,635
13 December 2023	200,000	1.867	373,426
14 December 2023	107,200	1.880	201,536
15 December 2023	106,000	1.880	199,280
18 December 2023	114,700	1.880	215,636
20 December 2023	133,000	1.880	250,040
21 December 2023	150,300	1.879	282,346
22 December 2023	110,400	1.880	207,542
	12,275,100		22,899,480

At the reporting date, the number of outstanding shares in issue after setting off the treasury shares against equity was 349,424,560 (2022: 361,699,660).

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

19. RESERVES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<i>Non-distributable:</i>				
Translation reserve	8,147,741	8,248,271	-	-
ESOS share option reserve	2,190,502	-	2,190,502	-
	10,338,243	8,248,271	2,190,502	-
<i>Distributable:</i>				
Retained earnings	222,182,721	205,075,276	27,700,391	25,731,549
	232,520,964	213,323,547	29,890,893	25,731,549

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than Ringgit Malaysia ("RM").

	Group	
	2023 RM	2022 RM
At beginning of financial year	8,248,271	10,883,559
Foreign currency translation during the financial year	(100,530)	(2,635,288)
At end of financial year	8,147,741	8,248,271

Share option reserve

The share option reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the share option reserve is transferred to share capital. When the share options expire, the amount from the share option reserve is transferred to retained earnings.

Share-based payments arrangement*Share option programme (equity settled)*

On 31 May 2018, the shareholders of the Company approved the Employees' Share Option Scheme. In accordance with this programme, holders of vested options are entitled to purchase shares at the market price of the shares at the date of grant.

NOTES TO THE FINANCIAL STATEMENTS

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19. RESERVES (CONTINUED)

Share-based payments arrangement (continued)

Share option programme (equity settled) (continued)

The terms and conditions related to the grant of the share option scheme are as follows; all options are to be settled by physical delivery of shares:

Grant date/employee entitled	Number of options	Contractual life of options	Exercisable period
2023			
Option granted to eligible employees on 26 July 2023	250,000	0.5 year	28 July 2023 to 25 January 2024
Option granted to eligible employees on 15 September 2023	9,320,000	1 year	1 January 2024 to 31 December 2024
Option granted to eligible employees on 15 September 2023	9,320,000	1 year	1 January 2025 to 31 December 2025
Option granted to eligible employees on 15 September 2023	9,320,000	1 year	1 January 2026 to 31 December 2026
Option granted to eligible employees on 22 November 2023	1,800,000	3 years	18 December 2023 to 31 December 2026
Total share options	30,010,000		
2022			
Option granted to eligible employees on 20 June 2022	250,000	1 year	20 June 2022 to 19 June 2023
Total share options	250,000		

No vesting conditions for options offered.

The number and weighted average exercise process of shares options are as follows:

	2023 Number of options	2022 Number of options
Outstanding at 1 January	-	3,801,500
Granted during the financial year	30,010,000	250,000
Exercised during the financial year	-	(3,062,000)
Lapsed during the financial year	-	(989,500)
Outstanding at 31 December	30,010,000	-
Exercisable at 31 December	11,370,000	-

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AS AT 31 DECEMBER 2023

19. RESERVES (CONTINUED)**Share-based payments arrangement (continued)***Share option programme (equity settled) (continued)*

During the financial year, the share options granted have an exercise price of RM1.660 to RM1.6925 (2022: RM1.540) and contractual life of 0.5 to 3 years (2022: 1 year). No option outstanding at 31 December 2023.

The fair value of services received in return for share options granted is based on the fair value of share options granted, measured using trinomial option pricing model, with the following inputs:

	2023	2022
	RM	RM
Fair value of share options and assumptions		
Fair value at grant date	0.1911 to 0.1978	0.1254
Weighted average share price	1.866 to 1.872	1.703
Share price at grant date	1.66 to 1.69	1.540
Expected volatility (weighted average volatility)	25.17% to 27.00%	28.390%
Options life (expected weighted average life)	0.50 to 3 years	1 year
Expected dividends	1.92% to 1.94%	1.762%
Risk-free interest rate (based on Malaysia Government Securities)	3.333% to 3.636%	2.925%

Value of employee services received for issue of share options

	Group	
	2023	2022
	RM	RM
Share options granted	2,190,502	31,350
Total expenses recognised as shared-based payments	2,190,502	31,350

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20. LOANS AND BORROWINGS

	Group	
	2023 RM	2022 RM
Term loans		
Classified as:		
- current liability	3,560,015	6,398,772
	3,560,015	6,398,772
Present value of term loans		
Analysed as follows:		
- not later than 1 year	3,560,015	6,398,772
	3,560,015	6,398,772

The Group's term loans are secured over leasehold lands and buildings of subsidiaries and subject to interest at rates ranging from 1.15% to 1.34% (2022: 2.93% to 5.69%) per annum (Notes 6, 7 and 8).

21. TRADE AND OTHER PAYABLES

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Trade					
Trade payables	(a)	27,090,602	20,905,294	-	-
Non-trade					
Other payables		7,618,974	6,512,302	154,127	35,371
Accruals		16,123,848	17,231,692	103,080	153,624
Amount due to a subsidiary	(b)	-	-	13,600,710	43,174
		23,742,822	23,743,994	13,857,917	232,169
		50,833,424	44,649,288	13,857,917	232,169

(a) Trade payables

- (i) Credit terms of trade payables are ranging from 30 to 60 days (2022: 30 to 60 days).
- (ii) Included in trade payables of the Group is an amount of RM288,788 (2022: RM281,965) due to companies in which certain directors have interests.

(b) Amount due to a subsidiary

Amount due to a subsidiary is unsecured, interest free and repayable on demand.

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22. REVENUE

	Group		Company	
	2023 RM (Restated)	2022 RM	2023 RM	2022 RM
Revenue from contracts with customers	287,215,315	274,761,875	-	-
Others				
- dividends	-	-	18,181,788	14,811,593
	287,215,315	274,761,875	18,181,788	14,811,593
Revenue from contracts with customers in primary geographical markets				
Malaysia	129,706,320	114,312,756	18,181,788	14,811,593
North America	56,117,961	65,351,884	-	-
Rest of Asia	50,947,926	49,793,980	-	-
Europe	34,545,789	30,180,269	-	-
Oceania	14,059,173	13,850,829	-	-
Africa	1,838,146	1,272,157	-	-
	287,215,315	274,761,875	18,181,788	14,811,593
Timing of recognition				
At a point in time	287,215,315	274,761,875	18,181,788	14,811,593

Nature of goods	Timing of recognition	Significant payment terms	Variable element in consideration	Obligation for returns or refund	Warranty
Frozen food products	Revenue is recognised upon transfer of significant risk and reward of ownership of the goods to the customer	Local sales: Credit period of 30 to 90 days from invoice date Export sales: Telegraphic transfer at sight and telegraphic transfer 90 days from bill of lading date	Discounts, rebates and incentives are given to customers on a case-by case basis.	Not applicable	Not applicable

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

23. OTHER INCOME

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Gain on foreign exchange:				
- realised	1,158,397	4,144,350	-	-
- unrealised	1,178,362	725,768	1,273,656	1,413,758
Rental income	4,721,713	4,530,025	-	-
Other income	1,833,580	1,717,348	13,495	-
Gain on disposal of property, plant and equipment	34,496	-	-	-
	8,926,548	11,117,491	1,287,151	1,413,758

24. FINANCE INCOME

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest income of financial assets calculated using the effective interest method that are at fair value through profit or loss:				
- money market funds with licensed fund management companies	1,165,003	890,846	112,935	63,306

25. FINANCE COSTS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- term loans, secured	207,781	168,681	-	-
- other bank charges	-	143,642	-	7,745
	207,781	312,323	-	7,745

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26. PROFIT BEFORE TAXATION

Profit before taxation is arrived after charging/(crediting):

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Auditor's remuneration:				
- audit fees	271,537	301,000	56,500	55,000
- non-audit fees	8,000	8,000	8,000	8,000
Bad debts written off	-	187,249	-	-
Depreciation of investment properties	145,838	145,839	-	-
Depreciation of property, plant and equipment	19,162,255	18,749,314	-	-
Depreciation of right-of-use assets	338,613	340,513	-	-
Employees' share option scheme expenses	2,190,502	31,350	-	-
Fair value loss on financial assets	558,812	95,279	-	-
Gain on disposal of property, plant and equipment	(34,496)	(43,493)	-	-
Gain on foreign exchange:				
- unrealised	(1,178,362)	(725,768)	(1,273,656)	(1,413,758)
- realised	(1,158,397)	(4,144,350)	-	-
Impairment loss on investment in an associate	544,203	-	-	-
Impairment loss on trade receivables:				
- collective impairment loss	162,239	208,555	-	-
- individual impairment loss	105,354	856,822	-	-
Inventories written off	2,404,240	435,645	-	-
Loss from disposal of an associate	855,797	-	-	-
Loss on foreign exchange:				
- realised	-	330	-	330
Personnel expenses (including key management personnel):				
- contributions to state plans	3,000,658	3,621,283	-	-
- wages, salaries and others	41,931,411	41,306,189	54,000	54,000
Property, plant and equipment written off	905,647	18,494	-	-
Provision for slow moving inventories	5,073,310	243,884	-	-
Provision for slow moving inventories no longer required	(2,963,925)	(109,167)	-	-
Rental expenses (#) in respect of:				
- coldroom	35,094	49,886	-	-
- storage	94,645	35,257	-	-
- hostel	892,100	187,570	-	-
Rental income from:				
- investment properties	(1,608,096)	(1,618,080)	-	-
- office and factory	(441,973)	(489,074)	-	-
- coldroom	(2,671,644)	(2,422,871)	-	-
- hostel	(261,897)	(124,212)	-	-
Reversal of impairment loss on trade receivables:				
- individual impairment loss	(174,798)	(74,206)	-	-

For short-term leases with lease term of 12 months or less and for leases of low value assets of less than RM21,000, the Group has availed the exemption in MFRS 16 not to recognise the right-of-use assets and lease liabilities. Instead, payments made for these leases are recognised as expense when incurred.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

27. TAXATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax				
Malaysia				
- current	4,415,410	2,975,218	-	-
- over provision in prior financial years	-	(361,732)	-	-
Overseas				
- current	19,174	-	-	-
- under/(over) provision in prior financial year	6,066	(31,813)	-	-
	4,440,650	2,581,673	-	-
Deferred tax				
- original and reversal of temporary differences	(3,495,704)	(3,154,580)	-	-
- under provision in prior financial years	3,192,743	2,239,179	-	-
	(302,961)	(915,401)	-	-
Total tax expense	4,137,689	1,666,272	-	-

