



# Malayan Flour Mills Berhad

Registration No. 196101000210 (4260-M)

Fusing Innovation,  
Shaping Tomorrow



ANNUAL REPORT 2024



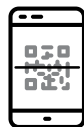
Scan the QR code  
to visit our website.

Scan the QR code by following these simple steps:



**Get it**

Download the "QR Code Reader" app from Google Play (Android Market), BlackBerry AppWorld, App Store (iOS/iPhone) or Windows Phone Store



**Run it**

Run the QR Code Reader app and point your camera at the QR Code



**Access it**

Get access to Malayan Flour Mills Berhad's website



# CONTENTS

02	Corporate Information	99	Additional Compliance Information
04	Group Corporate Structure	101	Audit & Risk Management Committee Report
05	Directors' Profile	105	Statement on Risk Management and Internal Control
14	Key Senior Management Profile	111	Reports and Financial Statements
21	Chairman's Statement	198	Analysis of Shareholdings
24	Management Discussion and Analysis	201	List of Properties
29	Sustainability Report	204	Notice of Annual General Meeting
85	Group Financial Highlights	209	Statement Accompanying Notice of Annual General Meeting
86	Corporate Governance Overview Statement		Proxy Form



# Corporate Information

## Board of Directors

### **Datuk Oh Chong Peng**

*(Chairman, Non-Independent Non-Executive Director)*

### **Teh Wee Chye**

*(Executive Deputy Chairman cum Managing Director)*

### **Dato' Seri Zainal Abidin bin Mahamad Zain**

*(Non-Independent Non-Executive Director)*

### **Prakash A/L K.V.P Menon**

*(Non-Independent Non-Executive Director)*

### **Lim Pang Boon**

*(Non-Independent Non-Executive Director)*

### **Quah Poh Keat**

*(Independent Non-Executive Director)*

### **Emeritus Professor Datin Paduka Setia**

### **Dato' Dr Aini binti Ideris**

*(Independent Non-Executive Director)*

### **Dato' Maznah binti Abdul Jalil**

*(Independent Non-Executive Director)*

### **Azhari Arshad**

*(Executive Director)*

## Audit & Risk Management Committee

### **Quah Poh Keat**

*(Chairman, Independent Non-Executive Director)*

### **Datuk Oh Chong Peng**

*(Non-Independent Non-Executive Chairman)*

### **Dato' Maznah binti Abdul Jalil**

*(Independent Non-Executive Director)*

## Nomination Committee

### **Emeritus Professor Datin Paduka Setia**

### **Dato' Dr Aini binti Ideris**

*(Chairman, Independent Non-Executive Director)*

### **Dato' Seri Zainal Abidin bin Mahamad Zain**

*(Non-Independent Non-Executive Director)*

### **Quah Poh Keat**

*(Independent Non-Executive Director)*

## Remuneration Committee

### **Prakash A/L K.V.P Menon**

*(Chairman, Non-Independent Non-Executive Director)*

### **Datuk Oh Chong Peng**

*(Non-Independent Non-Executive Chairman)*

### **Emeritus Professor Datin Paduka Setia**

### **Dato' Dr Aini binti Ideris**

*(Independent Non-Executive Director)*

### **Dato' Maznah binti Abdul Jalil**

*(Independent Non-Executive Director)*

## Secretary

### **Mah Wai Mun**

MAICSA 7009729

SSM PC No. 202008000785

## Registered Office

Suite 25.01, Level 25, Menara Citibank  
165 Jalan Ampang, 50450 Kuala Lumpur  
Tel. No: 03-2170 0999  
Fax No: 03-2170 0888

## Head Office

Suite 28.01, Level 28, Menara Citibank  
165 Jalan Ampang, 50450 Kuala Lumpur  
Tel. No: 03-2170 0999  
Fax No: 03-2170 0888  
Website: [www.mfm.com.my](http://www.mfm.com.my)  
Email: [ir@mflour.com.my](mailto:ir@mflour.com.my)

## Share Registrar

### **Boardroom Share Registrars Sdn Bhd**

Registration No. 199601006647 (378993-D)  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan  
Tel. No: 03-7890 4700  
Fax No: 03-7890 4670

## Factories

Jalan David Sung, Batu Undan  
32200 Lumut, Perak Darul Ridzuan

Lot 133, Jalan Pukal  
Pasir Gudang Industrial Estate  
81700 Pasir Gudang, Johor Darul Takzim



## Branches

### PULAU PINANG

4557, Jalan Heng Choon Thian  
12000 Butterworth, Pulau Pinang

### PERAK

B-1-1, Kompleks Falim  
Laluan Falim 3, Taman Falim Indah  
30200 Ipoh, Perak Darul Ridzuan

### MELAKA

81-1, Jalan MP1  
Taman Merdeka Permai  
75350 Batu Berendam, Melaka Darul Azim

### JOHOR

Lot 133, Jalan Pukal  
Pasir Gudang Industrial Estate  
81700 Pasir Gudang, Johor Darul Takzim

### KELANTAN

Lot 4045, Blok C, No. 4 Jalan 1/44  
Pengkalan Chepa, Mukim Panchor  
Daerah Kemumin  
16100 Kota Bharu, Kelantan Darul Naim

### PAHANG

A1, Jalan Seri Setali 1  
Taman Tunas Manja  
25300 Kuantan, Pahang Darul Makmur

## Principal Bankers

### Alliance Bank Malaysia Berhad

*Registration No. 198201008390 (88103-W)*

### Bangkok Bank Berhad

*Registration No. 199401014060 (299740-W)*

### MUFG Bank (Malaysia) Berhad

*Registration No. 199401016638 (302316-U)*

### Coöperatieve Rabobank U.A. Singapore Branch

*Registration No. UEN: S86FC3634A*

### Hong Leong Bank Berhad

*Registration No. 193401000023 (97141-X)*

## Principal Bankers (cont'd)

### Hong Leong Islamic Bank Berhad

*Registration No. 200501009144 (686191-W)*

### HSBC Bank Malaysia Berhad

*Registration No. 198401015221 (127776-V)*

### Malayan Banking Berhad

*Registration No. 196001000142 (3813-K)*

### Maybank Islamic Berhad

*Registration No. 200701029411 (0787435-M)*

### OCBC Bank (Malaysia) Berhad

*Registration No. 199401009721 (295400-W)*

### AmBank Islamic Berhad

*Registration No. 199401009897 (295576-U)*

### United Overseas Bank (Malaysia) Berhad

*Registration No. 199301017069 (271809-K)*

### Bank of China (Malaysia) Berhad

*Registration No. 200001008645 (511251-V)*

## Stock Exchange Listing

### Bursa Malaysia Securities Berhad

*Registration No. 200301033577 (635998-W)*

- Main Market

Sector: Consumer Products & Services

Sub Sector: Food & Beverages

Stock Name: MFLOUR

Stock Code: 3662

## Solicitors

Isharidah, Ho, Chong & Menon

## Auditors

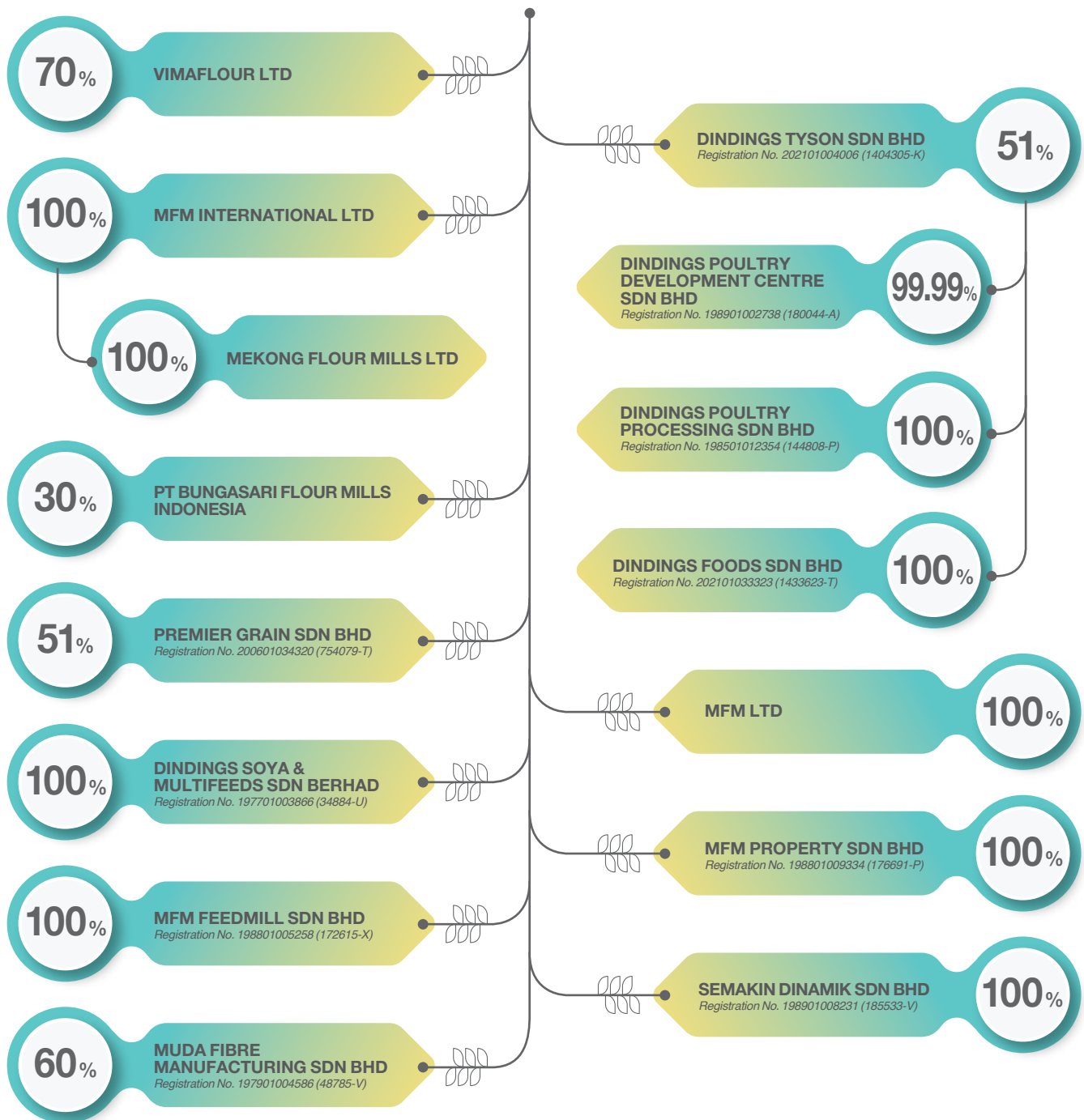
KPMG PLT

# Group Corporate Structure



## Malayan Flour Mills Berhad

Registration No. 196101000210 (4260-M)



# Directors' Profile

## Datuk Oh Chong Peng

Non-Independent  
Non-Executive Chairman



Datuk Oh Chong Peng (Male), aged 80, a Malaysian, was appointed to the Board of the Company on 20 August 2008 and is presently the Chairman of the Board. He is also a member of the Audit & Risk Management Committee and Remuneration Committee of the Company.

He is a Fellow of the Institute of Chartered Accountants in England and Wales ("ICAEW") as well as a member of the Malaysian Institute of Certified Public Accountants ("MICPA") and the Malaysian Institute of Accountants ("MIA").

He joined Coopers & Lybrand (now known as PricewaterhouseCoopers) in London in 1969 and in Malaysia in 1971. He was a Partner of Coopers & Lybrand Malaysia from 1974 and retired as a Senior Partner of Coopers & Lybrand in 1997.

Presently, he sits on the Board of WCE Holdings Berhad, Saujana Resort (M) Berhad and PUC Berhad. He is also a trustee of the UTAR Education Foundation (2002) and MyKasih Foundation (2023) and a council member of University Tunku Abdul Rahman.

His past appointments included being a Government appointed Member and later Chairman of the Labuan Financial Services Authority (1996-2020), Government appointed Committee Member of the Kuala Lumpur Stock Exchange (1990-1996), a Council member (1981-2002), a past President of the MICPA (1994-1996) and a board member of Malaysian Accounting Standards Board (2003-2009). He was Chairman of Land & General Berhad (1999-2007), Nanyang Press Holdings Berhad (2001-2005) and Alliance Financial Group Berhad (2006-2017) and was a board member of Rashid Hussain Berhad Group of Companies (1998-2003), Star Publications (M) Berhad (1987-2009), British American Tobacco (Malaysia) Berhad (1998-2019) and Dialog Group Berhad (2009-2020).

He has attended all the 7 Board meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company.



## Directors' Profile (cont'd)

### Mr Teh Wee Chye

Executive Deputy Chairman  
cum Managing Director



Mr Teh Wee Chye, aged 71, a Malaysian, was appointed to the Board of the Company as an Executive Director on 19 June 1989 and subsequently the Managing Director on 18 April 2002. He is presently the Executive Deputy Chairman cum Managing Director of the Company.

He holds a Bachelor of Science Degree in Naval Architecture and Marine Engineering and a Master's Degree in Ship Building and Shipping Management from the Massachusetts Institute of Technology, USA. In the summer of 1974, he received his training at the American Bureau of Shipping Research & Development Department, New York.

Upon graduation in 1975 he was employed as an Engineer with Eastern Steamship (S) Pte Ltd, Singapore. He joined the Company in 1976 as the Deputy Mill Manager and was promoted as the Plant Manager in 1978.

In 1979, he was appointed as the Project Manager in charge of the Company's entire expansion plans. He expanded the flour milling facilities in Manjung, Perak through diversification into the poultry integration to include a feed mill, breeder farm, broiler farm and poultry processing plant. Another flour mill and feed mill were subsequently constructed in Pasir Gudang to cater for the Southern region market.

Recognising the tremendous growth potential in the flour market in Vietnam, in 1994, he spearheaded the expansion of the flour milling business to Vietnam with the establishment of Vimaflour Ltd, a 70% owned joint venture with the Vietnam State-Owned Enterprise, situated at Cai Lan Port in northern Vietnam where the famous Ha Long Bay is located. In 2003, another flour mill in the Baria-Vungtau

Province in southern Vietnam under a wholly owned subsidiary, Mekong Flour Mills Ltd, started operation.

In 2002, he was appointed as the Group Managing Director to oversee the entire business operations of the Group. In line with the vision of the Group to be a leading food manufacturing enterprise in the region, he has initiated the following business expansion projects to strengthen its local and global presence:

- For the sourcing of corn and soyameal to produce consistent quality poultry feeds, the Company ventured into the trading of raw material for animal feed through a joint venture company, Premier Grain Sdn Bhd, with Toyota Tsusho Corporation Group in 2010;
- In 2011, the flour milling business penetrated the Indonesian market through a tri-partite joint venture to form PT Bungasari Flour Mills Indonesia which started the commercial operations of its first flour mill situated in Cilegon, West Jaya, in 2014 followed by flour mills in Medan and Makassar in 2020; and
- In 2021, the Company entered into a strategic partnership with Tyson Foods, Inc., a Fortune 100 company in the United States and one of the world's largest food companies, to form Dindings Tyson Sdn Bhd which embarked on a vertical integrated poultry business.

He is also a director of Seu Teck Sean Tong Charitable Organisation Berhad. He is a major shareholder of the Company.

He has attended all the 7 Board meetings held during the financial year. He is deemed interested in various related party transactions with the Group.

## Dato' Seri Zainal Abidin bin Mahamad Zain

Non-Independent  
Non-Executive Director



Dato' Seri Zainal Abidin bin Mahamad Zain (Male), aged 75, a Malaysian, was appointed to the Board of the Company on 1 September 2009 and is presently a member of the Nomination Committee of the Company.

He holds a Bachelor of Arts (Hons-International Relations) Degree from University of Malaya. He has a distinguished career in the Malaysian Civil Service. His past appointments include being appointed to the Administrative and Diplomatic Service of Malaysia as Assistant Secretary at the Ministry of Foreign Affairs (1973), Second Secretary of the Embassy of Malaysia in Jakarta, Indonesia (1974-1977), Assistant Secretary of Ministry of Foreign Affairs (1977-1979), Charge d'Affaires of the Embassy of Malaysia in Tehran, Iran (1979-1982), Principal Assistant Secretary of Ministry of Foreign Affairs (1982-1983), Charge d'Affaires of Embassy of Malaysia in Abu Dhabi, United Arab Emirates (1983-1986), Consul General of the Consulate General Malaysia in Jeddah (1986-1989), Under Secretary (West Asia, Africa & OIC) of Ministry of Foreign Affairs (1989-1991), Consul General of the Consulate General Malaysia in Vancouver, Canada (1991-1995), Ambassador of Malaysia to Brazil (1995-1998), Ambassador of Malaysia to Vietnam (1998-2001), Under Secretary (South East Asia & Pacific) of Ministry of Foreign Affairs (2001-2003), Malaysia's First Director General [Southeast Asia

Regional Centre for Counter Terrorism (SEARCCT)], Ministry of Foreign Affairs (2003-2005), Ambassador of Malaysia to the Republic of Indonesia (2005-2009), Malaysia's First ASEAN Permanent Representative ad-interim Republic of Indonesia (March 2005-July 2009) and Special Envoy of the Prime Minister of Malaysia to The Islamic Republic of Afghanistan (2010-2014).

His past appointments included being an Independent Non-Executive Chairman of CIMB Bank (Vietnam) Ltd and CIMB Bank PLC in Cambodia. He is not a director of any other public company and listed issuer.

In May 2022, he was appointed as Chief Judge by the Junior Chambers International ("JCI"), an international organisation, to preside with 4 other judges to select the 10 most talented young Malaysians for year 2022 to compete internationally to win awards. On 6 December 2023, he was appointed as Foundation Trustee of the Harvard Business School Alumni Club of Malaysia.

He has attended all the 7 Board meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company.

## Directors' Profile (cont'd)

### Mr Prakash A/L K.V.P Menon

Non-Independent  
Non-Executive Director



Mr Prakash A/L K.V.P Menon (Male), aged 66, a Malaysian, was appointed to the Board of the Company on 24 May 2011. He is presently the Chairman of the Remuneration Committee of the Company.

He is a barrister-at-law (Lincoln's Inn, London) having graduated with LLB (Hons) from University of Manchester. He was admitted to the English Bar in 1983 and being bestowed the qualification as a Barrister. Upon completion of the term of pupillage, he was called to the Malaysian Bar and was admitted as an Advocate and Solicitor of the High Court of Malaya on 18 June 1984.

Since his admission to the Malaysian Bar, he has been in private practice and is a Senior Partner in the firm of Isharidah, Ho, Chong & Menon and is actively involved in the area of litigation. He has been in active practice for more than 30 years. He is not a director of any other public company and listed issuer.

He has attended all the 7 Board meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company.



## Mr Azhari Arshad

Executive Director



Mr Azhari Arshad (Male), aged 63, a Malaysian, was appointed to the Board as a Non-Executive Director on 16 August 2012 and is presently the Executive Director, Business Development and Government Relations of the Company.

He holds a Bachelor of Science Degree in Economics from University of Buckingham (UK).

He has more than 20 years' experience in business development and marketing. In 1988, he joined Shell Malaysia Trading as a Senior Marketing Executive. Thereafter, he joined Pennzoil Malaysia as a Marketing Country Manager in 1993. In 1996, he was with Conoco Philips Malaysia as a Marketing Director in Malaysia. From 2002 until 2006, he

was the Business Development and Marketing Strategy Consultant for Petronas downstream sector companies i.e. Petronas Dagangan Berhad and Petronas Holdings respectively. Subsequently, he was the Business Strategy, Marketing & Project Development Consultant for South-East Asia in US Management & Marketing Consultancy. He is not a director of any other public company and listed issuer.

He has attended all the 7 Board meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company.

## Directors' Profile (cont'd)



### Mr Quah Poh Keat

Independent Non-Executive Director

Mr Quah Poh Keat (Male), aged 72, a Malaysian, was appointed to the Board of the Company on 25 May 2017 and is presently the Chairman of the Audit & Risk Management Committee and a member of the Nomination Committee of the Company.

He is a member of the Malaysian Institute of Accountants ("MIA"), Fellow of the Malaysian Institute of Taxation ("MIT"), member of the Malaysian Institute of Certified Public Accountants ("MICPA"), member of the Chartered Institute of Management Accountants ("CIMA") and a Fellow of the Association of Chartered Certified Accountants ("FCCA").

He was a partner of KPMG Malaysia since 1 October 1982 and was the Senior Partner of the firm from 1 October 2000 until 30 September 2007. Prior to taking up the position of Senior Partner, he was in charge of the Tax Practice and the Japanese Practice in KPMG Malaysia. He was also a member of the KPMG Japanese Practice Council which is the governing body within KPMG International which looks after the Japanese Practices in the KPMG world. He was also a member of KPMG Asia Pacific Board and a member of KPMG International Council. He retired from KPMG Malaysia on 31 December 2007.

He had served as an Independent Non-Executive Director of Public Bank Berhad Group from 30 July 2008 to 1 October 2013 until his appointment as the Deputy Chief Executive Officer of Public Bank Berhad from 1 October 2013 until 31 December 2015. Prior to that, he was an Independent Non-Executive Director of IOI Properties Berhad, PLUS Expressways Berhad, IOI Corporation Berhad and Telekom Malaysia Berhad. He retired as a Non-Independent Non-Executive Director of LPI Capital Berhad and Lonpac Insurance Berhad on 1 January 2024.

Presently, he sits on the Board of Public Mutual Berhad, Kuala Lumpur Kepong Berhad and Paramount Corporation Berhad.

He has attended all the 7 Board meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company.

## Mr Lim Pang Boon

Non-Independent  
Non-Executive Director



Mr Lim Pang Boon (Male), aged 69, a Malaysian, was appointed to the Board as an Executive Director of the Company on 1 January 2018 and was redesignated as a Non-Executive Director on 1 September 2022.

He holds a Bachelor of Science Degree in Electrical Engineering from University of Arkansas, USA. He was a Project/Site Engineer of Tenaga Ewbank Consulting Engineers prior to joining the Company as an Electrical Engineer at its Lumut Plant from 1990 to 1992 and was promoted to Plant Manager of MFM Feedmill Sdn Bhd in Pasir Gudang from 1993 to 2000.

He was the Project Manager for the setting up of Vimaflour Ltd in Vietnam from 1996 to 1998. Subsequently, he was appointed as the General Director and Authorised Representative of the Members' Council of Vimaflour Ltd in 2002. He retired as the General Director on 31 August 2019.

He was also appointed as the Deputy General Director and Authorised Representative of the Member's Council of Mekong Flour Mills Ltd in 2000 and 2006 respectively. He was later promoted as the General Director in 2008. He retired as the General Director on 30 April 2022.

Upon relinquishing his executive position in Vimaflour Ltd and Mekong Flour Mills Ltd, he was appointed as Advisor for both companies to provide business advice on their operations and expansion projects. He is not a director of any other public company and listed issuer.

He has attended all the 7 Board meetings held during the financial year. He has no family relationship with any Director and/or major shareholder of the Company. He has no conflict of interest with the Company.



## Directors' Profile (cont'd)

### Emeritus Professor Datin Paduka Setia Dato' Dr Aini binti Ideris

Independent Non-Executive Director



Emeritus Professor Datin Paduka Setia Dato' Dr Aini binti Ideris (Female), aged 72, a Malaysian, was appointed to the Board of the Company on 25 May 2017 and is presently the Chairman of the Nomination Committee and a member of the Remuneration Committee of the Company. She was conferred with the prestigious title of "Emeritus Professor" by the Universiti Putra Malaysia for her outstanding contributions to academia and lasting impact on the field on 30 November 2024.

She holds a Doctor of Veterinary Medicine ("DVM"), 1979 from Universiti Pertanian Malaysia ("UPM"), currently, Universiti Putra Malaysia, Masters of Veterinary Science ("MVSc"), 1981 from University of Liverpool, England, Doctor of Philosophy ("PhD") (Avian Medicine), 1989 from UPM. She attended Postdoctoral trainings at University of California Davis, USA (1990-1992) and at Cornell University, USA in 1993.

She is a Council Member of Malaysian College of Veterinary Specialists ("MCVS"); Council Member of Academy of Sciences Malaysia, member of the Board of Governors of International Medical University ("IMU") and International Medical College ("IMC"); and EXCO of National Cancer Council ("MAKNA"). She was a Board Member of Yayasan Putra Business School, UPM Education & Training Sdn Bhd, and the Founding Chairman of the Board of Directors, UPM Holdings Sdn Bhd.

Her research interest is in avian respiratory and immunosuppressive diseases, especially in the development of conventional and genetically engineered vaccines. In 2011, she received the National Academic Award ("AAN") 2010 for the Innovation and Product Commercialisation Award Category. Her research group also won

the Innovation Award in Public and Private Sector Research (2008) in which she was the co-researcher. She also won several other National and International awards.

She was the Coordinator for the National Centre of Excellence for Swiftlets, under the Ministry of Agriculture and Agro-based Industry ("MOA") and Vice President of the World Veterinary Poultry Association ("WVPA", World body). Currently, she is the EXCO of WVPA (World body) and EXCO of WVPA (Malaysia). She has extensive administrative experience other than in the field of teaching and learning. She was the Acting Head of the Department of Veterinary Clinical Studies, Chairman of the University Veterinary Teaching Hospital, Deputy Dean of the Faculty of Veterinary Medicine, Dean of the Graduate School and Chairman of the Deans of Graduate Studies, Public Institutions of Higher Learning Council, Malaysia.

She was the Deputy Vice-Chancellor (Academic and International) of UPM from December 2008 to 2013 and was Chairman of Deputy Vice-Chancellors' Committee/Rector (Academic and International) during that period. In October 2014, she was appointed as the first Director of Corporate Strategy & Communications Office (CoSComm), UPM until her appointment as the 8th Vice-Chancellor of UPM on 1 January 2016 to 30 June 2020. She retired from UPM on 1 January 2021. She has retired as a Director of QL Resources Berhad on 1 January 2025.

Presently, she is the Pro-Chancellor of IMU.

She has attended all the 7 Board meetings held during the financial year. She has no family relationship with any Director and/or major shareholder of the Company. She has no conflict of interest with the Company.

A portrait of Dato' Maznah binti Abdul Jalil, a woman with short, dark, wavy hair, wearing a black top and a pearl necklace. She is smiling slightly. The background behind her consists of several overlapping, semi-transparent, colorful shapes in shades of blue, purple, and orange.

## Dato' Maznah binti Abdul Jalil

Independent Non-Executive Director

Dato' Maznah binti Abdul Jalil (Female), aged 71, a Malaysian, was appointed to the Board as an Independent Non-Executive Director on 10 December 2019 and is presently a member of the Audit & Risk Management and Remuneration Committees of the Company.

She holds a Bachelor of Science Degree in Business Administration (Finance) from Northern Illinois University and a Master's Degree in Business Administration (Finance) from Central Michigan University, USA.

She was an Executive Director in Master-Carriage (Malaysia) Sdn Bhd (1992-1995). Prior to that, she was with Amanah Merchant Bank Berhad as a Manager in Corporate Finance and Advisory for 13 years. She was appointed as Senior Group Director of DRB-HICOM Berhad (1992-2006). She was formerly Chairman of Prestariang Berhad (Now Known as "Awanbiru Technology Berhad"), Uni.Asia General Insurance Berhad and Uni.Asia Life Assurance Berhad. She had also previously served on the Board of UOB Bank (Malaysia) Berhad, Edaran Otomobil Nasional Berhad, EON Capital Berhad, EON Bank Berhad, Gadek (Malaysia) Berhad, HICOM Holdings Berhad, Proton Holdings Berhad, Horsedale Development Berhad, Labuan Reinsurance (L) Ltd, Malaysian International Merchant Bankers Berhad, Felcra

Berhad and several private limited companies under DRB-HICOM. Thereafter, she joined Hong Leong Financial Group Berhad as Executive Vice President, Corporate Finance & Principal Investment prior to her appointment as Executive Vice President, Investment Banking at Kenanga Investment Bank Berhad where she served until 2011. She was also formerly a Director of Universiti Teknologi MARA (UiTM), Boustead Heavy Industries Corporation Berhad, Lembaga Tabung Angkatan Tentera ("LTAT") and Pavilion Real Estate Investment Trust and a member of University of Technology & Computer Science. She has retired as the Chairman of SCS Global Advisory (M) Sdn Bhd in December 2023 and Investment Panel of LTAT on 31 October 2024.

Presently, she is a board member of InNature Berhad, Cahya Mata Sarawak Berhad, Opus Asset Management Sdn Bhd and KWAP (Kumpulan Wang Persaraan), as well as the Chairman of Kwest Sdn Bhd (a subsidiary of KWAP) and Investment Panel member of Langkawi Development Authority ("LADA").

She has attended all the 7 Board meetings held during the financial year. She has no family relationship with any Director and/or major shareholder of the Company. She has no conflict of interest with the Company.

# Key Senior Management Profile



## Mr Teh Wee Chye

Executive Deputy Chairman cum Managing Director

**Aged 71, Male, Malaysian**

Mr Teh Wee Chye was appointed to the Board as an Executive Director of the Company on 19 June 1989 and subsequently the Managing Director on 18 April 2022. He is presently the Executive Deputy Chairman cum Managing Director of the Company. His profile is listed in the Directors' Profile on page 6 of this Annual Report.



## Mr Azhari Arshad

Executive Director, Business Development & Government Relations

**Aged 63, Male, Malaysian**

Mr Azhari Arshad was appointed to the Board as the Business Development & Corporate Affairs Director on 5 May 2015. He was subsequently redesignated as the Executive Director, Business Development & Government Relations to accelerate the Group's growth with effective business partnerships and Government relationship. His profile is listed in the Directors' Profile on page 9 of this Annual Report.



## Mr Huynh Duc Chinh

General Director cum Authorised Representative of the Members' Council of Vimaflour Ltd and Mekong Flour Mills Ltd, Vietnam

**Aged 53, Male, Vietnamese**

Mr Huynh Duc Chinh joined Vimaflour Ltd on 5 September 1995 as a Project Administrator. He undertook various positions in the Company Secretarial, Procurement and Sales & Marketing Departments before being promoted as Vimaflour Ltd's Branch Manager in Danang in 2003. From 2004 till 2007, he worked for International Financial Corporation – World Bank as Business Development Officer. He rejoined Vimaflour Ltd on 26 February 2007 as Sales and Marketing Manager and was promoted to the current position on 1 September 2019.

He was appointed as the General Director and Authorised Representative in the Member's Council of Mekong Flour Mills Ltd with effect from 1 May 2022.

He holds a Master's Degree in Management from Solvay Business School and Université libre de Bruxelles, a French-speaking private research university in Brussels, Belgium.

He has more than 22 years of experience in flour business in Vietnam.





### Mr Yap Fan Yee

General Manager, Flour Production Management  
***Aged 81, Male, Malaysian***

Mr Yap Fan Yee joined the Company on 18 February 1965. He is a pioneer in the Company and was promoted to the current position in 1991.

He holds a Flour Milling Full Technological Certificate from City and Guilds. He has more than 57 years of experience in flour milling.



### Mr Yong Yee Wan

General Manager, Flour Malaysia  
***Aged 48, Male, Malaysian***

Mr Yong Yee Wan commenced his tenure with the Company on 1 June 1999, assuming the role of Production Engineer. His dedication and expertise led to his advancement to Deputy General Manager of Flour Production Management on 1 April 2020. As of 1 April 2024, he has been appointed as the General Manager of Flour Malaysia, tasked with overseeing the entirety of the flour business operations in Malaysia.

He holds a Degree in Chemical Engineering from Universiti Putra Malaysia and a Diploma in Milling Technology from Swiss Milling School.

He has over 25 years of experience in flour milling, having worked at Lumut plant for 16 years and managing Pasir Gudang plant for 3 years before being designated to oversee both plants until now.



### Mr Wong Kok Wai

Executive Director of Dindings Tyson Sdn Bhd  
***Aged 55, Male, Malaysian***

Mr Wong Kok Wai joined the Company on 25 September 2017 as the Financial Controller of the Company. On 18 February 2020, he assumed a new position of General Manager, Supply Chain to drive the supply chain strategies for the Poultry Integration. He was appointed as Executive Director of Dindings Tyson Sdn Bhd on 31 May 2021.

He is a member of the Chartered Institute of Management Accountants ("CIMA") and Malaysian Institute of Accountants ("MIA").

He is an experienced Accountant for over 27 years in various industries such as hospitality, manufacturing, food & beverage and fast-moving consumer goods.

# Key Senior Management Profile (cont'd)



## Mr Chong Voon Choong

General Manager, Commercial

***Aged 53, Male, Malaysian***

Mr Chong Voon Choong joined the Company on 21 August 2024 as the General Manager, Commercial.

He holds a Master of Business Administration from Nottingham University and a Bachelor Degree in Economics, with majors in International Trade & Business from Universiti Utara Malaysia.

He has over 27 years of extensive sales and marketing expertise in the consumer goods industry, particularly in leading transformational initiatives across route-to-market strategies, developing commercial capabilities and optimising cost-to-serve framework.



## Mr Chanai Nootip

General Manager, Poultry Processing Plant Operations

***Aged 50, Male, Thai***

Mr Chanai Nootip joined Dindings Poultry Processing Sdn Bhd on 1 July 2024 as the General Manager, Plant Operations.

He holds a Bachelor Degree in Animal Science from Kasetsart University Thailand.

He has over 25 years of experience in the poultry industry, particularly in providing expertise to integrated poultry companies with focus on enhanced production efficiency, cost management and led environmental responsibility initiatives.



## Dr Liew Pit Kang

General Manager, Poultry Integration (Upstream Farming)

***Aged 50, Male, Malaysian***

Dr Liew Pit Kang joined Dindings Poultry Development Centre Sdn Bhd on 2 January 2025 as the General Manager, Poultry Integration (Upstream Farming).

He holds a Doctor of Veterinary Medicine, a Master of Science in Animal Nutrition and a Master of Business Administration from Universiti Putra Malaysia.

He has over 20 years of extensive experience in the poultry industry, specialising in farm management and operations, particularly in commercial egg layers, broiler, breeders and hatchery management.



### **Mr Lee Low**

General Manager, Aquaculture

***Aged 61, Male, Malaysian***

Mr Lee Low joined Dindings Soya & Multifeeds Sdn Berhad on 15 June 2017 as the General Manager, Aquaculture.

He holds a Bachelor of Science Degree in Fisheries from Universiti Putra Malaysia and is an active member of the Malaysia Aquaculture Development Association (“MADA”).

He has over 32 years of experience in aquaculture industry managing the marine shrimp hatchery, shrimp farming, shrimp processing plant, a few species of marine & freshwater fish farming and aquafeed marketing.



### **Mr Shota Takahashi**

Chief Executive Officer cum Executive Director of Premier Grain Sdn Bhd

***Aged 38, Male, Japanese***

Mr Shota Takahashi joined Premier Grain Sdn Bhd on 1 April 2024 as an Executive Director and Chief Executive Officer.

He holds a Bachelor of Arts in Sports Sciences from Waseda University, Japan.

He has over 15 years of experience in global commodity trading, not only grains but also sugar. He has significant experience across derivative trading, risk management, chartering and logistics. He has worked abroad in Australia, United Kingdom and Singapore for 10 years prior to joining Premier Grain Sdn Bhd.



### **Mr Hideki Oya**

General Manager, Upstream Commercial cum Director of Premier Grain Sdn Bhd

***Aged 45, Male, Japanese***

Mr Hideki Oya joined the Company on 1 April 2018 as the General Manager, Purchasing. He is now the General Manager, Upstream Commercial and Director of Premier Grain Sdn Bhd.

He holds a Degree in Human Science from Waseda University, Japan.

He has over 22 years of experience in grains trading industry, ocean freight and grains logistics. He was attached to Toyota Tsusho Corporation from 2002 to 2018. From 2013 to 2017, he was the Director and Controller of Procurement and Sales of Premier Grain Sdn Bhd. Subsequently, he was the Executive Director and the Chief Executive Officer of Premier Grain Sdn Bhd from 19 February 2020 to 15 February 2022.

# Key Senior Management Profile (cont'd)



## Mr Alan Yau Tee Peng

Chief Financial Officer

***Aged 51, Male, Malaysian***

Mr Alan Yau Tee Peng joined the Company on 20 December 2021 as the Chief Financial Officer.

He holds a Bachelor of Commerce (Accounting) from Curtin University, Australia. He is also a Certified Practising Accountant of CPA Australia, a Chartered Accountant of Malaysian Institute of Accountants (“MIA”) and was a Licensed Capital Markets Services Representative under Section 59 of Capital Markets & Services Act, 2007.

He has over 27 years of experience in the financial services industry, specialising in merger and acquisition, corporate finance, investment appraisals and analysis, equity and bond valuation, corporate recovery and assurance mandates and transactions for corporate clients across consumer and industry market, infrastructure (power and water assets), energy (oil and gas) and financial services.



## Mdm Carol Chan Chui Yoke

General Manager, Corporate Affairs, Group Human Resources, Corporate Communications & Special Projects

***Aged 53, Female, Malaysian***

Mdm Carol Chan Chui Yoke joined the Company on 2 June 2014 as the General Manager, Group Human Resources.

On 1 August 2022, she was redesignated as General Manager, Corporate Affairs with a larger portfolio that comprises Group Human Resources, Corporate Communications, Group Administration and Strategic Transformation Projects.

She holds a Master of Business Administration from University of Missouri, Kansas City, USA.

She has more than 27 years of experience in full spectrum of Human Capital functions with more than 15 years' experience in senior position in driving human resources strategies that support the Company's overall business plans and strategies.



### **Mdm Anne Koay Suat Ean**

Deputy General Manager, Management Information System (“MIS”)

***Aged 57, Female, Malaysian***

Mdm Anne Koay Suat Ean joined the Company in 1992 and was promoted as the MIS Manager in 2011. Subsequently, she was promoted as the Deputy General Manager, MIS on 1 April 2023.

She holds a Bachelor of Science Degree in Information System from Campbell University North Carolina, USA.

With over 31 years of experience in information technology, she has led the implementation of Enterprise Resource Planning and Farm Management software in poultry farming. She has also successfully led the team in the implementation of the smart poultry solution in the new primary processing plant.



### **Ir. Lau Beng Kim**

Deputy General Manager, Group Engineering

***Aged 46, Female, Malaysian***

Ir Lau Beng Kim joined the Company on 2 May 2013 as the Project Manager and was promoted as the Deputy General Manager, Group Engineering on 1 April 2023.

She holds a Bachelor Degree in Civil & Environmental Engineering from Universiti Kebangsaan Malaysia. She is also a Professional Engineer with Practicing Certificate registered with the Board of Engineers Malaysia (BEM).

She has more than 23 years of working experience in planning, design, construction supervision, contract administration and project management in building, civil, and infrastructure works.



## Key Senior Management Profile (cont'd)



### Mr Choong Chee Keong

Deputy General Manager, Purchasing

***Aged 46, Male, Malaysian***

Mr Choong Chee Keong joined the Company on 15 July 2024 as the Deputy General Manager, Purchasing.