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

27. TAXATION (CONTINUED)*Reconciliation of effective tax expense*

The numerical reconciliations between the tax expense and the product of accounting results multiplied by the applicable tax rates are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before taxation	34,266,322	40,144,010	17,180,532	14,834,778
Income tax calculated using Malaysian tax rate of 24% (2022: 24%)	8,223,917	9,634,563	4,123,327	3,560,347
Tax effects in respect of:				
Non-deductible expenses	1,322,996	1,465,008	570,131	348,931
Non-taxable income	(297,164)	(371,315)	(305,677)	(339,302)
Tax exempt income	(382,510)	(90,125)	(4,387,781)	(3,569,976)
Recognition of reinvestment allowance incentive previously not recognised	(897,462)	(4,320,000)	-	-
Reinvestment allowance incentive	(5,784,149)	(5,481,838)	-	-
Double deduction on qualifying expenditure	(1,084,093)	(1,070,106)	-	-
Deferred tax assets not recognised	-	840	-	-
Effect of deferred tax assets not recognised	6,968	56,206	-	-
Others	(169,623)	(2,595)	-	-
	938,880	(179,362)	-	-
(Over)/Under provision:				
- current tax	6,066	(393,545)	-	-
- deferred tax	3,192,743	2,239,179	-	-
	4,137,689	1,666,272	-	-

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

28. OTHER COMPREHENSIVE EXPENSE

	Group	
	2023	2022
	RM	RM
Foreign currency translation gain for foreign operations during the financial year	(100,480)	(2,635,233)
Less: Tax expense	(50)	(55)
Net of tax	(100,530)	(2,635,288)

29. EARNINGS PER ORDINARY SHARE**Basic earnings per ordinary share**

The calculation of basic earnings per ordinary share at 31 December 2023 was based on the profit attributable to owners of the Company of RM30,128,633 (2022: RM38,498,719) and a weighted average number of ordinary shares outstanding of 360,695,634 (2022: 359,956,028).

Diluted earnings per ordinary share

The calculation of diluted earnings per ordinary share at 31 December 2023 was based on the profit attributable to owners of the Company of RM30,128,633 and a weighted average number of ordinary shares outstanding of 361,001,113 after adjustment for the effect of dilutive potential ordinary shares relating to Employees' Share Option Scheme ("ESOS").

30. DIVIDENDS

Dividends recognised by the Company:

	Sen per share RM	Total amount	Date of payment
2023			
Interim 2023 ordinary - single tier	3.6	13,021,188	31 March 2023
2022			
Interim 2022 ordinary - single tier	3.0	10,768,982	30 March 2022

In respect of the financial year ending 31 December 2024, an interim single tier dividend of 4.2 sen per ordinary share totalling RM14,703,023 was declared on 6 March 2024 and paid on 2 April 2024.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

31. OPERATING SEGMENTS

The accounting policies of the reportable segments are as described in Note 3(t).

The Group's reportable segments are organised in accordance with the Group entities, which are the Group's strategic business units. The strategic business units offer products to different markets and managed separately because they require different marketing strategies. For each of the strategic business units, the Chief Executive Officer (the chief operating decision maker) reviews internal management reports at least on a quarterly basis.

Performance is measured based on segment profit before tax, interest and depreciation, as included in the internal management reports that are reviewed by the Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment assets is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Chief Executive Officer. Segment total assets are used to measure the return on assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provide regularly to the Chief Executive Officer. Hence no disclosure is made on segment liabilities.

Segment capital expenditure

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

	Manufacturing and trading	
	2023	2022
	RM	RM
Group		
Reporting segment profit	65,151,096	74,530,477
Included in the measure of segment profit are:		
- revenue from external customers	287,215,315	274,761,875
- inter-company revenue	148,538,360	161,381,152
Not included in the measure of reporting segment profit but provided to Chief Executive Officer:		
- depreciation	(19,812,449)	(19,235,666)
- finance costs	(207,781)	(312,323)
- finance income	1,165,003	890,846
- income tax expense	(4,137,689)	(1,666,272)
Segment assets		
Included in the measure of segment assets are:		
- additions to non-current assets other than financial instruments and deferred tax assets	5,824,333	9,677,916

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AS AT 31 DECEMBER 2023

31. OPERATING SEGMENTS (CONTINUED)

Reconciliation of reportable segment revenues, profit or loss, assets and other material items:

	Group	
	2023 RM	2022 RM
Profit or loss		
Total profit or loss for reportable segments	65,151,096	74,530,477
Elimination of inter-segment profits	(12,029,547)	(15,729,324)
Depreciation	(19,812,449)	(19,235,666)
Finance income	1,165,003	890,846
Finance costs	(207,781)	(312,323)
Consolidated profit before tax	34,266,322	40,144,010

	External revenue RM	Depreciation RM	Finance costs RM	Finance income RM	Segment assets RM
2023					
Total reportable segments	435,753,675	(19,812,449)	(207,781)	1,165,003	802,978,599
Elimination of inter-segment transactions or balances	(148,538,360)	-	-	-	(342,221,890)
Consolidated	287,215,315	(19,812,449)	(207,781)	1,165,003	460,756,709
2022					
Total reportable segments	436,143,027	(19,235,666)	(312,323)	890,846	799,705,404
Elimination of inter-segment transactions or balances	(161,381,152)	-	-	-	(338,895,022)
Consolidated	274,761,875	(19,235,666)	(312,323)	890,846	460,810,382

Geographical segments

The manufacturing of frozen food products is carried out solely in Malaysia and China.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

Geographical information

The geographical information is shown in Note 22.

Major customer

The Group has one (2022: one) major customer contributing approximately 12% (2022: 13%) of the Group's total revenue.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments of the Group and of the Company are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Assets				
<i>Financial assets at amortised cost</i>				
- Other investments	-	-	122,000,000	122,000,000
- Trade and other receivables	78,682,061	72,547,213	5,225,465	10,656,204
- Cash and cash equivalents	63,286,933	44,121,393	10,415,397	8,213,846
	141,968,994	116,668,606	137,640,862	140,870,050
<i>Financial assets at fair value through profit or loss</i>				
- Other investments	9,240,224	2,799,036	-	-
- Short-term investments	41,014,760	54,460,269	2,077,217	2,012,087
	50,254,984	57,259,305	2,077,217	2,012,087
Liabilities				
<i>Financial liabilities at amortised cost</i>				
- Loans and borrowings	3,560,015	6,398,772	-	-
- Trade and other payables	50,833,424	44,649,288	13,857,917	232,169
	54,393,439	51,048,060	13,857,917	232,169

(b) Net (losses)/gains arising from financial instruments

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Net (losses)/ gains on:				
Financial instruments at fair value through profit or loss				
Other investments – recognised in profit or loss	(558,812)	(95,279)	-	-
Short-term investments – recognised in profit or loss	1,165,003	890,846	112,935	63,306
	606,191	795,567	112,935	63,306

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

33. FINANCIAL RISK MANAGEMENT

The Group and the Company have exposure to the following risks from its use of financial instruments:

- (a) **Credit risk**
- (b) **Liquidity risk**
- (c) **Market risk**

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers.

(i) Receivables***Risk management objectives, policies and processes for managing the risk***

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally financial guarantees given by banks, shareholders or directors of the Company are obtained, and credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables is credit impaired.

The gross carrying amount of credit impaired trade receivables are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to write off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk, credit quality and collateral

At the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

When an account is more than 90 days past due, the credit risk is considered to have increased significantly since the initial recognition. The Group and the Company identify as a default account if it is more than 90 days past due and the customer is having significant financial difficulties (analysed by financial measures of reported losses, negative cash flows, and qualitative evaluation of the customer's characteristics). The Group and the Company classify an impaired receivable when a customer is in default, in liquidation or other financial reorganisation.

For each receivable, the lifetime Expected Credit Loss ("ECL") is recognised using the probability of default technique. The inputs used are: (i) the percent chance of default, and (ii) the expected cash shortfalls. The lifetime ECL is measured at the probability-weighted expected cash shortfalls by reference to the Group's past experience, current conditions and forecast of future economic benefits.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

33. FINANCIAL RISK MANAGEMENT (CONTINUED)**(a) Credit risk (continued)****(i) Receivables (continued)****Concentration of credit risk**

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was as follows:

	Group	
	2023	2022
	RM	RM
Malaysia	28,010,543	27,814,311
North America	22,316,090	19,921,693
Europe	10,364,846	8,369,442
Rest of Asia	11,202,829	7,564,055
Oceania	3,347,664	2,554,121
Africa	465,245	130,807
	75,707,217	66,354,429

At the end of the reporting period, the Group has no significant concentration of credit risk except for the amount due from one customer (2022: one customer) representing 19% (2022: 15%) of total trade receivables of the Group. The Group does not anticipate the carrying amount recorded at the end of each reporting period to be significantly different from the value that would eventually be received.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Credit risk (continued)

(i) Receivables (continued)

Impairment losses

The ageing analysis of trade receivables as at the end of the reporting period was:

	Gross amount RM	Individual impairment RM	Collective impairment RM	Effect of movements in exchange rates RM	Net amount RM
Group					
2023					
Not past due	47,712,344	-	(59,940)	(1,813)	47,650,591
Past due 1-30 days	13,670,669	-	(123,181)	(5,218)	13,542,270
Past due 31-90 days	13,060,423	-	(241,469)	(10,775)	12,808,179
Past due more than 90 days	2,988,169	(1,113,811)	(123,296)	(44,885)	1,706,177
Total past due	29,719,261	(1,113,811)	(487,946)	(60,878)	28,056,626
	77,431,605	(1,113,811)	(547,886)	(62,691)	75,707,217
2022					
Not past due	43,681,223	-	(63,558)	(2,063)	43,615,602
Past due 1-30 days	10,154,083	-	(49,371)	(2,254)	10,102,458
Past due 31-90 days	8,167,745	-	(98,468)	(5,116)	8,064,161
Past due more than 90 days	5,936,200	(1,195,814)	(161,691)	(6,487)	4,572,208
Total past due	24,258,028	(1,195,814)	(309,530)	(13,857)	22,738,827
	67,939,251	(1,195,814)	(373,088)	(15,920)	66,354,429

For balances which are past due but not impaired, management is monitoring individual balances closely and is confident of repayment based on subsequent collections after year end past repayment trends of these customers.

NOTES TO THE FINANCIAL STATEMENTS

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33. FINANCIAL RISK MANAGEMENT (CONTINUED)**(a) Credit risk (continued)****(i) Receivables (continued)*****Impairment losses (continued)***

The allowance account is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The impairment loss as at end of reporting period was:

	Group	
	2023	2022
	RM	RM
At 1 January	1,584,822	605,576
Impairment loss recognised:		
- Individual impairment loss	105,354	856,822
- Collective impairment loss	154,856	208,555
Impairment loss no longer required:		
- Individual impairment loss	(183,335)	(74,206)
Impairment loss written off on trade receivables:		
- Individual impairment loss	-	(67,269)
Effect of movements in exchange rates	62,691	55,344
At 31 December	1,724,388	1,584,822

(ii) Cash and cash equivalents

The cash and cash equivalents are held with banks and financial institutions. 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.