He holds a Bachelor of Science Degree (Honours) in Mechanical & Manufacturing Engineering from Liverpool John Moores University.

He has over 20 years of procurement expertise, specialising in strategic purchasing and quality management, with experience in manufacturing and EPC (Engineering, Procurement, and Construction) contracts for power plants.



### Mr James Kritrungroj Yong Chueng

Deputy General Manager, Commodity

***Aged 38, Male, Malaysian***

Mr James Kritrungroj Yong Chueng joined the Company on 1 December 2023 as the Deputy General Manager, Commodity.

He holds a Bachelor of Science Degree in Engineering from Nottingham University.

He has over 11 years of experience in trading, specialising in risk management, pricing execution and reporting. He formulates hedging strategies for various commodities, including wheat, corn, soybean, and soybean meal, utilising both exchange-traded derivatives and over-the-counter products.

### Additional Information:

1. Save for Mr Teh Wee Chye and Mr Azhari Arshad, none of the other Key Senior Management members have any directorship in public companies and listed issuers.
2. Save for Mr Teh Wee Chye, none of the other Key Senior Management members have any family relationship with any Director and/or major shareholder of the Company.
3. Save for Mr Teh Wee Chye, none of the other Key Senior Management members have any conflict of interest in business transactions with the Company.

# Chairman's Statement

**“On behalf of the Board of Directors, I have great pleasure to report to you the financial and operational performance of the Group for the financial year ended 31 December 2024.”**



## Dear Valued Shareholders,

Malayan Flour Mills Berhad (“MFM” or “the Group”) continues to be a trusted producer of staple food, supplying essential flour and poultry products to food supply chains across the region.

We are proud to play the socially responsible and stable role of feeding households and consumers in Malaysia and neighbouring countries. Yet, the dynamic of the industry and our business is anything but stable, with macroeconomic uncertainties that can lead to volatility in raw material prices, geopolitical risks, bird flu and climate-related disruptions.

Despite these challenges, MFM delivered a resilient performance in the financial year ended 31 December 2024 (“FY2024”), supported by strong contributions from the flour business in Malaysia and Vietnam, reaffirming the effectiveness of our integrated business strategy.

On behalf of the Board of Directors, I am pleased to present the Group’s financial and operational performance for FY2024.

## Strong turnaround to profit, driven by robust flour business in Malaysia and Vietnam

MFM delivered a strong turnaround to profitability in FY2024, reporting a net profit after tax and minority interest (“PATMI”) of RM58.1 million from a net loss after tax and minority interest (“LATMI”) of RM6.7 million in the previous year, while maintaining group revenue at RM3.1 billion. The remarkable performance was mainly driven by the solid performance of the Flour and Grain Trading (“FGT”) segment in Malaysia and Vietnam.

Excluding the RM42.1 million impairment loss on the Group’s investment in its Indonesia operations, which has been loss-making for three consecutive years, PATMI for FY2024 would have reached RM100.2 million. The prior year’s LATMI had included a RM71.1 million loss on remeasurement of contingent consideration receivable.

# Chairman's Statement (cont'd)

The FGT segment in Malaysia and Vietnam posted a profit after tax ("PAT") of RM126.1 million in FY2024, which grew significantly by 82.5% from RM69.1 million previously. The significant growth was attributed to an improved contribution margin as a result of lower commodity prices and higher sales volume.

Meanwhile, the Group's joint venture in Indonesia, PT Bungasari Flour Mills Indonesia ("BFMI"), in which MFM holds a 30% equity stake, registered a relatively stable revenue of RM2.3 billion compared to RM2.2 billion last year. Despite ongoing challenges, BFMI significantly narrowed its loss after tax to RM30.0 million in FY2024 from RM66.5 million previously, benefiting from higher sales volume and an improved margin. In line with this improvement, MFM's share of loss from BFMI declined to RM9.0 million in FY2024, compared to RM19.9 million in the prior year.

The Group's Poultry Integration ("PI") segment, which operates through a 51% equity stake in Dindings Tyson Sdn Bhd ("DTSB"), a joint venture with Tyson International Holding Company ("Tyson"), continued to face headwinds. Demand from Western-based quick service restaurant ("QSR") chains weakened due to the boycott impact from the Middle East geopolitical conflict. In addition to that, the discontinuation of the chicken subsidy by the Malaysian government since November 2023 further pressured the segment.

As a result, PAT for the PI segment fell sharply by 93.9% to RM3.1 million from RM50.7 million in the prior year, while revenue remained flat at RM1.1 billion. At the same time, the Group's share of profit on DTSB for FY2024 declined to RM1.6 million from RM25.9 million in the previous year, partly also attributed to lower market prices, higher reversal of deferred tax assets and discontinuation of the chicken subsidy.

## Strategic investments to strengthen growth and capacity expansion

The Group remains committed to enhancing operational capabilities and expanding market reach through strategic investments to meet evolving consumer needs. In FY2024, we incurred RM71.0 million in capital expenditure ("CAPEX"), with RM25.2 million directed towards the installation of a new flour milling line in Lumut. We also incurred RM31.3 million during the year to construct and install flour silos and blending facilities at Mekong Flour Mills Ltd. in southern Vietnam.

Looking ahead to FY2025, MFM plans to commit CAPEX for the FGT segment amounting to about RM55 million, of which RM20 million will be spent on various automation projects in both Lumut and Pasir Gudang mills.

Meanwhile, in Vietnam, we will further invest about RM13 million for the ongoing construction and installation of flour silos and flour blending facilities in the south and an additional RM21 million has been allocated for our plant in northern Vietnam for further capacity expansion and operational upgrades.

## Gearing up for growth in FY2025

### Flour and Grain Trading segment

Our flour businesses in Malaysia and Vietnam were the key drivers of performance in FY2024, which helped mitigate the challenges faced by our PI segment. This reflects the strength of our integrated business model, which enables us to adapt, sustain growth, and navigate market uncertainties with resilience.

We remain optimistic that the growth momentum in our FGT segment will continue into FY2025, bolstered by increasing demand for flour-based products in Malaysia and Vietnam. Our ongoing expansion aligns well with this growing demand, ensuring we are well-positioned to serve local and regional market needs.



In Malaysia, our new milling line in Lumut commenced operations in the first quarter of FY2025, adding another 600 metric tons (“MT”) per day to the existing capacity of 1,800 MT/day. Meanwhile, in Vietnam, we are expanding Vimaflour’s milling capacity beyond its current 2,000 MT/day. Moreover, our flour blending facilities in Vietnam are on track for completion by the second quarter of FY2025.

In Indonesia, our flour operations continue to face challenges due to market conditions that have significantly impacted the expected return from this investment. MFM recognised a one-off impairment loss of RM42.1 million in FY2024, premised on BFMI incurring losses for three consecutive years. While this impairment reflects the ongoing difficulties, MFM is committed to turning around the performance of BFMI and is working closely with our strategic partners and BFMI management.

### Poultry Integration Segment

FY2024 was a challenging year for our poultry segment, as performance was impacted by the ongoing boycott of Western-based QSR chains, which escalated in October 2023. While this disruption affected sales, we saw a gradual recovery throughout the year. Although performance has yet to return to pre-boycott levels, we believe normalisation is on the horizon, given that poultry remains the preferred choice for consumers in Malaysia.

Looking ahead, we are proactively reshaping our approach to ensure long-term resilience and growth. We are leveraging our existing excess capacity to expand into new segments, including non-Western QSR brands and modern trade. At the same time, we are evaluating further investments in a value-added processing facility to introduce innovative new products, such as ready-to-eat offerings. With these new market opportunities, coupled with the recovery in our fast-food business, we are optimistic about regaining growth momentum.

As Malaysia progresses toward its goal of achieving 140 percent self-sufficiency in poultry production by 2030, we are scaling up our farming capacity with investments in breeder farms. To support this growth, we are also modernising our poultry processing operations with increased automation, enhancing efficiency, consistency, and production output. These efforts will allow us to meet rising demand while improving operational resilience.

While we remain optimistic, we are mindful of external uncertainties that could impact our operations. We will continue to take a prudent approach to managing our business, ensuring we remain agile and well-prepared to navigate market challenges while sustaining growth.

## Rewarding shareholders with dividend

The Group continues to uphold its dividend payment practice, having paid dividends annually since our listing in 1968. The Board of Directors paid two interim dividends in respect of FY2024, amounting to a total of 3.0 sen per share or RM37.2 million. The dividends were equivalent to a payout of 64% of the Group’s PATMI.

## Appreciation

I would like to extend my sincere appreciation to my fellow Directors, the management and employees at all levels in the Group for their steadfast and unwavering effort and commitment amidst the challenges in 2024. I would also like to thank our shareholders, as well as our customers, suppliers, bankers, business associates, government agencies, and regulatory authorities, for the unrelenting trust and confidence in the Group during the year.

**DATUK OH CHONG PENG**  
**CHAIRMAN**

# Management Discussion and Analysis

## History and Milestones

Founded in 1961, Malayan Flour Mills Berhad (“MFM” or “the Group”) is a pioneer in Malaysia’s flour milling industry, with mills in Lumut and Pasir Gudang. Today, it is a regional flour player with operations in northern Vietnam—Cai Lan, Ha Long (since 1994) and southern Vietnam—Phu My, Vung Tau (since 2000). MFM also operates in Indonesia at three locations namely Cilegon, Medan, and Makassar through a tri-partite joint venture (since 2011). Altogether, the Group produces and sells over one million metric tons (“MT”) of flour annually in these three countries.

In 1983, MFM expanded beyond flour milling into the poultry industry in Malaysia. Currently, our vertically integrated poultry operations encompass feed mills, hatcheries, breeder farms, broiler farms and a poultry processing plant.

Our poultry integration (“PI”) business currently can produce up to 60 million broilers each year, primarily for internal downstream consumption. We own one of the largest closed-house broiler farms in the country and plan to upgrade these facilities with climate control and precision farming technologies to enhance production efficiency and reduce operating costs. We also have a state-of-the-art poultry processing plant in Sitiawan, Perak, which has a daily slaughtering capacity of 280,000 birds.

On 31 May 2021, MFM sold a 49% equity interest in Dindings Tyson Sdn Bhd (“DTSB”), the subsidiary that operates the PI business, to Tyson International Holding Company (“Tyson”). The disposal marked the start of a strategic partnership between MFM and Tyson in the PI segment.

Since 2010, MFM has also ventured into trading of raw materials for animal feeds in Malaysia through a joint venture company where MFM holds a 51% stake with Toyota Tsusho Corporation Group.

## Group Strategy and Objective

MFM strives to become a leading regional producer of staple food. With over 50 years of agri-food manufacturing experience, MFM has a strong presence in Malaysia, Vietnam and Indonesia in flour milling, as well as PI and aqua feed production in Malaysia. The Group remains committed to feeding communities and expanding its reach across the region.

The Group’s sustained growth over the past five decades was built on a solid foundation of best manufacturing practices. MFM’s capabilities in large-scale production, adoption of modern technologies, technical expertise, and standardised processes have enabled it to expand from pioneering flour milling in Malaysia to establishing a strong presence in Vietnam and Indonesia as a prominent flour producer.

Not only in flour milling, MFM has also successfully used its core competencies to build the Group’s PI business to be a leading supplier of poultry products in Malaysia.

For our flour milling business, we remain focused on enhancing efficiency through several key initiatives. Firstly, we continue investing in automation across our flour milling operations. Secondly, we take opportunities to invest in new lines or capacity to meet market demand as demonstrated by our investment in a new milling line in Lumut and additional silo storage in Vietnam.

In our PI business under DTSB, we are making further investments to meet the country’s unabated need for cost-effective production of poultry meat. This includes upgrading existing breeder farms, expanding capacity with additional farms, and increasing automation at the primary processing plant.





Similarly, in aquaculture, we are committed to continuous innovation and refinement of our products to enhance the quality of our aqua feeds and better meet client specifications.

## Financial Performance Highlights

During the financial year ended 31 December 2024 (“FY2024”), MFM delivered a commendable performance, with the Flour and Grain Trading (“FGT”) segment in Malaysia and Vietnam being the key driver of our strong financial results.

The FGT segment in Malaysia and Vietnam saw profit after tax grow by 82.5% to RM126.1 million in FY2024 from RM69.1 million previously, while maintaining a stable revenue base of RM3.1 billion. The significant bottom-line growth was driven by higher sales volume and stable raw material prices.

Conversely, 2024 proved to be a challenging year for the poultry segment, which was impacted by consumer boycotts arising from the geopolitical conflict in the Middle East. Additionally, the removal of subsidies and higher reversal of deferred tax assets further weakened the segment’s performance.

The Group’s PI segment, through the 51% equity stake in DTSB and its subsidiaries, ended FY2024 with a PAT of RM3.1 million, 93.9% lower than RM50.7 million in the previous year. The lower profit was achieved on a flat revenue of RM1.1 billion. Likewise, the share of profit also declined to RM1.6 million from RM25.9 million in the prior year.

Meanwhile, the Group’s 30% joint venture in Indonesia, PT Bungasari Flour Mills Indonesia (“BFMI”), continued to face headwinds due to heightened market competition in the country, coupled with a drop in export sales volume. However, BFMI significantly reduced its loss after tax to RM30.0 million from RM66.5 million in the prior year, as a result of improved margins and higher sales volume of processed wheat. Revenue remained largely the same at RM2.3 billion.

At the Group level, the strong performance of the FGT segment in Malaysia and Vietnam more than compensated for the weaker results from the PI segment and the underperformance of Indonesia’s operations. In addition, the Group recognised a one-off impairment loss of RM42.1 million in FY2024, premised on BFMI incurring losses for three consecutive years. As a result, the Group posted a profit after tax and minority interest of RM58.1 million, or basic earnings per share (“EPS”) of 4.74 sen, marking a turnaround from a loss after tax and minority interest of RM6.7 million and a basic loss per share of 0.65 sen in the previous year.

Excluding the impact of a one-off impairment loss of RM42.1 million in FY2024 and the remeasurement of contingent consideration receivable of RM71.1 million in FY2023, the adjusted EPS stood at 8.17 sen, compared to 6.30 sen previously.

On our Group’s balance sheet as at 31 December 2024, our total assets and total equity attributable to ordinary shareholders maintained at a similar level at RM2.6 billion and RM1.3 billion, respectively. Fixed deposits, cash and cash equivalents declined moderately to RM406.0 million (FY2023: RM420.1 million), whilst total borrowings including lease liabilities stood at RM1,003.3 million (FY2023: RM997.2 million).

On net-of-cash basis, the Group’s gearing increased minimally to 0.42x, versus 0.40x previously.

As at the end of FY2024, our inventories reduced to RM519.8 million, compared to RM523.9 million as at 31 December 2023, in tandem with the reduced prices of raw materials of wheat and corn.

# Management Discussion and Analysis (cont'd)

## Operations Highlights

### Flour and Grain Trading Segment

In 2024, global markets for key food commodities, including wheat, remained relatively stable. Favorable weather conditions in some regions helped offset uncertainties arising from the existing geopolitical conflicts, ensuring a steady supply. While commodity prices experienced fluctuations, they generally trended toward moderation, alleviating cost pressures across the supply chain.

Against this backdrop, demand for flour remained robust, particularly in Malaysia and Vietnam. In Malaysia, steady consumption from food manufacturers and households provided a solid foundation for growth. Meanwhile, Vietnam's expanding bakery and instant noodle industries drive higher flour consumption, reflecting shifting consumer preferences.

Due to stable commodity prices and stronger consumer demand, the FGT segment in Malaysia and Vietnam recorded healthy growth. Sales tonnage in Malaysia increased by 5.1% year-on-year in FY2024, while Vietnam operations saw an 18.4% rise in quantity sold. Consequently, our plants in Malaysia and Vietnam operated at 70.6% and 85.8% of the total production capacity, respectively, during the year.

The strong operational performance translated into improved financial results. The flour operations in Malaysia and Vietnam recorded a higher profit after tax of RM119.3 million, up from RM65.7 million in the previous year, on a steady revenue base of RM2.1 billion.

At the same time, the grain trading business also recorded a higher profit after tax of RM6.8 million in FY2024 on a revenue of RM965.1 million, up from a net profit of RM3.4 million in the previous year.

In Indonesia, our joint venture company, BFMI, continued to face intense competition and weaker export sales. However, performance improved, with a loss after tax narrowing to RM30.0 million during the year as compared to RM66.5 million previously despite ongoing challenges. Including trading products of processed wheat, sales tonnage overall increased by 20.3% during the year.

Amidst the uncertain environment, MFM will continue prioritising cost efficiency in our flour milling operations by optimising flour extraction and blending processes. Simultaneously, we will maintain a steady supply of raw materials and price our end products to align with market needs.

### Poultry Integration Segment

Our PI business in FY2024 was affected by the boycott of Western quick service restaurant ("QSR") chains following the Middle East geopolitical conflict, which led to lower demand and impacted sales.

Despite the challenging environment, we continued to increase our broiler production by 6.2% year-on-year to more than 50 million birds, mainly attributed to our own farms and contract farms. The achievement was largely due to our farming operations using best farming practices and deploying technology that enables high yield from the farms.

However, throughout the year under review, demand for product segments for the fast food services channel was lower than in FY2023, as a result of the boycott. In response, we strategically mitigated the slowdown and pivoted our market attention to selling whole birds to food retail channels, which helped optimise utilisation in our PI operations.

For the full year, the poultry processing plant's utilisation rate improved to 53.7% of its slaughtering capacity of 280,000 birds per day, up from 50.9% in 2023. This increase positively impacted the segment's profitability and margins, driven by greater efficiencies from higher economies of scale.



In terms of sales to the market, our retail channel recorded strong year-on-year growth of 60.7%, helping to offset weaker demand from the food service and manufacturing segments in FY2024. For the food service sales, we saw a gradual recovery towards the end of FY2024, and we remain optimistic that the segment will return to normal levels in the near term.

The challenges faced in FY2024, which were beyond our control, have underscored the importance of diversifying our customer base. We are actively expanding beyond Western QSR brands and exploring new growth avenues, including ready-to-eat products, which remain in the early stages of development. MFM remains open to strategic opportunities that will drive long-term growth in this segment.

## Anticipated or Known Risks

As a food manufacturer, food safety and compliance with industry standards are our top priorities, given the widespread consumption of flour and poultry across diverse cultural, racial, and religious backgrounds.

To uphold consumer confidence, we have implemented Hazard Analysis and Critical Control Points (“HACCP”) protocols across all our manufacturing facilities. Besides, all our products are halal-certified by the Department of Islamic Development Malaysia (“JAKIM”) and undergo rigorous annual compliance audits to ensure adherence to the highest standards.

The flour industry remains highly sensitive to fluctuations in global wheat prices. To ensure a steady supply and maintain sustainable profitability, we continuously monitor market trends and adjust procurement strategies accordingly.

Meanwhile in the poultry industry, managing the risk of Highly Pathogenic Avian Influenza (“HPAI”) outbreaks is crucial. We maintain strict biosecurity measures across our farms to safeguard animal health and ensure product safety.

Notably, our farms in Segari and Batu Undan, Lumut, Perak, are the first in Malaysia to receive World Organisation for Animal Health (“WOAH”) certification from the Department of Veterinary Services (“DVS”) for HPAI-free compartment status. This recognition highlights our commitment to stringent biosecurity protocols and disease prevention, further strengthening our poultry operations.

To conclude, our proven track record and leadership in the flour and poultry industries enable us to effectively mitigate these risks through proactive and preventive measures.

## 2025 Outlook and Prospects

### Flour and Grain Trading

Macroeconomic and geopolitical uncertainties continue to influence wheat and grain prices, further compounded by unpredictable global weather patterns that impact supply and production of these crops in key cultivation regions.

The Group remains attentive to fluctuations in commodity prices driven by global supply and demand dynamics and will adjust selling prices as necessary. To minimise the risk of supply disruptions, we are also broadening our procurement sources for wheat, corn, and soybean meal.

As one of the most affordable staple foods in the region, flour remains essential to consumers, and we are committed to ensuring its availability while upholding our role as a responsible corporate citizen.

Looking ahead, we are confident that our growth momentum will carry into FY2025. The commencement of our new milling line in Lumut, which adds 600 MT/day in capacity and expands our total flour milling capacity by 33%, will further strengthen our ability to meet rising demand and drive long-term growth.

# Management Discussion and Analysis (cont'd)

## Poultry Industry

The poultry industry remains vulnerable to global macroeconomic and geopolitical uncertainties, along with challenges such as disease outbreaks and disruptions in the supply of parent stock and day-old broiler chicks.

Nevertheless, domestic broiler demand is expected to remain stable, supported by an improving economic outlook and our strategic partnership with Tyson. With ample processing capacity, we are well-positioned to meet any increase in demand for our poultry products.

Poultry remains the preferred protein in Malaysia, and we will continue leveraging on this demand. In addition, with the Malaysian government's aim to achieve a self-sufficiency level of 140% by 2030, we remain optimistic about growth opportunities in upstream farming, particularly with modern farming technologies that our joint venture partner, Tyson, can offer. We envision that in the near future, our primary processing plant will have an uninterrupted supply of broilers for the local market, with potential for export.

# SUSTAINABILITY REPORT 2024





# Contents

## 31 ABOUT THIS REPORT

31 Scope & Boundaries

## 32 APPROACH TO SUSTAINABILITY

32 Reporting Framework

32 Sustainability-related Index

32 Sustainability Governance

33 Sustainability Framework

33 Sustainability Risk Management Framework

34 Sustainability Approach

34 Management Approach to Sustainability

## 35 KEY STAKEHOLDERS ENGAGEMENT

## 36 MATERIAL SUSTAINABILITY MATTERS

36 Review of Material Matters

38 Prioritisation of Material Matters

39 Validation of Materiality Assessment

## 40 SUSTAINABLE ECONOMIC

40 Food Security, Safety and Halal

44 Biosecurity

45 Customer Satisfaction

47 Brand and Reputation

48 Data Security/Data Leakage

49 Business Growth

49 Supply Chain Management

## 51 ENVIRONMENTAL RESPONSIBILITY

51 Energy Management

53 Water Management

54 Waste Management

56 Emission Management

## 57 SOCIAL RESPONSIBILITY

57 Workforce & Workplace Environment

59 Employee Education & Development

63 Talent Attraction & Retention

64 Fair Labour Practices

67 Occupational Safety & Health

74 Community Relationship

## 77 GOVERNANCE

77 Corporate Governance and Business Ethics

## 79 SUSTAINABILITY PERFORMANCE DATA

## 84 STATEMENT OF ASSURANCE

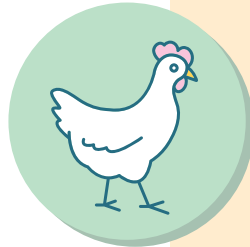


## FLOUR

MALAYAN FLOUR MILLS BERHAD  
("MFM")

VIMAFLOUR LTD ("VimafLOUR")

MEKONG FLOUR MILLS LTD  
("Mekong Flour")



## POULTRY INTEGRATION

DINDINGS TYSON SDN BHD ("DTSB")

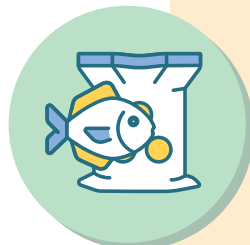
DINDINGS POULTRY DEVELOPMENT  
CENTRE SDN BHD ("DPDC")

DINDINGS POULTRY PROCESSING  
SDN BHD ("DPP")



## GRAIN TRADING

PREMIER GRAIN SDN BHD ("PGSB")



## AQUA FEEDS

DINDINGS SOYA & MULTIFEEDS SDN  
BERHAD ("DSM")

## About This Report

This Sustainability Report ("this Report") discloses our commitment, practices and initiatives towards achieving sustainable economic, minimising environmental impact, promoting social responsibility, and ensuring ethical governance ("EESG").

## Scope & Boundaries

The reporting period is from 1 January 2024 to 31 December 2024. It covers the four business segments of the Group, namely flour, poultry integration, grain trading and aqua feeds in Malaysia and Vietnam. It does not cover our joint venture in Indonesia, PT Bungasari Flour Mills Indonesia, as the Group does not have full management control over it.

# Approach to Sustainability

## Reporting Framework

This Report is prepared in accordance with the Sustainability Reporting Guide (3rd Edition) issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”) as well as with reference to the following reporting and global best practices for sustainability as respond to emerging information demands from stakeholders and regulators:

- Global Reporting Initiative Standards (“GRI Standards”); and
- United Nations Sustainability Development Goals (“UN SDGs”)



## Sustainability-related Index

MFM has been a constituent of the FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index (“FTSE4Good Index Series”) since 23 December 2024. This is a mark of recognition for the Company’s commitment towards sustainability and responsible business practices.

## Sustainability Governance





The Board of Directors of MFM is committed and responsible in setting the sustainability direction for the Group. The Audit & Risk Management Committee assists the Board to review the effectiveness of the Group's strategies, policies, principles, and practices relating to sustainability.

The Sustainability Steering Committee ("SSC") comprising MFM's Executive Deputy Chairman cum Managing Director, and the Heads of Business Units and Business Functions, supports the Board in formulating strategies, policies, practices and targets for sustainability. Based on the strategies, priorities and targets set, the Heads of Business Units and Business Functions implement and manage sustainability initiatives within their businesses.

Sustainability Reporting Working Group guides and assists the SSC on the sustainability reporting requirements and preparing the sustainability report.

## Sustainability Framework



### VISION

We aspire to be a leading food manufacturing enterprise in the region.



### MISSION

- To be the preferred provider and strategic partner in the food industry.
- To drive operational excellence by embracing a culture of continuous improvement.
- To add value to stakeholders by growing economies of scale.



### GOVERNANCE

Business Divisions adopt the well-known continuous improvement cycle Plan-Do-Check-Act ("PDCA") in managing sustainability initiatives.

## Sustainability Risk Management Framework

All the sustainability-related risks and opportunities of the Group are integrated into its comprehensive risk management framework. This formal risk management process assists the Management to identify, evaluate, mitigate, monitor and review risks impacting the Group.

In 2024, the Internal Audit and Risk Management Function had carried out a full review of the risk scorecards with the Senior Management and Heads of business units and business functions to identify new risks, re-assess existing risks and develop preventive, detective and corrective measures to manage the key risks.

The final Risk Scorecards were presented to the Audit & Risk Management Committee in February 2025 for endorsement.



## Sustainability Approach

In embracing good sustainability practices, MFM Group focuses on managing its social and environmental impact and seeks to improve operational efficiency and natural resources stewardship.

MFM is committed to managing EESG material matters, guided by its Code of Conduct and related Policies, Standards & Guidelines.

## Management Approach to Sustainability

Our Group has identified and prioritised its approaches towards managing the material matters relating to EESG for our business operations as follows:



- To provide our customers with safe and quality products that adhere to Government legislation & requirements
- To have good strategic management & wisely utilise our resources
- To advance sustainable profitable growth whilst satisfying our ethical, legal & contractual obligations



- To comply with the regulatory requirements & standards in relation to environmental concerns
- To raise awareness among our employees & the whole supply chain in order to act in an environmental responsible manner
- To integrate environmental matter into our business decisions
- To ensure that energy & water are utilised efficiently & consumption is being monitored
- To recycle, reduce or reuse the waste or resources where practicable
- To reduce carbon footprint through energy efficiency & conservation practices



- To empower our employees by offering training, motivation & career advancement
- To provide a safe & healthy workplace & take care of employees' well-being
- To encourage open communication, ideas and innovation
- To support diversity in workforce
- To provide job security to employees
- To engage actively with civic project, charity events & the local communities through our corporate social initiatives
- To provide ample job opportunities



- To abide by the requirements of all laws & industry's best practices
- To adopt good ethical practices through Code of Conduct
- To ensure an appropriate governance system is in place to oversee the strategic development & performance that relates to the maintenance of a sustainable business
- To ensure proper risk management & internal control system are in place



# Key Stakeholders Engagement

We continually engage with our key stakeholders to identify key sustainability issues and solutions to manage the material matters. Stakeholder engagement is vital for us to understand the needs, expectations and concerns of our key stakeholders and address the material matters accordingly for continuous improvement which in return will enable us to sustain our business in the evolving business environment as well as strengthen relationships, build lasting confidence and trust of the stakeholders in our Group and products.

Our engagement platforms with the various key stakeholders and their focus areas are as follows:

Stakeholders	Focus Areas	Method of Engagement
<b>Investors and shareholders</b>	<ul style="list-style-type: none"> <li>Financial performance</li> <li>Growth and prospects</li> <li>Good corporate governance</li> <li>Risk management</li> <li>Regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>General Meetings</li> <li>Quarterly Financial Reports</li> <li>Annual Reports</li> <li>Circular/Notice to Shareholders</li> <li>Announcements</li> <li>Press Releases</li> <li>Analyst Briefings</li> <li>Corporate website</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Safe, nutritious and quality products</li> <li>Product innovation</li> <li>Business ethics</li> <li>Competitive pricing and values</li> <li>Customer service</li> <li>Sustainability practices</li> </ul>	<ul style="list-style-type: none"> <li>Customer feedback survey</li> <li>Customer meetings/visits</li> <li>Customer Careline</li> <li>Technical training and support</li> <li>Social media platforms</li> <li>Corporate website</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Career advancement</li> <li>Remuneration and benefits</li> <li>Learning and development</li> <li>Labour and human rights</li> <li>Job security</li> <li>Workplace health and safety</li> <li>Work-life balance</li> </ul>	<ul style="list-style-type: none"> <li>Onboarding programme</li> <li>Townhall meetings</li> <li>Employee Portal</li> <li>Learning and Development programmes</li> <li>Events and functions</li> <li>Internal newsletters</li> <li>Management meetings</li> <li>Annual performance appraisal</li> </ul>
<b>Government &amp; Regulators</b>	<ul style="list-style-type: none"> <li>Law and regulatory compliance</li> <li>Good corporate governance</li> <li>Food security</li> <li>Support for government policies and initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Statutory submissions</li> <li>Attend briefings/conferences</li> <li>Organise meetings to brief and update the relevant authorities on industry trends/concerns</li> </ul>
<b>Suppliers &amp; Service Providers</b>	<ul style="list-style-type: none"> <li>Payment terms</li> <li>Governance and business ethics</li> <li>Fair procurement contract</li> </ul>	<ul style="list-style-type: none"> <li>Regular meetings</li> <li>Suppliers' evaluation (audit)</li> <li>Contractual/Annual Review</li> <li>Suppliers' Conferences</li> </ul>
<b>Media</b>	<ul style="list-style-type: none"> <li>Financial performance</li> <li>Corporate news</li> <li>Business/product development</li> </ul>	<ul style="list-style-type: none"> <li>Media briefings</li> <li>Corporate events</li> <li>Press releases</li> <li>Social media platforms</li> </ul>
<b>Local Communities &amp; NGOs</b>	<ul style="list-style-type: none"> <li>Environmental impact on operations</li> <li>Direct and indirect economic impact</li> <li>Corporate social responsibility (CSR)</li> </ul>	<ul style="list-style-type: none"> <li>CSR activities and events</li> <li>Job opportunities</li> <li>Financial support/contribution</li> </ul>
<b>Industry Peers</b>	<ul style="list-style-type: none"> <li>Price competition</li> <li>New business opportunity</li> <li>Innovation and creativity</li> <li>Industry outlook and issues</li> </ul>	<ul style="list-style-type: none"> <li>Dialogue with government on industry concerns</li> <li>Participation in government initiatives for the industry</li> </ul>

# Material Sustainability Matters




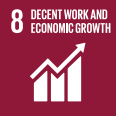


## Review of Material Matters

MFM conducts its materiality assessment every 3 years based on the above materiality assessment process to ensure that the Material Matters of the Group remain relevant and material to the business and are aligned to the stakeholders' focus areas.




The last materiality assessment was conducted in 2023. Arising from the review, a revised set of 15 Material Matters relevant to the Group based on recent developments and changes in the business context, stakeholders' expectations and alignment with the common material matters identified in the Bursa Malaysia Securities Berhad's Enhanced Sustainability Reporting Framework, were identified. As the 15 Material Matters remained relevant, there was no review carried out in 2024.

The 15 Material Matters and their alignment with the UN SDGs, which are a global call to action to end poverty, protect the earth's environment and climate, and ensure that all people can enjoy peace and prosperity, are as follows:

Link to UN SDGs	Material Matter	Description on its Significance
<b>SUSTAINABLE ECONOMIC</b>		
 	Food security, safety and Halal	Ensuring sufficient supply, safe and nutritious food products to meet relevant standards and customer expectations.
	Biosecurity	Our poultry farms require strict biosecurity to prevent and control diseases to ensure uninterrupted operations and good farm management practices.
	Customer satisfaction	Customer satisfaction is our priority for customer loyalty and retention.



Link to UN SDGs	Material Matter	Description on its Significance
<b>SUSTAINABLE ECONOMIC (cont'd)</b>		
	Brand and reputation	Having a strong and positive brand and reputation in the market are crucial for the Company to enjoy greater customer loyalty & trust, distinguishing itself from the competitors and boost sales.
	Data security/data leakage	Data protection is increasingly vital to safeguard valuable information which is a critical asset to the Company and prevent business disruption, loss of customers' confidence and data breaches.
	Business Growth	Sustainable business growth is crucial for the continuity of our business as well as delivering long term value to the stakeholders.
	Supply Chain Management	Supply chain management is important as it helps to improve product quality, customer service, operating costs, financial performance and competitive advantage.
<b>ENVIRONMENTAL RESPONSIBILITY</b>		
	Environmental compliance	Our operations generate waste and effluent. Processing the waste before discharge prevents environmental contamination and complies with the Environmental Quality Act 1974.
	Emissions and Water Security	Greenhouse Gas (GHG) emissions arising from the use of energy and other pollutant gases in our manufacturing and supply chain activities contribute to climate change and high usage of water will strain the scarce resources. As these will have adverse effects on our business and the environment, the management of energy usage to reduce the carbon footprint and water security are crucial for the Company to minimise its environmental impact.
<b>SOCIAL RESPONSIBILITY</b>		
	Employee education & development	Continuous training and leadership development will enhance the skills and competency for the career growth of the employees and to meet the changing needs of the Company.
	Talent attraction & retention	Talent attraction and retention are important to building the Company's competent team, reducing the turnover rate and cost as well as leading to better customer relationships.

Link to UN SDGs	Material Matter	Description on its Significance
<b>SOCIAL RESPONSIBILITY (cont'd)</b>		
 	Fair Labour Practices	Practising human rights and employee fair treatment will promote job satisfaction, reinforce our position as a caring employer who respects the basic human rights of the stakeholders as well as compliance with all applicable laws, regulations and employment & human rights standards.
	Occupational Safety & Health (“OSHA”)	Providing a healthy and safe workplace is crucial to safeguarding the health and overall wellbeing of the employees and other stakeholders, reducing accidents risk and vital in attracting and retaining talent.
   	Community Relationship	Supporting the community is the corporate responsibility to care and give back to society for mutual growth.
<b>GOVERNANCE</b>		
	Corporate Governance and Business Ethics	Good corporate governance and business ethics help to build an environment of trust, transparency and accountability necessary for fostering long-term investment, financial stability and business integrity of the Company. The corporate governance practices are guided by our Board Charter, Code of Conduct and policies/principles on anti-corruption, anti-competition, anti-money laundering, anti-profiteering, risk management and tax governance.

## Prioritisation of Material Matters

Following the revised set of Material Matters, we conducted a prioritisation exercise to determine their relative importance as not all Material Matters are of equal importance. The intention is to focus the Group’s efforts on the Material Matters that matter most. The prioritisation exercise was carried out through a materiality assessment survey where opinions were gathered from the Senior Management to rank and rate Material Matters from their standpoints and the deemed importance to other stakeholders on their impact on our business and stakeholders.

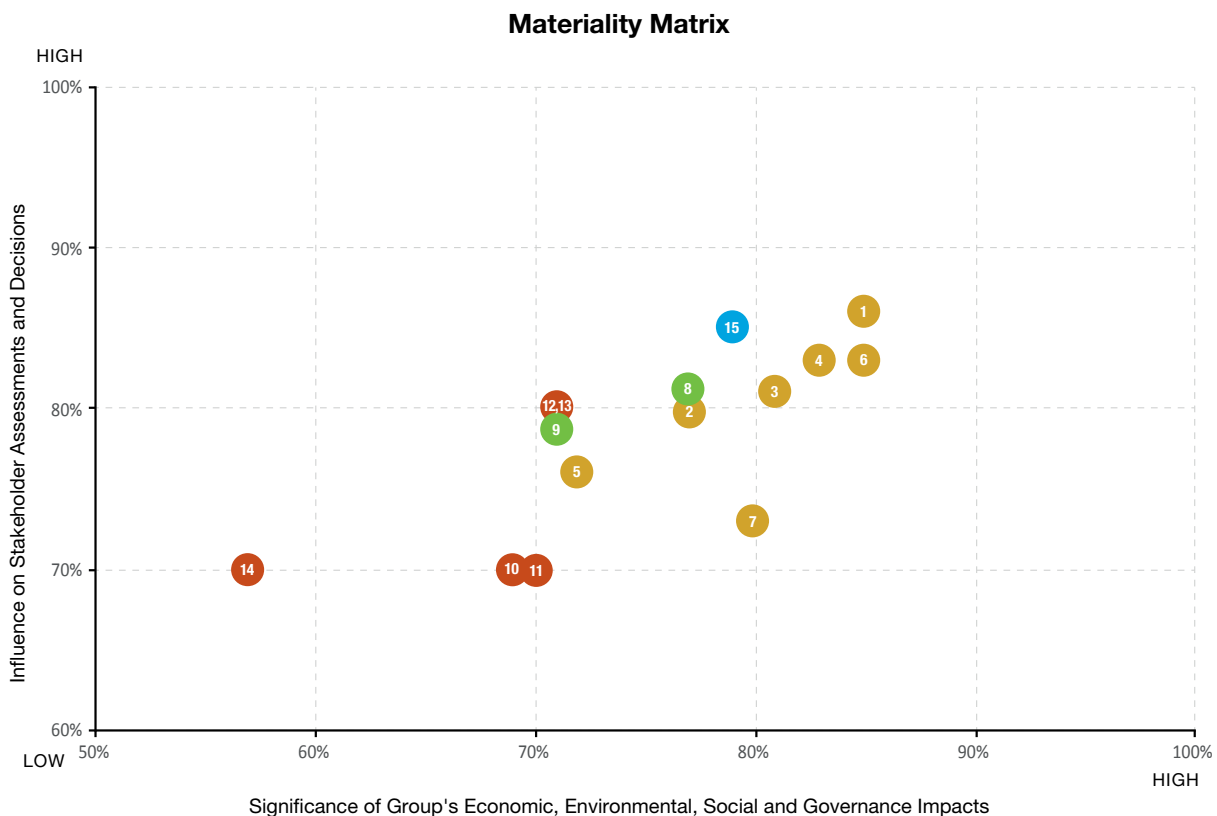




## Validation of Materiality Assessment

Based on the outcome of the materiality assessment survey, the Materiality Matrix below was plotted in accordance with the degree of materiality and the relative relevance of Material Matters. This is to identify the priority of Material Matters.

The outcome of the materiality assessment survey and Materiality Matrix were reviewed and validated by the Senior Management and subsequently approved by the Board.



### ECONOMIC

- 1 Food security, safety and Halal
- 2 Biosecurity
- 3 Customer satisfaction
- 4 Brand and reputation
- 5 Data security/data leakage
- 6 Business Growth
- 7 Supply Chain Management

### ENVIRONMENTAL

- 8 Environmental compliance
- 9 Emissions and Water Security

### SOCIAL

- 10 Employee education & development
- 11 Talent attraction & retention
- 12 Fair Labour Practices
- 13 Occupational Safety & Health (OSHA)
- 14 Community Relationship

### GOVERNANCE

- 15 Corporate Governance and Business Ethics



# Sustainable Economic

## Food Security, Safety and Halal

We are dedicated to producing food products that meet the highest standards of safety, quality, and nutrition. As such, ensuring *food security*, *food safety* and *food quality* that have direct and intense impact on public health, consumer trust and industry sustainability, are our utmost priority.

We adhere to strict quality control measures throughout every stage of production, from sourcing raw materials to manufacturing and packaging. Our team works diligently to ensure that our products meet all relevant industry standards and regulations, and we continuously strive to improve our processes to guarantee consistency and excellence.

We are fully committed to understanding and meeting the unique needs of our customers. By listening to their feedback and requirements, we ensure that our products align with their expectations for both quality and nutrition. Our goal is to provide food that nourishes the body and mind while maintaining the trust of those who choose our brand.

Through transparency, innovation, and a passion for excellence, we aim to lead the way in delivering food that is not only safe and nutritious but also supports the health and well-being of all our customers.

## Our Commitment to Food Safety & Quality

MFM Group's commitment to the safety and quality of all its products is guided by the following Food Safety Policy –

Adoption of Hazard Analysis and Critical Control Points ("HACCP") system, applying Good Manufacturing Practice ("GMP") and training employees in Good Hygiene Practice ("GHP") throughout the food processing flow chart from raw material to finished goods.

Provide continuous training to our staff ensuring that they possess the necessary knowledge and understanding in managing food safety and strive to improve customer confidence in our products.

Strictly follows the reference standards of "Requirements for a HACCP based Food Safety System" (Compiled by the National Board of Experts-HACCP, the Netherlands, 2002), the Malaysia Food Act (1983) and Food Regulation (1985) as a reference guide to draw the HACCP Manual.

To co-operate with the relevant authorities ensuring the processing system adheres to both domestic and international requirements.

## Practices adopted for Food Security, Safety, Quality and Halal Compliance

MFM Group has embraced the globally recognised Food Safety System Certification Scheme ("FSSC 22000") and the principle of HACCP for our flour milling and poultry processing operations. Additionally, our plants are certified as Halal by JAKIM (Department of Islamic Development Malaysia).

By implementing the Food Safety and Quality Assurance ("FSQA") and Halal Assurance System ("HAS"), we ensure that our processes are devoid of potential hazards or sources of haram in the raw materials and ingredients. This system prioritises food safety, quality and cleanliness at every stage of production, providing a structured approach to guarantee and uphold halal integrity while securing the safety and high quality of our products.

We regularly engage independent certification bodies to audit our Management System to ensure that we remain in compliance with internal policies, ISO Standards, laws and regulations.



## Standards & Certifications Obtained for Food Safety & Quality

<p><b>Food Safety Management System</b></p>    <p><b>Quality Management System</b></p>  <p><b>HALAL Certificate</b></p>  <p><b>Veterinary Health Mark</b></p>  <p><b>Food Safety Assurance</b></p>  <p><b>Good Agricultural Practices</b></p> 	<p><b>Standards and Certifications adopted</b></p> <ol style="list-style-type: none"> <li>1. FSSC 22000 V5.1 Food Safety Certification scheme</li> <li>2. ISO 22000:2018 Food Safety Management Standard ("FSM")</li> <li>3. ISO 9001:2015 Quality Management System ("QMS")</li> <li>4. MS 1480:2019 Hazard Analysis and Critical Control Points ("HACCP")</li> <li>5. MS 1514:2009 Good Manufacturing Practice ("GMP")</li> <li>6. Veterinary Health Mark ("VHM")</li> <li>7. MS 1500:2019 Halal Food (certified by JAKIM)</li> <li>8. Halal Slaughterhouse (certified by JAKIM)</li> <li>9. ISO/IEC 17025:2017 General requirements for the competence of testing and calibration laboratories</li> <li>10. SIRIM MS 85:2018 (Edible Wheat Flour)</li> <li>11. MeSTI (Food Safety is Responsibility of the Industry)</li> <li>12. Malaysian Good Agricultural Practices Certification Scheme ("myGAP")</li> <li>13. Fish Quality Certificate ("FQC") by Department of Fisheries Malaysia</li> </ol>
--	--

## Facilities for Food Safety & Quality

Some of the new machineries/system installed for food safety and quality are as follows:

### Laserlife Egginject Technology for In-ovo Vaccination and Hatchery Processes



Our hatchery has implemented the innovative poultry vaccination by Ceva Animal Health, automated with Laserlife Egginject Technology.

This integrated technology plays a crucial role in improving chick health and quality by effectively mitigating the risk of disease outbreaks, preventing and controlling diseases such as Newcastle Disease, Infectious Bursal Disease ("IBD"), and Infectious Bronchitis ("IB"), while also significantly reducing chicks' first-week mortality.

These automated vaccination processes also enable us to optimise our labour force. By reducing the need for manual intervention, we can better allocate our resources, resulting in enhanced productivity and streamlined operations. Additionally, the automation minimises the risk of human error, ensuring consistent and reliable outcomes.

This poultry vaccination with Laserlife Egginject Technology has led to significant improvements, further reinforcing our commitment to excellence and innovation in hatchery management.

#### **Turbolizer and Aspiration System in Wheat Cleaning Line**



Turbolizer and Aspiration System was installed in the wheat cleaning line to increase process efficiency of maximising impurities removal for Food Safety commitment as well as minimise risk of explosion.

#### **Heat Sealing Machine**

Heat Sealing Machine was installed for hygienic improvement, pest control and minimise cross-contamination as Food Safety commitment besides pro-longed product shelf life and to provide fresher product in the market.



#### **Training for Food Safety and Quality Assurance**

Our quality assurance system is not just about meeting industry, legal, customer standards, it is about surpassing them. To ensure our employees are competently equipped to maintain our high standards of food safety, quality and security throughout the production process, our employees undergo regular and customised training programmes to stay abreast of the latest industry trends, technologies, and safety protocols. Their unwavering commitment to excellence is the cornerstone of our quality assurance system, ensuring that every product is handled with care and expertise.







We also conduct training to educate consumers, wholesalers/distributors and the community on food safety and quality requirements.










## Commitment to Halal Compliance

We recognise the growing demand for Halal-certified products and the importance of Halal Certification and compliance to access the growing Halal market, enhance customer trust and loyalty, improve brand reputation, differentiate and reposition our products and brands in the market and align with global market expansion.

As such, we are dedicated to upholding the integrity of our Halal certification and practices from procurement of raw materials to distribution of our manufactured products by strictly adhering to Halal Standards, abiding by our Halal Assurance Management System and other relevant standards.

### OUR HALAL COMMITMENT THROUGHOUT THE VALUE CHAIN

						
Raw Material	Suppliers	Factories	Warehouses	Transportation	Marketing and Sales	End user
All raw material and ingredients sourced are Halal-certified.	We conduct Halal briefings and surveillance audits on our suppliers and co-manufacturers to ensure they meet our stringent Halal standards.	Our Halal Assurance System complies with the strictest Halal practices across our factories, ensuring highest standards of hygiene, quality and food safety.	Our warehouses only store Halal products and are Halal-certified.	Our transportation system complies with Halal requirements and the strictest hygiene control standards.	All our marketing communications, promotions and in-store activations comply with local Halal standards.	All this is done to ensure that all our consumers, Muslims and non-Muslims alike around the world, can enjoy our products with peace of mind.

We take pride in upholding our Halal certification and compliance, and as such we conduct regular audits and inspection of all our approved supplier's facilities and processes to verify their compliance with Halal standards.

Likewise, internally, we will undergo regular audits and inspections by Halal certification body. These audits ensure that all aspects of production, processing and handling meet the requirements for Halal certification.

To ensure the integrity and authenticity of our Halal-certified products along our supply and to ensure that our manufactured products are Halal, or permissible, for consumption by Muslims, we prioritise the conducting of comprehensive training programmes for our internal Halal Committee members and fostering a culture of Halal compliance within food production facilities.

All products manufactured, exported and distributed are Halal-certified by the Halal Certification Agency.



## Biosecurity

In the upstream operation of the poultry integration, implementing stringent biosecurity measures stands as a cornerstone for ensuring food security, food safety and environmental sustainability.

One of the primary reasons behind enforcing strict biosecurity protocols in poultry farming is to uphold food safety standards. Poultry serves as a vital protein source for Malaysian consumers nationwide, hence, making it imperative to maintain the integrity of poultry products. By implementing strict biosecurity measures, we effectively reduce the risk of disease transmission within flocks.

Diseases such as Avian Influenza and Newcastle disease pose significant threats to both poultry populations and human health. A single outbreak can lead to the mass culling of infected birds, economic losses, and potential contamination of the food supply chain. The likelihood of such outbreaks can be minimised through robust biosecurity practices, thereby ensuring the safety of chicken products for consumers.

MFM Group's poultry farm and hatchery facilities are fully equipped with bio-security facilities with strict practices such as proper visitor matrix management, internal truck to deliver feed and going through dust filter barrier before entering the farms.

All the closed house farms are designed with galvanised steel structures, fitted with insulated materials, latest automated temperature control and ventilation system to ensure that all chickens are raised in safe and healthy environment. This reduces chicken stress, lowers chicken mortality, and improves farm performance, thus reducing drastically the need to use drugs during the rearing of the broilers. The effects of antibiotic residue free in the chicken further enhances the numerous health aspects of chicken consumption in modern day living.

In addition, the farms are cared by professional and qualified veterinarians who monitor the flock health, carry out diagnosis, provide treatment prescription and conduct research and development ("R&D"). Structured vaccination programs with pharmaceutical companies are also in place to prevent and control diseases/outbreaks which can cause significant economic losses with detrimental impacts on the food supply.

With the necessary biosecurity in place, both DPDC's breeder and broiler farms in Lumut, Perak have been certified that they have fulfilled the stringent requirements of the Department of Veterinary Services ("DVS") as outlined in the Malaysian Veterinary Standard Operating Procedures and have been approved by the Animal Disease Free Certification Committee as a **Highly Pathogenic Avia Influenza ("HPAI") Free Compartment**. DPDC's farms are the first poultry farms in Malaysia to obtain the status of this World Organisation of Animal Health Certification issued by DVS in February 2025 which is internationally recognised.





## Customer Satisfaction

### Improve Customer Relationship by being Customer Centric

We adopt a customer centric approach to prioritise understanding customers' needs and feedback and tailor our offerings accordingly such as reliable and consistent supply, cost competitiveness, product quality and deliver value add services through personalised experience that create customer satisfaction, loyalty and advocacy.

#### ✓ Customer Satisfaction Survey

As part of our commitment to enhancing customer satisfaction and driving economic value, we conducted an annual Customer Satisfaction Survey to assess our performance in key service areas, ensuring that we meet and/or exceed customers' expectations across various trade segments.

A total of 500 survey forms were distributed to trade customers, including fast food restaurants, hypermarkets, supermarkets, distribution partners, and food service providers. The survey evaluated our performance in customer service, order response effectiveness, delivery timeliness and fulfilment, and product quality.

We achieved an outstanding 93.9 points, exceeding our target of 90% for consecutive years. This strong performance reflects our commitment to operational excellence and reinforces customer trust, which is critical in sustaining long-term business growth and economic impact.

Despite these positive results, we remain dedicated to continuous improvement. We aim to further enhance our offerings by identifying evolving customer needs, delivering products that meet precise specifications, ensuring exceptional product quality, providing consistent technical support, and offering unparalleled sales and after-sales service. These efforts will not only strengthen customer loyalty but also contribute to economic resilience by fostering long-term business partnerships and driving industry standards.

### Customer Relation Boosting Activities

Among the activities held to boost the relationship with customers are as follows:

#### ➤ Trade Customer Engagement Program – "Kawan MFM"

To reinforce customer retention and drive sustained business growth, MFM introduced the "**Kawan MFM**" trade engagement program. This initiative fosters long-term brand loyalty by offering rewards, incentives, and exclusive benefits to our trade customers. By encouraging repeat purchases and deeper customer relationships, the program enhances customer lifetime value while strengthening our position in the competitive market landscape.

#### ➤ Value Added Services

We focus on providing Value Added Services ("VAS") to our valued customers besides Customer Relationship Management ("CRM") and Research and Development ("R&D") to support specific customer needs and quality, strengthen supplier-customer relationship as well as brand identity.

One of significant VAS rendered to our valued customer is conducting silo cleaning at the customer's premises to ensure its food safety.



### ➤ Distributors' Conference

Vimaflour held its annual conference which served as a platform to discuss critical issues faced by the Flour Distributor Community. The conference aimed to strengthen relationships among distributors and between distributors and Vimaflour, fostering a healthy competitive environment that supports the sustainable growth of the flour industry. In addition to the conference sessions, the attendees also enjoyed some leisure activities.



### ➤ Conducted various product demonstrations to distributors' sales team and customers



### ➤ Conducted regular technical visits to customers



### ➤ Online Training Course

Mekong Flour is committed to support the growth of the baking industry by providing high-quality training programs for bakery owners, professional bakers, and enthusiasts. Through its Online Training Course initiative, it helps participants refine their skills, diversify their product offerings, and optimise their businesses. In 2024, Mekong Flour successfully conducted two specialised courses which received overwhelmingly feedback, equipping participants with advanced baking techniques and innovative product ideas to enhance their business value. Beyond skill development, the courses also strengthened Mekong Flour's brand recognition, generated significant engagement, and contributed to increased sales.







## Brand and Reputation

Having a strong and positive brand and reputation in the market is crucial for the Group to enjoy greater customer loyalty and trust, distinguish ourselves and achieve sustainable business growth.

Besides our commitment on food safety, quality and halal compliance as well as attaining customer trust and satisfaction, we have also implemented a variety of activities to strengthen our brand identity which include among others:

### ➤ Launched Beli & Menang Campaign

As part of our commitments to drive economic growth and consumer engagement, we have launched the “Beli & Menang” MFM Cap Ros consumer campaign in conjunction with Merdeka Day. This initiative aimed not only to strengthen our brand awareness but also to stimulate local economic activity by encouraging consumer participation and supporting small businesses within the supply chain.



Merdeka Video Recipe: A specially curated video showcasing traditional Malaysian cuisine resonated strongly with audiences, generated 110,754 reach and 47,525 3-second views, making it the most successful content in August 2024. By promoting local culinary traditions, this initiative helped drive demand for homegrown ingredients and products.

Beli & Menang Contest Post: The contest drove significant participation, achieving 99,209 reach and 181,841 impressions. The buy-and-win mechanism not only encouraged brand engagement but also stimulated consumer spending, benefiting local retailers and distributors.

### ➤ Participation in Vietnam-Laos Trade Fair 2024 (VIETLAO EXPO)



This is the largest bilateral trade promotion event co-hosted by the 2 countries' Ministries of Industry and Trade in Vientiane, Laos. This expo featured 250 booths and hundreds of participating Vietnamese and Lao businesses. Vimaflour was among the exhibitors, leveraging the event to promote its brand and products.

### ➤ Participation in Bakery China Trade Show

Mekong Flour participated in the Bakery China Trade Fair with the goal of reaching potential customers, enhancing brand visibility in the Chinese market, and expanding market share. The event provided an opportunity for Mekong Flour to showcase its high-quality products, meeting the diverse needs of the Chinese bakery industry, while also establishing strategic partnerships with regional partners.



## Data Security/Data Leakage

In an increasingly digital world, safeguarding sensitive data is essential for maintaining stakeholder trust, ensuring regulatory compliance, and supporting business continuity. Data security and privacy are critical components of good corporate governance. At MFM, we are committed to implementing robust cybersecurity policies and data protection measures to prevent unauthorised access, data leakage, and cyber threats.

Our Information Technology (“IT”) Policy reinforces data security by establishing rules and best practices for protecting digital assets. This includes access control, data encryption, and network security to mitigate cyber risks. Strong password policies, backup strategies, continuous monitoring, audits, and third-party security measures further enhance our protection framework.

To strengthen our cybersecurity posture, we have adopted a cloud-based Secure Access Service Edge (“SASE”) platform that integrates networking and security into a unified solution. This implementation enables advanced threat prevention, Zero Trust Network Access (“ZTNA”), and Data Loss Prevention (“DLP”) to block cyber threats and prevent unauthorised data leaks. With secure remote access, encryption, and continuous monitoring, we ensure safe data transmission, regulatory compliance, and a scalable, cloud-native security infrastructure.

Beyond technology and policies, employees play a critical role in preventing cyber incidents. Human error remains a significant risk factor, making security training and awareness programs essential. MFM invests in regular cybersecurity education, equipping employees to recognise phishing, malware, and social engineering threats. We mitigate cyber risks and insider vulnerabilities by promoting secure data handling, access controls, and safe remote work practices. Continuous education empowers employees to actively prevent breaches actively, making them key contributors to a stronger cybersecurity culture.

Through strategic investments in technology, governance policies, and employee awareness, MFM remains dedicated to maintaining a resilient cybersecurity framework that protects our business, stakeholders, and data integrity.

Indicator of Sustainability Matter	2023	2024
Number of complaints concerning breaches of customer privacy and losses of customer data	0	0





## Business Growth

Sustainable business growth is a crucial goal for MFM Group to thrive over the long term which requires a holistic approach that aligns values, engages stakeholders, and balances economic, social and environmental impact.

### Initiatives for Business Growth

Amongst the initiatives implemented for business growth are as follows:

#### ➤ New Brand Designs for Vietnam and Thailand Markets

Vimaflour has developed several new brand designs for specific markets and product lines. The Pizza Gold brand was redesigned for paper bags, replacing laminated polypropylene bags. A new blue VMP brand was launched to compete in the lower-end plywood segment. The Golden Gerbera brand was designed for frying purposes. For the Thailand market, Ha Long Red, Ha Long Blue, and Ha Long Green brands were created.

#### ➤ Customised Brown Brand for Export to Philippines

Vimaflour had secured a new client with the Customised Brown Brand which contributed to an impressive 81% increase in sales within the Philippine market.

#### ➤ Expansion of Product Range for Export to Thailand

Following the success of the Ha Long Gold brand (specifically designed for noodles), Vimaflour expanded its product offerings in Thailand to include bread, cake, bread crumb, and frying flour segments. These new products are marketed under the Ha Long Red, Ha Long Green, Ha Long Blue, and Lobster brands, paving the way for increased market share in 2025.

### Expansion to Support Business Growth




#### Bulk Delivery Capacity Expansion

We have been increasing our bulk delivery capabilities for growing market and food security commitment.

## Supply Chain Management

MFM Group is committed to ensuring a sustainable food distribution system to supply safe, nutritious and affordable food to consumers by utilising the competitive advantage of each global and local supply chain point.

Ensuring the long-term viability and resilience of the flour and poultry industries requires a commitment to supply chain sustainability. MFM Group is dedicated to this goal by implementing sustainable practices such as responsible sourcing, animal welfare standards, and resource efficiency measures. These efforts aim to reduce environmental impact, improve animal welfare, and fulfill social responsibilities. Collaboration, innovation, and stakeholders' engagement are crucial for driving positive change in the evolving business context and securing a sustainable future for the food industry to ensure food security in the country.



MFM Group has a Procurement Policy and Procedures which provide guidance to the Group's Purchasing Department to carry out its responsibilities which include:

- Obtaining competitive bids, select suppliers, negotiate price and assure quality;
- Ensure the highest purchasing standards and ethics are maintained; and
- Ensure the proper operation and the purchasing processes are observed and incorporating the principles of transparency, rationality, objectivity, equity and accountability.

MFM Group as a leading food manufacturer, has embarked on a comprehensive sustainability program aimed at addressing key environmental, social, and economic challenges across its supply chain.

### Supply Chain Sustainability Program

- We combine multi-commodities and multi-grades of raw materials on large dry bulk carriers such as Panamax/Kamsamax to enhance economies of scale as well reduce carbon footprint by optimising supply chain of raw materials.
- We are partnering with reliable global raw materials suppliers with extensive originations and shipping capabilities for wheat, corn and soybean meal to optimise our sourcing of commodities and enhance operations, shorter supply chain to reduce carbon dioxide emissions per ton of freight per mile travelled (ton-mile emission), which ultimately reduces its carbon footprint and transportation cost.
- We work with our commodity grain majors who are already supporting or working towards supporting farmers in their transition to regenerative agriculture to mitigate climate change, regenerate soil, and improve water conservation to reduce energy use and pollution to environment.
- We ensure transparency and traceability in the commodity supply chain, where the suppliers are working towards knowing where ingredients are sourced from with policies of non-discrimination and equal opportunities to protect human rights and human health and safety as well as address on animal welfare.
- To uphold our commitments, we source soy products from certified sellers audited by third parties that verify sustainable soybean production such as US Soy Sustainability Assurance Protocol ("SSAP") and Round Table on Responsible Soy Association ("RTRS").
- Implementing animal welfare standards based on industry best and independent audits to ensure the humane treatment of poultry.
- Engaging with consumers, retailers, and other stakeholders to promote transparency and raise awareness about sustainable poultry production practices.
- Ongoing consolidation and optimisation of transport routes reduce the environmental impact, particularly by minimising lorry emissions from land transport.



# Environmental Responsibility

## SUSTAINABILITY REPORT 2024



MFM is committed to fostering sustainability and protecting the environment through responsible practices that minimise our ecological footprint. We recognise the critical need to preserve the natural resources upon which future generations depend. As part of our core values, we continually strive to integrate eco-friendly initiatives into our operations, from reducing waste and energy consumption to supporting renewable energy sources.

Our commitment towards managing the impact of our operations on the environment is guided by our Environmental Policy.

## Energy Management

Energy management involves identifying and implementing strategies to reduce energy consumption, improve equipment performance, and optimise energy systems.

Energy optimisation is the process of maximising energy efficiency while minimising energy waste. Optimising provides huge cost savings and numerous benefits including air quality, protecting the environment, and bolstering energy security. By focusing on energy optimisation, we can reduce energy bills and enhance their environmental sustainability.

MFM Group is dedicated to expanding its efforts to reduce greenhouse gas (“GHG”) emissions by optimising energy efficiency across its operations. We have been proactively identified opportunities to implement various energy-efficiency improvement initiatives.

## Energy Management Initiatives at Flour Mills

### Renewable Energy Initiatives

#### ✓ Subscription of Green Electricity as support to Customer



We co-operate with our customer on initiative for its Scope 3 commitment by subscribing 1,629 MWh of electricity generated from renewable sources for its purchased volume which offset an approximate of 1,234 tonnes of carbon dioxide (CO<sub>2</sub>) emissions. The cost of the subscription and offset of carbon emission are absorbed by the customer.

#### ✓ Installation of Roof-Mounted Photovoltaic (PV) Solar System

Solar PV technology offers a clean and abundant source of renewable energy, aligning with MFM Group’s aims to demonstrate its commitment to environmental stewardship.

The adoption of Solar PV System offers a solution to addressing various environmental challenges by reducing harmful emission, reducing energy consumption generated from fossil fuel and contribute to mitigating negative environmental impacts.

This Solar PV project is at the planning stage for implementation at both the flour mills in Malaysia and Vietnam.

## Energy Efficiency Initiatives

### ✓ Conversion of Diesel Forklift to Battery-Powered (Rechargeable)

Both the flour mills in Malaysia and Vietnam have started replacing their forklifts from diesel to battery-powered with the target of gradually replacing up to 50% of their diesel forklifts to battery-powered forklifts by 2026. The battery-powered forklift has the benefits of environmentally friendly, cost saving, quiet operation, improved energy efficiency and reduced emissions.



- ✓ Optimise the Production Lines: Preventive maintenance is a good practice to ensure the machines are in good working condition, especially timely replacement of roller-mills and grinding rolls to maintain optimal working load of the machines which in turn would save the energy.
- ✓ Reduce Load During Peak Hours: Optimise the production planning to fully utilise off-peak hours electricity and avoid/reduce running of the production during peak hours electricity which will increase energy efficiency and reduce the cost.
- ✓ Install Energy Saving Lighting: Using 100% LED lights in the plant enable saving of significant energy compared to traditional bulb with the same light output.
- ✓ Educate Power Saving Practice: Staff and workers at the plants are trained/educated to practise efficient use of lighting, minimise the empty running of the production system, optimum capacity utilisation of the machine and production system thus optimising the power consumption for production.

## Energy Management Initiatives at Poultry Processing Plant

Our poultry processing plant in Sitiawan, Perak has implemented various initiatives to reduce energy consumption, improve equipment performance, and optimise energy systems with the following strategies:

### Harnessing Renewable Energy

#### ✓ Installed Roof-Mounted Photovoltaic (PV) Solar System

The Solar PV installation on the roof top of the Primary Processing Plant and Rendering Plant has been completed and the reliability testing started in October 2024. The Solar PV system was successfully commissioned on 20 January 2025.

Final Solar PV system installed:-

- Total installed capacity: 4,812.21 kWp
- Number of Solar PV panels: 8,226
- Average annual solar energy to be harvested: 6,264,172 kWh/year which is equivalent to average of 4,002 tonnes of CO<sub>2</sub> emissions reduction/year.

(From SEDA, 2016: Baseline CO<sub>2</sub> for Peninsular - 0.639 tCO<sub>2</sub>/ MWh)





Solar Panel on the roof top of the Primary Processing Plant



Solar Panel on the roof top of the Rendering Plant

## Energy Efficiency Equipment/System

- ✓ Monitoring Energy Efficiency via iSCADA System which enables more focus on electrical supply usage, water supply, room temperature and compressed air supply thus facilitates consistent and comprehensive distribution of data, enabling efficient management operations.
- ✓ Monitoring Equipment Effectiveness via RED Zone Software which directly contribute to efficient energy usage.
- ✓ Ammonia Refrigeration System enables energy savings from condenser automation and VSD motors.
- ✓ Automated System and Retrieval System reduces energy consumption with decreased cooling needs by about 50%, hence lowers operational costs.

Energy Consumption	2023	2024
Electricity purchased (Megawatt)	153,645	174,348 *
Green electricity purchased (Megawatt)	11,000	-
Gas consumed (Megawatt)	90,851	70,868
Fuel consumed (Megawatt)	21,235	33,679 *

### Note:

\* The increased consumption was due to additional staff quarters and the inclusion of motor vehicles used for production.

## Water Management

We recognise that water is one of the most precious and finite resources. As part of our commitment to environmental responsibility, we are dedicated to sustainable water management practices that reduce our impact on local water systems, promote conservation, and ensure equitable access to water for future generations.

### Our Approach to Water Management

- ✓ Groundwater withdrawal for usage at the poultry farm.
- ✓ Condensate Return System has been installed at the rendering plant and boiler house and commissioned in April 2024. It captures and returns condensed steam (condensate) back to the boiler for reuse, improving efficiency, reducing energy costs, and minimising water and water softeners consumption.
- ✓ Live Bird Supply System at Processing Plant  
After the product is unloaded, all containers will be transferred to the cleaning section and automatically cleaned and sanitised by the cleaning equipment. By recycling the water for pre-wash, the container washer can reduce water consumption by 20%.



- ✓ Raise awareness of employees on water conservation.
- ✓ Set a strict water usage management with water meter installed at appropriate areas for data collection and enhance analysis.
- ✓ Production section to monitor and analyse water consumption on monthly basis to ensure reasonable water usage and detect any abnormal water usage which could be due to water leakage caused by broken underground water pipes or water tanks.

Water Consumption	2023	2024
Total Municipal potable water (Megalitres)	2,108.95	2,024.55
Total Groundwater (Megalitres)	157.68	157.68

## Waste Management

With limited space for landfills and rising costs of waste disposal, there is increased pressure and urgent need to tackle the waste management issue and reduce the impact on the environment and general well-being of the community. MFM demonstrates its commitment to environmental preservation by practising sustainable waste management by way of reuse, reduce, recycling, treatment and proper disposal.

### Proper Waste Disposal

#### ✓ Scheduled Waste Disposal

Scheduled waste disposals are practised in accordance with the Environmental Quality Act of 1974 and the Environmental Quality (Scheduled Wastes) Regulations 2005. We ensure compliance through:



Proper classification and labeling of scheduled waste



Proper storage and containment measures to prevent leaks



Scheduled waste disposal through licensed waste contractors



Regular training for employees on waste handling procedures

The scheduled waste generated at our facility includes:



SW 109  
(Containing Mercury)



SW 102  
(Used Lead Acid Battery)



SW 110  
(E-Waste)



SW 305  
(Spent Lubricating Oil)



SW 409  
(Used Containers)



SW 410  
(Used Gloves, Rags)



### ✓ Wastewater Treatment Plant at Poultry Processing Plant

The Wastewater Treatment Plant (“WWTP”) uses physical-chemical and biological processes to treat wastewater generated from production and operation activities in the processing plant and rendering plant. The capacity of the WWTP is 10,250 m<sup>3</sup>/day built to cater for anticipated increase in slaughtering rate at Primary Processing Plant and production rate at Further Processing Plant.

Latest technologies are deployed in the process to reduce manual workforce, increase safe work practice, and ease of process monitoring without jeopardising the quality of treated effluent. The wastewater treated at the WWTP complies with the standards regulated by Department of Environment (“DOE”) Malaysia. All wastewater is treated to achieve a minimum effluent standard before discharging back to nature. The WWTP will eliminate disease-causing bacteria and kill harmful organisms through filtering, ensure minimal odour and remove up to 97% of contaminants from used water.

### ✓ Chemical Waste Management

Apart from the Standard Operating Procedure (“SOP”) for proper handling of chemical waste, our Group also conducts training programme on chemical waste management and disposal procedures including “Safe Chemical Handling” for workers. Waste oil and hazardous chemicals can cause extensive damage to environment and pose substantial hazards to the lives of animals, plants and human-beings. Our Group manages waste oil and hazardous chemical disposal properly in accordance with the Environmental Quality Act 1974.

## Recycle Organic Solid Waste

### ✓ Rendering Plant at Poultry Processing Plant

Our state-of-the-art Rendering Plant is designed to kill harmful bacteria, leaving only useful protein for animal feeds. Rendering is the process of converting animal by-products, that would otherwise be discarded as waste, into usable product material. In general, animal tissue is processed to obtain animal fat and protein meal. These products can be used as raw material in aqua feed manufacturing.

Through this rendering plant, the processing plant achieves zero waste whereby all materials are recycled which significantly minimise environmental footprint and promote resource conservation.

## Waste Reduction Initiatives

✓ **Zero Waste in Flour Milling:** Our flour mills optimise the usage of wheat to produce flour to achieve zero waste in flour milling. Whole wheat flour uses all parts of the kernel whereas white flour only uses the endosperm. The bran removed is used for feed milling process to produce animal feeds and the germ will be sold or used to produce special kind of flour.

✓ **Recyclability** is a fundamental aspect of sustainability initiative as it promotes resource conservation, energy efficiency, waste reduction and environmental protection.

MFM Group practises recycling activities for certain recyclable waste (i.e. plastic drums, metal drums, unused wooden pallets and etc.) as part of our efforts to conserve natural resources. Initiatives are also being implemented for all packaging to conform to recyclability standards.

✓ **Reduce usage of packaging materials** by bulk tanker delivery to customers.

✓ **Prolonged lifespan of LED lighting** used by the Group has effectively reduced waste.

✓ **Digitisation** of sales reports, communication cards and sales kits for marketing has effectively reduce paper usage.

✓ **The practice of sending notices, documents and information by email** for management and board meetings and by way of publication in our website for shareholders’ meetings have reduced the paper usage significantly.

✓ **Usage of thinner Plastic Bag for Retail Pack** enables us to reduce greenhouse gases emission.

## Emission Management

Emission management plays a crucial role in addressing climate change and minimising the impact of GHG emissions. In caring for our mother earth, our energy and waste management initiatives as well as the following facilities of MFM Group and emission management initiatives have played crucial roles in reducing the emission impacts of the Group:

### Emission Reduction Facilities

#### ✓ **Belt Conveyor Facility at Jetty to Deliver Raw Materials**

The installed conveyor belt from jetty to the mills has eliminated the use of trucks to deliver raw materials to the mills. Using this integrated grains logistics transport system instead of traditional land transport has reduced our emission impact on the environment.

#### ✓ **Solar PV Installation**

The completion of the Solar PV installation at the processing plant in 2024 for renewable energy will reduce air pollution due to reduction in purchased electricity which predominantly is fossil fuel-based energy generation, which is a significant source of harmful emissions such as sulfur dioxide, nitrogen oxides, and mercury.

The adoption of Solar PV technology also aids in reducing greenhouse gas emissions of approximately 4,002 tonnes of CO<sub>2</sub> annually, thereby mitigating climate change and its adverse effects on the environment.

#### ✓ **Biofilter**

Our plants are installed with biofilter which is an odour treatment system for all the processing waste gas. Waste gas is passed through a filter bed before being released to the atmosphere. The biofilter ensures organic pollutants from waste gas, odour and toxic in waste gas are removed before releasing it.

#### ✓ **Thermal Pest Control via Heat Treatment**

Heat treatment system is used for pest control which is eco-friendly, hence, avoiding environment pollution and ensure personal safety and food safety.



### Emission Management Initiatives

- ✓ Our plant operations in Vietnam also cooperate with relevant parties to conduct environmental inspection every 6 months to fully comply with the environment regulation and standards to ensure that there is no dust pollution in the plant. Diesel consumption is also tracked, and CO<sub>2</sub> emission is closely monitored.
- ✓ We aspire to achieve continuous improvement in reducing CO<sub>2</sub> emissions throughout our businesses by incorporating innovative technologies.



# Social Responsibility

## SUSTAINABILITY REPORT 2024



### Workforce & Workplace Environment

#### Fostering a Progressive and Supportive Workplace

At MFM, we believe that a thriving workforce is the foundation of sustainable success. We are dedicated to cultivating an environment that promotes professional growth, inclusivity, and employee well-being.

Our commitment to workplace excellence has been recognised through multiple prestigious HR Asia awards, reaffirming our dedication to building a dynamic and supportive culture:

- ❖ 7 Consecutive Years: HR Asia Best Companies to Work for in Asia Awards (Malaysia Chapter) (2018 to 2024)
- ❖ 5 Consecutive Years: HR Asia Most Caring Company Awards (2020 to 2024)
- ❖ 2 Consecutive Years: HR Asia Diversity, Equity & Inclusion Awards (2023 to 2024)
- ❖ HR Asia Sustainable Workplace Awards (2024)
- ❖ HR Asia Happiest Workplace Awards (2024)

These awards highlight our ongoing commitment to building a workplace where employees feel valued, empowered, and driven to succeed. As we continue to grow, we remain dedicated to cultivating a culture of collaboration, well-being, and innovation that drives both individual and organisational success.



HR Asia®  
**BEST COMPANIES  
TO WORK FOR  
IN ASIA 2024**



HR Asia®  
**MOST CARING  
COMPANY  
AWARDS 2024**



HR Asia®  
**DIVERSITY,  
EQUITY & INCLUSION  
AWARDS 2024**



HR Asia®  
**SUSTAINABLE  
WORKPLACE  
AWARDS 2024**



HR Asia®  
**HAPPIEST WORKPLACE  
CERTIFICATION 2024**



Our commitment to excellence in the workplace is driven by three key priorities:

1. Fostering a Safe and Healthy Work Environment
2. Building a Sustainable and Engaging Workforce
3. Creating a Positive Impact on Society and the Environment



In pursuit of these priorities, we have established five key strategic initiatives that serve as guiding principles in shaping our workplace culture and organisational growth:



1. Empowering Future Leaders and Workforce – We are committed to nurturing talent through continuous learning and professional development, equipping our employees with the skills and knowledge to stay ahead in a dynamic industry.



2. Attracting and Retaining Top Talent – By fostering an inclusive and growth-oriented workplace, we attract high-calibre talent and cultivate a motivated, engaged workforce.



3. Cultivating Diversity, Equity and Inclusion – We embrace diversity as a strength, ensuring every individual is valued, respected and empowered to contribute meaningfully.



4. Ensuring Workplace Safety and Well-being – The health, safety and well-being of our employees remain a top priority, as we strive to provide a secure and supportive work environment.



5. Strengthening Community and Environmental Engagement – We actively contribute to the communities where we operate, fostering meaningful relationships, ethical practices and sustainable development.

These initiatives reflect our unwavering commitment to creating a workplace that inspires, empowers and supports our employees while contributing positively to society and the environment.





## Employee Education & Development

At MFM, we prioritise continuous learning and professional growth to empower our employees with the skills and knowledge needed to excel in an ever-evolving industry. Through a strategic investment in industry-leading training programmes, global conferences and cross-border development initiatives, we equip our workforce with cutting-edge insights and diverse perspectives. This commitment fosters a culture of innovation, enhances employee capabilities and strengthens our talent retention efforts, ensuring long-term business success.

### 2024 MFM Townhall & Leadership Conference

This year's Leadership Conference was a remarkable success, featuring a keynote address by Professor Kishore Mahbubani, a distinguished international speaker and former diplomat. Addressing an audience of approximately 250 live attendees, including MFM employees and senior Malaysian government officials, Prof. Mahbubani provided invaluable insights into the shifting geopolitical landscape, particularly the rising influence of Asian powers like China and India.

For the first time, the conference was broadcasted virtually across the country, allowing employees from various locations to engage in the discussion. This broader accessibility reinforced our commitment to leadership development and global awareness within our workforce.

Prof. Mahbubani's thought-provoking session emphasised the evolving dynamics of global influence and the essential qualities of effective governance in today's interconnected world. His perspectives inspired our leaders to navigate challenges with adaptability, strategic thinking and a global mindset.



## Cross-Border Talent Development Programme

This programme facilitates talent mobility across our regional business units, fostering peer learning and cross-cultural knowledge exchange. Through structured overseas development opportunities, employees gain specialised expertise, industry best practices and exposure to diverse perspectives. By prioritising global learning, we equip our workforce with essential technical skills, business acumen and cultural awareness, enabling them to contribute effectively to our collective success while fostering a culture of continuous growth and innovation.

Highlighted Programmes:



- Swiss School of Milling Programme: Developing industry-leading technical expertise.



- Vietnam Cross-Border Training: Strengthening operational capabilities through peer learning across our group of companies.