These banks and financial institutions have low credit risk. Consequently, the Group and the Company are of the view that the loss allowances are not material and hence, it is not provided for.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

33. FINANCIAL RISK MANAGEMENT (CONTINUED)**(a) Credit risk (continued)****(iii) Financial guarantees*****Risk management objectives, policies and processes for managing the risk***

The Group and the Company provide unsecured financial guarantees to third parties and banks in respect of banking facilities granted to subsidiaries.

Exposure to credit risk, credit quality and collateral

The table below summarised the maximum exposure to credit risk of the Group and of the Company as at the end of the reporting period:

	Group	
	2023	2022
	RM	RM
Corporate guarantees issued in favour of third parties	1,884,306	1,841,067

	Company	
	2023	2022
	RM	RM
Corporate guarantees to licensed banks for banking facilities granted to subsidiaries, representing the outstanding loan amounts of the subsidiaries (Note 20)	3,560,015	6,398,772

(iv) Inter-company advances***Risk management objectives, policies and processes for managing the risk***

The Company provides unsecured advances to its subsidiaries. The Company monitors the ability of the subsidiaries to repay advances on an individual basis.

Exposure to credit risk, credit quality and collateral

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.

Advances provided are not secured by any collateral or supported by any other credit enhancements.

Advances are only provided to subsidiaries which are wholly owned by the Company.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

33. FINANCIAL RISK MANAGEMENT (CONTINUED)**(a) Credit risk (continued)****(iv) Inter-company advances (continued)*****Recognition and measurement of impairment losses***

Generally, the Company considers advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's advances to be credit impaired when:

- the subsidiary is unlikely to repay its advance to the Company in full;
- the subsidiary's advance is overdue for more than 365 days; or
- the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these advances individually using internal information available.

As at the end of the reporting period, there was no indication that the advance to the subsidiaries are not recoverable.

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, corporate guarantees, loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

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33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Less than 1 year RM
2023				
Group				
<i>Non-derivative financial liabilities</i>				
Loans and borrowings	3,560,015	1.15% - 1.34%	3,560,015	3,560,015
Trade and other payables	50,833,424		50,833,424	50,833,424
	54,393,439		54,393,439	54,393,439
Financial guarantees* (Note 33(a)(iii))	-		1,884,306	1,884,306
Company				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	13,857,917		13,857,917	13,857,917
Financial guarantees* (Note 33(a)(iii))	-		3,560,015	3,560,015

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk (continued)

	Carrying amount RM	Contractual interest rate %	Contractual cash flows RM	Less than 1 year RM
2022				
Group				
<i>Non-derivative financial liabilities</i>				
Loans and borrowings	6,398,772	2.93% - 5.69%	6,440,777	6,440,777
Trade and other payables	44,649,288		44,649,288	44,649,288
	<u>51,048,060</u>		<u>51,090,065</u>	<u>51,090,065</u>
Financial guarantees* (Note 33(a)(iii))	-		1,841,067	1,841,067
Company				
<i>Non-derivative financial liabilities</i>				
Trade and other payables	232,169		232,169	232,169
Financial guarantees* (Note 33(a)(iii))	-		6,398,772	6,398,772

* As at end of the reporting period, there was no indication that the subsidiaries would default on repayment. Hence, the financial guarantees have not been recognised. The disclosure represents the maximum amount that is required to be settled in the event of the triggering event.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's and the Company's financial position or cash flows.

(i) Currency risk

The Group and the Company are exposed to foreign currency risk on sales, purchases and cash and cash equivalents that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Australia Dollar ("AUD"), Euro ("EURO"), British Pound Sterling ("GBP"), Hong Kong Dollar ("HKD"), Renminbi ("RMB"), Singapore Dollar ("SGD") and United States Dollar ("USD").

Risk management objectives, policies and processes for managing the risk

The Group and the Company manage its foreign currency exposure by matching as far as possible receipts and payments in each individual currency. The Group's and the Company's exposure to foreign currency risk is monitored on an ongoing basis. The Group and the Company enter into forward exchange contracts in the normal course of business, where appropriate, to manage its exposure against foreign currency fluctuations on sales and purchase transactions denominated in foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(i) Currency risk (continued)

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts at the end of the reporting period was:

	AUD RM	EURO RM	GBP RM	HKD RM	RMB RM	SGD RM	USD RM
2023							
Group							
Trade and other receivables	-	-	-	-	(58,102)	1,413,845	2,003,818
Cash and cash equivalents	-	22,842	-	363,415	796,516	402,939	15,971,676
Trade and other payables	(6,123)	(1,519)	(263)	-	-	(1,605,575)	(24,504,957)
	(6,123)	21,323	(263)	363,415	738,414	211,209	(6,529,463)
Company							
Cash and cash equivalents	-	-	-	-	-	-	1,459,306
2022							
Group							
Trade and other receivables	-	-	-	-	754	1,086,772	1,243,458
Cash and cash equivalents	-	29,117	-	267,523	73,248	2,173,338	15,492,775
Trade and other payables	-	(1)	(8,140)	-	(51,693)	(1,228,967)	(20,365,699)
	-	29,116	(8,140)	267,523	22,309	2,031,143	(3,629,466)
Company							
Cash and cash equivalents	-	-	-	-	-	-	1,395,650

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

33. FINANCIAL RISK MANAGEMENT (CONTINUED)**(c) Market risk (continued)****(i) Currency risk (continued)*****Currency risk sensitivity analysis***

A 10% (2022: 10%) strengthening of the following currencies against the Ringgit Malaysia ("RM") at the end of the reporting period would have increased/(decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant.

	Group		Company	
	Profit or loss		Profit or loss	
	2023 RM	2022 RM	2023 RM	2022 RM
AUD	(465)	-	-	-
EURO	1,621	2,213	-	-
GBP	(20)	(619)	-	-
HKD	27,620	20,332	-	-
RMB	56,120	1,695	-	-
SGD	16,051	154,368	-	-
USD	(496,240)	(275,839)	110,907	106,069
	(395,313)	(97,850)	110,907	106,069

A 10% (2022: 10%) weakening of the above currencies against the Ringgit Malaysia at the end of the reporting period would have had an equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

(ii) Interest rate risk

The Group's fixed rate deposits and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate borrowings are exposed to a risk of changes in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's exposure to interest rate risk mainly arises from its short-term funds, fixed deposits and borrowings and is managed through effective negotiation with financial institutions for best available rates.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period were:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Floating rate instruments				
Financial assets	41,014,760	54,460,269	2,077,217	2,012,087
Financial liabilities	(3,560,015)	(6,398,772)	-	-

*Interest rate risk sensitivity analysis**Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

	Group		Company	
	Profit or loss		Profit or loss	
	100 bp increase RM	100 bp decrease RM	100 bp increase RM	100 bp decrease RM
2023				
Financial assets	311,712	(311,712)	15,787	(15,787)
Financial liabilities	(27,056)	27,056	-	-
2022				
Financial assets	413,898	(413,898)	15,292	(15,292)
Financial liabilities	(48,631)	48,631	-	-

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

33. FINANCIAL RISK MANAGEMENT (CONTINUED)**(c) Market risk (continued)****(ii) Interest rate risk (continued)*****Cash flow sensitivity analysis for variable rate instruments (continued)***

A change of 100 basis points ("bp") in interest rates at the end of the reporting period would have increased/ (decreased) post-tax profit or loss by the amounts shown above. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(iii) Price risk

Price risk is the risk that the fair value or future cash flow of the financial statements will fluctuate because of changes in market prices (other than currency or interest rate).

The Group and the Company are exposed to equity securities price risk arising from the investments held by the Group and the Company which are classified on the statements of financial position as fair value through profit or loss. These securities are listed in Malaysia. The Group and the Company are not exposed to commodity price risk. To manage its price risk arising from investments in equity, the Group and the Company diversify their portfolio.

A 5% (2022: 5%) decrease in share price at the end of the reporting period would have decreased profit by RM462,011 (2022: RM139,952) for quoted investments classified as fair value through profit or loss. A 5% (2022: 5%) increased in share price would have had equal but opposite effect on equity and profit respectively.

(d) Fair value of financial instruments**(i) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amount are a reasonable approximation of fair value**

The Group's financial assets and liabilities include cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings.

The carrying amount of these financial assets and liabilities are reasonable approximation of fair values, because these are short-term in nature or that they are floating rate instruments that are repriced to market interest rates on or near to the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

33. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair value of financial instruments (continued)

(ii) Financial assets and liabilities measured at fair value

	Level 1 RM	Level 2 RM	Level 3 RM
2023			
Group			
Financial assets			
Investment in shares quoted in Malaysia	9,240,224	-	-
Short-term investments	40,562,580	-	-
Company			
Financial asset			
Short-term investments	1,870,672	-	-
2022			
Group			
Financial assets			
Investment in shares quoted in Malaysia	2,799,036	-	-
Short-term investments	53,899,555	-	-
Company			
Financial asset			
Short-term investments	1,810,259	-	-

The fair values of these financial assets that are quoted in an active market are determined by reference to the quoted closing bid price at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

33. FINANCIAL RISK MANAGEMENT (CONTINUED)**(a) Fair value of financial instruments (continued)****(iii) Policy of transfer between levels**

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. In respect of the liability component of convertible notes, the market rate of interest is determined by reference to similar liabilities that do not have a conversion option. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2022: no transfer in either direction).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The following shows the valuation techniques used in the determination of fair values within Level 3, as well as the key unobservable inputs used in the valuation models.

Valuation processes applied by the Group and the Company for Level 3 fair value

The Group and the Company use discounted cash flows in respect of the measurement of fair values of financial instruments. The management has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

34. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a capital base adequate to safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with regulatory requirements.

The Group manages its capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as net debt divided by equity attributable to owners of the Company. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents.

The debt-to-equity ratio of the Group at the end of the reporting period is as follows:

	Group	
	2023	2022
	RM	RM
Loans and borrowings	3,560,015	6,398,772
Trade and other payables	50,833,424	44,649,288
	54,393,439	51,048,060
Less: Cash and cash equivalents	(104,301,693)	(98,581,662)
Net debt	(49,908,254)	(47,533,602)
Equity attributable to owners of the Company (excluding treasury shares)	417,410,670	398,213,253
Debt-to-equity ratio	-	-

There was no change in the Group's approach to capital management during the financial year.