## Learning from Global Subject Matter Experts

As part of our commitment to continuous learning and professional development, we actively engage with global subject matter experts to provide specialised training for our employees. These sessions offer invaluable insights, industry best practices and innovative strategies, enhancing our workforce's technical and leadership capabilities. By learning from top professionals in the field, we empower our employees with the knowledge and skills needed to drive excellence and innovation across our operations.



Training with Cobb-Vantress



Animal Welfare Training with Tyson USA team



Infectious bronchitis updates in ASIA 2024



Probiotic and Windrowing inhouse training



DTSB and Boehringer Ingelheim training





## Learning & Growth: Leadership & Strategy

We prioritise the development of leadership and strategic thinking to drive long-term success. Through tailored leadership programmes, we equip our employees with the tools and frameworks necessary to navigate complex business challenges, inspire teams and lead with vision. By focusing on both leadership growth and strategic insight, we ensure that our workforce is well-prepared to meet the evolving needs of the industry and guide MFM towards continued excellence.

- Paradox & Team Dynamics Workshop
- Fostering Strategy Mindset



## Learning & Growth: Soft Skills Trainings

We provide a comprehensive soft skills training programme featuring dynamic courses designed to enhance professional and personal development. These programmes enable employees to create customised learning roadmaps, aligning with their individual growth aspirations and career development goals. By fostering a culture of continuous learning and knowledge sharing, we ensure that every team member has access to the resources needed to thrive, excel, and contribute meaningfully to our collective success.



Psychology of Influencing and Negotiation using Neuro Linguistic Psychology (NLP)



Change for Greater Success



Dealing with Difficult People



Becoming a Person of Influence

## Learning & Growth: Technical Trainings

We offer comprehensive technical training programmes designed to strengthen industry-specific expertise and operational excellence. These trainings equip employees with cutting-edge knowledge, practical skills and best practices, ensuring they remain at the forefront of industry advancements. By investing in technical proficiency, we empower our workforce to drive innovation, maintain high standards and contribute effectively to our organisational growth.



## Our Achievements on Learning & Development are:

	2023	2024
Learning hours	36,981	31,213
Training sessions completed	154	204
Participants	3,333	3,518



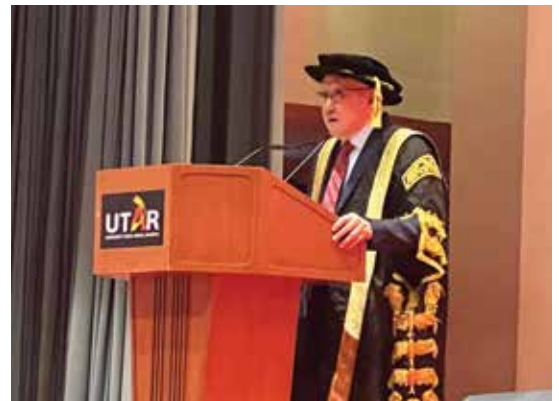


## Talent Attraction & Retention

### Strategic Partnerships for Talent Supply

We are dedicated to cultivating the next generation of talent by forging strong partnerships with local and international universities, schools and institutions. Through these collaborations, we aim to nurture young talents, provide valuable learning opportunities and build a sustainable talent pipeline. By investing in future professionals, we create pathways for career growth within MFM Group while contributing to the broader development of industry-ready talent.

- Universiti Tunku Abdul Rahman
- Universiti Putra Malaysia
- Universiti Malaya
- Universiti Sains Malaysia
- Universiti Teknologi PETRONAS
- University of Arkansas
- Kansas State University
- Politeknik Ungku Omar
- Montfort Boys Town
- Ekuinas
- SMJK Yoke Kuan
- SMK Nan Hwa
- SMK Methodist (A.C.S.) Sitiawan
- and beyond...



Partnership with Universiti Tunku Abdul Rahman (UTAR)



Sponsorship for Universiti Putra Malaysia (UPM) Students



Sponsorship for SMJK Nan Hwa Students



Partnership with Kuala Lumpur Engineering Science Fair (KLESF) in collaboration with Universiti Tunku Abdul Rahman (UTAR)



Career Fair at University Malaya (UM)



Career Talk at Universiti Sains Malaysia (USM)





## Talent Retention Approach

We recognise that retaining top talent is critical to our success, as human capital is our greatest asset. To ensure long-term growth and continuity, we have established a robust talent retention approach, focusing on the following key strategies:

- ✓ **Competitive Remuneration** – We offer fair and competitive compensation packages, ensuring that our employees feel valued and motivated to contribute their best.
- ✓ **Work-Life Integration** – We support a culture where employees can effectively integrate their professional and personal lives, fostering flexibility and well-being.
- ✓ **Recognition and Rewards** – We celebrate the achievements of our employees through performance incentives, promotions, and a culture of appreciation that strengthens loyalty and commitment.
- ✓ **Positive Work Culture** – We foster a safe, inclusive and supportive environment, where employees feel a sense of belonging and are motivated to thrive.
- ✓ **Employee Engagement** – We actively engage our employees by involving them in decision-making, offering opportunities for growth and promoting open communication across all levels.
- ✓ **Reducing Burnout** – We implement wellness programmes, including access to health services, stress management, and flexible working options, to ensure our employees' well-being and reduce burnout.
- ✓ **Growth Opportunities** – Through tailored development programmes and clear career progression paths, we provide employees with the tools and opportunities to advance within the company.

These strategies are designed to build a workplace where talent is nurtured, valued and retained, supporting MFM's continued growth and success.

## Fair Labour Practices

We are committed to upholding fair labour practices by fostering a workplace that values diversity, equity and inclusion. We believe that a diverse and inclusive workforce enhances creativity, collaboration and innovation, driving our collective success.

## Workforce Diversity and Equity

We actively promote an inclusive environment where employees of all backgrounds, experiences and perspectives are respected, valued and provided with equal opportunities for growth and advancement.

- **Generation Diversity** - We recognise the strength that comes from having a multigenerational workforce and we aim to create an environment where different generations can collaborate, share knowledge and learn from each other.
- **Cultural Diversity** - We embrace employees from various cultural backgrounds, fostering mutual respect and understanding to create a rich, dynamic workplace that reflects the global nature of our business.
- **Gender Diversity** - We are dedicated to creating a gender-balanced workplace, ensuring equal opportunities for men and women to thrive and contribute equally to the organisation's success.



## Generation Diversity



Age Group	2023 (%)	2024 (%)
Below 30	38	34
Between 30-50	53	56
Above 50	9	10

## Cultural Diversity



Race	2023 (%)	2024 (%)
Chinese	10	10
Malay	31	34
Indian	7	7
Indigenous	1	1
Others (Foreign Workers)	51	48

Note: This data is only for operations in Malaysia.

## Gender Diversity



Position Level	2023		2024	
	Male (%)	Female (%)	Male (%)	Female (%)
<b>Management</b>	69	31	68	32
<b>Executive</b>	54	46	54	46
<b>Non-executive</b>	78	22	79	21
<b>General Workers</b>	91	9	90	10

## Open Communication

MFM is committed to fostering a culture of transparency and open communication, ensuring that all employees feel heard and valued. Through engagement sessions, such as coffee engagement with our Executive Deputy Chairman cum Managing Director, Mr. Teh Wee Chye, we create opportunities for direct dialogue between leadership and employees. These sessions allow staff to raise questions, share feedback and gain insights into company strategies and updates. By prioritising these open, interactive discussions, we promote mutual respect, align our workforce with organisational goals and reinforce our dedication to creating an inclusive and communicative workplace culture.







## Human Rights & Labour Standard Policy

At MFM, we are committed to upholding fundamental human rights and promoting fair labour practices throughout our operations. Our Human Rights & Labour Standards Policy serves as the foundation for ensuring that every individual is treated with dignity and respect. Key areas of focus within the policy include:

- Diversity and Equal Opportunities
- Eliminating Harassment or Abuses
- Workplace Security, Safety and Health
- Forced or Involuntary Labour
- Protecting the Rights of Children
- Wages, Working Hours and Benefits
- Respecting Freedom of Association and Collective Bargaining
- Housing and Amenities

## Sexual Harassment Policy

MFM upholds a zero-tolerance policy towards sexual harassment in any form. Our Sexual Harassment Policy outlines clear and robust guidelines for preventing, reporting and addressing any incidents of harassment. This policy is fundamental to maintain a safe, respectful and inclusive work environment, where all employees are treated with dignity and free from any form of discrimination or inappropriate behaviour. We are committed to creating a workplace where everyone feels secure and respected, ensuring that all concerns are handled swiftly and appropriately.

## Occupational Safety & Health

### Well-being of Workforce

We have a five-pillar framework to address the well-being of our workforce:

### 5 Pillars of Workforce Live Life



## Mental Wellness

Our Caring & Connected program offers a multifaceted approach to fostering mental well-being for our workforce, providing free confidential counselling services by professional counsellors as well professional coaching sessions. Additionally, we continuously conduct talks, learn over lunch and training sessions across our offices on various mental wellness topics inclusive of stress and anger management, equipping our team with valuable tools to navigate challenges and maintain positive mental well-being.



Learn-Over-Lunch: Embracing Gratitude



Learn-Over-Lunch: Seed of Hope Terrarium Building workshop



Learn-Over-Lunch: Nurture Your Mind and Soothe Your Senses



Learn-Over-Lunch: Soar with Your Strengths and Discover Your Personality Type



Learn-Over-Lunch: Stress and Anger Management



Learn-Over-Lunch: Blossoming Mindfulness

## Physical Wellness

We promote teamwork and physical activity through company-wide events like Pickleball Session and Sports Day.



Pickleball Session



Pickleball Session



Mini Sports Day



Mini Sports Day





### Workforce Healthy Nutrition & Diet

At MFM, we prioritise the well-being of our workforce by implementing a series of monthly health programmes covering everything from fresh fruits to balanced nutritional drinks.



Energy day



Calcium day



Immune day



Breakfast day



Digestive day



Kiwi day

### Workforce Health Fitness

We prioritise preventative healthcare and empower our employees to take charge of their well-being.



Blood Donation Campaign at Lumut



First Aider Training at Lumut



First Aid Training at Pasir Gudang

### Workforce Lifestyle Privileges

We offer a wide range of benefits, including a Flexi Benefits programme, which has expanded our healthcare coverage to include Chiropractic Treatment, Traditional & Complementary Medicine Treatments & Services ("T&CM") and Mental Health Treatment. MFM employees also enjoy staff discounts on purchases, as well as discounts on food & beverages and hotels.



## Safety & Health of Workforce

MFM is steadfast in its dedication to enhancing health and safety awareness across its entire plant complex. Recognising that a safe and healthy workplace is fundamental to operational excellence, we actively fulfill our obligations under the Occupational Safety & Health Act 1994 ("OSHA") as articulated in our comprehensive Safety & Health Policy. By doing so, we aim to establish an environment where every employee feels valued and protected.

At MFM, prioritising employee wellness is not just a responsibility but a cornerstone of building resilient and enduring organisation. We believe that fostering a culture of collaboration and shared accountability is vital in our pursuit of achieving zero Lost Time Injury ("LTI"). This unwavering commitment is embedded at every level of the Group's operations, from strategic decision-making in the boardroom to the meticulous processes on the factory floor.

Our focus on health and safety extends beyond compliance, reflecting our belief that employee well-being is integral to the success and sustainability of the business. Through continuous training, robust monitoring systems, and proactive initiatives, we strive to empower our workforce to contribute to a safer, healthier, and more productive workplace.

### Safety & Health Compliance, Policy and Procedures

Aligned with our slogan, **"Come to Work Happily, Go Home Safely,"** we strictly comply with the following laws, policy and procedures as well as customer requirements and industry standards to maintain the highest level of safety and quality:



This commitment to protect our human resources also extends to ensuring the plant operations do not place the local community at risk of injury, illness, or property damage.

Our unwavering commitment to these principles ensures that our operations not only meet but exceed the necessary safety and compliance benchmarks, creating a safe and secure working environment for all.



## Safety & Health Programs

The Safety, Health and Environment (“SHE”) Department, in collaboration with Quality Assurance and Human Resources, has launched a Culture Enhancement Program to promote awareness and ensure a safe work environment across our plants.



Additionally, we have program to ensure that all employees use the necessary Personal Protective Equipment (“PPE”) while working. We are delighted to announce a 100% compliance rate with PPE usage among our dedicated workforces.

## Safety & Health Trainings

To minimise workplace injuries and create a safe workplace, external trainings by consultants and internal trainings by SHE Department have been conducted to enable managers, supervisors and workers at the plants to understand the working of safety management systems and the legal compliance required. They will then understand their own responsibilities and the necessary actions to be taken towards upgrading safety and health at their respective workplaces.



Awareness Training



Monthly Toolbox Training



Hostel Fire Drill Training



Safety, Health & Environment Committee Meeting





Monthly Assembly



Chemical Exposure Monitoring



BOFA Training



Emergency Response Team Training



Stack Emission Monitoring



Confined Space Training

	2023	2024
Number of Employees trained on Health and Safety Standards	2,867	3,456

### Lost-Time Injury Cases

	2023	2024
Lost-Time Incident ("LTI") Rate	0.51	0.41
Work-related fatality	0	0

The LTI cases and some minor injury cases were reported to the Department of Occupational Safety and Health ("DOSH") in accordance with the Guidelines on Safety and Health (Notification of Accident, Dangerous Occurrence, Occupational Poisoning and Occupational Disease) Regulations 2004 ["NADOPOD"].





## Prevention and Corrective Actions for Accident

For the prevention of accidents, various measures are in place to ensure a safe working environment for all employees.

### Employee Training and Engagement

- Mandatory safety inductions for all employees and contractors
- Provide specialised training for high-risk tasks such as handling hazardous chemicals
- Promote a safety culture where employees feel responsible for their own and others' safety

### Identify and Eliminate Workplace Hazards

- Conduct regular workplace inspections and safety audits
- Implement engineering controls and personal protective equipment (PPE)
- Ensure proper housekeeping by keeping work areas clean and organized

### Emergency Preparedness and Response

- Establish clear evacuation routes and emergency exits
- Train employees on fire, chemical spill, and medical emergency response procedures
- Maintain easily accessible first aid kits and emergency contacts

### Continuously Improve Safety Measures

- Conducts regular audits and inspections to ensure compliance with safety standards
- Analyse accident reports and near-misses to identify trends and prevent recurrence
- Recognise and reward employees for safe behavior and proactive risk management

### Encourage Employee Participation and Feedback

- Involve employees in safety committees and encourage them to report hazards
- Conduct safety activity and programs to gain support from employees on safety knowledge

As safety and well-being of our employees are our priority, thorough investigations and analyses of all accidents will be conducted, and corrective measures will be taken to ensure that all employees adhere to proper safety protocols. Corrective measures are taken following the hierarchy of control which is a system used in industry to prioritise possible interventions to minimise or eliminate exposure to hazards by deploying most effective measures which is the elimination, to eliminate the source of the hazard, until the less effective measures which is by providing the worker with the PPE.

## Community Relationship

MFM is committed to fostering strong community relationships through meaningful engagement and initiatives that drive positive social impact. We continued to support local communities by focusing on education, health, and environmental sustainability while encouraging employee volunteerism and partnerships with non-governmental organisations. Beyond our ongoing efforts, we were also actively involved in giving back to the community through various outreach programmes, charitable contributions, and sustainable development projects, reinforcing our commitment to being a responsible and caring organisation.

### Corporate Social Responsibility Towards Workplace



“Clean Culture Start from Me” Campaign at DPP.



“Gotong-royong” Campaign at MFM Pasir Gudang.



Vimaflour and Mekong Flour have together organised a virtual running aiming at enhancing the active lifestyle and better health among the staff with the participants of 315 staffs who completed the 22.157 km run.



Annual Dinner and Sport Activities were organised and joined by all the staff at Vimaflour Plant, to foster relationship.



Vimaflour and the Trade Union organised a day trip for staff to visit pagodas, temples after Lunar New Year 2024 to pray for health, peace and happiness. This is also a good occasion to improve staff engagement.



Mekong Flour held its Annual Dinner and New Year Party to recognise the efforts and achievements of the staff.



## Corporate Social Responsibility Towards Community

### Donation and Financial Aids

Some of the local organisations, institutions and charities which MFM Group had supported with donation and/or financial aids are as follows:



Donated flour to neurodivergent in Glory Learning Center for the vocational training in the shelter workshop.



Donation to SMK Methodist (ACS) Sitiawan to upgrade the infrastructure of the school.



Donation of Cap Ros flour to SK Methodist Ayer Tawar, Perak to support education of the nearby community.



Donation of Cap Ros flour to Jabatan Kesihatan Negeri Perak to support its activity to help poor team members during Ramadhan month.



Donation of Cap Ros flour to Biro Wanita & Pembangunan Keluarga, Masjid Nurul Hidayah, Masjid Daerah Manjung, to support Manjung community.



Donation of Cap Ros flour to SK Nakhoda Muhammad Taib at Batu 3, Segari, Perak to support its poor students in preparing for Hari Raya Aidilfitri.





Provided Motivational Talk to primary school students of Sekolah SJK (Tamil) Ladang Sungai Wangi.



Sponsored Cap Ros flour as part of the goody bags for those who donated blood at Universiti Putra Malaysia.



MFM partnered with Rabobank and Food Aid Foundation for our first joint CSR programme in Johor Bahru. This initiative successfully delivered 400 nutritious meal packs to four elderly homes and one orphanage, benefiting over 400 individuals.

MFM contributed 108 kg of Dindings Chicken, and 65 volunteers from MFM, Rabobank, and the Food Aid Foundation worked together to prepare, pack, and deliver the meals. The event exemplified teamwork and our commitment to positively impact the community.





### Corporate Governance and Business Ethics

MFM Group embraces good business ethics and corporate governance as they are integral to its long-term sustainability. It builds trust, ensures compliance, manages risks, and aligns the interests of various stakeholders, leading to long-term growth and stability.

Good business ethics and corporate governance are carried out through a combination of policies, practices, and behaviours that promote transparency, accountability, and responsibility within the organisation.

### Business Ethics to Enhance Reputation and Brand Value

MFM Group adheres to good business ethics which will enhance its reputation in the market, attract loyal customers, and increase investor confidence, ultimately boosting brand value and market position.

MFM is committed to an ethical business approach through:



### Corporate Governance

#### Code of Conduct

We instil high standards of professional and ethical conduct in all employees. Integrity helps us to earn the trust and respect of the people we serve. MFM Group's Code of Conduct ("the CoC") sets out the ethical standards to all employees in their dealings with fellow colleagues, customers, shareholders, suppliers, competitors, the wider community and the environment. We uphold our reputation and high standards by living the CoC. This will help us to achieve the highest possible standards across our businesses within the MFM Group.

The CoC was last revised in 2024 to enhance the compliance clauses. As personal commitment to the CoC, each employee of the Group was required to make a declaration that he/she had been furnished with a copy of the CoC, had read and understood the CoC, accepted to comply with the CoC and understood that any breach of the CoC may result in disciplinary action being taken against him/her.

For all our new hires, they will undergo comprehensive training on the CoC during the Onboarding Programme to ensure their thorough understanding of our ethical principles.

#### Anti-Corruption

MFM Group has in place the Policy and Guidelines on Gifts and Entertainment ("Gifts Policy") to avoid conflict of interest and prevention of bribery and corruption by its associated persons which may tarnish the Group's reputation or violate the antibribery laws.

In February 2024, an online annual refresher course on awareness of the CoC and Gifts Policy was implemented for all our employees to ensure their knowledge on the CoC and Gifts Policy are up to date.

For all our new hires, they will undergo comprehensive training on our Gifts Policy during the Onboarding Programme to ensure their awareness and compliance with the policy.

Our corruption risk assessment is integrated into the Enterprise Risk Management of the Group and the review of the Risk Scorecard is carried out on an annual basis.

	2023	2024
Percentage of operations assessed for corruption-related risks	100%	100%
Number of confirmed incidents of corruption and action taken	0	1*

**Note:**

\* This incident involved a staff requesting gratification from a supplier. The staff involved has been dismissed for breach of the Code of Conduct and Gifts Policy of the Company.

### Whistle Blowing Policy

The Whistle Blowing Policy and Standard Operating Procedures are in place for all employees as well as external parties to achieve the following objectives:

- To instill the highest level of corporate governance in MFM Group.
- To encourage and enable all customers/vendors/suppliers/employees to raise genuine concerns within the MFM Group rather than overlooking a problem.
- To set a procedure for all parties to give information on non-compliances to the CoC, or any misconduct regardless of his or her position, to an independent party to investigate the allegations and take the appropriate actions.

All whistle blowing reports or information received will be treated with strictest confidentiality save for disclosure on a need-to-know basis to facilitate investigation and/or take appropriate action.

### Other Governance Policies/Guidelines

We also have in place control measures in the form of policies, guidelines and procedures to address and manage antitrust, tax governance, anti-money laundering and other risks which include:

- ✓ Risk Management Guidelines and Policy
- ✓ Policy and Guidelines on Antitrust
- ✓ Security Policy and Procedures for Data Protection
- ✓ Procurement Policy and Procedures



# Sustainability Performance Data

Common Sustainability Matters	Common Indicators	Measurement Unit	2023	2024
<b>ANTI-CORRUPTION</b>	<b>Percentage of employees who have received training on anti-corruption by employee category:</b>			
	Management	Percentage	11	100
	Executive	Percentage	14	100
	Non-Executive/Technical Staff	Percentage	10	100
	General Workers	Percentage	65	100
	<b>Percentage of operations assessed for corruption-related risks</b>	Percentage	100	100
	<b>Confirmed incidents of corruption and action taken</b>	Number	0	1
<b>COMMUNITY/ SOCIETY</b>	<b>Total amount invested in the community where the target beneficiaries are external to the Company</b>	Currency (RM)	110,726	146,989
	<b>Total number of beneficiaries of the investment in communities</b>	Number	18	25
<b>EMPLOYEE DIVERSITY</b>	<b>Total number of employees</b>	Number	3,839	3,660
	<b>Percentage of employees by gender and age group, for each employee category:</b>			
	<b>Gender Group by Employee Category</b>			
	Management Male	Percentage	69	68
	Management Female	Percentage	31	32
	Executive Male	Percentage	54	54
	Executive Female	Percentage	46	46
	Non-executive/Technical Staff Male	Percentage	78	79
	Non-executive/Technical Staff Female	Percentage	22	21
	General Workers Male	Percentage	91	90
	General Workers Female	Percentage	9	10

Common Sustainability Matters	Common Indicators	Measurement Unit	2023	2024
<b>EMPLOYEE DIVERSITY (cont'd)</b>	<b>Age Group by Employee Category</b>			
	Management Under 30	Percentage	4	<b>4</b>
	Management Between 30-50	Percentage	64	<b>65</b>
	Management Above 50	Percentage	32	<b>31</b>
	Executive Under 30	Percentage	31	<b>27</b>
	Executive Between 30-50	Percentage	53	<b>58</b>
	Executive Above 50	Percentage	16	<b>15</b>
	Non-executive/Technical Staff Under 30	Percentage	27	<b>26</b>
	Non-executive/Technical Staff Between 30-50	Percentage	60	<b>61</b>
	Non-executive/Technical Staff Above 50	Percentage	13	<b>13</b>
	General Workers Under 30	Percentage	48	<b>44</b>
	General Workers Between 30-50	Percentage	48	<b>52</b>
	General Workers Above 50	Percentage	4	<b>4</b>
<b>DIRECTOR DIVERSITY</b>	<b>Total number of directors</b>	Number	9	<b>9</b>
	<b>Percentage of directors by gender and age group</b>			
	Male	Percentage	78	<b>78</b>
	Female	Percentage	22	<b>22</b>
	Under 30	Percentage	0	<b>0</b>
	Between 30-50	Percentage	0	<b>0</b>
	Above 50	Percentage	100	<b>100</b>
<b>ENERGY MANAGEMENT</b>	<b>Total energy consumption</b>			
	Electricity purchased	Megawatt	153,645	<b>174,348</b>
	Green electricity purchased	Megawatt	11,000	<b>0</b>
	Gas consumed	Megawatt	90,851	<b>70,868</b>
	Fuel consumed	Megawatt	21,235	<b>33,679</b>





Common Sustainability Matters	Common Indicators	Measurement Unit	2023	2024
<b>HEALTH AND SAFETY</b>	<b>Number of work-related fatalities</b>	Number	0	0
	<b>Lost time incident rate ("LTIR")</b>	Rate	0.51	0.41
	<b>Number of employees trained on health and safety standards</b>	Number	2,867	3,456
<b>LABOUR PRACTICES AND STANDARDS</b>	<b>Total hours of training by employee category</b>			
	Management	Hours	5,527	7,362
	Executive	Hours	10,068	7,781
	Non-Executive/Technical Staff	Hours	11,094	8,666
	General Workers	Hours	10,292	7,404
	<b>Percentage of employees that are contractors or temporary staff</b>	Percentage	2.24	46.8 *
	<b>Total number of employee turnover by employee category</b>			
	Management	Number	44	43
	Executive	Number	77	69
	Non-Executive/Technical Staff	Number	176	192
	General Workers	Number	231	322
	<b>Number of substantiated complaints concerning human rights violations</b>	Number	0	0
<b>SUPPLY CHAIN MANAGEMENT</b>	<b>Proportion of spending on local suppliers</b>	Percentage	71.28	75.52
<b>DATA PRIVACY AND SECURITY</b>	<b>Number of substantiated complaints concerning breaches of customer privacy and losses of customer data</b>	Number	0	0
<b>WATER</b>	<b>Total volume of water used</b>			
	Municipal potable water	Megalitres	2,108.95	2,024.55
	Groundwater	Megalitres	157.68	157.68

**Note:**

\* The increase was due to direct employment of foreign workers (contract staff) instead of outsourcing to fulfil the Supplier Workplace Accountability (SWA) Audit requirements of customer.

## Performance Data Table from Bursa Malaysia ESG Reporting Platform

Indicator	Measurement Unit	2023	2024
<b>Bursa (Anti-corruption)</b>			
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category			
Management	Percentage	11.00	100.00
Executive	Percentage	14.00	100.00
Non-executive/Technical Staff	Percentage	10.00	100.00
General Workers	Percentage	65.00	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0	1
<b>Bursa (Community/Society)</b>			
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	110,726.00	146,989.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	18	25
<b>Bursa (Diversity)</b>			
Bursa C3(a) Percentage of employees by gender and age group, for each employee category			
Age Group by Employee Category			
Management Under 30	Percentage	4.00	4.00
Management Between 30-50	Percentage	64.00	65.00
Management Above 50	Percentage	32.00	31.00
Executive Under 30	Percentage	31.00	27.00
Executive Between 30-50	Percentage	53.00	58.00
Executive Above 50	Percentage	16.00	15.00
Non-executive/Technical Staff Under 30	Percentage	27.00	26.00
Non-executive/Technical Staff Between 30-50	Percentage	60.00	61.00
Non-executive/Technical Staff Above 50	Percentage	13.00	13.00
General Workers Under 30	Percentage	48.00	44.00
General Workers Between 30-50	Percentage	48.00	52.00
General Workers Above 50	Percentage	4.00	4.00
Gender Group by Employee Category			
Management Male	Percentage	69.00	68.00
Management Female	Percentage	31.00	32.00
Executive Male	Percentage	54.00	54.00
Executive Female	Percentage	46.00	46.00
Non-executive/Technical Staff Male	Percentage	78.00	79.00
Non-executive/Technical Staff Female	Percentage	22.00	21.00
General Workers Male	Percentage	91.00	90.00
General Workers Female	Percentage	9.00	10.00
Bursa C3(b) Percentage of directors by gender and age group			
Male	Percentage	78.00	78.00
Female	Percentage	22.00	22.00
Under 30	Percentage	0.00	0.00
Between 30-50	Percentage	0.00	0.00
Above 50	Percentage	100.00	100.00
<b>Bursa (Energy management)</b>			
Bursa C4(a) Total energy consumption	Megawatt	276,731.00 *	278,895.00
<b>Bursa (Health and safety)</b>			
Bursa C5(a) Number of work-related fatalities	Number	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.51	0.41
Bursa C5(c) Number of employees trained on health and safety standards	Number	2,867	3,456

Internal assurance

External assurance

No assurance

(\*)Restated



Indicator	Measurement Unit	2023	2024
<b>Bursa (Labour practices and standards)</b>			
Bursa C6(a) Total hours of training by employee category			
Management	Hours	5,527	7,362
Executive	Hours	10,068	7,781
Non-executive/Technical Staff	Hours	11,094	8,666
General Workers	Hours	10,292	7,404
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	2.24	46.80
Bursa C6(c) Total number of employee turnover by employee category			
Management	Number	44	43
Executive	Number	77	69
Non-executive/Technical Staff	Number	176	192
General Workers	Number	231	322
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0
<b>Bursa (Supply chain management)</b>			
Bursa C7(a) Proportion of spending on local suppliers	Percentage	71.28	75.52
<b>Bursa (Data privacy and security)</b>			
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0
<b>Bursa (Water)</b>			
Bursa C9(a) Total volume of water used	Megalitres	2,266.767800	2,182.230000
<b>Bursa (Waste management)</b>			
Bursa C10(a) Total waste generated	Metric tonnes	-	No Data Provided
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	-	No Data Provided
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	-	No Data Provided
<b>Bursa (Emissions management)</b>			
Bursa C11(a) Scope 1 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	-	No Data Provided
Bursa C11(b) Scope 2 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	-	No Data Provided
Bursa C11(c) Scope 3 emissions in tonnes of CO <sub>2</sub> e (at least for the categories of business travel and employee commuting)	Metric tonnes	-	No Data Provided

## Statement of Assurance

As our commitment to ensure transparency and accuracy in our sustainability disclosures, KPMG PLT was engaged to perform assurance readiness procedures to determine whether the preconditions for assurance as required by ISAE 3000 (Revised), *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, were present for all the Common Indicators in the Sustainability Performance Data for 2023.

Following the assurance readiness procedures performed by KPMG PLT, the Standard Operating Procedures ("SOP") outlining the procedures of data collection and improved template for the data collection of each of the Common Indicators were in place for compiling the Sustainability Performance Data for 2024. The SOP and detailed guidelines within each template have improved the accuracy and completeness of the data collected.

The Sustainability Performance Data for 2024 in this Report have been verified by internal sources for accuracy. In accordance with the SOP, all the data collected by the personnel maintaining the data ("Preparers") shall be reviewed and approved by the superior of the Preparers before submitting the data to the Sustainability Reporting Working Group for compilation. Going forward, the Performance Data would gradually be reviewed by either an internal auditor or an independent assurance to ensure transparency and reliability.



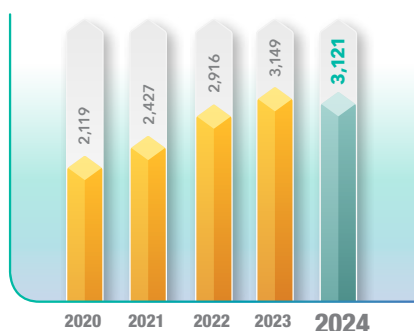
# Group Financial Highlights

	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000
Revenue	2,118,949	2,426,936	2,915,570	3,148,901	3,121,334
Profit before tax from continuing operations	133,668	96,904	179,444	31,962	115,536
Tax expense	(24,661)	(35,881)	(25,444)	(26,677)	(38,313)
Profit from continuing operations	109,007	61,023	154,000	5,285	77,223
Profit from discontinued operations, net of tax	(88,423)	137,519	-	-	-
Profit for the year	20,584	198,542	154,000	5,285	77,223
Minority interests	(15,171)	(24,633)	(8,955)	(11,966)	(19,108)
Profit/(Loss) attributable to equity holders of the Company	5,413	173,909	145,045	(6,681)	58,115
Issued share capital (RM'000)	530,665	535,623	535,902	537,262	645,415
Shareholders' fund (RM'000)	1,070,859	1,254,314	1,364,416	1,341,954	1,305,265
Net assets per share (sen) *	106	123	134	131	105
Basic earnings/(loss) per share (sen) **	0.54	17.08	14.22	(0.65) <sup>a</sup>	4.74 <sup>a</sup>
Gross dividends (%)	1.92	3.81	5.71	6.31	5.76
* Based on number of shares ('000)	1,010,282	1,019,653	1,020,210	1,022,893	1,239,154
** Based on weighted average number of shares ('000)	1,007,587	1,018,156	1,019,923	1,021,580	1,225,567

**Note:**

a. As disclosed in Note 21 to the Financial Statements.

**Revenue (RM'Million)**



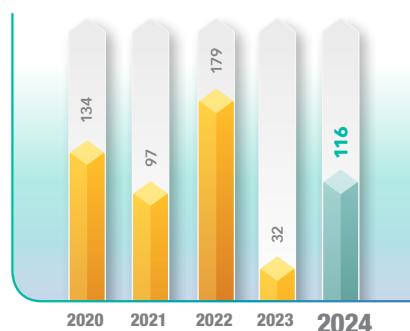
**Shareholders' Fund (RM'Million)**



**Basic Earnings Per Share (Sen)**



**Profit Before Tax (RM'Million)**



# Corporate Governance Overview Statement

The Board of Directors (“the Board”) of Malayan Flour Mills Berhad (“the Company”) strives to ensure that good corporate governance is embraced in the conduct of the businesses and affairs of the Company, its subsidiaries and joint ventures (“the Group”) as it is the Board’s fundamental responsibility to protect and enhance long-term shareholder value and the financial performance of the Group, whilst taking into account the interest of all stakeholders.

The Board recognises that the practice of good corporate governance, by being ethical, accountable and transparent, is vital for the sustainability of the Group. The Board makes adjustments as may be appropriate with the ultimate objective of continuously enhancing the business processes, stakeholder value and increasing the confidence of the investors and customers.

The Board has been guided by the Malaysian Code on Corporate Governance 2021 (“MCCG 2021”) in its corporate governance practices. Whilst ensuring compliance with Bursa Malaysia Securities Berhad Main Market Listing Requirements (“Listing Requirements”) and the Companies Act 2016, the Board always keep abreast with the developments in industry practices and the requirements by other relevant regulations to uphold the highest level of corporate governance throughout the Group.

This statement provides an overview of the corporate governance practices of the Company in respect of financial year ended 31 December 2024 and to be read together with the Corporate Governance Report of the Company (“CG Report”) which is available on the Company’s website at [www.mfm.com.my](http://www.mfm.com.my). The CG Report discloses the Company’s application of each practice set out in the MCCG 2021.

This overview statement describes the approaches that the Company has taken with respect to the 3 key principles of the MCCG 2021 as follows:

- A. Board Leadership and Effectiveness
- B. Effective Audit and Risk Management
- C. Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. Board Responsibilities

#### Roles and Responsibilities of the Board

The Board plays a role in providing stewardship and control of the Group’s business and affairs on behalf of shareholders with due consideration on the impact of the Group’s activities on its stakeholders. The Board is responsible for the oversight and overall management of the Group by providing guidance and direction to the management with regards to the sustainability, strategic planning, risk management, succession planning, financial and operations to meet the expectations and obligations to the shareholders and various stakeholders.

Amongst the key responsibilities of the Board are as follows:

- Review and approve short and medium terms strategic plans
- Monitor the progress of the Group’s businesses to evaluate whether the businesses are properly managed to achieve its targeted returns and sustainability
- Establish goals for management and monitor the achievement of these goals
- Identify principal business risks faced by the Group and ensure the implementation of appropriate internal controls and mitigating measures to address the risks
- Review the adequacy of the internal control systems

- Review succession and human resource plans
- Consider management's recommendations on key issues including investments, acquisitions, funding and significant capital expenditure

The Board delegates the day-to-day management of the Group to the Executive Deputy Chairman cum Managing Director who further cascades the delegation to the management team. Both the Executive Deputy Chairman cum Managing Director and management team remain accountable to the Board for the authority delegated to them and brief the Board on the general business environment, financial performance, operational progress, business outlook and action plans of the Company, the operating subsidiaries and joint ventures of the Company on a quarterly basis.

Significant matters reserved for the consideration of the Board include the following:

- Approval of financial statements including accounting policies of the Group
- Declaration of dividends
- Approval of annual budget
- Approval for the appointment and remuneration of Directors and Senior Management staff
- Proposed corporate exercise
- Borrowings from financial institutions
- Acquisition and disposal of assets
- New investments such as joint venture

As for the succession planning, the Board is responsible in reviewing candidates for the appointment of Director and key management positions. The Executive Deputy Chairman cum Managing Director updates the Board from time to time on the details of the programmes for management development such as coaching, leadership and technical training. The Board also reviews the remuneration of the Directors and key Senior Management to ensure that their remuneration packages are sufficiently attractive to attract and retain the talents.

#### Separation of positions of the Chairman and Executive Deputy Chairman cum Managing Director

The Board Charter provides clear division of responsibility between the Chairman and the Executive Deputy Chairman cum Managing Director to ensure that there is a balance of power and authority, such that no one individual has unfettered powers of decision-making.

Datuk Oh Chong Peng, who is a Non-Independent Non-Executive Director, is the Chairman of the Board. He is responsible for leading and ensuring the Board effectiveness and compliance with corporate governance. He acts as a facilitator at Board meetings and general meetings to ensure that the meetings are carried out smoothly according to their agenda.

Mr Teh Wee Chye is the Executive Deputy Chairman cum Managing Director of the Company and leads the day-to-day management of the Group. He, together with the support of the management team, formulate business strategies and plans to achieve the Group's vision and missions, targeted growth, turnover and profitability to meet the stakeholders' expectation. He is responsible for implementing the policies and decisions of the Board and coordinating the implementation of business and corporate strategies.

The Chairman and Executive Deputy Chairman cum Managing Director have regular dialogues over all operational matters. Between Board meetings, the Chairman maintains an informal link between the Board and the Executive Deputy Chairman cum Managing Director, expects to be kept informed by the Executive Deputy Chairman cum Managing Director on all important matters and is available to the Executive Deputy Chairman cum Managing Director to provide counsel and advice where appropriate.

# Corporate Governance

## Overview Statement (cont'd)

### Board Meetings and Time Commitment

The Board meets at least 6 times annually with quarterly meeting being held to review amongst other matters the business progress report and financial results. Board meetings for the ensuing financial year are scheduled prior to the commencement of that year to enable the Board and management to plan their schedule ahead. Additional meetings are convened in between scheduled meetings when Board's decision is required for urgent and important proposals or matters. Where appropriate, the Board's decision may be made via Circular Resolution in between scheduled meetings. Decisions of the Board are made unanimously or by consensus.

For the Board to deliberate effectively on agenda of the meetings, relevant meeting papers will be furnished to the Directors in advance of each meeting. This allows the Directors sufficient time to peruse the papers and have productive discussion and make informed decision at the meeting.

All deliberations and decisions made by the Board are properly recorded by the Company Secretary by way of minutes of the meetings. Minutes of proceedings and resolutions passed at each Board and Board Committees meetings are kept in the minutes book at the registered office of the Company.

In the event of a potential conflict of interest, the Director in such position will make a declaration to that effect as soon as practicable at the Board meeting. The Director concerned will then abstain from any decision-making process in which he has an interest in.