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

The Group and the Company are not subject to any externally imposed capital requirement.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

35. CAPITAL COMMITMENTS

	Group	
	2023 RM	2022 RM
Capital expenditure commitments		
Property, plant and equipment		
Authorised but not contracted for	16,507,000	16,507,000
Contracted but not provided for:		
Within one year	3,157,515	2,651,110

36. DIRECTORS' REMUNERATION

The aggregate amounts of remuneration received and receivable by the directors of the Group and of the Company during the financial year are as follows:

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Executive directors					
Fees		340,000	340,000	340,000	340,000
Salaries and bonuses		3,285,915	2,841,884	-	-
Defined contribution benefits		425,732	330,480	-	-
Benefits-in-kind		68,599	49,350	-	-
Incentives		233,765	-	-	-
Meeting allowances	(a)	81,000	54,000	81,000	54,000
		4,435,011	3,615,714	421,000	394,000
Non-executive directors					
Fees		415,000	415,000	415,000	415,000
Benefits-in-kind		7,918	-	7,918	-
Meeting allowances	(a)	157,500	108,000	157,500	108,000
		580,418	523,000	580,418	523,000
		5,015,429	4,138,714	1,001,418	917,000

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

36. DIRECTORS' REMUNERATION (CONTINUED)

The number of directors of the Company whose income falls within the following bands are:

	Executive directors		Non-executive directors	
	2023 RM	2022 RM	2023 RM	2022 RM
RM150,000 and below	-	1	2	3
RM151,001 to RM200,000	-	-	2	1
RM200,001 to RM500,000	-	-	-	-
RM500,001 to RM1,000,000	2	2	-	-
RM1,000,001 and above	2	1	-	-
Total	4	4	4	4

(a) Meeting allowances vary from one director to another, depending on the number of committees they sit on and the number of meetings attended during the financial year.

37. RELATED PARTIES**Identity of related parties**

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and the Company if that person:
- has control or joint control over the Company;
 - has significant influence over the Company; or
 - is a member of the key management personnel of the Group or of the Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
- the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third party and the other entity is an associate of the third party.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Company or entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
 - the entity is controlled or jointly controlled by a person identified in (a).
 - a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the Company).
 - the entity, or any member of a group of which it is a part, provides key management personnel services to the Company or to the parent of the Company.

The Group has related party relationship with its subsidiaries, jointly controlled entity, companies which certain directors have interest and key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

37. RELATED PARTIES (CONTINUED)**Significant related party transactions**

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the transactions below are shown in Notes 14 and 21.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Subsidiaries				
Dividends income from investment in subsidiaries	-	-	13,021,188	10,785,593
Dividends income from other investments	-	-	5,160,600	4,026,000
Other related party transactions				
Companies in which directors of the Company have interest:				
Sales of goods	36,468,246	31,135,263	-	-
<i>Companies in which persons related to directors of the Company have interest:</i>				
Sales of goods	1,863,551	1,801,001	-	-
Purchase of goods	1,757,713	1,152,599	-	-
Rental of office	441,972	385,160	-	-
Rental of plant and machineries	-	110,773	-	-
Provision of transportation service	65,789	70,764	-	-
Plaster ceiling and partition works	-	11,530	-	-

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

37. RELATED PARTIES (CONTINUED)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Key management personnel				
Executive directors:				
- fees	340,000	340,000	340,000	340,000
- remuneration	3,285,915	2,841,884	-	-
- incentive	233,765	-	-	-
- defined contribution plans	425,732	330,480	-	-
- benefits-in-kind	68,599	49,350	-	-
- meeting allowances	81,000	54,000	81,000	54,000
	4,435,011	3,615,714	421,000	394,000
<i>Other key management personnel:</i>				
- short-term employee benefits	2,995,495	2,964,670	-	-
- defined contribution plans	202,015	325,455	-	-
- benefits-in-kind	-	121,150	-	-
	3,197,510	3,411,275	-	-
Total compensation paid to key management personnel	7,632,521	7,026,989	421,000	394,000

Other key management personnel comprise persons other than the directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

38. COMPARATIVE FIGURES

The Group has effected certain reclassifications principally to more appropriately reflect the nature of incentives given to its customers and the detailed disclosure requirements of MFRS 15, *Revenue from Contracts with Customers*.

The changes in certain comparative amounts to conform to the current year's financial statements of the Group are as follows:

	As previously reported RM	Reclassification RM	As restated RM
Group			
Revenue	293,231,119	(18,469,244)	274,761,875
Selling and distribution expenses	47,361,396	(18,469,244)	28,892,152

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2023

39. OTHER INFORMATION

(a) 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.

(b) The registered office of the Company is located at:

12th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor

(c) The principal place of business of the Company is located at:

Lot 129351, Jalan Sungai Pinang 4/19
Taman Perindustrian Pulau Indah
Selangor Halal Hub, Fasa 2C
42920 Pulau Indah
Selangor Darul Ehsan

(d) The financial statements are expressed in Ringgit Malaysia, which is also the Group's and the Company's functional currency.

40. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 18 April 2024.

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the directors of **KAWAN FOOD BERHAD (Registration No. 200401001942 (640445-V))** do hereby state that, in the opinion of the directors, the financial statements set out on pages 105–185 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia 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 their financial performance and the cash flows of the Group and of the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors:

GAN THIAM CHAI

Director

Selangor

18 April 2024

GAN THIAM HOCK

Director

STATUTORY DECLARATION

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

I, **LEE FUI MENG**, being the officer primarily responsible for the financial management of **KAWAN FOOD BERHAD (Registration No. 200401001942 (640445-V))** do solemnly and sincerely declare that the financial statements set out on pages 105–185 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.

LEE FUI MENG

(MIA no. 31056)

Subscribed and solemnly declared
by the abovenamed at Kuala Lumpur
in the Federal Territory on 18 April 2024

Before me

INDEPENDENT AUDITORS' REPORT

To the Members of Kawan Food Berhad

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Kawan Food Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other 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 information, as set out on pages 105-185.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the 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.

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.

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.

INDEPENDENT AUDITORS' REPORT

To the Members of Kawan Food Berhad

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
<p><u>Revenue recognition</u></p> <p>Refer to Note 22 - Revenue</p> <p>Revenue recognition is a presumed fraud risk as the Group may be under pressure by external parties (i.e. expectations by shareholders and market analysts) and internal parties (i.e. performance of management). This may lead to potential misstatement of revenue.</p>	<p><i>The details of our work performed are as follows:</i></p> <ul style="list-style-type: none"> • We assessed and evaluated the appropriateness of the design and implementation of controls over revenue cycle with no exception noted. • We performed test of operating effectiveness on the relevant controls identified within the revenue cycle with no exception noted. • We performed substantive testing to verify revenue transactions to respective sales invoices, bill of lading and acknowledged delivery orders that evidenced the transfer of risks and rewards of ownership of the goods to customers based on selected samples. • We verified the credit notes and sales returns issued subsequent to the year-end date to ascertain whether revenue was recognised in the correct financial period. • We assessed cut-off procedures implemented by management to verify revenue transactions pre and post year-end date and agreed the sales invoices, bill of lading and acknowledged delivery orders that evidenced the transfer of risks and rewards of ownership of goods and confirm that these transactions were recognised in the correct financial periods.

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 Statement on Risk and Management Internal Controls included in the annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

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

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

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

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

INDEPENDENT AUDITORS' REPORT

To the Members of Kawan Food Berhad

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

INDEPENDENT AUDITORS' REPORT

To the Members of Kawan Food Berhad

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.

Other Matter

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.

RSM Malaysia PLT
202206000002 (LLP0030276-LCA) & AF 0768
Chartered Accountants

Kuala Lumpur

18 April 2024

Yeoh Kian Teck
03322/08/2023 J
Chartered Accountant

LIST OF PROPERTIES

Location/ Title details	Description/ Existing use	Tenure of Lease	Approx. age of building	Date of Acquisition	Approx. Land Area/Built-up Area	Issuance of Certificate of Fitness	Net Book Value RM
* Held under H.S. (D) No. 135852, PT129351, Mukim dan Daerah Klang, Negeri Selangor, with address at Lot 96, Section 4, Phase 2C, Selangor Halal-Hub, Pulau Indah, Selangor Darul Ehsan	Factory cum office	Leasehold interest for a term of 99 years expiring on 24 February 2097	5 years	12 October 2011	63,079.9 sq. metres/ 49,404.82 sq. metres	18 May 2018	95,972,382
* Held under H.S. (D) No. 98527, Bandar Shah Alam, Daerah Petaling, Negeri Selangor, with address at Lot 20, Jalan Pengapit 15/19, 40200 Shah Alam, Selangor Darul Ehsan	Factory cum office	Leasehold interest for a term of 99 years expiring on 6 August 2074	43 year	28 May 2004	7,337.24 sq. metres/ 6,417.91 sq. metres	23 May 2007	4,444,710
* Held under H.S. (D) 98490, P.T. No. 617, Seksyen 16, Bandar Shah Alam, Negeri Selangor, with address at Lot 4, Jalan Lada Hitam 16/12A, 40000 Shah Alam, Selangor Darul Ehsan	Factory cum office	Leasehold interest for a term of 99 years expiring on 20 July 2094	33 years	28 June 1999	4,484 sq. metres/ 3,149.43 sq. metres	24 September 1990	1,497,694
* Held under H.S. (D) 98500 for P.T. No. 714, Seksyen 16, Bandar Shah Alam, Negeri Selangor, with address at Lot 2A, Persiaran Kemajuan, Seksyen 16, 40000 Shah Alam, Selangor Darul Ehsan	Factory cum office	Leasehold interest for a term of 99 years expiring on 20 July 2094	33 years	25 May 2005	21,796 sq. metres/ 3,584.91 sq. metres	7 May 1990	6,204,397
* Parcel No. 2F-41C with address at 41C-2F, Jalan Datuk Dagang 31, Taman Sentosa, 41200 Klang, Selangor Darul Ehsan	Shop apartment occupied as staff hostel	Freehold	23 years	16 May 2003	67.85 sq. metres	27 March 2003	38,228
Held under Master Title H.S. (D) 56067 PT 59174 in the Mukim of Klang, District of Klang, State of Selangor Darul Ehsan							
* Parcel No. 2B-41D with address at 41D-2B, Jalan Datuk Dagang 31, Taman Sentosa, 41200 Klang, Selangor Darul Ehsan	Shop apartment occupied as staff hostel	Freehold	23 years	29 July 2003	67.85 sq. metres	27 March 2003	35,565
Held under Master Title H.S. (D) 56067 PT 59174 in the Mukim of Klang, District of Klang, State of Selangor Darul Ehsan							

LIST OF PROPERTIES

Location/ Title details	Description/ Existing use	Tenure of Lease	Approx. age of building	Date of Acquisition	Approx. Land Area/Built-up Area	Issuance of Certificate of Fitness	Net Book Value RM
* Parcel No. 2F-31C with address at 31C-2F, Jalan Datuk Dagang 31, Taman Sentosa, 41200 Klang, Selangor Darul Ehsan Held under Master Title H.S. (D) 56062 PT 59169 in the Mukim of Klang, District of Klang, State of Selangor Darul Ehsan	Shop apartment occupied as staff hostel	Freehold	23 years	16 May 2003	67.85 sq. metres	27 March 2003	38,228
* Parcel No. 2B-21D with address at 21D-2B, Jalan Datuk Dagang 31, Taman Sentosa, 41200 Klang, Selangor Darul Ehsan Held under Master Title H.S. (D) 56057 PT 59164 in the Mukim of Klang, District of Klang, State of Selangor Darul Ehsan	Shop apartment occupied as staff hostel	Freehold	23 years	29 July 2003	67.85 sq. metres	27 March 2003	35,565
* Shop Apartment Parcel No. B3/3F with address at 57-3A, Jalan Bendahara 13, Taman Sri Sentosa, Jaya Business Park, 41200 Klang, Selangor Darul Ehsan Held under Strata Title H.S. (D) 67208 Lot No. P.T. No. 65663 in the Mukim Klang, District of Klang, State of Selangor Darul Ehsan	Shop apartment occupied as staff hostel	Freehold	22 years	21 February 2001	69.52 sq. metres	26 October 2004	33,745
* Shop Apartment Parcel No. B4/3F with address at 55-3A, Jalan Bendahara 13, Taman Sri Sentosa, Jaya Business Park, 41200 Klang, Selangor Darul Ehsan Held under Strata Title H.S. (D) 67207 Lot No. P.T. No. 65652 in the Mukim Klang, District of Klang, State of Selangor Darul Ehsan	Shop apartment occupied as staff hostel	Freehold	22 years	21 February 2001	69.52 sq. metres	26 October 2004	33,745
* Shop Apartment Parcel No. D4/3F with address at 57-3A, Jalan Bendahara 13, Taman Sri Sentosa, Jaya Business Park, 41200 Klang, Selangor Darul Ehsan Held under Strata Title H.S. (D) 67208 Lot No. P.T. No. 65663 in the Mukim Klang, District of Klang, State of Selangor Darul Ehsan	Shop apartment occupied as staff hostel	Freehold	22 years	21 February 2001	69.52 sq. metres	26 October 2004	33,745

LIST OF PROPERTIES

Location/ Title details	Description/ Existing use	Tenure of Lease	Approx. age of building	Date of Acquisition	Approx. Land Area/Built-up Area	Issuance of Certificate of Fitness	Net Book Value RM
* Shop Apartment Parcel No. D3/3F with address at 55-3A, Jalan Bendahara 13, Taman Sri Sentosa, Jaya Business Park, 41200 Klang, Selangor Darul Ehsan Held under Strata Title H.S. (D) 67207 Lot No. P.T. No. 65652 in the Mukim Klang, District of Klang, State of Selangor Darul Ehsan	Shop apartment occupied as staff hostel	Freehold	22 years	21 February 2001	69.52 sq. metres	26 October 2004	33,745
* Shop Apartment Parcel No. D2/3F with address at 57-3A, Jalan Bendahara 13, Taman Sri Sentosa, Jaya Business Park, 41200 Klang, Selangor Darul Ehsan Held under Strata Title H.S. (D) 67208 Lot No. P.T. No. 65663 in the Mukim Klang, District of Klang, State of Selangor darul Ehsan	Shop apartment occupied as staff hostel	Freehold	22 years	21 February 2001	69.52 sq. metres	26 October 2004	33,745
** Industrial Land at 13, Kexing Road North, N antong Economic & Technology Development Area ("NETDA"), China Held under Lot No. 03-10-(001)-338, Land Registry No. 35.45-92.10	Factory cum office	Leasehold interest for a term of 50 years expiring on 25 December 2056	13 years	26 December 2006	40,773.90 sq. metres/ 16,000 sq. metres	N/A	18,132,691

* Held under Kawan Food Manufacturing Sdn Bhd

** Held under Kawan Food (Nantong) Co., Ltd.

ANALYSIS ON SHAREHOLDINGS

as per Record of Depositors as at 29 March 2024

Issued Share Capital	: 363,436,580 Ordinary Shares (including 13,364,600 Treasury Shares)
Class of Shares	: Ordinary Shares
Voting Rights	: One (1) vote per Ordinary Share

DISTRIBUTION OF SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	355	8.66	6,250	0.00
100 - 1,000	1,469	35.84	717,230	0.20
1,001 - 10,000	1,641	40.03	6,961,715	1.99
10,001 - 100,000	500	12.20	15,918,637	4.55
100,001 to less than 5% of issued shares	131	3.20	116,175,946	33.19
5% and above of issued shares	3	0.07	210,292,202	60.07
Total	4,099	100.00	350,071,980	100.00

SUBSTANTIAL SHAREHOLDERS

as per Register of Substantial Shareholders as at 29 March 2024

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
1. Gan Thiam Chai	-	-	126,257,402 ⁽²⁾	36.07
2. Kwan Sok Kay	-	-	126,257,402 ⁽²⁾	36.07
3. Gan Thiam Hock	22,462,133	6.42	3,028,666 ⁽³⁾	0.87
4. GFG (L) Foundation	126,257,402	36.07	-	-
5. Nareshchandra Gordhandas Nagrecha	-	-	62,001,200 ⁽⁴⁾	17.71
6. VG Trustee Limited (as Trustee of the Narvee F'dation)	62,001,200	17.71	-	-

⁽¹⁾ Based on the total number of issued shares of 350,071,980 Kawan Shares (excluding 13,364,600 Treasury Shares).⁽²⁾ Deemed interested pursuant to Section 8 of the Companies Act 2016 ("the Act") by virtue of his/her substantial shareholdings in GFG (L) Foundation.⁽³⁾ Deemed interested in the shares by virtue of Section 59 of the Act, held through his children, namely Gan Meng Hoi, Gan Meng Yeow, Gan Meng Hoo and Gan Kha Yee who holds 462,000, 344,000, 344,300 and 344,000 ordinary shares respectively and his spouse, Lam Saw Kuan who holds 1,534,366 ordinary shares representing a total of 0.87% in the shareholdings of the Company.⁽⁴⁾ Deemed interested pursuant to Section 8 of the Act by virtue of his substantial shareholdings in Narvee F'dation.

ANALYSIS ON SHAREHOLDINGS

as per Record of Depositors as at 29 March 2024

DIRECTORS' SHAREHOLDINGS

as per Register of Directors' shareholdings as at 29 March 2024

Name of Directors	Direct		Indirect	
	No. of Shares	% ⁽¹⁾	No. of Shares	% ⁽¹⁾
1. Gan Thiam Chai	-	-	126,257,402 ⁽²⁾	36.07
2. Kwan Sok Kay	-	-	126,257,402 ⁽²⁾	36.07
3. Gan Thiam Hock	22,462,133	6.42	3,028,666 ⁽³⁾	0.87
4. Gan Ka Bien	121,220	0.03	-	-
5. Lim Hun Soon @ David Lim	10,137,028	2.90	-	-
6. Abdul Razak Bin Shakor	-	-	-	-
7. Dr. Nik Ismail Bin Nik Daud	-	-	-	-
8. Eugene Hon Kah Weng	-	-	-	-

⁽¹⁾ Based on the total number of issued shares of 350,071,980 Kawan Shares (excluding 13,364,600 Treasury Shares).

⁽²⁾ Deemed interested pursuant to Section 8 of the Act by virtue of his/her substantial shareholdings in GFG (L) Foundation.

⁽³⁾ Deemed interested in the shares by virtue of Section 59 of the Act, held through his children, namely Gan Meng Hoi, Gan Meng Yeow, Gan Meng Hoo and Gan Kha Yee who holds 462,000, 344,000, 344,300 and 344,000 ordinary shares respectively and his spouse, Lam Saw Kuan who holds 1,534,366 ordinary shares representing a total of 0.87% in the shareholdings of the Company.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

as at 29 March 2024

No. Name of Shareholders	No. of Shares	% ⁽¹⁾
1. GFG (L) FOUNDATION	126,257,402	36.07
2. MAYBANK SECURITIES NOMINEES (ASING) SDN BHD EXEMPT AN FOR VG TRUSTEE LIMITED (NARVEE F'DATION)	62,001,200	17.71
3. GAN THIAM HOCK	22,033,600	6.29
4. MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEGDED SECURITIES ACCOUNT FOR LIM HUN SOON @ DAVID LIM	6,500,000	1.86
5. KONG POH YIN	5,834,100	1.67
6. CARTABAN NOMINEES (TEMPATAN) SDN BHD PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND	4,930,000	1.41
7. AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	4,865,900	1.39
8. KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	4,707,933	1.35
9. HLIB NOMINEES (ASING) SDN BHD PLEGDED SECURITIES ACCOUNT FOR WU, CHUNG-CHEN (CCTS)	4,640,000	1.33
10. AMANAHRAYA TRUSTEES BERHAD PUBLIC STRATEGIC SMALLCAP FUND	4,299,600	1.23

ANALYSIS ON SHAREHOLDINGS

as per Record of Depositors as at 29 March 2024

No. Name of Shareholders	No. of Shares	% ⁽¹⁾
11. UOB KAY HIAN NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)</i>	3,330,000	0.95
12. LIM HUN SOON @ DAVID LIM	3,317,028	0.95
13. CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR UBS AG SINGAPORE (FOREIGN)</i>	3,072,500	0.88
14. HLIB NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHEN, TSAI-TIEN (CCTS)</i>	2,970,466	0.85
15. AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC ISLAMIC OPPORTUNITIES FUND</i>	2,654,100	0.76
16. HLIB NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR CHIANG PETER (CCTS)</i>	2,649,000	0.76
17. CGS INTERNATIONAL NOMINEES MALAYSIA (TEMPATAN) SDN. BHD. <i>PLEDGED SECURITIES ACCOUNT FOR YOONG KAH YIN</i>	2,616,000	0.75
18. AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC ISLAMIC GROWTH BALANCED FUND</i>	2,437,533	0.70
19. MAYBANK SECURITIES NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR SHAH KAMAL KANT ZAVERCHAND</i>	2,168,382	0.62
20. MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>ETIQA LIFE INSURANCE BERHAD (PREM EQUITY)</i>	2,112,600	0.60
21. HLIB NOMINEES (ASING) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR WU, CHIA-LUNG (CCTS)</i>	2,096,682	0.60
22. KONG POH YIN	2,000,000	0.57
23. AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC SELECT TREASURES EQUITY FUND</i>	1,987,400	0.57
24. AMANAHRAYA TRUSTEES BERHAD <i>PUBLIC ISLAMIC EMERGING OPPORTUNITIES FUND</i>	1,871,200	0.54
25. AMANAH RAYA BERHAD <i>KUMPULAN WANG BERSAMA</i>	1,726,000	0.49
26. HLIB NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR YAP KOK WENG</i>	1,486,600	0.43
27. LAM SAW KUAN	1,464,366	0.42
28. AMANAHRAYA TRUSTEES BERHAD <i>PB SMALLCAP GROWTH FUND</i>	1,437,966	0.41
29. MAYBANK NOMINEES (TEMPATAN) SDN BHD <i>MAYBANK TRUSTEES BERHAD FOR DANA MAKMUR PHEIM (211901)</i>	1,293,100	0.37
30. GAN THIAM CHUAN	1,149,300	0.33
Total	289,909,958	82.86

⁽¹⁾ Based on the total number of issued shares of 350,071,980 Kawan Shares (excluding 13,364,600 Treasury Shares).