The Board is satisfied with the level of time commitment given by all the Directors towards fulfilling their duties and responsibilities as Directors of the Company. This is reflected by their full attendances at the Board and various Board Committees meetings held during the year as set out in the table below:

Name of Directors	Board	Audit & Risk Management Committee	Nomination Committee	Remuneration Committee
<b><i>Non-Independent</i></b>				
Datuk Oh Chong Peng	7/7	5/5	-	3/3
Teh Wee Chye	7/7	-	-	-
Dato' Seri Zainal Abidin bin Mahamad Zain	7/7	-	1/1	-
Prakash A/L K.V.P Menon	7/7	-	-	3/3
Azhari Arshad	7/7	-	-	-
Lim Pang Boon	7/7	-	-	-
<b><i>Independent</i></b>				
Quah Poh Keat	7/7	5/5	1/1	-
Emeritus Professor Datin Paduka Setia Dato' Dr Aini binti Ideris	7/7	-	1/1	3/3
Dato' Maznah binti Abdul Jalil	7/7	5/5	-	3/3

All the Directors have complied with the requirement to attend at least 50% of the Board meetings held in the financial year pursuant to the Listing Requirements.

Besides attending Board and Board Committees meetings, as their commitment in discharging their duties and responsibilities, some Directors had also attended offsite meetings with relevant authorities and discussion meetings with management.



In addition, all the Directors of the Company do not hold directorships at more than five public listed companies as prescribed in paragraph 15.06 of the Listing Requirements and thus, able to commit sufficient time to the Company. For notification to the Companies Commission of Malaysia as well as monitoring purpose, the Directors are required to notify the Company on any changes in their other directorship of public companies or subsidiaries of public companies.

#### Access to Advice and Information

In order for the Board to effectively discharge its duties and responsibilities, the Directors are provided with full, complete and unrestricted access to timely and accurate information. All Board and Board Committee members are provided with the agenda and reports relevant to the business of the meeting in advance so that the Directors have sufficient time to prepare and deliberate on the issues prior to the meeting.

Senior Management members are also invited to attend Board meetings to provide the Board with their views and explanations on certain agenda items tabled to the Board and to furnish their clarification on issues that may be raised by Directors.

In addition, the Directors may request for independent advice from the relevant professionals for the discharge of their duties, at the Company's expense.

#### Qualified and Competent Company Secretary

In furtherance of their duties, the Directors have access to the advice and services of the Company Secretary who satisfied the qualifications as prescribed under Sections 235(2) and 241 of the Companies Act 2016. The Company Secretary is responsible for ensuring that Board meeting procedures are adhered to and that applicable laws, rules and regulations are complied with. The Board is updated and advised by the Company Secretary from time to time on new statutes and directives issued by the regulatory authorities.

The Company Secretary organises and attends all the Board and Board Committees meetings as well as the General Meetings and ensures accurate records of the proceedings and decisions of the meetings are made and properly kept.

The Company Secretary also notifies the Directors on each closed period for dealing in the Company's listed securities, based on the targeted dates of announcements of the Group's quarterly results and in accordance with the period defined in Chapter 14 of the Listing Requirements, before the commencement of each closed period as prior notice of the closed period. The Directors are also being advised on the procedure for dealing in the Company's listed securities during the closed period to aid them in complying with the Listing Requirements.

The Company Secretary always keeps abreast of the evolving regulatory changes and developments in corporate governance through continuous training as she plays an important role in advising the Board on updates relating to new statutory and relevant regulatory requirements.

#### Directors' Continuing Development

The Directors of the Company have continued to attend and participate in various programmes which they have individually or collectively considered as relevant for them to keep abreast with the changes in regulations and trends in the business practices, environment and markets.

From time to time, the Board will be updated on the companies and securities legislations and other relevant rules and regulations at the Board and Board Committees meetings, in order to acquaint them with the latest developments in these areas. Beside this, the Directors also receive regular briefings and updates from the management on the Group's businesses, operations, risk management, internal controls, sustainability initiatives, corporate governance and finance as well as global and local business environment.

# Corporate Governance

## Overview Statement (cont'd)

In addition, the Company Secretary also receives regular updates on training programmes from Bursa Securities and various organisations which will be circulated to the Directors for their consideration.

The Company Secretary facilitates the participation of the Directors in the external training programmes and keeps record of the trainings attended by all the Directors.

For the year under review, the Directors had attended various appropriate seminars, conferences, workshop and courses covering leadership, corporate governance, economy, environmental sustainability, poultry, agriculture, risk and audit of the following topics:

- MFM Leadership Conference
- Competition Law Compliance Training
- Mandatory Accreditation Programme Part II: Leading for Impact
- 9<sup>th</sup> International Agriculture Congress 2024
- Exposition of Legal Duties under Companies Act 2016 and Allied Regulatory Framework
- World Veterinary Poultry Association Malaysia Seminar 2024 on Poultry Diseases
- Bursa: Conflict of Interest (“COI”) and Governance of COI
- Navigating Directorship: Legal Consequences, Responsibilities and Risks in Office
- Workshop for “Impact Study of AI, Digital and Green Economy on Malaysian Workforce”
- IIC Corporate Governance Conference 2024 - Countdown to 2030: Investing Towards Sustainable Development in Malaysia
- What Amounts to a Conflict of Interest by Directors
- Sustainability Reporting & Assurance Training: Are You Ready for Bursa Malaysia Sustainability Reporting & Assurance
- KWAP Inspire Conference 2024
- Navigating the 2H 2024 Financial Landscape: The Impact of Interest Rate Movements, Global Elections and Artificial Intelligence on Investment Strategies and Markets
- Audit Committee Conference 2024 - Embracing Strategic Oversight: The Future of Audit Committees
- Fostering Strategic Mindset & Harrison Assessment Report Understanding

### Board Charter


The roles and functions of the Board are clearly defined in the Board Charter which regulates how business is to be conducted by the Board in accordance with the principles of good Corporate Governance. The Board Charter was last revised in 2023 to reflect the changes in the composition of the Independent and Non-Independent Directors in the Board, changes in Board Committees and set a limit on the tenure of an Independent Director to not more than a cumulative period of 12 years. The Board Charter is available on the Company's website.

### Code of Conduct

The Group's Code of Conduct (“CoC”) is in force across the Group and all Directors and employees must comply with it. Disciplinary action may be taken against employees who are found guilty of non-compliance with the CoC. The CoC sets out the ethical standards of conduct that all Directors and employees are expected to comply with in their dealings with fellow colleagues, customers, shareholders, suppliers, competitors, the wider community and the environment.

Every Director and employee must display and behave in a manner which is consistent with the Group's philosophy and core values. The following CoC must be adhered to at all times by all Directors and employees within the Group:

- a. Demonstrating commitment
- b. Living the core values of the Group
- c. Avoiding conflict of interest

- 
- d. Preventing bribery and corruption
  - e. Practising confidentiality and data protection
  - f. Communicating externally and internally with ethics and within authority
  - g. Protecting company assets and resources
  - h. Giving equal opportunity, non-discrimination and fair employment
  - i. Ensuring safety and protecting the environment
  - j. Prohibiting insider trading
  - k. Complying with Antitrust and Competition Laws

The CoC is subject to change and review as and when it is deemed necessary by the Company. The CoC was last revised in 2024 to enhance the compliance clauses.

As personal commitment to the CoC, each employee of the Group is required to make a declaration that he/she has been furnished a copy of the CoC, has read and understood the CoC, accepted to comply with the CoC and understood that any breach of the CoC may result in disciplinary action being taken against him/her. The CoC is available on the Company's website.

#### Policy and Guidelines on Gifts and Entertainment

In line with good practice of corporate governance in the conduct of business and affairs of the Group and as part of the measures to avoid conflict of interest and prevention of bribery and corruption in compliance with Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act"), the Group has adopted the Policy and Guidelines on Gifts and Entertainment ("Gifts Policy") on 6 July 2020.

The Gifts Policy applies to the Board of Directors, officers and employees, including contractual employees, consultants, agents and person associated with the Group ("Associated Persons").

The Group requires its Associated Persons to abide by the Gifts Policy to avoid conflict of interest or the appearance of conflict of interest for either party in on-going or potential business dealing between the Group and external parties as a gift can be seen as a bribe that may tarnish the Group's reputation or be in violation of anti-bribery and corruption laws.

The Gifts Policy was published in the Internal Newsletter for the attention of all the existing employees as well as notified to the suppliers and customers via letter or email.

In February 2024, an online annual refresher course on awareness of the CoC and Gifts Policy was implemented for all the employees to ensure their knowledge on the CoC and Gifts Policy are up to date.

All new recruits will also be briefed on the Gifts Policy during the onboarding programme.

For enhancement, the Gifts Policy was revised in 2022 with new clauses, definitions and declaration form.

The Gifts Policy is also published on the Company's website.

#### Whistle Blowing Policy

The Company has a Whistle Blowing Policy in place. The objectives of the Standard Operating Procedures & Policy ("SOPP") on Whistle Blowing Policy are as follows:

- a. To instill the highest level of corporate governance in the Group;
- b. To encourage and enable all employees to raise genuine concerns within the Group rather than overlooking a problem. Employees are reminded to conduct the business at the highest ethical and legal standards; and
- c. To set a procedure for all employees to give information on non-compliances to the Code of Conduct, regardless of his or her position, to an independent party to investigate the allegations and take the appropriate actions.

# Corporate Governance

## Overview Statement (cont'd)

A Whistle Blowing Policy for external parties is published on the Company's website.

All employees or any person who has dealings with the Group may report any suspected fraud, misconduct or any integrity concerns to Mr Quah Poh Keat, Senior Independent Non-Executive Director of the Company, via the email address at [whistleblowing@mflour.com.my](mailto:whistleblowing@mflour.com.my).

### Sustainability Management

The Board together with the Management are committed and responsible towards the governance of sustainability in the Group including setting the sustainability strategies, priorities and targets. Detailed information on the Group's approaches towards addressing sustainability risks and opportunities are provided in the Sustainability Report on pages 29 to 84 of this Annual Report.

## **II. Board Composition**

### Composition and Balance of the Board

There are currently 9 Directors on the Board comprising 2 Executive Directors and 7 Non-Executive Directors of whom 3 are Independent Directors. The size and composition of the Board provides for a diversity of views, the desired level of objectivity and independence in Board deliberations and decision-making.

The Directors of the Company are persons of high integrity and calibre who come from diverse backgrounds with expertise and skills in banking, finance, accounting, manufacturing, retailing, property development, public services, education and legal.

The present Board composition complies with paragraph 15.02 of the Listing Requirements which require a minimum of 2 directors or 1/3 of the Board to be independent directors, whichever is the higher.

The Board diversity shall be considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience in varying stages of business development and internationally, personal characteristics, skills and knowledge.

Currently, the Board comprises amongst others, diverse professional experience, ethnicity, age and gender diversity with 2 women Directors on the Board which represent 20% of the Board.

The size and composition of the Board are reviewed annually by the Nomination Committee via the Performance Evaluation. The Board is satisfied with the current composition in terms of size, skills and experience, diversity of age, gender and background which has ensured well-balanced views to facilitate effective decision making.

As the Company practices equal opportunity and non-discrimination in any form, the selection criteria for appointment of Director continued to be based on merit, calibre, skill and knowledge which are relevant to the Group. A brief profile of each Director of the Company can be found on pages 6 to 13 of this Annual Report.

### Appointment and Re-election of Directors

The procedures for appointments to the Board are formal and transparent. The Company has a Directors' Fit and Proper Policy ("Policy") which serves as a guide to the Nomination Committee and the Board in their review and assessment of candidates for appointment onto the Board as well as Directors who are seeking for re-election. The Policy also sets out the fit and proper criteria for the appointment and re-election of Directors. The Policy is to ensure that each of the Directors possesses the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to discharge his/her role and responsibilities as a Director.



The Nomination Committee shall assess each candidate for new appointment as Director based on the fit and proper criteria as spelt out in the Policy before recommending to the Board for approval.

For the position of independent non-executive director, the Nomination Committee also evaluates the candidate's calibre, credibility and necessary skill and experience to bring an independent judgement and view to matters under consideration. Upon performing the requisite assessment by the Nomination Committee, the new nomination of Director will be recommended to the Board for approval.

As for the appointment of Key Senior Management of the Group, it is based on merit and with due regards for diversity in skills, experience, age and gender.

The Constitution of the Company provides that all Directors shall hold office only until the next Annual General Meeting ("AGM") subsequent to their appointment and shall then be eligible for re-election.

In respect of the retirement by rotation of Directors, the Constitution provides that at least 1/3 or the nearest to 1/3 of the Directors for the time being are subject to retirement by rotation at each AGM and that all Directors are subject to retirement by rotation at least once in every 3 years. The Director who is subject to retirement at the AGM, shall be eligible for re-election.

A Director who is due for re-election at the AGM will first be assessed by the Nomination Committee on his performance and contribution, who will then submit its recommendation to the Board for deliberation and endorsement. Thereafter, shareholders' approval will be sought for the re-election.

Information of the Director standing for re-election such as his personal profile, attendance of meetings and shareholdings are available in this Annual Report for the shareholders to make an informed decision.

#### Independence of Directors

The Independent Non-Executive Directors are not involved in the day-to-day management of the Company and not full-time salaried employees. They contribute independent views to matters under consideration and provide wide and unfettered perspective on issues. They also bring to the Board integrity and a strong sense of ethics as well as ensuring effective check and balance in the functioning of the Board.

In line with the amended Listing Requirements, the Board Charter provides that the tenure of an Independent Director shall not be more than a cumulative period of 12 years.

Each Independent Director shall be subject to the Independent Director's Self-Assessment for Annual Declaration of Independence and the annual Individual Director Self/Peer Evaluation to ensure that each of them continues to fulfill the definition of independence as set out in the Listing Requirements.

Based on both the results of the Independent Director's Self-Assessment for Annual Declaration of Independence and annual Individual Director Self/Peer Evaluation, the Nomination Committee and the Board were satisfied that all the Independent Non-Executive Directors of the Company had continued to be independent-minded and demonstrate conduct and behaviour that are essential indicators of independence.

#### Board Committees

The Board has delegated certain responsibilities to the Board Committees which are necessary to facilitate efficient decision-making to assist the Board in the execution of its duties, power and authorities. The Committees assist the Board in its duties by preparing and reviewing in more detail matters falling within the competence of the Board. The functions and terms of reference of all the Board Committees are clearly defined in the Board Charter and are available on the Company's website. The Chairman of the various committees will report to the Board on the outcome of the respective Committee meetings and such reports are incorporated in the minutes of the Board meeting.

The Board has 3 permanent committees namely, Audit & Risk Management Committee, Nomination Committee and Remuneration Committee. The Board retains full responsibility for the direction and control of the Company and the Group.

# Corporate Governance

## Overview Statement (cont'd)

### Nomination Committee

The Nomination Committee shall comprise exclusively of non-executive directors, a majority of whom must be independent. The Committee currently consists of 2 Independent Non-Executive Directors and 1 Non-Independent Non-Executive Director as follows:

Emeritus Professor Datin Paduka Setia Dato' Dr Aini binti Ideris (Chairman)	Independent Non-Executive Director
Dato' Seri Zainal Abidin bin Mahamad Zain	Non-Independent Non-Executive Director
Quah Poh Keat	Independent Non-Executive Director

The terms of reference of the Nomination Committee are as follows:

- To review regularly the Board structure, size and composition and make recommendations to the Board with regard to any adjustments that are deemed necessary and to recommend Directors to Committees of the Board;
- To be responsible for identifying and nominating candidates for the approval of the Board to fill Board vacancies as and when they arise as well as put in place plans for succession, in particular, of the Chairman and the Executive Deputy Chairman cum Managing Director;
- To review the required mix of skills and experience and other qualities and competencies which Non-Executive Directors should bring to the Board and to assess the effectiveness of the Board, Committees of the Board and contributions of Directors of the Board;
- To review the balance between Executive and Non-Executive Directors and to ensure at least 1/3 of the Board is comprised of Independent Directors in compliance with the Listing Requirements;
- To recommend to the Board for the continuation (or not) in service of an Executive Director as an Executive or Non-Executive Director;
- To recommend Directors who are retiring by rotation to be put forward for re-election; and
- To recommend to the Board the employment of the services of such advisers as it deems necessary to fulfill its responsibilities.

The Nomination Committee had conducted the Performance Evaluation of the Board, Board Committees and Individual Director for year 2024 via questionnaires which were completed by each Director on a confidential basis. The questionnaires comprised a Board and Board Committees Performance Evaluation, an Individual Director Self/Peer Evaluation and an Independent Director's Self-Assessment for Annual Declaration of Independence. The effectiveness of the Board was assessed in the areas of composition, operations, roles and responsibilities, addressing the Company's material sustainability risks and opportunities and performance of the Chairman.

In the evaluation of each Board Committee, its effectiveness was assessed in terms of its composition, level of assistance to the Board, fulfilment of the roles by each member of the Committee and effectiveness of its Chairman.

Meanwhile, the individual Director was assessed based on his/her contribution to interaction, quality of input, understanding of his/her role and fit and proper criteria to ensure that each of the Directors possesses the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to discharge his/her role and responsibilities as a Director.

Results of the assessments and areas which required improvement were compiled and reviewed by the Nomination Committee. For the overall results of the assessments, the Board and Board Committees had achieved the strong ratings.



Having been satisfied with the results of the assessments, the Nomination Committee had recommended to the Board that:

- The Board and Board Committees had been able to discharge their duties and responsibilities professionally and effectively.
- Each of the Directors continued to perform, contribute and devote sufficient time in fulfilling his/her role and responsibility towards an effective Board.
- All the Independent Directors complied with the definition of Independent Director as defined in the Listing Requirements.
- All the Independent Directors had remained objective and independent in expressing their views and in exercising their decision-making.
- Shareholders' approval be sought at the forthcoming AGM for the re-election of Mr Teh Wee Chye, Dato' Seri Zainal Abidin bin Mahamad Zain and Mr Azhari Arshad who are retiring by rotation and being eligible, have offered themselves for re-election.

### III. Remuneration

#### Remuneration Policies for Directors and Senior Management

The remuneration framework for executive directors and senior management has an underlying objective of attracting and retaining directors and senior management needed to run the Company successfully. The Company has in place a remuneration policy which linked the remuneration package of the Executive Directors and Senior Management to the corporate and individual performance. The remuneration package of the Executive Directors and Senior Management comprises the basic salary, performance incentive and other benefits as are laid down by the Company's rules and regulations from time to time. Their remuneration packages are periodically reviewed to keep abreast with the changes in the market and industry as well as to motivate and retain the talents to pursue the long-term goals of the Group.

The policy to determine the remuneration of Directors is provided in the Board Charter. The Non-Executive Directors are paid Directors' fees, Board Committees' fixed allowance and meeting allowance for each Board and Board Committee meeting they attend. In addition, the Company reimburses reasonable expenses incurred by the Directors in the course of discharging their duties.

#### Remuneration Committee

The Remuneration Committee shall comprise mainly of non-executive directors. The Committee currently consists of 2 Independent Non-Executive Directors and 2 Non-Independent Non-Executive Directors as follows:

Prakash A/L K.V.P Menon (Chairman)	Non-Independent Non-Executive Director
Datuk Oh Chong Peng	Non-Independent Non-Executive Chairman
Emeritus Professor Datin Paduka Setia Dato' Dr Aini binti Ideris	Independent Non-Executive Director
Dato' Maznah bin Abdul Jalil	Independent Non-Executive Director

# Corporate Governance

## Overview Statement (cont'd)

The terms of reference of the Committee are as follows:

- a. To determine and agree with the Board the framework or broad policy for the remuneration of the Company's or Group's Chief Executive and other Senior Management staff of the Company or Group;
- b. To determine and recommend to the Board any performance related pay schemes for the Company or Group;
- c. To determine the policy for and scope of service agreements for the executive directors, termination payments and compensation commitments;
- d. To oversee any major changes in employee remuneration and benefit structures throughout the Company or Group;
- e. To produce an annual report of the Committee's remuneration policy for Board members which will form part of the Company/Group's annual report and accounts; and
- f. To recommend to the Board the appointment of the services of such advisers or consultants as it deems necessary to fulfill its responsibilities.

The Committee reviews and recommends for the Board's consideration the Directors' fees, Board Committees' fixed allowance and meeting allowance. In reviewing and recommending the Directors' fees, the Committee ensures that the level of remuneration for the Non-Executive Directors commensurate with their scope of responsibilities and contributions to the effective functioning of the Group. The Committee also reviews and recommends the yearly salary increment and performance incentives of the Senior Management for the Board's approval.

Executive Director will abstain from deliberations and voting decisions in respect of his remuneration. Non-Executive Directors' remuneration will be a matter to be decided by the Board as a whole with the Director concerned abstaining from deliberations and voting decisions in respect of his individual remuneration. The Directors' fees and benefits payable to the Directors are subject to yearly approval by the shareholders at the AGM.

Details of the Directors' remuneration paid or payable or otherwise made to all Directors of the Company in respect of financial year 2024 are disclosed in the CG Report.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. Audit & Risk Management Committee

The composition, duties and responsibilities of the Audit & Risk Management Committee together with its report are presented on pages 101 to 104 of this Annual Report.

### II. Risk Management and Internal Control Framework

The Group has a sound system of internal control which covers not only financial controls but also operational, compliance and risk management. The system of internal control provides reasonable but not absolute assurance against material misstatements, losses and fraud.

The Statement on Risk Management and Internal Control as set out on pages 105 to 109 of this Annual Report provides an overview of the state of internal controls within the Group.





## PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### I. Engagement with Stakeholders

#### Financial Reporting

The Directors take responsibility for presenting a balanced and objective assessment of the Group's financial performance and prospects primarily through the quarterly and annual financial announcements of results. In addition, the Chairman's Statement and Management Discussion and Analysis are also contained in this Annual Report as important source of information for shareholders, analysts and investors to review the Group's financial and business performance.

The Group's financial statements are prepared in accordance with the requirements of the applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016. Efforts are made to ensure that in presenting the financial statements, the appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates are being used.

#### Corporate Disclosure

The Company is mindful of the importance to disseminate information to shareholders and investors in a prompt and timely manner in order for informed decision to be made. As such, the Board has always stressed for all material information to be announced immediately upon available. This is not only for compliance with the Listing Requirements but also to avoid insider trading.

#### Communication with Stakeholders

The timely release of quarterly financial results, the issuance of the Company's Annual Reports and Circular/Statement to Shareholders as well as the announcements to Bursa Malaysia Securities Berhad and Press Releases on quarterly financial announcements, material information and corporate proposals are the principal channels for dissemination of information to its investors, stakeholders and the public generally.

The Company's website at [www.mfm.com.my](http://www.mfm.com.my) provides quick access to information on the Group. The information available on the website of the Company includes, amongst others, the Corporate Profile, Directors' Profile, Financial Results, Annual Reports, Announcements released to Bursa Malaysia Securities Berhad, Research Reports, Constitution of the Company, Board Charter, Terms of Reference of Board Committees, Corporate Governance Overview Statement, Corporate Governance Report, Sustainability, Minutes of General Meetings, Code of Conduct, Policy and Guidelines on Gifts and Entertainment, Whistle Blowing Policy, Policy and Guidelines on Antitrust, Directors' Fit and Proper Policy, Human Rights and Labour Standard Policy, dividend information, corporate news, operations and products of the Group.

From time to time, the designated Senior Management also has dialogues with fund managers, research analysts and media on the strategies, performance and prospects of the Group.

In addition, information was also provided to shareholders and/or investors in the replies to their enquiries via the email address at [ir@mflour.com.my](mailto:ir@mflour.com.my).

As there may be instances where investors and shareholders may prefer to express their concerns to an independent director, the Board had appointed Mr Quah Poh Keat as the Senior Independent Non-Executive Director to whom concerns may be directed. At all times, investors and shareholders may contact the Company Secretary for information on the Group.

# Corporate Governance

## Overview Statement (cont'd)

The Group continues to engage with each of its stakeholders such as shareholders, investors, regulators, customers, suppliers, employees and other communities through a variety of approaches to address their concerns and maintain an open communication. The summary of the engagement platforms with the various stakeholders is provided in the Sustainability Report on page 35 of this Annual Report.

## II. Conduct of General Meetings

The Board recognises the importance of maintaining an effective communication with the shareholders and the general public. All shareholders are encouraged to attend the Company's General Meetings and to participate in the proceedings.

In line with best corporate governance practice, the Notice of AGM is issued to the shareholders 28 days prior to the meeting to provide them sufficient time to prepare, participate and make informed voting decision at the AGM.

The Company had successfully conducted its virtual AGM on 16 May 2024 through live streaming and online remote voting using Remote Participation and Electronic Voting ("RPEV") facilities.

The conduct of the virtual General Meeting was in compliance with the Constitution of the Company which allows General Meeting to be held using any technology or electronic means.

As an effort to encourage engagement with the shareholders, questions in relation to the agenda items, business and performance of the Company may be emailed to the Company by the shareholders prior to the General Meeting at any time from the day of notice of General Meeting and up to 48 hours before the meeting. On the day of the meeting, every opportunity was given to the shareholders to ask questions and seek clarification during the live webcast by posing questions through the messaging window facility of the Virtual Meeting Portal which was opened concurrently with the Virtual Meeting Portal an hour before the commencement of the meeting.

Questions posed by shareholders were read out during the "Questions and Answers" session and the Chairman, Executive Deputy Chairman cum Managing Director or Chief Financial Officer had responded to all the relevant questions raised and provided clarification accordingly. As such, the shareholders had experienced real time interaction with the Board during the General Meeting.

During the AGM, the Executive Deputy Chairman cum Managing Director had also presented the overview of the financial performance of the Group and business outlook.

In accordance with the Listing Requirements, all the resolutions set out in the notice of the AGM were voted by poll. All the shareholders who participated in the AGM remotely had voted on all the resolutions using the RPEV facilities. An independent scrutineer for the electronic poll voting process was appointed to verify all the votes. Upon verifying the votes, the scrutineer announced the voting results which were displayed on the screen. The poll results were subsequently announced to Bursa Securities on the same day.

The full minutes of the AGM detailing the meeting proceedings, including issues and concerns raised by the shareholders together with the responses of the Company, were published on the Company's website for the information and benefit of all the shareholders of the Company no later than 30 business days after the conclusion of the General Meeting.

# Additional Compliance Information

The following information is provided in compliance with Bursa Malaysia Securities Berhad Main Market Listing Requirements.

## 1. Utilisation of Proceeds Raised from Corporate Proposal

Disposal of 49% equity interest pursuant to strategic partnership with Tyson International Holding Company ("Tyson")

On 31 May 2021, the share purchase agreement ("SPA") entered into between the Company and Tyson for the disposal of 49% equity interest in Dindings Tyson Sdn Bhd ("DTSB"), a wholly-owned subsidiary of the Company, to Tyson for a total disposal consideration of up to RM420,000,000 to be satisfied wholly by cash, in conjunction with the proposed strategic partnership with Tyson, was completed.

The disposal consideration is to be received in 3 tranches - Initial Consideration, First Earnout Consideration and Second Earnout Consideration. The Initial Consideration and the First Earnout Consideration have been received in 2021 and 2023 respectively. The Second Earnout Consideration will be assessed, subject to conditions being met, based on the financial targets of DTSB Group for the financial year ended ("FYE") 2023.

Based on the Profit Guarantee Account, the EBITDA (earnings before interest, taxes, depreciation and amortisation) of DTSB Group for the FYE 2021 was less than RM54 million and as such Tyson is entitled to the Profit Guarantee Payment of RM15 million. On 16 August 2022, the Company remitted the Profit Guarantee Payment of RM15 million to Tyson. The net Initial Consideration proceeds is RM169.944 million after deducting the Profit Guarantee Payment of RM15 million.

The summary of the utilisation of Initial Consideration proceeds is as follows:-

Description of Utilisation of Proceeds	Initial Consideration Proceeds (RM'000)	Actual Utilisation (RM'000)	Balance of Initial Consideration Proceeds Unutilised (RM'000)	Expected Time Frame for Utilisation of Proceeds (from date of receipt of the proceeds)
Repayment of bank borrowings	170,944	170,944	-	Within 6 months
Estimated expenses in relation to the Strategic Partnership	14,000	# 14,060	-	Within 1 month
<b>Total</b>	<b>184,944</b>	<b>185,004</b>	<b>-</b>	
Profit Guarantee Payment	(15,000)			
<b>Net Total</b>	<b>169,944</b>			

# The additional expenses incurred were paid from working capital.

For FYE 2022, DTSB Group's EBITDA and net debt were greater than RM141 million and RM44 million respectively. As such, the First Earnout Consideration was adjusted to RM119.971 million and received on 13 December 2023, which was lower than the First Earnout Consideration of RM140 million.

# Additional Compliance Information (cont'd)

The summary of the utilisation of First Earnout Consideration proceeds is as follows:-

Description of Utilisation of Proceeds	First Earnout Consideration Proceeds (RM'000)	Actual Utilisation (RM'000)	Balance of First Earnout Consideration Proceeds Unutilised (RM'000)	Expected Time Frame for Utilisation of Proceeds (from date of receipt of the proceeds)
Repayment of bank borrowings	119,971	119,971	-	Within 6 months
<b>Total</b>	<b>119,971</b>	<b>119,971</b>	<b>-</b>	

On 15 October 2024, the Company received a confirmation letter from Tyson on the Second Earnout Account prepared based on the audited financial statements of DTSB Group for FYE 2023. The estimated Second Earnout Consideration was RM140 million. As the DTSB Group's EBITDA for FYE 2023 of RM104.577 million was lesser than the targeted EBITDA of RM173 million, the shortfall amount is multiplied by 1.5 times to arrive at the amount of RM102.635 million which was deducted from the estimated Second Earnout Consideration. As the DTSB Group's net Cash for FYE 2023 was a negative number, the Second Earnout Consideration was reduced by an amount of RM63.197 million which is equal to (a) the Net Cash Deducted Amount multiplied by (b) the sum of the absolute value of the net Cash for FYE 2023 plus the 2023 Net Cash Target. As the aggregate amount deducted from the Second Earnout Consideration was RM165.832 million, the Second Earnout Consideration was zero.

Hence, the Initial Consideration together with the First Earnout Consideration of RM289.916 million form the aggregate and total Disposal Consideration.

## 2. Audit and Non-Audit Fees

The amount of audit fees and non-audit fees paid or payable to the Company's external auditors, KPMG PLT, member firms of KPMG International Limited and local affiliates of KPMG PLT by the Group and the Company for financial year 2024 are as follows:

	Group (RM'000)	Company (RM'000)
Audit Fees	370	137
Non-Audit Fees	410	307
<b>Total</b>	<b>780</b>	<b>444</b>

## 3. Material Contracts involving Directors' and Major Shareholders' Interests

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interests either subsisting as at 31 December 2024 or entered into since the end of the previous financial year except for the related party transactions disclosed in Note 27 to the financial statements on pages 190 and 191 of this Annual Report.

## 4. Recurrent Related Party Transactions of a Revenue or Trading Nature

The Recurrent Related Party Transactions of a Revenue or Trading Nature are disclosed in Note 27 to the financial statements on page 190 of this Annual Report.



# Audit & Risk Management Committee Report

The Board of Directors (“the Board”) of Malayan Flour Mills Berhad (“the Company”) is pleased to present the Audit & Risk Management Committee Report for the year ended 31 December 2024.

## Composition

Chairman:	Quah Poh Keat (Independent Non-Executive Director)
Members:	Datuk Oh Chong Peng (Non-Independent Non-Executive Chairman)
	Dato’ Maznah binti Abdul Jalil (Independent Non-Executive Director)

The Audit & Risk Management Committee (“the Committee”) comprises 3 members, a majority of whom are Independent Non-Executive Directors. This meets the requirements of paragraph 15.09(1)(a) and (b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements (“Listing Requirements”).

Chairman of the Committee, Mr Quah Poh Keat is a Fellow of the Malaysian Institute of Taxation (“MIT”) and the Association of Chartered Certified Accountants (“FCCA”) and a member of the MIA, the MICPA and the Chartered Institute of Management Accountants (“CIMA”) whilst Datuk Oh Chong Peng, is a Fellow of the Institute of Chartered Accountants in England and Wales (“ICAEW”) as well as a member of the Malaysian Institute of Certified Public Accountants (“MICPA”) and the Malaysian Institute of Accountants (“MIA”). Hence, the Company complies with paragraph 15.09(1)(c)(i) of the Listing Requirements.

The Nomination Committee assesses the performance of the Committee and its members through an annual Board Committee evaluation as well as reviews the terms of office of the members of the Committee. The Nomination Committee is satisfied that the Committee and its members have discharged their duties and responsibilities in accordance with its Terms of Reference and has supported the Board well in reviewing the financial statements, internal control and risk management.

## Meetings

During the year, the Committee held 5 meetings and the details of the attendance of each member of the Committee are as follows:

Members	Attendance
Quah Poh Keat	5/5
Datuk Oh Chong Peng	5/5
Dato’ Maznah binti Abdul Jalil	5/5

At the request of the Committee, the Executive Deputy Chairman cum Managing Director and Chief Financial Officer had attended the meetings to advise, clarify and address matters discussed at the meetings.

The Internal Audit and Risk Management Function had attended the quarterly meetings of the Committee to report on the internal audit plan and internal audit and risk management reports.

During the year, the representatives of the external auditors had also attended the meetings of the Committee to present their Audit Plan, Audit Status and the annual audit report on the audit of financial statements.

The Company Secretary of the Company is the Secretary of the Committee. The Secretary maintains minutes of the proceedings of the meetings of the Committee.

# Audit & Risk Management Committee Report (cont'd)

## Terms of Reference

The Committee is governed by its terms of reference which describe its composition, authority, duties and responsibilities. The Terms of Reference is available on the Company's website at [www.mfm.com.my](http://www.mfm.com.my).

## Summary of the Work of the Committee

The work carried out by the Committee in the discharge of its duties and responsibilities in line with its Terms of Reference during the financial year ended 31 December 2024 were as follows:

### a. Financial Reporting

- i. Reviewed the quarterly unaudited financial results and announcements before recommending them to the Board for approval.
- ii. Reviewed the annual audited financial statements of the Company and its subsidiaries ("the Group") and of the Company prior to submission to the Board for approval.
- iii. Reviewed the impact of the changes to the accounting policies and adoption of new accounting standards and treatments used in the financial statements.

### b. Internal Audit

- i. The Internal Audit and Risk Management Function presented the comprehensive internal audit plan which had been undertaken to evaluate and identify the companies and operational auditable areas to be audited within the Group. The Committee reviewed the annual internal audit plan to ensure adequate scope and coverage of the activities of the Group.

Subsequently, the Committee reviewed the progress status of the internal audit plan presented by the Internal Audit and Risk Management Function at its quarterly meeting.

- ii. Reviewed the internal audit and risk management reports submitted and presented by the Internal Audit and Risk Management Function at the quarterly meeting of the Committee. The Committee appraised the adequacy of actions and remedial measures taken by the management in resolving audit issues reported and recommended further improvement measures.

### c. External Audit

- i. Reviewed with the external auditors, KPMG PLT, on their Audit Plan prior to commencement of the audit. The Engagement Partner of KPMG PLT presented the Audit Plan and Strategy for the Group for financial year 2024 which entailed the engagement team, audit scope, audit timeline and audit focus areas.
- ii. Reviewed the proposed fees for the statutory audit, review of the Statement on Risk Management and Internal Control and review of Group Reporting Package and Audit Working Papers of component auditors. The proposed fees were then recommended by the Committee to the Board for approval.
- iii. Discussed and reviewed the Group's financial statements with the external auditors including issues and findings noted in the course of the audit.
- iv. The external auditors had provided their written assurance that they were 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 they had fulfilled the other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

The external auditors had also implemented a number of firm-wide ethics and independence systems to monitor compliance with their policies in relation to independence and ethics.

Besides the written assurance from the external auditors on their independence, input from the Company personnel, who had substantial contact with the external auditors throughout the year, on the quality of service provided, independence, objectivity and professional skepticism of the external auditors via questionnaires was obtained for the Committee's annual evaluation of the external auditors. Subsequently, the Committee conducted an assessment on the performance, technical competency, suitability and independence of the external auditors throughout the conduct of their audit engagement and being satisfied with the suitability and independence of the external auditors, the Committee recommended to the Board for approval on the re-appointment of the external auditors at the Annual General Meeting of the Company.

#### **d. Risk Management**

- i. Reviewed the Audit & Risk Management Committee Report before recommending it for approval by the Board for inclusion in the Annual Report.
- ii. Reviewed the Statement on Risk Management and Internal Control ("SORMIC") which was prepared by the Committee, being the delegated committee of the Board responsible for the preparation of the SORMIC.

Upon the review by the external auditors, who were engaged to provide an independent limited assurance on the SORMIC, the Committee recommended the SORMIC to the Board for adoption and disclosure in the Annual Report.

The Committee authorised the Executive Deputy Chairman cum Managing Director of the Company and the Chief Financial Officer to sign the Letter of Representation in respect of the Board's SORMIC, for and on behalf of the Committee.

#### **e. Sustainability**

- i. Reviewed the Materiality Matrix on prioritisation of the Material Sustainability Matters for 2023-2025 which was plotted in accordance with the degree of materiality and the relative relevance of the Material Matters based on the outcome of the materiality assessment survey participated by the Senior Management.
- ii. Reviewed the pre-assurance report ("the Report") for selected sustainability indicators of the Group for the financial year ended 31 December 2023 which was presented by KPMG PLT upon performing assurance readiness procedures to determine whether the preconditions for assurance as required by ISAE 3000 (Revised), *Assurance Engagement Other Than Audits or Reviews of Historical Financial Information*, were present for all the Common Indicators in the Sustainability Performance Data for 2023.

### **Internal Audit Function**

The Group outsourced its internal audit and risk management function to an independent professional company, Baker Tilly Monteiro Heng Governance Sdn Bhd, which operates independently from the operating units. The Internal Audit and Risk Management Function ("IARMF") undertook the internal audit functions based on the risk-based audit plans that were reviewed and approved by the Committee.

The purpose, authority and responsibility of the IARMF as well as the nature of the assurance and consultancy activities provided by the function are articulated in the Internal Audit Charter.

The IARMF reported directly to the Committee who reviewed and approved the IARMF's annual audit plan, financial budget and human resource requirements to ensure that the function was adequately resourced with competent and proficient internal auditors.

# Audit & Risk Management Committee Report (cont'd)

During the year, the IARMF conducted various internal audit engagements in accordance with the risk-based internal audit plan to assess the adequacy and effectiveness of the internal control systems.

On a quarterly basis, the results of the internal audit reviews and recommendations for improvement were presented at the Audit & Risk Management Committee Meetings and subsequently reported to the Board. In addition, the status of the implementation of corrective actions to address control weaknesses is also followed up by the IARMF to ensure that these actions have been satisfactorily implemented.

The total costs incurred for maintaining the IARMF for year 2024 were approximately RM196,000.