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

Notice is hereby given that the Twentieth Annual General Meeting ("20th AGM") of Kawan Food Berhad ("Kawan" or "the Company") will be conducted on a virtual basis through live streaming and online voting via Remote Participation and Electronic Voting ("RPEV") facilities hosted at <https://investor.boardroomlimited.com> (Meeting platform) at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Wednesday, 26 June 2024 at 10.30 a.m. for the following purposes:

AGENDA

AS ORDINARY BUSINESS

- | | |
|---|---|
| 1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors' and Auditors' thereon. | Please Refer To
Explanatory Note 1 |
| 2. To approve the Directors' fees and benefits payable to the Directors of the Company of up to RM1,253,000.00 for the period from 27 June 2024 until the conclusion of the Twenty-First AGM. | Ordinary Resolution 1 |
| 3. To re-elect the following Directors who are retiring under Clause 115(1) of the Constitution of the Company: | |
| (i) Gan Thiam Chai | Ordinary Resolution 2 |
| (ii) Gan Ka Bien | Ordinary Resolution 3 |
| (iii) Lim Hun Soon @ David Lim | Ordinary Resolution 4 |
| 4. To re-appoint RSM Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. | Ordinary Resolution 5 |

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions:

- | | |
|--|------------------------------|
| 5. Proposed Renewal of Shareholders' Mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature with the following related parties ("Proposed Renewal of Shareholders' Mandate"): | |
| (i) Shana Foods Limited and Rubicon Food Products Limited | Ordinary Resolution 6 |
| (ii) MH Delight Sdn Bhd | Ordinary Resolution 7 |
| (iii) Hot & Roll Holdings Sdn Bhd | Ordinary Resolution 8 |

(Collectively referred to as "Related Parties")

"**THAT** approval be and is hereby given to the Company, to enter and give effect to the recurrent related party transactions of a revenue or trading nature (hereinafter to be referred to as "Recurrent Transactions") with the above Related Parties as stated in Section 2.4 of the Circular to Shareholders dated 30 April 2024 which are necessary for the Company's day-to-day operations subject further to the following:

- | | |
|---|--|
| (i) the Recurrent Transactions contemplated are in the ordinary course of business and on terms which are not more favourable to Related Parties than those generally available to the public, and are not to the detriment of the minority shareholders; | |
|---|--|

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

- (ii) the approval is subject to annual renewal and shall only continue to be in force until:
 - (a) the conclusion of the next AGM of the Company following the forthcoming AGM of the Company at which the Proposed Renewal of Shareholders' Mandate is approved, at which time it will lapse unless by a resolution passed at the AGM the mandate is again renewed;
 - (b) the expiration of the period within which the next AGM of the Company after the date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extensions as may be allowed pursuant to Section 340(4) of the Act); or
 - (c) revoked or varied by resolution passed by the shareholders in general meeting, whichever is the earlier; and
- (iii) the disclosure of the breakdown of the aggregate value of the Recurrent Transactions conducted pursuant to the Proposed Renewal of Shareholders' Mandate in the Annual Report of the Company based on the following information:
 - (a) the type of Recurrent Transactions entered into; and
 - (b) the names of the Related Parties involved in each type of the Recurrent Transactions entered into and their relationship with the Company.

AND THAT the Directors of the Company be and are hereby authorised to do all acts and things to give full effect to the Recurrent Transactions contemplated and/or authorised by this resolution, as the Directors of the Company, in their absolute discretion, deem fit."

6. Authority under Sections 75 and 76 of the Act for the Directors to allot and issue shares.

"THAT pursuant to Sections 75 and 76 of the Act, the Directors be and are hereby authorised to allot and issue shares in the Company at any time until the conclusion of the next AGM of the Company upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed ten per centum (10%) of the total number of issued shares of the Company (excluding treasury shares, if any) at the time of issue, subject to the Constitution of the Company and approval of all the relevant regulatory bodies being obtained for such allotment and issue.

THAT pursuant to Section 85 of the Act, read together with Clause 64 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares ranking equally to the existing issued Kawan shares arising from issuance of new shares pursuant to this mandate.

AND THAT the new shares to be issued shall, upon allotment and issuance, rank equally in all respects with the existing shares of the Company, save and except that they shall not be entitled to any dividends, rights, allotments and/or any other forms of distribution that which may be declared, made or paid before the date of allotment of such new shares."

Ordinary Resolution 9

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

7. Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares.

“THAT subject to the Act, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to utilise an amount not exceeding the audited retained profits as at 31 December 2023 to purchase such amount of ordinary shares in the Company (“Proposed Renewal of Share Buy-Back Authority”) as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that the aggregate number of shares purchased and/or held pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company.

THAT an amount not exceeding the Company’s retained profits be allocated by the Company for the Proposed Renewal of Share Buy-Back Authority.

THAT authority be and is hereby given to the Directors of the Company to decide at their absolute discretion to either retain the shares so purchased as treasury shares (as defined in Section 127 of the Act) and/or to cancel the shares so purchased and if retained as treasury shares, may resell the treasury shares and/or to distribute them as share dividend and/or subsequently cancel them.

THAT the authority conferred by this resolution will be effective immediately upon the passing of this resolution and will expire at:

- (i) the conclusion of the next AGM of the Company, at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first, but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

AND THAT the Directors of the Company be authorised to take all steps necessary to implement, complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Renewal of Share Buy-Back Authority as may be agreed or allowed by any relevant governmental and/or regulatory authority.”

Ordinary Resolution 10

8. To transact any other business for which due notice shall have been given.

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

BY ORDER OF THE BOARD

TAI YIT CHAN (MAICSA 7009143)
SSM PC No.: 202008001023

TAI YUEN LING (LS 0008513)
SSM PC No.: 202008001075

Company Secretaries
Selangor Darul Ehsan

Date: 30 April 2024

EXPLANATORY NOTES:

1. To receive the Audited Financial Statements

Agenda item no. 1 is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is **not put forward for voting**.

2. Ordinary Resolutions 2, 3 & 4 - Re-election of Directors

Gan Thiam Chai, Gan Ka Bien and Lim Hun Soon @ David Lim who retire in accordance with Clause 115(1) of the Constitution (collectively referred to as "Retiring Directors"), being eligible, have offered themselves for re-election.

For the purpose of determining the eligibility of the Retiring Directors to stand for re-election at this 20th AGM and in line with Practice 5.1 of the Malaysian Code on Corporate Governance, the Nominating Committee ("NC") has reviewed and assessed each of the Retiring Directors from the annual assessment and evaluation of the Board, Board Committees, Independent Directors and individual Directors for the financial year under review.

The NC had recommended that, the re-election of the Retiring Directors to be based on the following:

- (i) satisfactory performance and have met Board's expectation in discharging their duties and responsibilities with due care and in a commendable manner;
- (ii) met the fit and proper criteria in discharging their roles as directors of the Company;
- (iii) level of independence demonstrated by the Independent Directors; and
- (iv) their ability to act in the best interest of the Company in decision-making and developing the Group's business strategies.

The Board had endorsed the recommendation of the NC on the re-election of the Retiring Directors.

The profiles of the Retiring Directors are set out in the Board of Directors' Profiles of the Annual Report 2023 of the Company.

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

3. Ordinary Resolutions 6, 7 & 8 – Proposed Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The Ordinary Resolutions 6, 7 & 8 proposed, if passed, will empower the Directors from the date of the 20th AGM, to deal with the related party transactions involving recurrent transactions of a revenue or trading nature which are necessary for the Company’s day-to-day operations. These recurrent related party transactions are in the ordinary course of business and are on terms not more favourable to the Related Parties than those generally available to the public and not to the detriment of the minority shareholders.

This authority unless revoked or varied at a general meeting, will expire at the next AGM of the Company and subject always to provision (ii) of the resolution.

For further information on Ordinary Resolutions 6, 7 & 8, please refer to the Circular to Shareholders dated 30 April 2024 accompanying the Annual Report of the Company for the financial year ended 31 December 2023.

4. Ordinary Resolution 9 – Authority under Sections 75 and 76 of the Act for the Directors to allot and issue shares

The Ordinary Resolution 9 proposed under item 6 of the Agenda seeks the shareholders’ approval of a general mandate for issuance of shares by the Company under Sections 75 and 76 of the Act. The mandate, if passed, will provide flexibility for the Company and empower the Directors to allot and issue new shares speedily in the Company up to an amount not exceeding in total 10% of the issued share capital of the Company for purpose of funding the working capital or strategic development of the Group. This would eliminate any delay arising from and cost involved in convening a general meeting to obtain approval of the shareholders for such issuance of shares. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next AGM.

At this juncture, there is no decision to issue new shares but the Directors consider it desirable to have the flexibility permitted to respond to market developments and to enable allotments to take place to finance business opportunities without making a pre-emptive offer to existing shareholders. If there should be a decision to issue new shares after the general mandate is sought, the Company will make an announcement in respect thereof.

The Company did not allot and issue any shares pursuant to the general mandate granted by the shareholders at the previous AGM.

5. Ordinary Resolution 10 – Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares

The proposed Ordinary Resolution 10, if passed, will give the Directors of the Company authority to take all such steps as are necessary or expedient to implement, finalise, complete and/or to effect the purchase(s) of shares by the Company as the Directors may deem fit and expedient in the best interest of the Company. The authority will, unless revoked or varied by the Company in a general meeting, continue to be in force until the conclusion of the next AGM of the Company or the expiry of the period within which the next AGM of the Company is required by law to be held.

For further information on Ordinary Resolution 10, please refer to the Statement to Shareholders dated 30 April 2024 accompanying the Annual Report of the Company for the financial year ended 31 December 2023.

Notes:

1. For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, the **Record of Depositors as at 19 June 2024**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM.
2. A member entitled to participate in this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
3. A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING

4. *Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*
5. *The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote.*
 - a. **In hard copy form**

In the case of an appointment made in hard copy form, the original proxy form must be deposited with the Share Registrar's office, Boardroom Share Registrars Sdn Bhd ("Boardroom") of the Company at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.
 - b. **By electronic means**

The proxy form can be electronically lodged with Boardroom via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Please follow the procedures set out in the Administrative Details for such lodgement. Alternatively, the proxy form can be emailed to Boardroom at bsr.helpdesk@boardroomlimited.com.
6. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*
7. *Last date and time for lodging the proxy form is **Monday, 24 June 2024 at 10.30 a.m.***
8. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.*
9. *For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:*
 - a. *If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.*
 - b. *If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:*
 - i. *at least two (2) authorised officers, of whom one shall be a director; or*
 - ii. *any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.*
10. *Pursuant to paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, all the resolutions set out in the notice of any general meeting will be put to vote by poll.*

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ADMINISTRATIVE DETAILS

For the 20th Annual General Meeting (“20th AGM” or The “MEETING”)

Day and Date	: Wednesday, 26 June 2024
Time	: 10.30 a.m.
Meeting Platform	: https://investor.boardroomlimited.com
Broadcast Venue	: 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia
Mode of Communication	: i. Shareholders may type their questions in the messaging box at any time during the live streaming of the AGM via the meeting platform. ii. Submit questions in advance on the 20th AGM resolutions and Annual Report 2023 by logging into the Boardroom Smart Investor Portal (“BSIP”) at https://investor.boardroomlimited.com latest by Monday, 24 June 2024 at 10.30 a.m. iii. Email questions to info@kawanfood.com no later than 10.30 a.m. on Monday, 24 June 2024.

1. Virtual Meeting

Kawan Food Berhad (“Kawan” or “the Company”) will leverage on technology to facilitate communication and engagement with shareholders by conducting the 20th AGM on a virtual basis through live streaming and online voting via the Remote Participation and Electronic Voting (“RPEV”) facilities in accordance with the Guidance Note and Frequent Asked Questions on the Conduct of General Meetings for listed issuers and all its subsequent revisions issued by the Securities Commission Malaysia. This is also in line with Practice 13.3 of the Malaysian Code on Corporate Governance which recommends that listed companies leverage on technology to facilitate remote shareholders’ participation at general meetings.

The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the Meeting to be present at the main venue of the Meeting. Therefore, **NO SHAREHOLDERS/ PROXIES/ CORPORATE REPRESENTATIVES/ ATTORNEYS** shall be physically present nor admitted at the broadcast venue on the day of the Meeting.

Kindly ensure that you are connected to the internet at all times in order to participate and/or vote at the Meeting. Therefore, it is your responsibility to ensure that connectivity for the duration of the Meeting is maintained. The quality of the live webcast as well as for electronic voting (“e-Voting”) is dependent on the bandwidth and stability of the internet connection of the remote participant.

2. Entitlement to Participate and Vote

Only shareholders whose names appear on the Record of Depositors as of 19 June 2024 (“General Meeting Record of Depositors”) shall be entitled to participate and/or vote at the 20th AGM via RPEV facilities or appoint proxy(ies) or in case of a corporation to appoint corporate representative(s) to participate and/or vote on his/her/their behalf by returning the duly executed Form(s) of Proxy.

3. FORM(S) OF PROXY

If you are unable to attend and participate at the 20th AGM, you are encouraged to appoint a proxy or the Chairman of the 20th AGM as your proxy and indicate the voting instructions in the Form(s) of Proxy in accordance with the notes and instructions printed therein.

Please ensure that the ORIGINAL Form(s) of Proxy is/are deposited at the Company’s Share Registrar office not less than forty-eight (48) hours before the time appointed for holding the 20th AGM i.e. latest by **Monday, 24 June 2024 at 10.30 a.m.**

Alternatively, you may lodge your Form(s) of Proxy electronically through the BSIP at <https://investor.boardroomlimited.com> (Kindly refer to item 7 below).

The Form(s) of Proxy must be received not less than forty-eight (48) hours before the time appointed for holding the 20th AGM i.e. latest by **Monday, 24 June 2024 at 10.30 a.m.** Details of our Share Registrar can be found in item 11 below.

ADMINISTRATIVE DETAILS

For the 20th Annual General Meeting (“20th AGM” or The “MEETING”)

4. CORPORATE REPRESENTATIVE

For corporate shareholder who has appointed a representative(s) or attorney(s) to participate in the 20th AGM, please deposit the ORIGINAL Form(s) of Proxy, Certificate of Appointment or Power of Attorney, as the case may be, by hand or post to our Share Registrar not later than **Monday, 24 June 2024 at 10.30 a.m.** Details of our Share Registrar can be found in item 11 below.

Upon verification against the General Meeting Record of Depositors, an email containing the username and password will be sent to the corporate representative(s) or attorney(s) by our Share Registrar. Please note that only one (1) user name will be provided to each corporate representative(s) or attorney(s).

5. REVOCATION OF PROXY

If you have submitted your Form(s) of Proxy prior to the 20th AGM and subsequently decide to appoint another person as your proxy(ies) or wish to participate in the 20th AGM yourself, please write in to bsr.helpdesk@boardroomlimited.com or login to BSIP at <https://investor.boardroomlimited.com> (as the case maybe) to revoke the earlier appointed proxy(ies) not less than forty-eight (48) hours before the 20th AGM. Upon revocation, the proxy(ies) appointed by you previously will not be allowed to participate in the 20th AGM. In such event, you should notify your previous proxy(ies) accordingly.

6. VOTING PROCEDURE

Pursuant to Clause 96 of the Constitution of the Company and Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, voting at the 20th AGM will be conducted by poll. The Company has appointed our Share Registrar as the Poll Administrator to conduct the poll by way of e-Voting and SKY Corporate Services Sdn Bhd as the Independent Scrutineer to verify the results of the poll.

The e-Voting session will commence from the start of the 20th AGM at 10.30 a.m. on Wednesday, 26 June 2024 or such other time as announced by the Chairman, and will continue until the time declared by the Chairman as the end of the e-Voting session.

7. REGISTRATION AND PROCEDURE FOR REMOTE PARTICIPATION AND SUBMISSION OF ePROXY FORM

The RPEV facilities are available to (i) individual shareholders; (ii) corporate shareholders; (iii) authorised nominees; and (iv) exempt authorised nominees. You shall use the RPEV facilities to participate and vote remotely at the 20th AGM. You will be able to view a live webcast of the Meeting, pose questions and submit your votes in real-time whilst the Meeting is in progress.

ADMINISTRATIVE DETAILS

For the 20th Annual General Meeting (“20th AGM” or The “MEETING”)Kindly follow the steps below to register your participation as a shareholder or appoint proxy(ies) for the 20th AGM:BEFORE THE 20TH AGM DAY

Step 1 : Register Online with BSIP

[Note: This is a one-time registration. If you have already signed up with BSIP, you are not required to register. You may proceed to Step 2.]

(Only for first time BSIP users)

- a. Open an internet browser. Latest versions of Chrome, Firefox, Safari, Edge or Opera are recommended.
- b. Go to BSIP website at <https://investor.boardroomlimited.com>.

**Individual Account
(For Shareholder & Proxy)**

- Click Register to sign up for a user account and select the correct account type “Sign up as Individual”.
- Complete the registration with all required information. Upload and attach your MyKad (front and back) or Passport in JPEG, PNG or PDF format.
- Click Sign Up.

[Note: Please ensure that you sign-up for Individual Account if you are an appointed proxy to attend the meeting]

**Corporate Account
(For Representative of Corporate Holder or
Authorised Nominees)**

- Click Register to sign up for a user account and select the correct account type “Sign up as Corporate Holder”.
- Complete the registration by providing all the required information. Upload and attach your MyKad (front and back) or Passport in JPEG, PNG or PDF format, along with the **completed authorization letter**.
- Click Sign Up.

[Note: If you are appointed as the authorised representatives for more than one (1) company, kindly click the home button and select “Edit Profile” in order to add your representation after your BSIP account has been approved.]

- c. You will receive an email from Boardroom for email address verification. Click “**Verify Email Address**” from the email received to continue with the registration process.
- d. Once your email address is verified, you will be re-directed to BSIP for verification of mobile number. Click “**Request OTP Code**” and an OTP code will be sent to the registered mobile number. You will need to enter the OTP code for verification and click “**Enter**” to complete the registration process.
- e. Once your mobile number is verified, registration of your new BSIP account will be pending for final verification.
- f. An e-mail will be sent to you within one (1) business day informing on the approval of your BSIP account. Once account registration completed, you can login at BSIP at <https://investor.boardroomlimited.com> with the email address and password that you have provided during registration to proceed with the next step.

ADMINISTRATIVE DETAILS

For the 20th Annual General Meeting (“20th AGM” or The “MEETING”)

BEFORE THE 20TH AGM DAY

Step 2 : Submit Request for RPEV (applicable for individual account only)

The registration for RPEV will open from Tuesday, 30 April 2024 at 10.30 a.m. until the day of the 20th AGM on Wednesday, 26 June 2024.

For Individual account only

- a. Open an internet browser. Latest versions of Chrome, Firefox, Safari, Edge or Opera are recommended.
- b. Go to BSIP website at <https://investor.boardroomlimited.com>
- c. Login your BSIP account with your registered email address and password.
[Note: If you do not have an account with BSIP, please sign-up/register with BSIP for free - refer to process “Step 1: Register Online with BSIP” above.]
- d. Click “**Meeting Event**” and select “**KAWAN FOOD BERHAD 20th ANNUAL GENERAL MEETING**” from the list of companies and click “**Enter**”.
- e. Go to “**VIRTUAL**” and click on “**Register for RPEV**”.
- f. Check the box to register for RPEV and enter your 9 digits CDS account number.
- g. Read and check the box to accept the Terms & Conditions, then click “**Register**”.
- h. You will receive a notification that your RPEV registration has been received and pending verification.
- i. Upon system verification against the General Meeting Record of Depositors as at 19 June 2024 you will receive an email from Boardroom notifying you whether your registration has been approved or rejected.

ADMINISTRATIVE DETAILS

For the 20th Annual General Meeting (“20th AGM” or The “MEETING”)

APPOINTMENT OF PROXY

If Members who wish to submit their Proxy Form electronically via BSIP, please refer to the procedures for electronic lodgement of Proxy Form as follows:

For Individual Shareholders, Corporate Shareholders

- a. Open an internet browser. Latest versions of Chrome, Firefox, Safari, Edge or Opera are recommended.
- b. Go to BSIP website at <https://investor.boardroomlimited.com>
- c. Login your BSIP account with your registered email address and password.
[Note: If you do not have an account with BSIP, please sign-up/register with BSIP for free – refer to process “Step 1: Register Online with BSIP” above.]
- d. Click “**Meeting Event**” and select “**KAWAN FOOD BERHAD 20th ANNUAL GENERAL MEETING**” from the list of companies and click “**Enter**”.