# Statement on Risk Management and Internal Control

The Board of Directors (“the Board”) of Malayan Flour Mills Berhad (“MFM”) is pleased to present this Statement on Risk Management and Internal Control in accordance with paragraph 15.26(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements.

## Board Responsibility

The Board acknowledges its responsibility for establishing a sound risk management framework and internal control system. The Board’s responsibilities include:-

- Determine the Group’s level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders’ investments and the Group’s assets;
- Committed to articulating, implementing and reviewing the Group’s internal control system; and
- Periodic testing of the effectiveness and efficiency of the internal control procedures and processes to ensure that the system is viable and robust.

The internal control systems are designed to manage rather than to eliminate the risk of failure and can only provide reasonable, and not absolute, assurance against material misstatement or loss.

## Internal Control

### Risk Management

The Board confirms that there is an ongoing process and risk management plan in place to identify, evaluate and manage significant risks faced by the Group.

During the year and up to the date of approval of this statement, discussions were conducted at different levels of management to identify and address risks identified in the Group. The assessment of significant risks and the execution of relevant mitigating action plans are part of the operational activities of the Group.

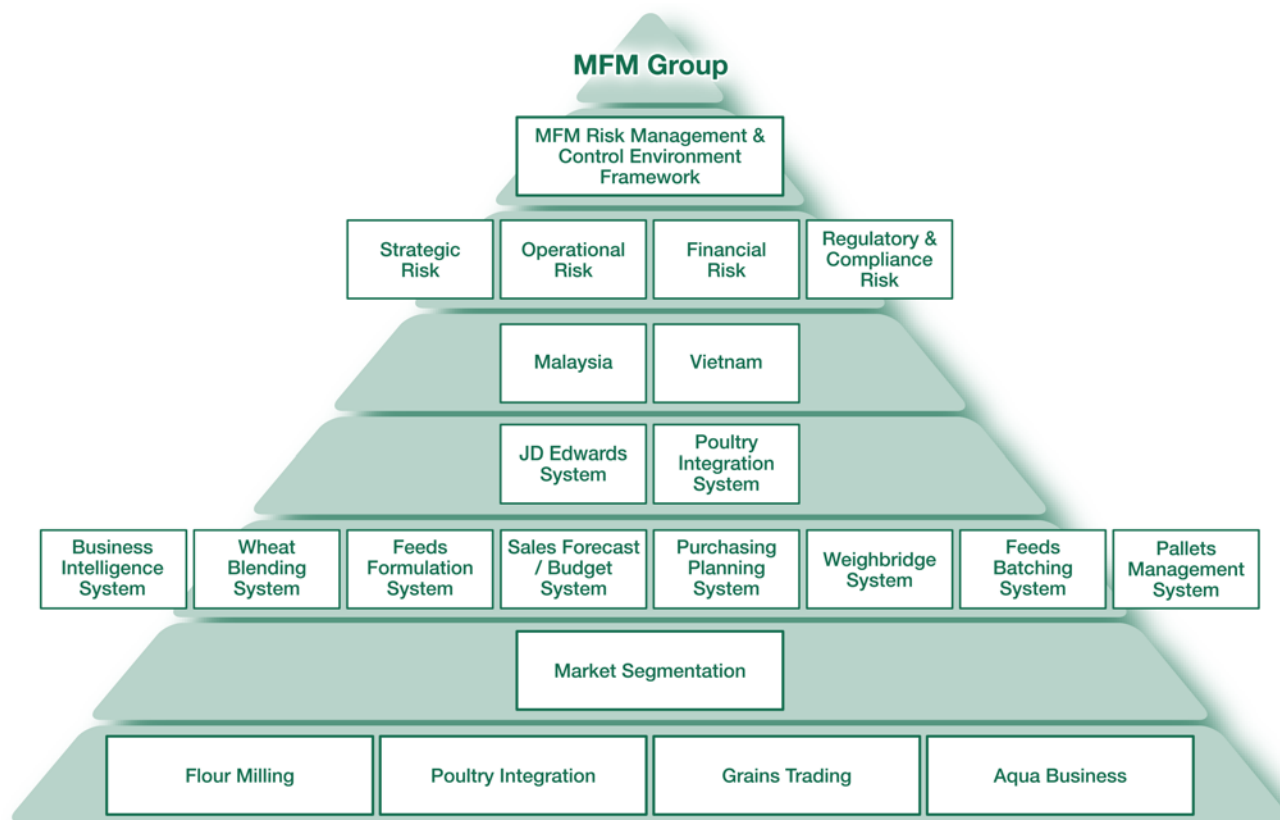
Risk Management is an integral part of our business operations and this process goes through a review by the Board. As part of the process, the key business risks are identified by the respective operations of the Group. The impact and likelihood of occurrence of these risks are then evaluated and documented. Based on the results of the above evaluation, these risks are categorised into 4 ratings: Low, Medium, High and Extreme.

Appropriate action plans and control measures are put in place to mitigate these risks.

### Risk Management Framework

The Group has in place a formal risk management process to identify, evaluate, mitigate, monitor and review risks impacting the Group. Objectives would be broadly organisation-wide taking into consideration a variety of risks (i.e. strategic, operational, compliance & reporting risks) as well as more narrowly defined business units, function or departmental risks (i.e. sales, credit control, accounts receivable, purchasing, accounts payable, production planning, quality control, human resource, etc.). Once those scopes had been defined, the possible risks deemed likely to occur would be rated in terms of their impact or severity and likelihood or probability. The result can be compiled into a “risk profile” detailing the risk score which each business unit, function or department is contributing to the overall risk score.

# Statement on Risk Management and Internal Control (cont'd)



Internal Audit and Risk Management Function will carry out a yearly review of the risk scorecards and update them accordingly together with the management of respective business units.

Any significant risk that requires the Board's attention will be highlighted via a Flash Report. Key risks highlighted in the Flash Report will be used by internal audit in developing internal audit plan.

## Control Structure

- The Board meets regularly to monitor and review the overall performance of the Group, to consider the findings and recommendations of committees and senior management and to consider and approve measures to be taken and changes in policies and procedures necessary to address risks and to enhance the system of internal control.
- An independent Internal Audit and Risk Management Function reports directly to the Audit & Risk Management Committee. Internal audit plans are reviewed and approved by the Audit & Risk Management Committee and the plans are to monitor compliance with and adequacy of the Group's system of internal control and to provide assurance on the effectiveness of the Group's system of internal control including policies and procedures. Follow-up reviews on the previous audit reports were carried out to ensure that appropriate actions have been implemented to address control weaknesses highlighted.
- The Group has in place an organisation structure with proper segregation of duties and reporting procedures and authorisation limits and all heads of business units and departments are accountable for ensuring the effective implementation of established policies and procedures.



- The Group has in place a management reporting mechanism whereby financial information is generated and reviewed by management and the Board on a regular basis. Performance and results are monitored on a monthly basis against the results of corresponding period of prior year, with major variances explained and appropriate action taken or plans put in place.
- The Executive Deputy Chairman cum Managing Director meets with the senior management regularly to review and resolve key operational, financial, personnel and other key management issues, including issues of risks and internal controls. Significant issues are highlighted and discussed at Board meetings.
- The Credit Committee meets regularly to conduct credit reviews, monitor receivables, progress of legal cases and formulates credit procedures and policies.
- The training and development programs are established to enhance and improve employee competencies and proficiencies. This is implemented through a combination of on-the-job training and classroom training courses.
- The Group's Code of Conduct ("the CoC") is established to set out the ethical standards to all directors and employees in their dealings with fellow colleagues, customers, shareholders, suppliers, competitors, the wider community and the environment.
- The Group has adopted the Policy and Guidelines on Gifts and Entertainment ("Gifts Policy") as part of its measures to avoid conflict of interest and prevention of bribery and corruption in compliance with Section 17A of the Malaysian Anti-Corruption Commission Act 2009. Annual refresher course on awareness of the CoC and Gifts Policy is conducted for all the employees to ensure their knowledge on the CoC and Gifts Policy are up to date. The corruption risk assessment is integrated into the Enterprise Risk Management of the Group and the review of the Risk Scorecard is carried out on an annual basis.
- The Whistle Blowing policy is in place with the objective of providing all stakeholders a mechanism to raise genuine concerns on unethical behaviour or any misconduct.
- The Group has the Policy and Guidelines on Antitrust ("the Policy") in place to comply with all applicable antitrust and competition laws wherever it does business with. As involvement in antitrust or competition laws infringements will be considered misconduct and have serious consequences to the Group, it is the responsibility of every employee of the Group to fully comply with the Policy.

## Significant Risk Factors relating to MFM Group

### a. Business risks

The Group is principally involved in activities within the food manufacturing and livestock industries. As such, the Group is susceptible to business risks in these industries which include but not limited to demand and competition in the food manufacturing and livestock market, supply of labour and increase in the cost of labour and raw material prices. The management continuously seek to limit these risks through amongst others, careful planning of supplies and prudent management of the Group's business.

# Statement on Risk Management and Internal Control (cont'd)

## b. Availability and cost of raw materials

Raw materials i.e. wheat, corn and soybean meal contribute to a significant proportion of the Group's total cost of production. These materials are commodities and their availability and prices are dependent on market conditions. Any increase in raw material prices will inevitably affect the Group's profitability and results of operations. Further, if there is a shortage of these materials, the Group may find it difficult to obtain the amount of materials required at prices that are commercially acceptable. The Group has taken relevant steps to hedge its exposure to these price fluctuations by entering into futures contracts. In addition, the Group has good business relationships with its long term major suppliers and where possible, source its supplies from a variety of suppliers.

## c. Biosecurity

In combating biosecurity risks, the Group will continue to keep abreast with the latest development and work closely with authorities and subject matter experts. People and livestock will continue to be exposed to diseases and viruses, and possibly mutated strains in the future. Nevertheless, management will continue to embrace robust risk management practices to cushion the negative financial impact.

### *Disease and Virus*

Livestock is vulnerable to diseases and viruses, changes in weather conditions and the environment. Adverse situations such as these will also affect the demand for feeds.

The Group has strict biosecurity measures in place at its hatchery facilities and poultry farms, closed house system at the poultry farms and structured vaccination programs with pharmaceutical companies for disease prevention and control. These lower the risk of bird mortality, ensure undisrupted operations for food security as well as protect the environment and the health of the workers.

## d. Food Safety & Quality

Ensuring safe and nutritious food products are crucial for the Group to meet the relevant food standards, consumer expectations, its branding and reputation. As its commitment to food safety and quality, the Group has obtained the Hazard Analysis and Critical Control Points ("HACCP") certification, Food Safety System Certification ("FSSC") 22000, HALAL certification, MS 1514: 2009 (Good Manufacturing Practice for Food), ISO 9001 (Quality Management System), ISO 22000 (Food Safety Management System), Malaysian Good Agricultural Practices Certification Scheme ("myGAP") and MeSTI (Food Safety is Responsibility of the Industry) certification. With all these certifications and food management systems, food safety and quality are addressed through the analysis and control of biological, chemical, and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished products.

## e. Foreign exchange fluctuations

The Group is exposed to foreign exchange risk on sales, purchases of raw materials and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Vietnamese Dong ("VND").

As such, the Group has taken sufficient steps to monitor closely its exposure to the foreign currency movements and where appropriate, hedge its financial exposure to the foreign currency fluctuations by entering into forward contracts. However, there can be no assurance that any significant changes in exchange rate fluctuations or foreign exchange control regulations will not have any adverse impact upon the Group's business.





## Review of this Statement by External Auditors

The external auditors have reviewed this Statement on Risk Management and Internal Control in accordance with Audit and Assurance Practice Guide (“AAPG”) 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 (“MIA”) for inclusion in the annual report of the Group for the financial year ended 31 December 2024 and reported to the Board that nothing has come to their attention that cause them to believe that this Statement on Risk Management and Internal Control, in all material respects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether this Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk management and internal control system including the assessment and opinion by the Board of Directors and Management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

Additionally, they are not required to perform any procedures by way of audit, review or verification of the underlying records or other sources from which this Statement on Risk Management and Internal Control was extracted.

## Conclusion

Based on the processes set out above, the Board is of the view that the Group’s system of risk management and internal control are adequate and effective to safeguard the shareholders’ investment and the Group’s assets and has received assurance from both the Executive Deputy Chairman cum Managing Director and Chief Financial Officer in this respect. Nevertheless, the Board and Management are committed towards operating a sound system of internal control and the internal control systems will continue to be reviewed, added or updated in line with the changes in the operating environment.

The Group’s system of internal control applies to Malayan Flour Mills Berhad, its subsidiaries and joint venture company, Dindings Tyson Sdn Bhd and its subsidiaries only. Joint venture company, PT Bungasari Flour Mills Indonesia, is excluded as it has its own internal audit function while an associate is excluded because it has ceased its operation. However, the Group’s interests in its material joint venture and associate are served through representations on the Board of Directors of the respective joint venture and associated company.

Statement made in accordance with the resolution of the Directors dated 27 March 2025.



# Reports & Financial Statements

112	<b>Directors' Responsibility Statement</b>
113	<b>Directors' Report</b>
120	<b>Balance Sheets</b>
122	<b>Income Statements</b>
124	<b>Statements of Comprehensive Income</b>
125	<b>Consolidated Statement of Changes in Equity</b>
126	<b>Statement of Changes in Equity</b>
127	<b>Statements of Cash Flows</b>
131	<b>Notes to the Financial Statements</b>
192	<b>Statement by Directors</b>
193	<b>Statutory Declaration</b>
194	<b>Independent Auditors' Report</b>

# Directors' Responsibility Statement

## For the Audited Financial Statements

In respect of the preparation of the audited financial statements, the Directors are required by the Companies Act 2016 to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and the Company and their results, and cash flows for that year.

In preparing the financial statements for the financial year ended 31 December 2024, the Directors have:

- Used appropriate accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent; and
- Stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for ensuring that proper accounting records are kept and which disclose with reasonable accuracy the financial position of the Group and the Company and to enable them to ensure that the financial statements comply with the Companies Act 2016. They also have a general responsibility for taking reasonable steps to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.



# Directors' Report

for the year ended 31 December 2024

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2024.

## Principal activities

The Company is principally engaged in the business of milling and selling wheat flour and trading in grain and other allied products, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

## Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 6 to the financial statements.

## Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	58,115	8,885
Non-controlling interests	19,108	-
	77,223	8,885

## Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

## Dividends

Since the end of the previous financial year, the Company paid:

- (i) a second interim single tier dividend of 1.50 sen per ordinary share totalling approximately RM18,587,000 in respect of the financial year ended 31 December 2023 on 29 March 2024;
- (ii) a first interim single tier dividend of 1.50 sen per ordinary share totalling approximately RM18,587,000 in respect of the financial year ended 31 December 2024 on 27 September 2024; and
- (iii) a second interim single tier dividend of 1.50 sen per ordinary share totalling approximately RM18,587,000 in respect of the financial year ended 31 December 2024 on 30 December 2024.

The Directors do not recommend any payment of final dividend for the financial year under review.

# Directors' Report

for the year ended 31 December 2024 (cont'd)

## Directors of the Company

Directors who served during the financial year until the date of this report are:

Datuk Oh Chong Peng  
Teh Wee Chye  
Dato' Seri Zainal Abidin bin Mahamad Zain  
Prakash A/L K.V.P Menon  
Azhari Arshad  
Quah Poh Keat  
Emeritus Professor Datin Paduka Setia Dato' Dr Aini binti Ideris  
Lim Pang Boon  
Dato' Maznah binti Abdul Jalil

## List of 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 until the date of this report is as follows:

Datuk Oh Chong Peng  
Teh Wee Chye  
Prakash A/L K.V.P Menon  
Azhari Arshad  
Lim Pang Boon  
Le Cong Anh  
Pham Ngoc Tien  
Tran Quoc Hoang  
Huynh Duc Chinh  
Hideki Oya  
Khng Poh Leng, Douglas  
Tan Keng Seng  
Shota Takahashi (Appointed on 1 April 2024)  
Takuya Mori (Appointed on 1 April 2024)  
Yau Tee Peng (Appointed on 27 April 2024)  
Chua Kiat Hwa (Resigned on 26 April 2024)  
Ryuichiro Yasuda (Ceased on 31 March 2024)  
Yoshito Manda (Ceased on 31 March 2024)



## Directors' interests

The interests and deemed interests in the ordinary shares, redeemable convertible unsecured loan stocks ("RCULS") and warrants of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	At 1.1.2024	Number of ordinary shares Acquired/ Converted(**)	Disposed	At 31.12.2024
Company				
- Malayan Flour Mills Berhad				
Direct interest				
Teh Wee Chye	123,764,911	75,318,790**	-	199,083,701
Datuk Oh Chong Peng	23,087	4,000**	-	27,087
Dato’ Seri Zainal Abidin bin Mahamad Zain	8,250	3,000**	-	11,250
Prakash A/L K.V.P Menon	7,078,500	2,574,000**	-	9,652,500
Lim Pang Boon	488,585	132,240**	-	620,825
Azhari Arshad	600,000	8,564,539	-	9,164,539
Deemed interest				
Teh Wee Chye				
- own	63,954,360	23,256,130**	-	87,210,490
- others*	63,000	-	-	63,000
Azhari Arshad	31,239,800	100,000**	-	31,339,800
Emeritus Professor Datin Paduka				
Setia Dato’ Dr Aini binti Ideris*	34,000	18,600	-	52,600
Deemed interest of Teh Wee Chye in subsidiary companies				
Muda Fibre Manufacturing Sdn. Bhd.	7,000,001	-	-	7,000,001
Premier Grain Sdn. Bhd.	10,200,000	-	-	10,200,000

	Interest in capital contribution denominated in Vietnamese Dong (VND)			
	At 1.1.2024 VND'000	Acquired VND'000	Disposed VND'000	At 31.12.2024 VND'000
Vimaflour Ltd.	345,961,284	-	-	345,961,284

# Directors' Report

for the year ended 31 December 2024 (cont'd)

## Directors' interests (cont'd)

		Number of RCULS		
	At 1.1.2024	Acquired	Converted	At 31.12.2024
Company				
- Malayan Flour Mills Berhad				
Direct interest				
Teh Wee Chye	37,659,395	-	(37,659,395)	-
Datuk Oh Chong Peng	2,000	-	(2,000)	-
Dato’ Seri Zainal Abidin bin Mahamad Zain	1,500	-	(1,500)	-
Prakash A/L K.V.P Menon	1,287,000	-	(1,287,000)	-
Lim Pang Boon	66,120	-	(66,120)	-
Deemed interest				
Teh Wee Chye	11,628,065	-	(11,628,065)	-
Azhari Arshad	50,000	-	(50,000)	-

	Number of warrants			At 31.12.2024
	At 1.1.2024	Acquired	Expired	
Company				
- Malayan Flour Mills Berhad				
Direct interest				
Teh Wee Chye	27,200,944	-	(27,200,944)	-
Datuk Oh Chong Peng	4,387	-	(4,387)	-
Dato’ Seri Zainal Abidin bin Mahamad Zain	1,250	-	(1,250)	-
Prakash A/L K.V.P Menon	1,060,000	-	(1,060,000)	-
Azhari Arshad	62,500	-	(62,500)	-
Deemed interest				
Teh Wee Chye	9,690,052	-	(9,690,052)	-

\* Deemed to have interests through spouse and children pursuant to the Section 59(11)(c) of the Companies Act 2016 in Malaysia.

\*\* Mandatory conversion of RCULS upon maturity on 24 January 2024.

By virtue of his interest in the shares of the Company, Mr. Teh Wee Chye is also deemed interested in the shares of the subsidiaries during the financial year to the extent that Malayan Flour Mills Berhad has an interest.

None of the other Directors holding office at 31 December 2024 had any interests in the ordinary shares, RCULS and warrants of the Company and of its related corporations during the financial year.





### Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefits (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2024 are as follows:

	From the Company RM'000	From subsidiary companies RM'000
Directors of the Company:		
Fees	980	-
Remuneration	6,942	360
Estimated monetary value of any other benefits	95	-
	8,017	360

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.

### Issue of shares

During the financial year, the issued and fully paid-up share capital of the Company increased from RM537,262,000 to RM645,415,000 by way of:

- (i) issuance of 216,189,518 new ordinary shares amounting to RM108,095,000 pursuant to the conversion of 108,094,759 RCULS; and
- (ii) issuance of 72,125 new ordinary shares amounting to RM58,000 pursuant to the exercise of warrants.

The new ordinary shares issued rank *pari passu* in all respect with the existing shares of the Company.

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

### Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

### Indemnity and insurance costs

During the financial year, the amount of insurance premium effected for all Directors and officers of the Company was RM17,827.

# Directors' Report

for the year ended 31 December 2024 (cont'd)

## Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- (i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- (ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- (i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- (ii) that would render the value attributed to the 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 the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- (ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, except for the Group's and the Company's impairment of investment in a joint venture amounting to RM42,068,000 and RM65,442,000, respectively as disclosed in Note 7, the financial performance of the Group and of the Company for the financial year ended 31 December 2024 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.



## **Auditors**

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Group and of the Company during the year are RM335,000 and RM226,000, respectively.

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

**Datuk Oh Chong Peng**  
Director

**Teh Wee Chye**  
Director

27 March 2025

# Balance Sheets

as at 31 December 2024

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Assets</b>					
Property, plant and equipment	2	472,187	446,408	247,591	233,678
Right-of-use assets	3	15,333	16,605	12,657	13,912
Intangible assets	4	1,482	1,450	665	805
Investment properties	5	4,769	4,826	4,498	4,555
Investments in subsidiaries	6	-	-	141,348	141,348
Investments in joint ventures	7	648,879	709,051	546,175	611,617
Investment in an associate	8	-	-	-	-
Deferred tax assets	9	5,062	6,164	-	-
<b>Total non-current assets</b>		1,147,712	1,184,504	952,934	1,005,915
Trade and other receivables, including derivatives	10	443,387	408,797	191,018	192,351
Prepayments		3,740	5,408	3,028	3,377
Inventories	11	519,752	523,921	127,325	158,436
Current tax assets		3,109	4,446	-	1,355
Fixed deposits	12	334,364	332,717	-	-
Cash and cash equivalents	13	71,607	87,350	34,216	52,952
Asset classified as held for sale	14	1,375,959 32,786	1,362,639 33,597	355,587 32,786	408,471 33,597
<b>Total current assets</b>		1,408,745	1,396,236	388,373	442,068
<b>Total assets</b>		2,556,457	2,580,740	1,341,307	1,447,983
<b>Equity</b>					
Share capital	15	645,415	537,262	645,415	537,262
RCULS - Equity	15.2	-	77,410	-	77,410
Reserves		659,850	727,282	231,168	308,738
<b>Total equity attributable to owners of the Company</b>		1,305,265	1,341,954	876,583	923,410
<b>Non-controlling interests</b>	6.1	110,573	104,027	-	-
<b>Total equity</b>		1,415,838	1,445,981	876,583	923,410





		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Liabilities</b>					
Deferred tax liabilities	9	16,735	18,136	15,684	17,119
Loans and borrowings	16	22,780	72,060	17,000	51,000
Lease liabilities		9,004	9,857	8,134	9,379
<b>Total non-current liabilities</b>		48,519	100,053	40,818	77,498
RCULS - Liabilities	15.2	-	2,702	-	2,702
Trade and other payables, including derivatives	17	111,738	110,127	55,970	50,575
Loans and borrowings	16	969,668	913,622	364,037	392,483
Lease liabilities		1,847	1,639	1,584	1,315
Current tax liabilities		8,847	6,616	2,315	-
<b>Total current liabilities</b>		1,092,100	1,034,706	423,906	447,075
<b>Total liabilities</b>		1,140,619	1,134,759	464,724	524,573
<b>Total equity and liabilities</b>		2,556,457	2,580,740	1,341,307	1,447,983

The notes set out on pages 131 to 191 are an integral part of these financial statements.

# Income Statements

for the year ended 31 December 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue	18	3,121,334	3,148,901	735,594	779,166
Cost of goods sold		(2,824,179)	(2,912,486)	(606,679)	(677,265)
<b>Gross profit</b>		297,155	236,415	128,915	101,901
Other income		18,430	18,829	46,509	40,633
Distribution expenses		(97,005)	(92,648)	(48,895)	(47,447)
Administrative expenses		(28,539)	(31,427)	(17,647)	(20,574)
Net loss on impairment of financial instruments		(1,392)	(1,357)	(490)	(873)
Other expenses		(3,104)	(1,342)	(842)	(21)
<b>Results from operating activities</b>		185,545	128,470	107,550	73,619
Interest expense		(41,748)	(57,154)	(17,956)	(28,138)
Interest income		21,225	25,548	3,961	4,247
<b>Net finance costs</b>		(20,523)	(31,606)	(13,995)	(23,891)
<b>Results from operating activities after net finance costs</b>		165,022	96,864	93,555	49,728
Loss on remeasurement of contingent consideration receivable	19	-	(71,065)	-	(71,065)
Impairment of investment in a joint venture	7.1	(42,068)	-	(65,442)	(35,765)
Share of (loss)/profit of equity-accounted joint ventures, net of tax	7	(7,418)	5,932	-	-
Share of profit of equity-accounted associate, net of tax		-	231	-	-
<b>Profit/(Loss) before tax</b>	19	115,536	31,962	28,113	(57,102)
Tax expense	20	(38,313)	(26,677)	(19,228)	(13,342)
<b>Profit/(Loss) for the year</b>		77,223	5,285	8,885	(70,444)



		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		58,115	(6,681)	8,885	(70,444)
Non-controlling interests		19,108	11,966	-	-
<b>Profit/(Loss) for the year</b>		<b>77,223</b>	<b>5,285</b>	<b>8,885</b>	<b>(70,444)</b>
<b>Basic earnings/(loss) per ordinary share (sen)</b>	21	4.74	(0.65)		
<b>Basic earnings per ordinary share (sen) (adjusted)*</b>	21	8.17	6.30		
<b>Diluted earnings/(loss) per ordinary share (sen)</b>	21	4.74	(0.46)		
<b>Diluted earnings per ordinary share (sen) (adjusted)*</b>	21	8.17	5.29		

\* The adjusted basic and diluted earnings per share exclude the impairment loss of investment in a joint venture of RM42,068,000 in the financial year ended 31 December 2024 (2023: loss on remeasurement of contingent consideration receivable of RM71,065,000).

The notes set out on pages 131 to 191 are an integral part of these financial statements.

# Statements of Comprehensive Income

for the year ended 31 December 2024

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Profit/(Loss) for the year</b>	77,223	5,285	8,885	(70,444)
<b>Other comprehensive income/(expense) for the year, net of tax</b>				
<b>Item that is or may be reclassified subsequently to the income statement</b>				
Foreign currency translation differences for foreign operations	(44,998)	16,050	-	-
<b>Total comprehensive income/(expense) for the year</b>	32,225	21,335	8,885	(70,444)
<b>Total comprehensive income/(expense) attributable to:</b>				
Owners of the Company	19,023	8,122	8,885	(70,444)
Non-controlling interests	13,202	13,213	-	-
<b>Total comprehensive income/(expense) for the year</b>	32,225	21,335	8,885	(70,444)

The notes set out on pages 131 to 191 are an integral part of these financial statements.



# Consolidated Statement of Changes in Equity

for the year ended 31 December 2024

<div>←----- <i>Attributable to owners of the Company</i> -----&gt;</div> <div>←----- <i>Non-distributable</i> -----&gt; <i>Distributable</i></div>										
Group	Note	Share capital RM'000	RCULS - Equity RM'000	Warrant reserve RM'000	Other capital reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>At 1 January 2023</b>		535,902	78,694	17,770	93,065	(34,444)	673,429	1,364,416	101,677	1,466,093
Foreign currency translation differences for foreign operations		-	-	-	-	14,803	-	14,803	1,247	16,050
(Loss)/Profit for the year		-	-	-	-	-	(6,681)	(6,681)	11,966	5,285
<b>Total comprehensive income/(expense) for the year</b>		-	-	-	-	14,803	(6,681)	8,122	13,213	21,335
Conversion of RCULS	15	1,311	(1,284)	-	-	-	-	27	-	27
Exercise of warrants	15	49	-	(7)	-	-	-	42	-	42
Dividends to owners of the Company	22	-	-	-	-	-	(30,653)	(30,653)	(10,863)	(41,516)
<b>At 31 December 2023</b>		537,262	77,410	17,763	93,065	(19,641)	636,095	1,341,954	104,027	1,445,981
		Note 15	Note 15	Note 15	Note 15	Note 15				
<div>←----- <i>Attributable to owners of the Company</i> -----&gt;</div> <div>←----- <i>Non-distributable</i> -----&gt; <i>Distributable</i></div>										
Group	Note	Share capital RM'000	RCULS - Equity RM'000	Warrant reserve RM'000	Other capital reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>At 1 January 2024</b>		537,262	77,410	17,763	93,065	(19,641)	636,095	1,341,954	104,027	1,445,981
Foreign currency translation differences for foreign operations		-	-	-	-	(39,092)	-	(39,092)	(5,906)	(44,998)
Profit for the year		-	-	-	-	-	58,115	58,115	19,108	77,223
<b>Total comprehensive (expense)/income for the year</b>		-	-	-	-	(39,092)	58,115	19,023	13,202	32,225
Conversion of RCULS	15	108,095	(77,410)	(10,732)	-	-	(19,953)	-	-	-
Exercise of warrants	15	58	-	(9)	-	-	-	49	-	49
Transfer of warrant reserve upon expiry of warrants	15	-	-	(7,022)	-	-	7,022	-	-	-
Dividends to owners of the Company	22	-	-	-	-	-	(55,761)	(55,761)	(6,656)	(62,417)
<b>At 31 December 2024</b>		645,415	-	-	93,065	(58,733)	625,518	1,305,265	110,573	1,415,838
		Note 15	Note 15	Note 15	Note 15	Note 15				

The notes set out on pages 131 to 191 are an integral part of these financial statements.

# Statement of Changes in Equity

for the year ended 31 December 2024

Company	Note	←-----Non-distributable-----→			Distributable	
		Share capital RM'000	RCULS - Equity RM'000	Warrant reserve RM'000	Retained earnings RM'000	Total equity RM'000
<b>At 1 January 2023</b>		535,902	78,694	17,770	392,072	1,024,438
<b>Loss and total comprehensive expense for the year</b>						
Loss for the year		-	-	-	(70,444)	(70,444)
Other comprehensive income for the year		-	-	-	-	-
<b>Total comprehensive expense for the year</b>		-	-	-	(70,444)	(70,444)
Conversion of RCULS	15	1,311	(1,284)	-	-	27
Exercise of warrants	15	49	-	(7)	-	42
Dividends to owners of the Company	22	-	-	-	(30,653)	(30,653)
<b>At 31 December 2023/ 1 January 2024</b>		537,262	77,410	17,763	290,975	923,410
<b>Profit and total comprehensive income for the year</b>						
Profit for the year		-	-	-	8,885	8,885
Other comprehensive income for the year		-	-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	-	8,885	8,885
Conversion of RCULS	15	108,095	(77,410)	(10,732)	(19,953)	-
Exercise of warrants	15	58	-	(9)	-	49
Transfer of warrant reserve upon expiry of warrants	15	-	-	(7,022)	7,022	-
Dividends to owners of the Company	22	-	-	-	(55,761)	(55,761)
<b>At 31 December 2024</b>		645,415	-	-	231,168	876,583
		Note 15	Note 15	Note 15		

The notes set out on pages 131 to 191 are an integral part of these financial statements.

# Statements of Cash Flows

for the year ended 31 December 2024

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Cash flows from operating activities</b>					
Profit/(Loss) before tax		115,536	31,962	28,113	(57,102)
<i>Adjustments for:</i>					
Amortisation of intangible assets	4	433	330	297	260
Bad debt recovered		(1)	(23)	(1)	(23)
Depreciation of investment properties	5	57	57	57	57
Depreciation of property, plant and equipment	2	33,754	34,210	16,329	16,722
Depreciation of right-of-use assets	3	2,345	2,610	1,691	1,913
Impairment of investment in a joint venture	7.1	42,068	-	65,442	35,765
Impairment of investment in an associate	8	-	197	-	-
Dividend income		(3)	(3)	(29,406)	(25,350)
Net gain on disposal of property, plant and equipment and intangible assets		(381)	(102)	(463)	(48)
Loss on remeasurement of contingent consideration receivable	19	-	71,065	-	71,065
Gain on lease modification		(80)	(9)	-	(9)
Interest expense		41,748	57,154	17,956	28,138
Interest income		(21,225)	(25,548)	(3,961)	(4,247)
Net loss on impairment of financial assets		1,392	1,357	490	873
Property, plant and equipment written off		206	20	96	19
Share of profit/(loss) of equity-accounted joint ventures, net of tax	7	7,418	(5,932)	-	-
Share of loss of equity-accounted associate, net of tax		-	(231)	-	-
Net unrealised gain on foreign exchange		(741)	(2,127)	(1,779)	(2,263)
<b>Operating profit before changes in working capital</b>		222,526	164,987	94,861	65,770
Changes in working capital:					
Trade and other receivables, prepayments and other financial assets		(44,325)	164,165	1,182	164,635
Inventories		(18,745)	103,910	31,111	44,451
Trade and other payables and other financial liabilities		11,455	(6,225)	9,601	4,625
<b>Cash generated from operations</b>		170,911	426,837	136,755	279,481

# Statements of Cash Flows

for the year ended 31 December 2024 (cont'd)

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Cash generated from operations (cont'd)</b>		170,911	426,837	136,755	279,481
Interest paid		(41,748)	(56,110)	(17,956)	(27,094)
Interest received		21,225	25,548	3,961	4,247
Net income tax paid		(34,806)	(14,550)	(16,993)	(5,830)
<b>Net cash from operating activities</b>		115,582	381,725	105,767	250,804
<b>Cash flows from investing activities</b>					
Acquisition of intangible assets	4	(306)	(774)	(157)	(670)
Acquisition of property, plant and equipment	2	(70,741)	(34,792)	(30,654)	(5,013)
Dividend received		3	3	29,406	25,350
Increase in fixed deposits		(25,062)	(175,498)	-	-
Proceeds from disposal of property, plant and equipment		840	132	779	67
Proceeds from advances to an associate	8	-	892	-	-
Proceeds from disposal of asset classified as held for sale		811	-	811	-
<b>Net cash (used in)/from investing activities</b>		(94,455)	(210,037)	185	19,734
<b>Cash flows from financing activities</b>					
Dividends paid to non-controlling interests	6	(6,656)	(10,863)	-	-
Dividends paid to owners of the Company	22	(55,761)	(30,653)	(55,761)	(30,653)
Proceeds from/(Repayment of) loans and borrowings, net		31,749	(126,835)	(64,862)	(212,482)
RCULS coupon payment	15	(2,702)	(5,458)	(2,702)	(5,458)
Payment of lease liabilities		(1,762)	(2,068)	(1,412)	(1,750)
Exercise of warrants	15	49	42	49	42
<b>Net cash used in financing activities</b>		(35,083)	(175,835)	(124,688)	(250,301)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(13,956)	(4,147)	(18,736)	20,237
Effect of exchange rate fluctuations on cash held		(1,787)	4,787	-	-
<b>Cash and cash equivalents at 1 January</b>	13	87,350	86,710	52,952	32,715
<b>Cash and cash equivalents at 31 December</b>	13	71,607	87,350	34,216	52,952



**(a) Cash outflows for leases as a lessee**

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Included in net cash from operating activities:</b>					
Payment relating to short-term leases	19	107	118	11	11
Payment relating to leases of low-value assets	19	67	71	63	67
Payment relating to variable lease payments not included in the measurement of lease liabilities	19	1,865	1,884	920	829
Interest paid in relation to lease liabilities		421	478	351	403
<b>Included in net cash used in financing activities:</b>					
Payment of lease liabilities		1,762	2,068	1,412	1,750
<b>Total cash outflows for leases</b>		4,222	4,619	2,757	3,060



# Statements of Cash Flows

for the year ended 31 December 2024 (cont'd)

## (b) Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	At 1 January 2023 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Derecognition of lease RM'000	Foreign exchange movement RM'000	At 31 December 2023 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Derecognition of lease RM'000	Foreign exchange movement RM'000	At 31 December 2024 RM'000
Unsecured bankers' acceptances/Unsecured revolving credits	934,439	(97,183)	-	-	5,362	842,618	103,912	-	-	(23,288)	923,242
Unsecured term loans	171,253	(29,652)	-	-	1,463	143,064	(72,163)	-	-	(1,695)	69,206
Lease liabilities	13,423	(2,068)	180	(39)	-	11,496	(1,762)	1,503	(449)	63	10,851
<b>Total liabilities from financing activities</b>	<b>1,119,115</b>	<b>(128,903)</b>	<b>180</b>	<b>(39)</b>	<b>6,825</b>	<b>997,178</b>	<b>29,987</b>	<b>1,503</b>	<b>(449)</b>	<b>(24,920)</b>	<b>1,003,299</b>
<b>Company</b>											
Unsecured bankers' acceptances/Unsecured revolving credits	534,037	(178,482)	-	-	2,928	358,483	(30,862)	-	-	2,416	330,037
Unsecured term loans	119,000	(34,000)	-	-	-	85,000	(34,000)	-	-	-	51,000
Lease liabilities	12,303	(1,750)	180	(39)	-	10,694	(1,412)	462	(26)	-	9,718
<b>Total liabilities from financing activities</b>	<b>665,340</b>	<b>(214,232)</b>	<b>180</b>	<b>(39)</b>	<b>2,928</b>	<b>454,177</b>	<b>(66,274)</b>	<b>462</b>	<b>(26)</b>	<b>2,416</b>	<b>390,755</b>

The notes set out on pages 131 to 191 are an integral part of these financial statements.

# Notes to the Financial Statements



Malayan Flour Mills Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business of the Company are as follows:

Registered office	Principal place of business
Suite 25.01, Level 25 Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur	Suite 28.01, Level 28 Menara Citibank 165 Jalan Ampang 50450 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in an associate and joint ventures.

The Company is principally engaged in the business of milling and selling wheat flour and trading in grain and other allied products, whilst the principal activities of the subsidiaries are as stated in Note 6 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 27 March 2025.

## 1. Basis of preparation

### (a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board (“MFRS Accounting Standards”), IFRS Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRS Accounting Standards that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group and the Company:

***MFRS Accounting Standards, interpretations and amendments 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*

# Notes to the Financial Statements (cont'd)

## 1. Basis of preparation (cont'd)

### (a) Statement of compliance (cont'd)

#### ***MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2026***

- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Instruments*
- Amendments that are part of Annual Improvements – Volume 11:
  - Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*
  - Amendments to MFRS 7, *Financial Instruments: Disclosures*
  - Amendments to MFRS 9, *Financial Instruments*
  - Amendments to MFRS 10, *Consolidated Financial Statements*
  - Amendments to MFRS 107, *Statement of Cash Flows*
- Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures – Contracts Referencing Nature-dependent Electricity*

#### ***MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after 1 January 2027***

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

#### ***MFRS Accounting Standards, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed***

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

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.
- from the annual period beginning on 1 January 2026 for the amendments that are effective for annual periods beginning on or after 1 January 2026.
- from the annual period beginning on 1 January 2027 for the accounting standards that are effective for annual periods beginning on or after 1 January 2027.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impact to the current period and prior period financial statements of the Group and of the Company.