By Shareholder and Corporate Holder

- Select the Company that you are representing – for **Corporate Account user only**.
- Go to “**PROXY**” and click on “**Submit eProxy Form**”.
- Click on “**Submit eProxy Form**”
- Enter your 9 digits CDS account number and number of securities held.
- Select your proxy/proxies appointment – either the Chairman of the meeting or individual named proxy/proxies.
- Read and accept the Terms and Conditions and click “**Next**”.
- Enter the required particulars of your proxy/proxies.
- Indicate your voting instructions for each Resolution – FOR, AGAINST, ABSTAIN or DISCRETIONARY. If DISCRETIONARY is selected, your proxy/proxies will decide on your votes during poll at the meeting.
- Review and confirm your proxy/proxies appointment and click “**Submit**”.
- Download or print the eProxy Form as acknowledgement.

By Nominees Company

- Select the Nominees Company that you are representing.
- Go to “**PROXY**” and click on “**Submit eProxy Form**”.
- Click on “**Download Excel Template**” to download.
- Insert the appointment of proxy/proxies for each CDS account with the necessary data and voting instructions in the downloaded excel file template. Ensure inserted data is correct and orderly.
- Proceed to upload the duly completed excel file.
- Review and confirm your proxy/proxies appointment and click “**Submit**”.
- Download or print the eProxy form as acknowledgement.

Please note that the closing date and time to submit your proxy/proxies form is by **Monday, 24 June 2024 at 10.30 a.m. (48 hours before the AGM)**

ADMINISTRATIVE DETAILS

For the 20th Annual General Meeting (“20th AGM” or The “MEETING”)

ON THE DAY OF THE AGM

Step 3 : Login to Boardroom Meeting Portal

- a. Open an internet browser. Latest versions of Chrome, Firefox, Safari, Edge or Opera are recommended.
- b. Go to BSIP website at <https://investor.boardroomlimited.com>
- c. Login your BSIP account with your registered email address and password.

[Note: If you do not have an account with BSIP, please sign-up/register with BSIP for free – refer to process “Step 1: Register Online with BSIP” above.]

- d. Meeting platform will be made available at any time from 9:30 a.m. i.e. one hour before the commencement of the AGM at 10:30 a.m. on 26 June 2024.
- e. Click into “**Meeting Event**” and go to “**KAWAN FOOD BERHAD 20TH ANNUAL GENERAL MEETING**” and then click “**Join Live Meeting**” to join the proceedings of the AGM remotely.

If shareholders have any question for the Chairman/Board/Management, they may use the Messaging window facility to submit their questions during the meeting. The Messaging window facility will open one (1) hour before the AGM which is from 9:30 a.m. on 26 June 2024.

- f. Once the voting has opened, click on the voting icon. The resolution and voting choices will be displayed.
- g. To vote, please select your voting direction from the options shown on screen. A confirmation message will appear to show your vote has been received.
- h. To change your vote, re-select another direction. If you wish to cancel your vote, please select Cancel.

Important Notes:

- a. The quality of the connectivity to the Virtual Meeting Portal for live webcast as well as for remote online voting is dependent on the bandwidth and the stability of the internet connection available at the location of the remote users.
- b. Recommended requirement for live webcast:
 - (i) Browser: Latest versions of Chrome, Firefox, Edge, Safari or Opera.
 - (ii) Bandwidth: Minimum 9 Mbps stable speed for High Definition (HD) High Quality video quality or 12 Mbps for Extra HD (EHD) video quality.
 - (iii) Device with working and good quality speakers.
- c. You may not be able to gain access to the AGM via the RPEV facilities if your connecting device is on network with firewall and other security filtration. Seek onsite IT/technical support if required.

Entitlement to Participate and Vote

- Only shareholders whose names appear on the Record of Depositors as at 19 June 2024 shall be eligible to participate at the AGM.
- If a shareholder is unable to participate at the AGM, he/she may appoint proxy/proxies, including the Chairman, to participate and vote on his/her behalf.
- If a shareholder wishes to participate in the AGM, they must not submit a Proxy Form. A shareholder will not be allowed to participate in the meeting if they have appointed proxy/proxies.

ADMINISTRATIVE DETAILS

For the 20th Annual General Meeting (“20th AGM” or The “MEETING”)

8. SUBMISSION OF QUESTION(S)

Prior to the 20th AGM

Submit question(s) in relation to the agenda items of the 20th AGM and Annual Report 2023 by logging in to the BSIP at <https://investor.boardroomlimited.com> using the same user ID and password provided in Step 1 latest by Monday, 24 June 2024 at 10.30 a.m. Click ‘Submit Questions’ after selecting “KAWAN FOOD BERHAD 20th ANNUAL GENERAL MEETING” from ‘Meeting Event’.

During the 20th AGM

Shareholders may also submit question(s) via the messaging box at any time during the live streaming of the 20th AGM until such time as the Chairman decides.

The Chairman/Board/Management will endeavor to provide responses to the questions submitted/posed during the 20th AGM session. However, if the responses could not be provided during the 20th AGM due to time constraints, they will be published in the minutes of the 20th AGM of the Company which will be published on the Company’s website at www.kawanfood.com.

9. GIFT POLICY

There will be **NO DISTRIBUTION** of door gifts or e-vouchers for shareholders/proxies who participate in the Meeting.

10. NO RECORDING OR PHOTOGRAPHY

No recording or photography of the live streaming of the 20th AGM proceedings is allowed without the prior written permission of the Company.

11. ENQUIRIES RELATING TO THE MEETING

If you have any enquiries, please contact our Share Registrar during office hours from Monday to Friday (8.30 a.m. to 5.30 p.m.) (except weekend and public holidays) as set out below:

Boardroom Share Registrars Sdn Bhd

Address : 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia
General line : 603-7890 4700 (Helpdesk)
Fax number : 603-7890 4670
Email : bsr.helpdesk@boardroomlimited.com

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KAWAN FOOD BERHAD
<http://www.kawanfood.com>
Registration No. 200401001942 (640445-V)
(Incorporated in Malaysia)

No. of ordinary shares held	CDS account no. of holder

Proxy Form

I/We, _____ (name of shareholder as per NRIC/Passport, in capital letters)

NRIC No./ Passport No./Registration No. _____ Tel: _____ of _____

_____ (full address)

being a *member/members of **KAWAN FOOD BERHAD** hereby appoint(s):-

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address	Contact No.		

* and/ or (delete as appropriate)

Full Name	NRIC No./Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address	Contact No.		

or failing *him/her, the Chairman of the meeting as *my/our proxy to attend and vote for *me/us on *my/our behalf at the **Twentieth Annual General Meeting ("20th AGM")** of Kawan Food Berhad ("Kawan" or "the Company") to be conducted on a virtual basis through live streaming and online voting via Remote Participation and Electronic Voting facilities hosted at <https://investor.boardroomlimited.com> (Meeting platform) at **12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Wednesday, 26 June 2024 at 10.30 a.m.** and at any adjournment thereof.

My/our proxy/proxies is/are to vote as indicated below.

Item No.	Agenda	Resolutions	For	Against
1.	To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors' and Auditors' thereon.			
2.	To approve the Directors' fees and benefits payable to the Directors of the Company of up to RMI,253,000.00 for the period from 27 June 2024 until the conclusion of the Twenty-First AGM.	Ordinary Resolution 1		
3.	To re-elect Gan Thiam Chai who is to retire pursuant to Clause 115(1) of the Company's Constitution and being eligible, has offered himself for re-election.	Ordinary Resolution 2		
4.	To re-elect Gan Ka Bien who is to retire pursuant to Clause 115(1) of the Company's Constitution and being eligible, has offered herself for re-election.	Ordinary Resolution 3		
5.	To re-elect Lim Hun Soon @ David Lim who is to retire pursuant to Clause 115(1) of the Company's Constitution and being eligible, has offered himself for re-election.	Ordinary Resolution 4		
6.	To re-appoint RSM Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary Resolution 5		
Special Business				
7.	Proposed Renewal of Shareholders' Mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature with Shana Foods Limited and Rubicon Food Products Limited.	Ordinary Resolution 6		
8.	Proposed Renewal of Shareholders' Mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature with MH Delight Sdn Bhd.	Ordinary Resolution 7		
9.	Proposed Renewal of Shareholders' Mandate for the Recurrent Related Party Transactions of a Revenue or Trading Nature with Hot & Roll Holdings Sdn Bhd.	Ordinary Resolution 8		
10.	Authority under Sections 75 and 76 of the Companies Act 2016 for the Directors to allot and issue shares.	Ordinary Resolution 9		
11.	Proposed Renewal of Authority for the Company to Purchase its own Ordinary Shares.	Ordinary Resolution 10		

(Please indicate with an "X" in the appropriate box against the resolutions on how you wish your proxy to vote. The proxy is to vote on the resolutions set out in the Notice of Meeting as you have indicated. If no specific instruction as to voting is given, this form will be taken to authorise the proxy to vote at his/her discretion.)

- * Strike out whichever is not applicable.
- * if you wish to appoint other person(s) to be your proxy/proxies, kindly delete the words "the Chairman of the Meeting or failing him/her" and insert the name(s) of the person(s) desired.

Signature/Common Seal of Shareholder

Date:

Notes:

1. For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd. to make available to the Company, the **Record of Depositors as at 19 June 2024**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM.
2. A member entitled to participate in this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
3. A Member shall be entitled to appoint not more than two (2) proxies to attend and vote at the same meeting and the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
4. Where a member is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as defined under the Securities Industry (Central Depositories) Act, 1991, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
5. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote.

a. In hard copy form

In the case of an appointment made in hard copy form, the original proxy form must be deposited with the Share Registrar's office, Boardroom Share Registrars Sdn Bhd ("Boardroom") of the Company at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

b. By electronic means

The proxy form can be electronically lodged with Boardroom via Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com>. Please follow the procedures set out in the Administrative Details for such lodgement. Alternatively, the proxy form can be emailed to Boardroom at bsr.helpdesk@boardroomlimited.com.

6. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
7. Last date and time for lodging the proxy form is **Monday, 24 June 2024 at 10.30 a.m.**
8. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
9. For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia. The certificate of appointment of authorised representative should be executed in the following manner:
 - a. If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.
 - b. If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:
 - i. at least two (2) authorised officers, of whom one shall be a director; or
 - ii. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.
10. Pursuant to paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of any general meeting will be put to vote by poll.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 30 April 2024.

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AFFIX
STAMP

KAWAN FOOD BERHAD

Registration No. 200401001942 (640445-V)

c/o Boardroom Share Registrars Sdn Bhd

Registration No. 199601006647 (378993-D)

11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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WWW.KAWANFOOD.COM



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Lot 12935, Jalan Sungai Pinang 4/19,
Taman Perindustrian Pulau Indah
Selangor Halal Hub, Fasa 2C 42920
Pulau Indah, Selangor Darul Ehsan,
Malaysia.