## 1. Basis of preparation (cont'd)

### (b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following item, which is measured based on the measurement base stated below:

Item	Measurement base
Derivative financial instruments	Fair value

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and has been rounded to the nearest thousand, unless otherwise stated.

### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 – extension options and incremental borrowing rate in relation to leases entered into during the year
- Note 7 – investments in joint ventures
- Note 24 – measurement of expected credit loss ("ECL")

# Notes to the Financial Statements (cont'd)

## 2. Property, plant and equipment

Group	Note	Freehold land, buildings and jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Cost</b>						
At 1 January 2023		364,162	430,455	21,534	34,171	850,322
Additions		119	4,508	618	29,547	34,792
Disposals		-	(255)	(663)	-	(918)
Write-off		-	(764)	(29)	-	(793)
Transfers		29,344	11,042	-	(40,386)	-
Transfer to intangible assets	4	-	-	-	(449)	(449)
Reclassifications		-	(2,438)	2,438	-	-
Effect of movements in exchange rates		1,042	2,407	163	605	4,217
At 31 December 2023/ 1 January 2024		394,667	444,955	24,061	23,488	887,171
Additions		118	6,467	1,027	63,129	70,741
Disposals		(592)	(357)	(828)	-	(1,777)
Write-off		(385)	(1,959)	-	(59)	(2,403)
Transfers		12	3,320	345	(3,677)	-
Transfer to intangible assets	4	-	-	-	(209)	(209)
Effect of movements in exchange rates		(7,693)	(11,131)	(955)	(2,516)	(22,295)
At 31 December 2024		386,127	441,295	23,650	80,156	931,228





## 2. Property, plant and equipment (cont'd)

Group	Freehold land, buildings and jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles RM'000	Capital work-in- progress RM'000	Total RM'000
<b>Accumulated depreciation</b>					
At 1 January 2023	120,962	266,681	18,203	-	405,846
Depreciation for the year	9,147	23,933	1,130	-	34,210
Disposals	-	(234)	(662)	-	(896)
Write-off	-	(745)	(28)	-	(773)
Reclassifications	-	(2,259)	2,259	-	-
Effect of movements in exchange rates	644	1,619	113	-	2,376
At 31 December 2023/ 1 January 2024	130,753	288,995	21,015	-	440,763
Depreciation for the year	9,283	23,357	1,114	-	33,754
Disposals	(300)	(194)	(824)	-	(1,318)
Write-off	(275)	(1,922)	-	-	(2,197)
Effect of movements in exchange rates	(3,206)	(7,950)	(805)	-	(11,961)
At 31 December 2024	136,255	302,286	20,500	-	459,041
<b>Carrying amounts</b>					
At 1 January 2023	243,200	163,774	3,331	34,171	444,476
At 31 December 2023/ 1 January 2024	263,914	155,960	3,046	23,488	446,408
At 31 December 2024	249,872	139,009	3,150	80,156	472,187

# Notes to the Financial Statements (cont'd)

## 2. Property, plant and equipment (cont'd)

Company	Note	Buildings and jetty RM'000	Plant, machinery, fixtures and equipment RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
<b>Cost</b>						
At 1 January 2023		246,090	223,781	9,117	175	479,163
Additions		-	3,519	255	1,239	5,013
Disposals		-	(240)	(452)	-	(692)
Write-off		-	(764)	(4)	-	(768)
Transfers		-	1,143	-	(1,143)	-
Transfer to intangible assets	4	-	-	-	(51)	(51)
At 31 December 2023/ 1 January 2024		246,090	227,439	8,916	220	482,665
Additions		106	3,042	727	26,779	30,654
Disposals		(592)	(84)	(391)	-	(1,067)
Write-off		-	(1,101)	-	(59)	(1,160)
Transfers		12	457	-	(469)	-
At 31 December 2024		245,616	229,753	9,252	26,471	511,092
<b>Accumulated depreciation</b>						
At 1 January 2023		75,022	150,340	8,332	-	233,694
Depreciation for the year		4,910	11,491	321	-	16,722
Disposals		-	(229)	(451)	-	(680)
Write-off		-	(745)	(4)	-	(749)
At 31 December 2023/ 1 January 2024		79,932	160,857	8,198	-	248,987
Depreciation for the year		4,901	11,047	381	-	16,329
Disposals		(300)	(61)	(390)	-	(751)
Write-off		-	(1,064)	-	-	(1,064)
At 31 December 2024		84,533	170,779	8,189	-	263,501
<b>Carrying amounts</b>						
At 1 January 2023		171,068	73,441	785	175	245,469
At 31 December 2023/ 1 January 2024		166,158	66,582	718	220	233,678
At 31 December 2024		161,083	58,974	1,063	26,471	247,591



## 2. Property, plant and equipment (cont'd)

### 2.1 Borrowing costs

Included in additions of the Group are borrowing costs capitalised at 5.44% - 7.98% (2023: 3.90% - 6.00%) per annum amounting to RM1,037,000 (2023: RM2,499,000).

### 2.2 Material accounting policy information

#### (a) Recognition and measurement

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

#### (b) Depreciation

Depreciation is recognised in the income statements 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. Freehold land is not depreciated. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

- |  |                     |
|--|---------------------|
| • buildings and jetty                      | 10, 20 and 50 years |
| • plant, machinery, fixtures and equipment | 4 - 20 years        |
| • motor vehicles                           | 5 - 10 years        |

# Notes to the Financial Statements (cont'd)

## 3. Right-of-use assets

	Leasehold land RM'000	Buildings RM'000	Total RM'000
<b>Group</b>			
At 1 January 2023	6,616	12,412	19,028
Additions	-	180	180
Depreciation	(499)	(2,111)	(2,610)
Lease modification	-	(30)	(30)
Effect of movements in exchange rates	37	-	37
At 31 December 2023/1 January 2024	6,154	10,451	16,605
Additions	-	1,503	1,503
Depreciation	(403)	(1,942)	(2,345)
Lease modification	-	(369)	(369)
Effect of movements in exchange rates	(112)	51	(61)
At 31 December 2024	5,639	9,694	15,333
<b>Company</b>			
At 1 January 2023	4,297	11,378	15,675
Additions	-	180	180
Depreciation	(130)	(1,783)	(1,913)
Lease modification	-	(30)	(30)
At 31 December 2023/1 January 2024	4,167	9,745	13,912
Additions	-	462	462
Depreciation	(106)	(1,585)	(1,691)
Lease modification	-	(26)	(26)
At 31 December 2024	4,061	8,596	12,657

The Group leases buildings for its office space, warehouse and staff quarters that typically run for a period of one to five years, with an option to renew the lease after that date.

### 3.1 Extension options

Some leases of office space, warehouse and staff quarters contain extension options exercisable by the Group. Where applicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

As at 31 December 2024, the Group has included all potential future cash flows of exercising the extension options in the lease liabilities.



### 3. Right-of-use assets (cont'd)

#### 3.2 Significant judgements and assumptions in relation to lease

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

#### 3.3 Material accounting policy information

##### Recognition exemption

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.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

### 4. Intangible assets

	Note	Computer software Group RM'000	Company RM'000
<b>Cost</b>			
At 1 January 2023		9,165	6,197
Additions		774	670
Transfer from property, plant and equipment	2	449	51
Write-off		(16)	(16)
Disposal		(9)	(8)
Effect of movements in exchange rates		43	-
At 31 December 2023/1 January 2024		10,406	6,894
Additions		306	157
Transfer from property, plant and equipment	2	209	-
Write-off		(3)	(3)
Effect of movements in exchange rates		(249)	-
At 31 December 2024		10,669	7,048



# Notes to the Financial Statements (cont'd)

## 4. Intangible assets (cont'd)

	Computer software Group RM'000	Company RM'000
<b>Accumulated amortisation</b>		
At 1 January 2023	8,599	5,846
Amortisation for the year	330	260
Write-off	(16)	(16)
Disposal	(1)	(1)
Effect of movements in exchange rates	44	-
At 31 December 2023/1 January 2024	8,956	6,089
Amortisation for the year	433	297
Write-off	(3)	(3)
Effect of movements in exchange rates	(199)	-
At 31 December 2024	9,187	6,383
<b>Carrying amounts</b>		
At 1 January 2023	566	351
At 31 December 2023/1 January 2024	1,450	805
At 31 December 2024	1,482	665

### 4.1 Intangible assets

Intangible assets principally comprise expenditure that is directly attributable to the acquisition of software licences and any other development costs directly attributable to the preparation of the computer software for its intended use.

### 4.2 Material accounting policy information

#### Recognition and measurement

Computer software acquired by the Group is stated at cost less any accumulated amortisation and any accumulated impairment losses.

Amortisation of computer software is recognised in the income statements on a straight-line basis over its estimated useful lives from the date that it is available for use.

The estimated useful life of computer software is 4 years.

Amortisation methods, useful lives and residual values are reviewed at the balance sheet date and adjusted, if appropriate.

## 5. Investment properties

	Freehold land RM'000	Buildings RM'000	Total RM'000
<b>Group</b>			
<b>Cost</b>			
At 1 January 2023/31 December 2023/ 1 January 2024/31 December 2024	3,943	2,836	6,779
<b>Accumulated depreciation</b>			
At 1 January 2023	-	1,896	1,896
Depreciation for the year	-	57	57
At 31 December 2023/1 January 2024	-	1,953	1,953
Depreciation for the year	-	57	57
At 31 December 2024	-	2,010	2,010
<b>Carrying amounts</b>			
At 1 January 2023	3,943	940	4,883
At 31 December 2023/1 January 2024	3,943	883	4,826
At 31 December 2024	3,943	826	4,769
<b>Company</b>			
<b>Cost</b>			
At 1 January 2023/31 December 2023/ 1 January 2024/31 December 2024	3,672	2,836	6,508
<b>Accumulated depreciation</b>			
At 1 January 2023	-	1,896	1,896
Depreciation for the year	-	57	57
At 31 December 2023/1 January 2024	-	1,953	1,953
Depreciation for the year	-	57	57
At 31 December 2024	-	2,010	2,010
<b>Carrying amounts</b>			
At 1 January 2023	3,672	940	4,612
At 31 December 2023/1 January 2024	3,672	883	4,555
At 31 December 2024	3,672	826	4,498

# Notes to the Financial Statements (cont'd)

## 5. Investment properties (cont'd)

### 5.1 Other income/expenses recognised in the income statements in relation to investment properties

	Group and Company	
	2024	2023
	RM'000	RM'000
Lease income	517	479
Direct operating expenses: - income generating investment properties	54	54

### 5.2 Fair value information

Fair value of investment properties are categorised as follows:

	Group		Company	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
<b>Level 3</b>				
Freehold land and buildings	134,156	133,956	129,156	128,956

#### Level 3 fair value

The following table shows the valuation technique used in the determination of fair values within Level 3, as well as the significant unobservable inputs used in the valuation models.

Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
Comparison method of valuation which entails comparing the property with similar properties that were sold recently and those that are currently offered for sale in the vicinity.	Recent transactions of similar properties at or near reporting period with similar land usage, land size and location.	The estimated fair value would increase/(decrease) if recent transactions of similar properties at or near reporting period with similar land usage and land size were higher/(lower).

#### Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is estimated by the Directors using the comparison method. The comparison method entails critical analysis of recent evidences of values of comparable properties in the neighbourhood and making adjustment for differences in location, size and shape of land, age and condition of building, tenure, title restrictions if any and other relevant characteristics.

### 5.3 Material accounting policy information

Investment properties carried at cost 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. Investment properties initially and subsequently measured at cost are accounted for similarly to property, plant and equipment. Freehold land is not depreciated.

## 6. Investments in subsidiaries

	Company	
	2024 RM'000	2023 RM'000
At cost		
Unquoted shares	141,800	141,800
Less: Accumulated impairment losses	(452)	(452)
	141,348	141,348

Details of the subsidiaries are as follows:

Name of subsidiary	Principal place of business/Country of incorporation	Principal activities	Effective ownership interest	
			2024 %	2023 %
Dindings Soya & Multifeeds Sdn. Berhad	Malaysia	Manufacture and sale of animal feeds and sale of related raw materials	100	100
Premier Grain Sdn. Bhd.	Malaysia	Trading in corn, soybean meal and other feed ingredients	51	51
Vimaflour Ltd.*	Vietnam	Milling and selling wheat flour together with its allied products	70	70
MFM International Ltd.#	British Virgin Islands	Investment holding	100	100
MFM Property Sdn. Bhd.	Malaysia	Investment holding	100	100
MFM Feedmill Sdn. Bhd.	Malaysia	Dormant	100	100
Semakin Dinamik Sdn. Bhd.	Malaysia	Dormant	100	100
MFM LTD.	Malaysia	Dormant	100	100
Muda Fibre Manufacturing Sdn. Bhd.	Malaysia	Dormant	60	60
Dindings Broiler Breeder Farm Sdn. Bhd.^	Malaysia	Dormant	-	100
Syarikat Pengangkutan Lumut Sdn. Bhd.^	Malaysia	Dormant	-	100

# Notes to the Financial Statements (cont'd)

## 6. Investments in subsidiaries (cont'd)

Details of the subsidiaries are as follows: (cont'd)

Name of subsidiary	Principal place of business/Country of incorporation	Principal activities	Effective ownership interest	
			2024 %	2023 %
Dindings Grand Parent Farm Sdn. Bhd.^	Malaysia	Dormant	-	100
AVIOTA Sdn. Bhd.^	Malaysia	Dormant	-	100
<b>Subsidiary of MFM International Ltd.</b>				
Mekong Flour Mills Ltd.*	Vietnam	Milling and selling wheat flour together with its allied products	100	100

\* Audited by other member firms of KPMG International.

# Not audited by member firms of KPMG PLT.

^ Members' voluntary liquidation was completed during the year.

### 6.1 Non-controlling interests in subsidiaries

The subsidiaries' information are aggregated based on their operating segment. The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

	Subsidiaries with material NCI* RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
<b>2024</b>			
Carrying amount of NCI	105,634	4,939	110,573
Comprehensive income/(expense) allocated to NCI	13,209	(7)	13,202
<b>2023</b>			
Carrying amount of NCI	99,081	4,946	104,027
Comprehensive income/(expense) allocated to NCI	13,219	(6)	13,213

\* Subsidiaries with material NCI consist of Premier Grain Sdn. Bhd. and Vimaflour Ltd..





## 6. Investments in subsidiaries (cont'd)

### 6.1 Non-controlling interests in subsidiaries (cont'd)

	Subsidiaries with material NCI*	
	2024 RM'000	2023 RM'000
<b>Summarised financial information before intra-group elimination</b>		
<b>As at 31 December</b>		
Non-current assets	86,170	103,442
Current assets	709,108	654,569
Non-current liabilities	-	(4,120)
Current liabilities	(460,396)	(436,532)
Net assets	334,882	317,359
<b>Year ended 31 December</b>		
Revenue	1,873,521	1,840,896
Profit for the year	59,397	37,757
Total comprehensive income	39,711	41,913
Cash flows (used in)/from operating activities	(36,675)	108,185
Cash flows used in investing activities	(23,976)	(83,241)
Cash flows from/(used in) financing activities	61,502	(44,947)
Net increase/(decrease) in cash and cash equivalents	851	(20,003)
Dividends paid to NCI	6,656	10,863

\* Subsidiaries with material NCI consist of Premier Grain Sdn. Bhd. and Vimaflour Ltd..

### 6.2 Material accounting policy information

Investments in subsidiaries are measured in the Company's balance sheet at cost less any impairment losses.

## 7. Investments in joint ventures

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
At cost					
Unquoted shares		656,057	656,057	647,382	647,382
Less: Accumulated impairment loss	7.1	(42,068)	-	(101,207)	(35,765)
Share of post-acquisition reserves		34,890	52,994	-	-
		648,879	709,051	546,175	611,617

# Notes to the Financial Statements (cont'd)

## 7. Investments in joint ventures (cont'd)

### 7.1 Impairment loss of investment in a joint venture

As at 31 December 2024, a joint venture, PT Bungasari Flour Mills Indonesia (“BFMI”), continued to register losses amounting to RM30,005,000 (2023: RM66,490,000) and its net assets of RM133,726,000 (2023: RM153,413,000) was lower than the Company’s initial cost of investment. Hence, there was an indication of impairment which requires management to estimate the recoverable amount of the investment in the joint venture.

For the purpose of impairment testing, the recoverable amount of the joint venture was determined based on its value-in-use.

Management estimated the recoverable amount of the Group’s and the Company’s investment in BFMI of RM91,658,000 (2023: RM157,100,000) and an impairment loss of RM42,068,000 (2023: Nil) and RM65,442,000 (2023: RM35,765,000) is recognised in the income statements of the Group and the Company, respectively.

### 7.2 Significant judgements and assumptions in relation to impairment assessment of investment in a joint venture

The Company applied significant judgements and assumptions in performing impairment testing which requires management to estimate the recoverable amount of the investment in a joint venture and to provide impairment loss when required. The Company considered the joint ventures’ cash flow projections in determining the recoverable amount of the investment in a joint venture.

The following table shows the valuation technique used in the determination of the fair value and the significant unobservable inputs used in the valuation calculation.

Description of valuation technique and inputs used	Level 3 fair value significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurements
The valuation method considers the discounting of future cash flows expected to be generated.	<ul style="list-style-type: none"> <li>Pre-tax discount rate of 14% (2023: 11%).</li> <li>Annual revenue growth of 6% for the years 2025 to 2029 (2023: 6% for the years 2024 to 2026 and 2% for the years 2027 to 2033).</li> <li>Terminal growth rate of 2% (2023: 2%).</li> </ul>	<ul style="list-style-type: none"> <li>The estimated fair value would increase/decrease if the discount rate were lower/higher.</li> <li>The estimated fair value would increase/decrease if the annual revenue growth rate were higher/lower.</li> <li>The estimated fair value would increase/decrease if the terminal growth rate were higher/lower.</li> </ul>



## 7. Investments in joint ventures (cont'd)

### 7.3 Sensitivity to changes in assumption

The above estimate is particularly sensitive to the annual revenue growth rate and discount rate.

#### Group and Company

A decrease of 1 percentage point in the annual revenue growth rate would have increased the impairment loss by RM10,323,000.

An increase of 1 percentage point in the discount rate would have increased the impairment loss by RM17,819,000.

The joint ventures, all of which are incorporated in Malaysia except as disclosed otherwise, comprise:

Name of joint venture	Principal place of business/ Country of incorporation	Principal activities	Percentage of ownership	
			2024 %	2023 %
Dindings Tyson Sdn. Bhd. ("DTSB")#	Malaysia	Investment holding	51	51
<b>Subsidiaries of DTSB</b>				
Dindings Poultry Development Centre Sdn. Bhd.#	Malaysia	Breeding and sale of day-old chicks, poultry grow-out farm, purchase and contract farming activities, manufacture and sale of animal feeds and sale of related raw materials	51	51
Dindings Poultry Processing Sdn. Bhd.#	Malaysia	Processing and sale of poultry products	51	51
Dindings Foods Sdn. Bhd.#	Malaysia	Dormant	51	51
PT Bungasari Flour Mills Indonesia ("BFMI")*	Indonesia	Milling and selling of wheat flour together with its allied products	30	30

# Although the Group has majority voting rights in DTSB, there are substantive rights shared with the other shareholder pursuant to the shareholders' agreement. Accordingly, DTSB and its subsidiaries are classified as joint ventures of the Group.

\* Not audited by member firms of KPMG PLT.

# Notes to the Financial Statements (cont'd)

## 7. Investments in joint ventures (cont'd)

The following table summarises the financial information of the joint ventures, as adjusted for any differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in the joint ventures, which is accounted for using the equity method.

	DTSB		BFMI		Total	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Summarised financial information as at 31 December</b>						
Non-current assets	891,241	906,578	781,417	884,011	1,672,658	1,790,589
Current assets	469,712	432,594	656,829	852,914	1,126,541	1,285,508
Non-current liabilities	(5,143)	(9,949)	(93,495)	(97,921)	(98,638)	(107,870)
Current liabilities	(252,296)	(228,814)	(898,998)	(1,127,628)	(1,151,294)	(1,356,442)
Net assets	1,103,514	1,100,409	445,753	511,376	1,549,267	1,611,785
<b>Year ended 31 December</b>						
Revenue	1,079,823	1,141,459	2,263,865	2,224,740	3,343,688	3,366,199
Profit/(Loss) for the year	3,105	50,742	(30,005)	(66,490)	(26,900)	(15,748)
<b>Reconciliation of net assets to carrying amount as at 31 December</b>						
Group's share of net assets	492,152	490,569	133,726	153,413	625,878	643,982
Goodwill	65,069	65,069	-	-	65,069	65,069
Less: Impairment loss	-	-	(42,068)	-	(42,068)	-
Carrying amount in the balance sheet	557,221	555,638	91,658	153,413	648,879	709,051
<b>Group's share of results for year ended 31 December</b>						
Group's share of profit/(loss) for the year	1,583	25,879	(9,001)	(19,947)	(7,418)	5,932



## 7. Investments in joint ventures (cont'd)

### 7.4 Contingent liabilities

#### PT Bungasari Flour Mills Indonesia ("BFMI")

##### Corporate guarantee

The Company has provided proportionate corporate guarantees of up to USD6.6 million (2023: USD15.0 million) for financing facilities granted by financial institutions to the joint venturer, BFMI. As at 31 December 2024, the outstanding loans proportionately amounted to USD0.34 million (2023: USD3.6 million).

#### Dindings Poultry Development Centre Sdn. Bhd. ("DPDC")

##### Litigation

On 5 August 2022, DPDC received a Notice of Proposed Decision issued by the Malaysia Competition Commission ("MyCC") pursuant to Section 36 of the Competition Act 2010 ("the Act") ("Proposed Decision"). The Proposed Decision is premised primarily on the allegation that DPDC had engaged in agreements and/or concerted practices to fix the quantum of poultry feed price which is in breach of Section 4(1) read together with Sections 4(2)(a) and 4(3) of the Act.

DPDC strongly denies the allegation of the aforesaid infringement which is without merit and intends to defend such unfounded allegation vigorously. DPDC has appointed external legal counsel to represent it and submit written representations and make an oral representation before MyCC. However, in the event of any findings to the contrary, MyCC has proposed a financial penalty equivalent to 10% based on the relevant turnover and based on MyCC's calculations for the alleged period which amounts to RM70 million. DPDC denies that it is liable for the said penalty and refutes the basis of the calculation applied by MyCC. DPDC submitted its written submission to MyCC on 31 January 2023 rebutting the allegation of the aforesaid infringement and made its oral representation on 29 and 31 May 2023.

On 22 December 2023, DPDC received MyCC's Notice of Finding of An Infringement under Section 40 of the Competition Act 2010 together with the Decision of Infringement under Section 4(1) read with Sections 4(2)(a) and 4(3) of the Competition Act 2010 dated 11 December 2023 ("the Decision"). MyCC maintains its finding of price-fixing infringement with imposition of financial penalty of RM70 million on DPDC.

The legal counsel is of the view that there were sufficient grounds to challenge the Decision. On 9 January 2024, DPDC filed a Notice of Appeal with the Competition Appeal Tribunal ("Tribunal") to appeal against the Decision and applied for a stay of the Decision pending appeal. The Tribunal heard DPDC's submission on the stay application on 12 June 2024. The stay application was dismissed by the Tribunal on 6 December 2024. DPDC filed a judicial review application at the High Court to judicially review the Tribunal's decision on 6 December 2024 in refusing the stay. On 2 January 2025, the High Court granted leave for DPDC to judicially review the Tribunal's decision in refusing the stay. The High Court also granted an ad interim stay pending the determination of the stay application filed by DPDC. The inter parte hearing of the stay application has been fixed on 8 April 2025 before the High Court. The hearing date for DPDC's appeal against the Decision has been fixed on 29 April 2025 before the Tribunal.



# Notes to the Financial Statements (cont'd)

## 7. Investments in joint ventures (cont'd)

### 7.4 Contingent liabilities (cont'd)

#### DPDC (cont'd)

#### Litigation (cont'd)

Based on the advice of the legal counsel, the Directors concur with DPDC's view that no provision is required in the financial statements at this juncture.

### 7.5 Material accounting policy information

Investments in joint ventures are measured in the Company's balance sheet at cost less any impairment losses.

## 8. Investment in an associate

	Group	
	2024 RM'000	2023 RM'000
At cost		
- Unquoted shares	-	15
- Advances to an associate	-	197
Share of post-acquisition reserves	-	(15)
Impairment loss	-	(197)
	-	-

In the previous financial year, advances to an associate amounting to RM892,000 was repaid in cash and RM16,000 was offset against amount due to an associate.

Details of the associate are as follows:

Name of entity	Principal place of business/Country of incorporation	Nature of the relationship	Effective ownership interest	
			2024 %	2023 %
Freeman Properties Holding Ltd. (Held through MFM Property Sdn. Bhd.)	Cambodia	Investment	49	49

### 8.1 Material accounting policy information

Investment in an associate is measured in the Company's balance sheet at cost less any impairment losses.



## 9. Deferred tax assets/(liabilities)

### 9.1 Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Group</b>						
Property, plant and equipment	-	-	(27,398)	(28,314)	(27,398)	(28,314)
Right-of-use assets	-	-	(2,175)	(3,225)	(2,175)	(3,225)
Lease liabilities	2,332	2,566	-	-	2,332	2,566
RCULS	-	648	-	-	-	648
Provisions	4,252	4,031	-	-	4,252	4,031
Unabsorbed capital allowances	11,753	10,862	-	-	11,753	10,862
Tax losses carry-forward	928	2,439	-	-	928	2,439
Others	17	83	(1,382)	(1,062)	(1,365)	(979)
Tax assets/(liabilities)	19,282	20,629	(30,955)	(32,601)	(11,673)	(11,972)
Set-off of tax	(14,220)	(14,465)	14,220	14,465	-	-
Net tax assets/(liabilities)	5,062	6,164	(16,735)	(18,136)	(11,673)	(11,972)
<b>Company</b>						
Property, plant and equipment	-	-	(19,093)	(20,805)	(19,093)	(20,805)
Right-of-use assets	-	-	(2,175)	(3,225)	(2,175)	(3,225)
Lease liabilities	2,332	2,566	-	-	2,332	2,566
RCULS	-	648	-	-	-	648
Provisions	3,583	3,614	-	-	3,583	3,614
Others	-	83	(331)	-	(331)	83
Tax assets/(liabilities)	5,915	6,911	(21,599)	(24,030)	(15,684)	(17,119)
Set-off of tax	(5,915)	(6,911)	5,915	6,911	-	-
Net tax liabilities	-	-	(15,684)	(17,119)	(15,684)	(17,119)

# Notes to the Financial Statements (cont'd)

## 9. Deferred tax assets/(liabilities) (cont'd)

### 9.2 Movement in temporary differences during the year

	At 1.1.2023 RM'000	Recognised in the income statements (Note 20) RM'000	Recognised directly in equity (Note 15) RM'000	At 31.12.2023/ 1.1.2024 RM'000	Recognised in the income statements (Note 20) RM'000	At 31.12.2024 RM'000
<b>Group</b>						
Property, plant and equipment	(26,444)	(1,870)	-	(28,314)	916	(27,398)
Right-of-use assets	(3,646)	421	-	(3,225)	1,050	(2,175)
Lease liabilities	2,953	(387)	-	2,566	(234)	2,332
RCULS	1,716	(1,059)	(9)	648	(648)	-
Provisions	3,353	678	-	4,031	221	4,252
Reinvestment allowances	5,493	(5,493)	-	-	-	-
Unabsorbed capital allowances	9,350	1,512	-	10,862	891	11,753
Tax losses carry-forward	1,719	720	-	2,439	(1,511)	928
Others	739	(1,718)	-	(979)	(386)	(1,365)
	(4,767)	(7,196)	(9)	(11,972)	299	(11,673)
<b>Company</b>						
Property, plant and equipment	(20,621)	(184)	-	(20,805)	1,712	(19,093)
Right-of-use assets	(3,646)	421	-	(3,225)	1,050	(2,175)
Lease liabilities	2,953	(387)	-	2,566	(234)	2,332
RCULS	1,716	(1,059)	(9)	648	(648)	-
Provisions	3,008	606	-	3,614	(31)	3,583
Reinvestment allowances	5,493	(5,493)	-	-	-	-
Others	563	(480)	-	83	(414)	(331)
	(10,534)	(6,576)	(9)	(17,119)	1,435	(15,684)

## 9. Deferred tax assets/(liabilities) (cont'd)

### 9.3 Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2024 RM'000	2023 RM'000
Unabsorbed capital allowances	1,431	1,431
Tax losses carry-forward	17,967	19,858
	19,398	21,289

The abovementioned deferred tax assets do not expire under the current tax legislation except for the tax losses carry-forward. Pursuant to the Finance Act 2021, the tax losses carry-forward can only be carried forward up to 10 consecutive Years of Assessment.

Deferred tax assets have not been recognised in respect of these items because it is not probable that sufficient future taxable profit will be available against which the Group can utilise the benefits there from.

## 10. Trade and other receivables, including derivatives

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Trade receivables from contracts with customers		391,504	384,475	102,139	99,387
Amounts due from subsidiaries	10.1	-	-	50,205	82,258
Other receivables	10.2	17,175	17,208	5,306	4,157
Amounts due from joint ventures	10.3	29,538	5,531	29,434	5,461
Deposits		1,248	1,292	959	990
Derivatives at fair value through profit or loss:					
- foreign currency forward contracts		3,922	-	2,975	-
- future and option contracts		-	291	-	98
		443,387	408,797	191,018	192,351

# Notes to the Financial Statements (cont'd)

## 10. Trade and other receivables, including derivatives (cont'd)

### 10.1 Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, repayable on demand and subject to interest ranging from 5.20% - 5.50% (2023: 2.61% - 5.50%) per annum.

### 10.2 Other receivables

Included in other receivables of the Group are advances paid to suppliers of RM6,634,000 (2023: RM4,685,000) and interest receivable from deposits placed with licensed banks of RM6,670,000 (2023: RM10,553,000).

Included in other receivables of the Company are advances paid to suppliers of RM2,538,000 (2023: RM2,336,000).

### 10.3 Amounts due from joint ventures

The amounts due from joint ventures are unsecured, repayable on demand and interest free except for RM21,580,000 (2023: Nil) which is subject to the Company's cost of funds plus 1% per annum.

## 11. Inventories

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Raw materials	465,610	471,774	109,684	141,423
Finished goods	35,462	33,366	11,528	10,826
Consumables	18,680	18,781	6,113	6,187
	519,752	523,921	127,325	158,436
Recognised in the income statements: Inventories recognised as cost of goods sold	2,638,663	2,742,778	529,419	601,433

### 11.1 Material accounting policy information

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is calculated using the weighted average method.



## 12. Fixed deposits

	Group	
	2024 RM'000	2023 RM'000
Fixed deposits placed with licensed banks with maturity of more than 3 months	334,364	332,717

Fixed deposits represent time deposits at banks with maturity of more than 3 months to less than 12 months.

Included in fixed deposits are deposits received from customers amounting to RM14,945,000 (2023: RM15,413,000) which are subject to restriction in use in accordance with agreements with customers.

## 13. Cash and cash equivalents

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Deposits placed with licensed banks	28,837	25,763	10,555	13,644
Cash and bank balances	42,770	61,587	23,661	39,308
	71,607	87,350	34,216	52,952

## 14. Asset classified as held for sale

Certain plant and equipment previously classified as property, plant and equipment was presented as an asset held for sale following the commitment of the Company's plan to sell the asset during the year. Efforts to sell the plant and equipment have commenced, and a sale is expected in financial year 2025.

	Group and Company	
	2024 RM'000	2023 RM'000
<b>Asset classified as held for sale</b>		
Plant and equipment	32,786	33,597

The carrying value of the asset held for sale is the same as its carrying value before it was reclassified from property, plant and equipment.

# Notes to the Financial Statements (cont'd)

## 15. Capital and reserves

### Share capital

	Group		Company	
	Amount 2024 RM'000	Number of shares 2024 '000	Amount 2023 RM'000	Number of shares 2023 '000
<b>Issued and fully paid shares with no par value:</b>				
Ordinary shares				
At 1 January	537,262	1,022,893	535,902	1,020,210
Conversion of RCULS	108,095	216,189	1,311	2,622
Exercise of warrants	58	72	49	61
At 31 December	645,415	1,239,154	537,262	1,022,893

### 15.1 Ordinary shares

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.

### 15.2 Redeemable convertible unsecured loan stocks ("RCULS")

	Group and Company	
	2024 RM'000	2023 RM'000
RCULS - Equity portion	-	77,410
RCULS - Liability portion		
Current	-	2,702
	-	80,112



## 15. Capital and reserves (cont'd)

### 15.2 Redeemable convertible unsecured loan stocks ("RCULS") (cont'd)

On 28 January 2019, the Renounceable Rights Issue of RM165,084,641 in nominal value of 5-year 5% RCULS at 100% of its nominal value of RM1.00 on the basis of three (3) RCULS for every ten (10) existing ordinary shares, together with 82,542,291 Bonus Shares A on the basis of one (1) Bonus Share A for every two (2) RCULS subscribed and 82,542,291 Free Warrants A on the basis of one (1) Free Warrant A for every two (2) RCULS subscribed has been completed following the listings and quotation on the Main Market of Bursa Securities.

The salient features of the RCULS are as follows:

- (i) The coupon rate for the RCULS is 5% per annum, payable semi-annually in arrears prior to conversion of the RCULS;
- (ii) The conversion price for the RCULS has been fixed at RM0.50 each ("Conversion Price") with the conversion ratio of 2 ordinary shares for every RCULS with a nominal value of RM1.00 surrendered;
- (iii) The new ordinary shares to be issued upon conversion of the RCULS will, upon allotment and issue, rank equally in all respects with the then existing ordinary shares, except that they shall not be entitled to any dividends, rights, allotments and any other distributions of which the entitlement date is before the date of allotment of the new ordinary shares;
- (iv) The RCULS holder is entitled to exercise the right of conversion from date of issuance up to 24 January 2024 ("Maturity Date");
- (v) The Company may redeem the outstanding RCULS (if not earlier converted) in full on the Maturity Date in cash at 100% of its nominal value plus all accrued coupon of such RCULS up to the Maturity Date subject to an irrevocable prior written notice is being served no less than 30 days or such other period as mutually agreed before the Maturity Date; and
- (vi) All outstanding RCULS which have not been earlier converted or redeemed on the Maturity Date, shall be mandatorily converted into fully paid new ordinary shares at the Conversion Price on the Maturity Date.

# Notes to the Financial Statements (cont'd)

## 15. Capital and reserves (cont'd)

### 15.2 Redeemable convertible unsecured loan stocks ("RCULS") (cont'd)

	Equity component RM'000	Liability component RM'000	Total RM'000
As at 1 January 2023	78,694	7,152	85,846
Conversion of RCULS to share capital	(1,275)	(36)	(1,311)
RCULS coupon payment	-	(5,458)	(5,458)
Interest expense on RCULS	-	1,044	1,044
Deferred tax effect (Note 9):			
- on conversion	(9)	-	(9)
As at 31 December 2023/1 January 2024	77,410	2,702	80,112
Conversion of RCULS to share capital	(77,410)	-	(77,410)
RCULS coupon payment	-	(2,702)	(2,702)
As at 31 December 2024	-	-	-

In the previous financial year, 2,621,656 new ordinary shares amounting to RM1,311,000 were issued resulting from the conversion of 1,310,828 units of RCULS at the conversion price of RM0.50 each.

During the financial year, 216,189,518 new ordinary shares amounting to RM108,095,000 were issued resulting from the conversion of 108,094,759 units of RCULS at the conversion price of RM0.50 each.

As at 31 December 2024, RCULS were fully converted.

### 15.3 Warrant reserve

	Group and Company		Number	
	Amount 2024 RM'000	Number of warrants 2024 '000	Amount 2023 RM'000	Number of warrants 2023 '000
At 1 January	17,763	136,628	17,770	136,689
Exercised during the year	(9)	(72)	(7)	(61)
Expired during the year	(17,754)	(136,556)	-	-
At 31 December	-	-	17,763	136,628



## 15. Capital and reserves (cont'd)

### 15.3 Warrant reserve (cont'd)

On 28 January 2019, 137,570,667 warrants were issued pursuant to the Rights Issue of Rights Shares and RCULS ("Rights Issue").

The warrant reserve comprises the fair value of the free detachable warrants arising from the Rights Issue. The warrants are constituted by the deed poll dated 3 December 2018 ("Deed Poll"). The salient features of the warrants are as follows:

- (i) Each warrant entitles the warrant holder to subscribe for one (1) new ordinary share in the Company at the exercise price of RM0.68 during the 5-year period expiring on 23 January 2024 ("Exercise Period"), subject to further adjustments in accordance with provisions of the Deed Poll;
- (ii) At the expiry of the Exercise Period, any warrants which have not been exercised shall automatically lapse and cease to be valid for any purpose; and
- (iii) The new ordinary shares to be issued upon exercise of the warrants will, upon allotment and issue, rank equally in all respects with the then existing ordinary shares, except that they shall not be entitled to any dividends, rights, allotments and any other distributions of which the entitlement date is before the date of allotment of the new ordinary shares.

In the previous financial year, 60,607 warrants were exercised at RM0.68 each amounting to RM42,000. This resulted in the issuance of 60,607 new ordinary shares and a transfer of warrant reserve of RM7,000 to share capital. The total increase arising from the warrants exercised amounted to RM49,000.

During the financial year, 72,125 warrants were exercised at RM0.68 each amounting to RM49,000. This resulted in the issuance of 72,125 new ordinary shares and a transfer of warrant reserve of RM9,000 to share capital. The total increase arising from the warrants exercised amounted to RM58,000.

At the expiry of the Exercise Period, 136,555,585 warrants remained unexercised and had automatically expired.

### 15.4 Other capital reserve

Other capital reserve comprises the amount transferred from retained earnings being the profit reinvested as capital contribution by subsidiaries.

### 15.5 Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.



# Notes to the Financial Statements (cont'd)

## 16. Loans and borrowings

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Non-current</b>				
Unsecured term loans	22,780	72,060	17,000	51,000
<b>Current</b>				
Unsecured bankers' acceptances/ Unsecured revolving credits	923,242	842,618	330,037	358,483
Unsecured term loans	46,426	71,004	34,000	34,000
	969,668	913,622	364,037	392,483
<b>Total loans and borrowings</b>	<b>992,448</b>	<b>985,682</b>	<b>381,037</b>	<b>443,483</b>

## 17. Trade and other payables, including derivatives

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Trade payables		39,834	40,275	14,792	10,907
Amounts due to subsidiaries	17.1	-	-	11,117	11,076
Amounts due to joint ventures	17.2	1,917	3,110	-	-
Other payables and accruals	17.3	69,928	65,382	30,061	27,327
Derivatives at fair value through profit or loss:					
- foreign currency forward contracts		-	1,360	-	1,265
- future and option contracts		59	-	-	-
		111,738	110,127	55,970	50,575

### 17.1 Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, repayable on demand and interest free, except for RM320,000 (2023: RM265,000) which is subject to interest at 5.20% (2023: 5.50%) per annum.

## 17. Trade and other payables, including derivatives (cont'd)

### 17.2 Amounts due to joint ventures

The amounts due to joint ventures are unsecured, repayable on demand and interest free.

### 17.3 Other payables and accruals

Included in other payables and accruals of the Group and of the Company are deposits from customers of RM21,044,000 (2023: RM22,531,000) and RM207,000 (2023: RM254,000), respectively.

## 18. Revenue

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue from contracts with customers	3,121,334	3,148,901	735,594	779,166

Revenue is recognised when the Group or the Company transfers control of a good to the customers, net of rebates and/or incentives. The Group or the Company allows returns for quality issues and compensation for weight loss exceeding the normal threshold, if any. The performance obligation is satisfied at a point in time and the customers are required to pay within the agreed credit terms, ranging between 0 to 90 days.

## 19. Profit/(Loss) before tax

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Profit/(Loss) before tax is arrived at after charging/(crediting):</b>				
<b>Auditors' remunerations</b>				
Audit fees:				
- KPMG PLT	246	234	137	130
- Member firms of KPMG International Limited	124	179	-	-
- Other auditors	105	105	53	90
Non-audit fees:				
- KPMG PLT	89	39	89	39
- Local affiliates of KPMG PLT	321	87	218	65

# Notes to the Financial Statements (cont'd)

## 19. Profit/(Loss) before tax (cont'd)

	Note	Group 2024 RM'000	Group 2023 RM'000	Company 2024 RM'000	Company 2023 RM'000
<b>Profit/(Loss) before tax is arrived at after charging/ (crediting): (cont'd)</b>					
<b>Material expenses/(income)</b>					
Amortisation of intangible assets	4	433	330	297	260
Depreciation of investment properties	5	57	57	57	57
Depreciation of property, plant and equipment	2	33,754	34,210	16,329	16,722
Depreciation of right-of-use assets	3	2,345	2,610	1,691	1,913
Dividend income from subsidiaries (unquoted)		-	-	(29,403)	(25,347)
Insurance recoveries		(188)	(2,240)	(141)	(985)
Interest expense of financial liabilities that are not at FVTPL:					
- unsecured bankers' acceptances/unsecured revolving credits		36,693	48,713	12,919	21,421
- unsecured term loans		4,634	6,919	3,424	5,139
- subsidiaries		-	-	1,262	131
- RCULS		-	1,044	-	1,044
- lease liabilities		421	478	351	403
Interest income of financial assets calculated using the effective interest method that are:					
- at amortised cost:					
- deposits placed with licensed banks		(20,537)	(24,218)	(994)	(704)
- debtors		(197)	(327)	(73)	(95)
- subsidiaries		-	-	(2,403)	(2,445)
- joint ventures		(396)	(944)	(396)	(944)
- at fair value through profit or loss ("FVTPL"):					
- liquid investment		(95)	(59)	(95)	(59)
Net (gain)/loss on future and option contracts:					
- realised		(998)	5,132	(95)	720
- unrealised		350	(322)	98	(143)
Net (gain)/loss on foreign exchange:					
- realised		(612)	(3,269)	546	(770)
- unrealised		(741)	(2,127)	(1,779)	(2,263)



## 19. Profit/(Loss) before tax (cont'd)

	Note	Group 2024 RM'000	2023 RM'000	Company 2024 RM'000	2023 RM'000
<b>Profit/(Loss) before tax is arrived at after charging/ (crediting): (cont'd)</b>					
<b>Material expenses/(income) (cont'd)</b>					
Loss on remeasurement of contingent consideration receivable*		-	71,065	-	71,065
Impairment of investment in a joint venture	7.1	42,068	-	65,442	35,765
Impairment of investment in an associate	8	-	197	-	-
Personnel expense (including key management personnel):					
- Contributions to Employees Provident Fund		8,263	8,261	5,498	5,586
- Wages, salaries and others		81,359	81,083	50,830	51,823
<b>Other expenses/(income) arising from leases</b>					
Expenses relating to short-term leases		107	118	11	11
Expenses relating to leases of low-value assets		67	71	63	67
Expenses relating to variable lease payments not included in the measurement of lease liabilities		1,865	1,884	920	829
Income from subleasing right-of-use assets (excluding subleasing of investment properties)		-	-	(1,875)	(1,155)
<b>Net loss on impairment of financial instruments</b>					
Financial assets at amortised cost:					
- Trade receivables		1,392	1,357	490	873

\* On 31 May 2021, the Company had completed the disposal of 49% equity interest in DTSB for a total cash consideration of RM445,028,000. In the previous financial year, contingent consideration of RM119,971,000 was received, with a final contingent consideration due in 2024 based on the financial targets as at 31 December 2023.

As at 31 December 2023, management assessed the final contingent consideration and recognised a loss on remeasurement of contingent consideration receivable of RM71,065,000 in the income statements.

# Notes to the Financial Statements (cont'd)

## 20. Tax expense

### 20.1 Recognised in the income statements

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Income tax expense	38,313	26,677	19,228	13,342
Share of tax of equity-accounted joint ventures	9,172	(3,061)	-	-
Total tax expense	47,485	23,616	19,228	13,342
<b>Current tax expense</b>				
- current year	36,925	18,687	19,101	5,979
- under provision in prior year	1,687	794	1,562	787
Total current tax expense	38,612	19,481	20,663	6,766
<b>Deferred tax expense</b>				
Reversal and origination of temporary differences	(346)	3,979	(1,404)	3,455
Under/(Over) provision in prior year	47	3,217	(31)	3,121
Total deferred tax expense	(299)	7,196	(1,435)	6,576
Share of tax of equity-accounted joint ventures	9,172	(3,061)	-	-
Total tax expense	47,485	23,616	19,228	13,342





## 20. Tax expense (cont'd)

### 20.2 Reconciliation of tax expense

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Profit/(Loss) for the year	77,223	5,285	8,885	(70,444)
Total tax expense	47,485	23,616	19,228	13,342
Profit/(Loss) before tax	124,708	28,901	28,113	(57,102)
Tax at Malaysian tax rate of 24%	29,930	6,936	6,747	(13,704)
Effect of tax rates in foreign jurisdictions	(5,169)	(4,136)	-	-
Difference in effective tax rate in equity-accounted joint ventures	149	474	-	-
Non-deductible expenses	11,951	22,922	18,033	29,328
Non-taxable income	(237)	(5,954)	(7,057)	(6,084)
Difference in effective tax rate for foreign source income	(5)	1	(5)	1
Deferred tax assets not recognised/(recognised)	3,831	(1,199)	-	-
Others	5,301	561	(21)	(107)
Under provision in prior year	45,751	19,605	17,697	9,434
	1,734	4,011	1,531	3,908
	47,485	23,616	19,228	13,342

### 20.3 Income tax recognised directly in equity

	Note	Group		Company	
		2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>RCULS</b>					
- Deferred tax	9	-	9	-	9

# Notes to the Financial Statements (cont'd)

## 21. Earnings per ordinary share

### 21.1 Basic earnings/(loss) per ordinary share

The calculation of basic earnings/(loss) per ordinary share was based on the profit/(loss) attributable to ordinary shareholders of the Company and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2024 RM'000	2023 RM'000
Profit/(Loss) attributable to ordinary shareholders of the Company	58,115	(6,681)
	'000	'000
Weighted average number of ordinary shares at 31 December	1,225,567	1,021,580
	Sen	Sen
Basic earnings/(loss) per ordinary share	4.74	(0.65)

### 21.2 Basic earnings per ordinary share (adjusted)

	Group	
	2024 RM'000	2023 RM'000
Profit/(Loss) attributable to ordinary shareholders of the Company	58,115	(6,681)
Loss on remeasurement of contingent consideration receivable	-	71,065
Impairment loss on investment in a joint venture	42,068	-
Profit attributable to ordinary shareholders of the Company (adjusted)	100,183	64,384
	'000	'000
Weighted average number of ordinary shares at 31 December	1,225,567	1,021,580
	Sen	Sen
Basic earnings per ordinary share (adjusted)	8.17	6.30



## 21. Earnings per ordinary share (cont'd)

### 21.3 Diluted earnings/(loss) per ordinary share

The calculation of diluted earnings/(loss) per ordinary share was based on profit/(loss) attributable to ordinary shareholders and the weighted average number of ordinary shares that would have been in issue upon the full conversion of all outstanding RCULS and exercise of all outstanding warrants, calculated as follows:

	<b>Group</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit/(Loss) attributable to ordinary shareholders of the Company	58,115	(6,681)
Interest expense on RCULS, net of tax	-	1,044
	58,115	(5,637)
	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares at 31 December (basic)	1,225,567	1,021,580
Potential dilution arising from outstanding RCULS	-	216,190
Potential dilution arising from outstanding warrants	-	72*
Weighted average number of ordinary shares at 31 December (diluted)	1,225,567	1,237,842
	<b>Sen</b>	<b>Sen</b>
Diluted earnings/(loss) per ordinary share	4.74	(0.46)

\* Actual warrants exercised subsequent to the balance sheet date and up to the warrants expiry date of 23 January 2024.

# Notes to the Financial Statements (cont'd)

## 21. Earnings per ordinary share (cont'd)

### 21.4 Diluted earnings per ordinary share (adjusted)

	Group	
	2024 RM'000	2023 RM'000
Profit/(Loss) attributable to ordinary shareholders of the Company	58,115	(6,681)
Interest expense on RCULS, net of tax	-	1,044
Loss on remeasurement of contingent consideration receivable	58,115	(5,637)
Impairment loss on investment in a joint venture	-	71,065
	42,068	-
	100,183	65,428
	'000	'000
Weighted average number of ordinary shares at 31 December (diluted)	1,225,567	1,237,842
	Sen	Sen
Diluted earnings per ordinary share (adjusted)	8.17	5.29

## 22. Dividends

Dividends recognised by the Company are:

	Sen per share	Total amount RM'000	Date of payment
<b>2024</b>			
Interim 2023 ordinary	1.50	18,587	29 March 2024
Interim 2024 ordinary	1.50	18,587	27 September 2024
Interim 2024 ordinary	1.50	18,587	30 December 2024
		55,761	
<b>2023</b>			
Interim 2022 ordinary	1.50	15,315	24 March 2023
Interim 2023 ordinary	1.50	15,338	29 September 2023
		30,653	

The Directors do not recommend any payment of final dividend for the financial year under review.



## 23. Operating segments

Segment information is presented in respect of the Group's business and geographical segments. For each business and geographical segments, the Group's chief operating decision maker reviews internal management reports on a regular basis.

The Group's operations comprise the following main business segments:

- **Flour and grain trading**      Milling and selling wheat flour and trading in grain and other allied products
- **Poultry integration**      Manufacture and sale of animal feeds, processing and sale of poultry products, poultry grow-out farm, breeding and sale of day-old-chicks and contract farming activities
- **Others**      Manufacture and sale of aqua feeds and remeasurement of contingent consideration receivable

Performance is measured based on segment profit before tax, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by 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.

The total of segment assets is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's chief operating decision maker. Segment total assets is used to measure the return of assets of each segment.

	Flour and grain trading		Poultry integration		Others		Consolidated	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Business segments</b>								
Revenue from external customers	3,053,449	3,065,456	-	-	67,885	83,445	3,121,334	3,148,901
Inter-segment revenue	16,806	26,084	-	-	-	-	16,806	26,084
<b>Total segment revenue</b>	<b>3,070,255</b>	<b>3,091,540</b>	<b>-</b>	<b>-</b>	<b>67,885</b>	<b>83,445</b>	<b>3,138,140</b>	<b>3,174,985</b>
<b>Results from operating activities</b>	<b>183,775</b>	<b>125,346</b>	<b>-</b>	<b>-</b>	<b>1,770</b>	<b>3,124</b>	<b>185,545</b>	<b>128,470</b>
Interest expense	(40,538)	(55,374)	-	-	(1,210)	(1,780)	(41,748)	(57,154)
Interest income	21,208	25,421	-	-	17	127	21,225	25,548
Loss on remeasurement of contingent consideration receivable	-	-	-	-	-	(71,065)	-	(71,065)



# Notes to the Financial Statements (cont'd)

## 23. Operating segments (cont'd)

	Flour and grain trading		Poultry integration		Others		Consolidated	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Impairment loss of investment in a joint venture	(42,068)	-	-	-	-	-	(42,068)	-
Share of (loss)/profit of equity-accounted joint ventures, net of tax	(9,001)	(19,947)	1,583	25,879	-	-	(7,418)	5,932
Share of profit of equity-accounted associate, net of tax	-	231	-	-	-	-	-	231
<b>Profit/(Loss) before tax</b>	<b>113,376</b>	<b>75,677</b>	<b>1,583</b>	<b>25,879</b>	<b>577</b>	<b>(69,594)</b>	<b>115,536</b>	<b>31,962</b>
Depreciation and amortisation	(32,781)	(33,189)	-	-	(3,808)	(4,018)	(36,589)	(37,207)
Tax expense	(38,309)	(26,491)	-	-	(4)	(186)	(38,313)	(26,677)
Insurance recoveries	188	2,096	-	-	-	144	188	2,240
Non-cash expense other than depreciation and amortisation	301	2,356	-	-	(659)	(318)	(358)	2,038
Capital expenditure	(67,758)	(34,878)	-	-	(3,289)	(688)	(71,047)	(35,566)
Segment assets	1,802,527	1,761,402	-	-	105,051	110,287	1,907,578	1,871,689
Investments in joint ventures	91,658	153,413	557,221	555,638	-	-	648,879	709,051
<b>Total segments assets</b>	<b>1,894,185</b>	<b>1,914,815</b>	<b>557,221</b>	<b>555,638</b>	<b>105,051</b>	<b>110,287</b>	<b>2,556,457</b>	<b>2,580,740</b>

## 23. Operating segments (cont'd)

### Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets.

	Malaysia		Vietnam		Consolidated	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Revenue from external customers	1,751,818	1,821,006	1,369,516	1,327,895	3,121,334	3,148,901
Non-current assets	990,252	1,039,769	157,460	144,735	1,147,712	1,184,504

### Major customers

There were no customers with revenue equal to or more than 10% of the Group's total revenue for the financial year ended 31 December 2024 (2023: Nil).

## 24. Financial instruments

### 24.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- Fair value through profit or loss ("FVTPL")  
- Mandatorily required by MFRS 9
- Amortised cost ("AC")

	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
<b>Group</b>				
<b>2024</b>				
<b>Financial assets</b>				
Trade and other receivables, including derivatives	10	443,387	439,465	3,922
Fixed deposits	12	334,364	334,364	-
Cash and cash equivalents	13	71,607	71,607	-
		849,358	845,436	3,922
<b>Financial liabilities</b>				
Trade and other payables, including derivatives	17	(111,738)	(111,679)	(59)
Loans and borrowings	16	(992,448)	(992,448)	-
		(1,104,186)	(1,104,127)	(59)

# Notes to the Financial Statements (cont'd)

## 24. Financial instruments (cont'd)

### 24.1 Categories of financial instruments (cont'd)

	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
<b>Company</b>				
<b>2024</b>				
<b>Financial assets</b>				
Trade and other receivables, including derivatives	10	191,018	188,043	2,975
Cash and cash equivalents	13	34,216	34,216	-
		225,234	222,259	2,975
<b>Financial liabilities</b>				
Trade and other payables, including derivatives	17	(55,970)	(55,970)	-
Loans and borrowings	16	(381,037)	(381,037)	-
		(437,007)	(437,007)	-
<b>Group</b>				
<b>2023</b>				
<b>Financial assets</b>				
Trade and other receivables, including derivatives	10	408,797	408,506	291
Fixed deposits	12	332,717	332,717	-
Cash and cash equivalents	13	87,350	87,350	-
		828,864	828,573	291
<b>Financial liabilities</b>				
Trade and other payables, including derivatives	17	(110,127)	(108,767)	(1,360)
Loans and borrowings	16	(985,682)	(985,682)	-
RCULS - Liabilities	15	(2,702)	(2,702)	-
		(1,098,511)	(1,097,151)	(1,360)
<b>Company</b>				
<b>2023</b>				
<b>Financial assets</b>				
Trade and other receivables, including derivatives	10	192,351	192,253	98
Cash and cash equivalents	13	52,952	52,952	-
		245,303	245,205	98



## 24. Financial instruments (cont'd)

### 24.1 Categories of financial instruments (cont'd)

	Note	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
<b>Company</b>				
<b>2023</b>				
<b>Financial liabilities</b>				
Trade and other payables, including derivatives	17	(50,575)	(49,310)	(1,265)
Loans and borrowings	16	(443,483)	(443,483)	-
RCULS - Liabilities	15	(2,702)	(2,702)	-
		(496,760)	(495,495)	(1,265)

### 24.2 Net gains and losses arising from financial instruments

	<b>Group</b>		<b>Company</b>	
	<b>2024 RM'000</b>	<b>2023 RM'000</b>	<b>2024 RM'000</b>	<b>2023 RM'000</b>
<b>Net (losses)/gains on:</b>				
Financial assets/(liabilities) at FVTPL:				
Mandatorily required by MFRS 9				
- foreign currency forward contracts	5,282	8,511	4,240	4,788
- future and option contracts	648	(4,810)	(3)	(577)
- other receivables	-	(71,065)	-	(71,065)
- liquid investments	95	59	95	59
Financial assets at amortised cost	19,592	24,132	3,331	3,315
Financial liabilities at amortised cost	(45,110)	(59,791)	(20,567)	(29,490)
	(19,493)	(102,964)	(12,904)	(92,970)

### 24.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk
- Interest rate risk
- Foreign currency risk
- Liquidity risk

# Notes to the Financial Statements (cont'd)

## 24. Financial instruments (cont'd)

### 24.4 Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arise principally from their receivables from customers. There are no significant changes as compared to prior periods.

#### Trade 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. Credit risk is addressed by the Credit Committee that sets policies, approves credit evaluations and institutes mitigating actions. New customers are subject to credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further sales are suspended and legal actions are taken to attempt recoveries and mitigate losses.

At each balance sheet date, the Group or the Company assesses whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the 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 and credit quality*

At the balance sheet date, the maximum exposure to credit risk arising from trade receivables is represented by their carrying amounts in the balance sheets.

The Group and the Company receive financial guarantees given by banks, shareholders or directors of customers in managing exposure to credit risks.

##### *Concentration of credit risk*

The exposure of credit risk for trade receivables at the balance sheet date by geographic region was:

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Malaysia	254,816	260,301	102,139	99,387
Vietnam	136,688	124,174	-	-
	391,504	384,475	102,139	99,387





## 24. Financial instruments (cont'd)

### 24.4 Credit risk (cont'd)

#### Trade receivables (cont'd)

##### *Recognition and measurement of impairment loss*

In managing credit risk of trade receivables, the Group and the Company manage their debtors and take appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 90 days. The Group's and the Company's debt recovery process are as follows:

- Above 30 days past due after credit term, the Group or the Company will start to initiate a structured debt recovery process which is monitored by the sales management team; and
- Above 180 days past due after credit term, the Group or the Company will commence a legal proceeding against the customer.

The Group and the Company use an allowance matrix to measure ECLs of trade receivables for all segments. Invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the past three years. The Group and the Company also consider differences between (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group and the Company believe that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables which are grouped together as they are expected to have similar risk nature.

	Note	Group			Company		
		Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
<b>2024</b>							
Not past due		388,642	(687)	387,955	102,336	(630)	101,706
<b>Credit impaired</b>							
More than 90 days past due		3,777	(228)	3,549	592	(159)	433
Individually impaired		2,819	(2,819)	-	1,282	(1,282)	-
		395,238	(3,734)	391,504	104,210	(2,071)	102,139

# Notes to the Financial Statements (cont'd)

## 24. Financial instruments (cont'd)

### 24.4 Credit risk (cont'd)

#### Trade receivables (cont'd)

##### Recognition and measurement of impairment loss (cont'd)

		Group			Company		
	Note	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
<b>2023</b>							
Not past due		379,834	(353)	379,481	99,551	(297)	99,254
More than 90 days past due	24.4.1	701	-	701	-	-	-
		380,535	(353)	380,182	99,551	(297)	99,254
<b>Credit impaired</b>							
More than 90 days past due		4,685	(392)	4,293	203	(70)	133
Individually impaired		1,934	(1,934)	-	1,220	(1,220)	-
		387,154	(2,679)	384,475	100,974	(1,587)	99,387

#### 24.4.1 More than 90 days past due

Subsequent payment for trade receivables which were more than 90 days past due was received in January 2024.

The movements in the allowance for impairment in respect of trade receivables during the year are shown below.

	Group Trade receivables			Company Trade receivables		
	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
At 1 January 2023	337	1,018	1,355	255	485	740
Amounts written off	-	(29)	(29)	-	(26)	(26)
Net remeasurement of loss allowance	16	1,341	1,357	42	831	873
Foreign exchange rate	-	(4)	(4)	-	-	-
At 31 December 2023/ 1 January 2024	353	2,326	2,679	297	1,290	1,587
Amounts written off	-	(307)	(307)	-	(6)	(6)
Net remeasurement of loss allowance	334	1,058	1,392	333	157	490
Foreign exchange rate	-	(30)	(30)	-	-	-
At 31 December 2024	687	3,047	3,734	630	1,441	2,071

As at 31 December 2024, RM307,000 (2023: RM29,000) and RM6,000 (2023: RM26,000) of trade receivables for the Group and for the Company, respectively, were written off but they are still subject to enforcement activities.



## 24. Financial instruments (cont'd)

### 24.4 Credit risk (cont'd)

#### Other receivables

In the previous financial year, the Group and the Company recognised a loss on remeasurement contingent consideration receivable of RM71,065,000.

Credit risk on other receivables are mainly arising from advances paid to suppliers and interest receivable from deposits placed with licensed banks. At the balance sheet date, the maximum exposure to credit risk is represented by their carrying amounts in the balance sheets.

#### Fixed deposits, cash and cash equivalents

The fixed deposits, cash and cash equivalents are held with banks and financial institutions. At the balance sheet date, the maximum exposure to credit risk is represented by their carrying amounts in the balance sheets.

These banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

#### Financial guarantees to banks

##### *Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured financial guarantees to financial institutions in respect of financing facilities granted to its joint venturer, BFMI. The Company monitors on an ongoing basis the results of the joint venturer and repayments made by the joint venturer.

##### *Exposure to credit risk, credit quality and collateral*

The Company has provided proportionate financial guarantees totalling up to USD6.6 million (2023: USD15.0 million) in respect of financing facilities granted to its joint venturer.

As at 31 December 2024, the maximum exposure to credit risk amounted to USD0.34 million (2023: USD3.6 million) representing the share of the outstanding banking facilities of the joint venturer at the balance sheet date.

#### Financial guarantee to joint venturer

##### *Exposure to credit risk, credit quality and collateral*

At the balance sheet date, there was no indication that the joint venturer would default on repayment. The Company is of the view that the loss allowance is not material and hence, it is not provided for.

The Company provides bank guarantee to its joint venturer pursuant to the disposal of 49% equity interest in DTSB amounting to Nil (2023: RM13,741,947) in respect of the post-completion adjustment, breach of warranties and profit guarantee as stipulated in the share purchase agreement entered with the joint venturer.

# Notes to the Financial Statements (cont'd)

## 24. Financial instruments (cont'd)

### 24.4 Credit risk (cont'd)

#### Intercompany advances

##### *Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured advances to its subsidiaries. The Company monitors the results of the subsidiaries regularly.

##### *Exposure to credit risk, credit quality and collateral*

At the balance sheet date, the maximum exposure to credit risk is represented by their carrying amounts in the balance sheet.

##### *Recognition and measurement of impairment loss*

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 advance 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; and
- 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.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' advances as at 31 December.

Company	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
<b>2024</b>			
Low credit risk	50,205	-	50,205
Credit impaired	710	(710)	-
	50,915	(710)	50,205
<b>2023</b>			
Low credit risk	82,258	-	82,258
Credit impaired	710	(710)	-
	82,968	(710)	82,258

## 24. Financial instruments (cont'd)

### 24.5 Interest rate risk

The Group's and the Company's exposure to interest rate risk relate primarily to their borrowings and deposits with licensed banks.

#### *Risk management objectives, policies and processes for managing the risk*

The Group's and the Company's bank borrowings and interest-bearing deposits are both subject to interest based on fixed and floating rates. Market interest rates movements are monitored with the view of ensuring the most competitive rates are secured and where appropriate, borrowing arrangements are restructured or reduced.

#### *Exposure to interest rate risk*

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on the carrying amounts at the balance sheet date are as follows:

		Group		Company	
	Note	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Fixed rate instruments</b>					
Amounts due from subsidiaries	10.1	-	-	50,205	82,258
Fixed deposits	12	334,364	332,717	-	-
Deposits placed with licensed banks	13	28,837	25,763	10,555	13,644
Unsecured bankers' acceptances/Unsecured revolving credits	16	(923,242)	(842,618)	(330,037)	(358,483)
Lease liabilities		(10,851)	(11,496)	(9,718)	(10,694)
RCULS - Liabilities	15	-	(2,702)	-	(2,702)
Amounts due to subsidiaries	17.1	-	-	(320)	(265)
		(570,892)	(498,336)	(279,315)	(276,242)
<b>Floating rate instruments</b>					
Unsecured term loans	16	(69,206)	(143,064)	(51,000)	(85,000)
Amounts due from joint ventures	10	21,580	-	21,580	-
		(47,626)	(143,064)	(29,420)	(85,000)



# Notes to the Financial Statements (cont'd)

## 24. Financial instruments (cont'd)

### 24.5 Interest rate risk (cont'd)

#### *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 balance sheet date would not affect the income statements.

#### *Cash flow sensitivity analysis for variable rate instruments*

A change of 50 basis points ("bp") in interest rates at the balance sheet date would have increased/ (decreased) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss			
	50 bp increase 2024 RM'000	50 bp decrease 2024 RM'000	50 bp increase 2023 RM'000	50 bp decrease 2023 RM'000
<b>Group</b>				
Floating rate instruments	(181)	181	(544)	544
<b>Company</b>				
Floating rate instruments	(112)	112	(323)	323

### 24.6 Foreign currency risk

The Group and the Company are exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD") and Euro Dollar ("EUR").

#### *Risk management objectives, policies and processes for managing the risk*

The Group and the Company monitor their exposure to foreign currency movements closely and where appropriate, the Group and the Company have used foreign currency forward contracts to hedge some of their foreign currency risk.

## 24. Financial instruments (cont'd)

### 24.6 Foreign currency risk (cont'd)

#### *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 balance sheet date was:

Group	Note	Denominated in	
		USD RM'000	EUR RM'000
2024			
Balances recognised in the balance sheet			
Unsecured term loans		-	(1,266)
Unsecured bankers' acceptances/ Unsecured revolving credits		(194,984)	-
		(194,984)	(1,266)
Forecast transactions			
Forecast purchases		(159,775)	-
Forward exchange contract on forecast purchases		163,697	-
	10	3,922	-
Net exposure		(191,062)	(1,266)
2023			
Balances recognised in the balance sheet			
Unsecured term loans		(9,180)	(20,784)
Unsecured bankers' acceptances/ Unsecured revolving credits		(182,797)	-
		(191,977)	(20,784)
Forecast transactions			
Forecast purchases		(86,280)	-
Forward exchange contract on forecast purchases		84,920	-
	17	(1,360)	-
Net exposure		(193,337)	(20,784)

# Notes to the Financial Statements (cont'd)

## 24. Financial instruments (cont'd)

### 24.6 Foreign currency risk (cont'd)

*Exposure to foreign currency risk (cont'd)*

Company	Denominated in USD	
	2024 RM'000	2023 RM'000
<b>Balance recognised in the balance sheet</b>		
Unsecured bankers' acceptances/ Unsecured revolving credits	(109,432)	(73,144)
<b>Forecast transactions</b>		
Forecast purchases	(131,184)	(76,231)
Forward exchange contract on forecast purchases	134,159	74,966
	2,975	(1,265)
<b>Net exposure</b>	(106,457)	(74,409)

*Currency risk sensitivity analysis*

A 5% (2023: 5%) (weakening)/strengthening of RM against the following currencies at the balance sheet date would have (decreased)/increased post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant.

	Profit or loss	
	2024 RM'000	2023 RM'000
<b>Group</b>		
USD	1,189	4,068
EUR	48	790
<b>Company</b>		
USD	940	69

### 24.7 Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from their various payables, loans and borrowings and lease liabilities.

The Group and the Company monitor and maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.



## 24. Financial instruments (cont'd)

### 24.7 Liquidity risk (cont'd)

#### *Maturity analysis*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the balance sheet date based on undiscounted contractual payments.

Group	Carrying amount RM'000	Contractual interest rate/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>2024</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	111,679	-	111,679	111,679	-	-	-
Unsecured bankers' acceptances/ Unsecured revolving credits	923,242	3.37 - 6.12	936,004	936,004	-	-	-
Unsecured term loans	69,206	5.23 - 5.56	72,263	49,054	23,209	-	-
Lease liabilities	10,851	3.50 - 8.50	12,182	2,239	2,253	7,416	274
Financial guarantees	-	-	1,522	1,522	-	-	-
<i>Derivative financial liabilities</i>							
Future and option contracts (gross settled):							
Outflow	59	-	513	513	-	-	-
Inflow	-	-	(454)	(454)	-	-	-
	1,115,037		1,133,709	1,100,557	25,462	7,416	274

# Notes to the Financial Statements (cont'd)

## 24. Financial instruments (cont'd)

### 24.7 Liquidity risk (cont'd)

#### Maturity analysis (cont'd)

Group	Carrying amount RM'000	Contractual interest rate/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>2023</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	108,767	-	108,767	108,767	-	-	-
Unsecured bankers' acceptances/ Unsecured revolving credits	842,618	2.00 - 7.12	851,544	851,544	-	-	-
Unsecured term loans	143,064	5.28 - 7.97	152,076	79,705	49,162	23,209	-
Lease liabilities	11,496	3.50 - 8.50	12,993	2,061	2,132	5,187	3,613
RCULS liabilities	2,702	-	2,702	2,702	-	-	-
Financial guarantees	-	-	30,266	30,266	-	-	-
<i>Derivative financial liabilities</i>							
Foreign currency forward contracts (gross settled):							
Outflow	1,360	-	86,280	86,280	-	-	-
Inflow	-	-	(84,920)	(84,920)	-	-	-
	1,110,007		1,159,708	1,076,405	51,294	28,396	3,613



## 24. Financial instruments (cont'd)

### 24.7 Liquidity risk (cont'd)

#### Maturity analysis (cont'd)

Company	Carrying amount RM'000	Contractual interest rate/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000
<b>2024</b>						
<i>Non-derivative financial liabilities</i>						
Trade and other payables	55,650	-	55,650	55,650	-	-
Amounts due to subsidiaries	320	5.20	338	338	-	-
Unsecured bankers' acceptances/ Unsecured revolving credits	330,037	3.37 - 6.12	333,039	333,039	-	-
Unsecured term loans	51,000	5.28	53,356	36,019	17,337	-
Lease liabilities	9,718	3.50 - 5.00	10,790	1,884	1,976	6,930
Financial guarantees	-	-	1,522	1,522	-	-
	446,725		454,695	428,452	19,313	6,930

# Notes to the Financial Statements (cont'd)

## 24. Financial instruments (cont'd)

### 24.7 Liquidity risk (cont'd)

#### Maturity analysis (cont'd)

Company	Carrying amount RM'000	Contractual interest rate/ Discount rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>2023</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	49,045	-	49,045	49,045	-	-	-
Amounts due to subsidiaries	265	5.50	280	280	-	-	-
Unsecured bankers' acceptances/ Unsecured revolving credits	358,483	3.70 - 7.12	363,478	363,478	-	-	-
Unsecured term loans	85,000	5.28	91,181	37,825	36,019	17,337	-
Lease liabilities	10,694	3.50 - 5.00	12,074	1,656	1,792	5,013	3,613
RCULS liabilities	2,702	-	2,702	2,702	-	-	-
Financial guarantees	-	-	30,266	30,266	-	-	-
<i>Derivative financial liabilities</i>							
Foreign currency forward contracts (gross settled):							
Outflow	1,265	-	76,231	76,231	-	-	-
Inflow	-	-	(74,966)	(74,966)	-	-	-
	507,454		550,291	486,517	37,811	22,350	3,613



## 24. Financial instruments (cont'd)

### 24.8 Fair value information

The carrying amounts of fixed deposits, cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The tables below analyses other financial instruments at fair value.

Group	Carried at fair value			Total RM'000	Not carried at fair value	Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		Level 3 RM'000		
2024							
Financial assets							
Foreign currency forward contracts	-	3,922	-	3,922	-	3,922	3,922
Financial liabilities							
Future and option contracts	(59)	-	-	(59)	-	(59)	(59)
Unsecured term loans	-	-	-	-	(69,206)	(69,206)	(69,206)
	(59)	-	-	(59)	(69,206)	(69,265)	(69,265)
2023							
Financial assets							
Future and option contracts	291	-	-	291	-	291	291
Financial liabilities							
Foreign currency forward contracts	-	(1,360)	-	(1,360)	-	(1,360)	(1,360)
Unsecured term loans	-	-	-	-	(143,064)	(143,064)	(143,064)
	-	(1,360)	-	(1,360)	(143,064)	(144,424)	(144,424)

# Notes to the Financial Statements (cont'd)

## 24. Financial instruments (cont'd)

### 24.8 Fair value information (cont'd)

Company	Carried at fair value			Total	Not carried at fair value		Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000		Level 3 RM'000	RM'000		
2024								
Financial assets								
Foreign currency forward contracts	-	2,975	-	2,975	-	2,975		2,975
Financial liabilities								
Unsecured term loans	-	-	-	-	(51,000)	(51,000)		(51,000)
2023								
Financial assets								
Future and option contracts	98	-	-	98	-	98		98
Financial liabilities								
Foreign currency forward contracts	-	(1,265)	-	(1,265)	-	(1,265)		(1,265)
Unsecured term loans	-	-	-	-	(85,000)	(85,000)		(85,000)
	-	(1,265)	-	(1,265)	(85,000)	(86,265)		(86,265)

#### Level 2 fair value

##### Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

##### Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2023: no transfer in either direction).



## 24. Financial instruments (cont'd)

### 24.8 Fair value information (cont'd)

#### Fair value of financial instruments not carried at fair value

##### Level 3 fair value

Level 3 fair value not carried at fair value comprises long-term term loans where their fair values approximate their carrying amounts. The fair values are estimated using discounted cash flows using a rate based on the current market rate of borrowing of the respective Group entities at the balance sheet date.

## 25. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and 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 debt covenants and regulatory requirements.

The debt-to-equity ratios at 31 December 2024 and at 31 December 2023 were as follows:

	Note	Group 2024 RM'000	2023 RM'000
Total borrowings	16	992,448	985,682
Lease liabilities		10,851	11,496
Less:			
Fixed deposits	12	(334,364)	(332,717)
Cash and cash equivalents	13	(71,607)	(87,350)
Net debt		597,328	577,111
Total equity		1,415,838	1,445,981
Debt-to-equity ratio		0.42	0.40

There was no change in the Group's approach to capital management during the financial year.



# Notes to the Financial Statements (cont'd)

## 26. Capital commitments

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Property, plant and equipment</b>				
Contracted but not provided for	36,195	46,072	19,366	32,736
<b>Joint ventures</b>				
Share of capital commitment of the joint ventures	2,824	12,630	-	-

## 27. Related parties

### Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. The significant related party transactions of the Group and of the Company are shown below. The balances related to the below transactions are shown in Notes 10 and 17.

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>A. Subsidiaries</b>				
Sales of goods	-	-	7,818	11,545
Dividend income	-	-	29,403	25,347
Consultancy fees income	-	-	1,372	1,386
Management fees income	-	-	549	521
Management Information System fees income	-	-	246	232
Rental of premises	-	-	49	42
Rental of furniture and fittings	-	-	42	42
Rental of equipment	-	-	1,633	1,667
Interest income	-	-	2,403	2,445
Interest expense	-	-	(1,262)	(131)
<b>B. Joint ventures</b>				
Sales of goods	57,808	90,790	32,789	35,037
Purchases of goods	(82,454)	(115,089)	-	-
Management fees income	12,078	11,684	12,078	11,684
Management Information System fees income	4,751	4,538	4,751	4,538
Rental of premises	491	451	491	451
Rental of furniture and fittings	111	111	111	111
Rental of equipment	4,072	3,770	4,072	3,770
Interest income	396	944	396	944

## 27. Related parties (cont'd)

### Significant related party transactions (cont'd)

	Group		Company	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>C. Key management personnel</b>				
<b><i>Directors of the Company:</i></b>				
- Fees	980	924	980	924
- Remuneration	7,302	8,614	6,942	8,242
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	95	92	95	92
	8,377	9,630	8,017	9,258
<b><i>Directors of the Group entities:</i></b>				
- Remuneration	741	621	-	-
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	247	143	-	-
	988	764	-	-
Total short-term employee benefits	9,365	10,394	8,017	9,258

# Statement by Directors

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

In the opinion of the Directors, the financial statements set out on pages 120 to 191 are drawn up in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board, IFRS Accounting Standards as issued by the International Accounting Standards Board 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 of 31 December 2024 and of their financial performance and cash flows for the financial year then ended.

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

**Datuk Oh Chong Peng**

Director

**Teh Wee Chye**

Director

27 March 2025

# Statutory Declaration

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Yau Tee Peng**, the officer primarily responsible for the financial management of Malayan Flour Mills Berhad, do solemnly and sincerely declare that the financial statements set out on pages 120 to 191 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Yau Tee Peng, MIA CA15344, at Kuala Lumpur in the Federal Territory on 27 March 2025.

**Yau Tee Peng**

Before me:

**Harcharan Singh (W883)**  
Commissioner for Oaths  
Kuala Lumpur

# Independent Auditors' Report

to the members of Malayan Flour Mills Berhad

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Malayan Flour Mills Berhad, which comprise the balance sheets as at 31 December 2024 of the Group and of the Company, and the income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 120 to 191.

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 2024, and of their financial performance and their cash flows for the year then ended in accordance with MFRS Accounting Standards as issued by the Malaysian Accounting Standards Board ("MFRS Accounting Standards"), IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting 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 auditors' 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 Matter

Key audit matter is a matter that, in our professional judgement, was of most significance in our audit of the financial statements of the Group and of the Company for the current year. This matter was addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

### Valuation of investment in a joint venture

Refer to Note 1(d) – Use of estimates and judgements and Note 7 – Investments in joint ventures.

#### **The key audit matter**

As at 31 December 2024, a joint venture, PT Bungasari Flour Mills Indonesia ("BFMI"), continued to register losses amounting to RM30,005,000 and its net assets of RM133,726,000 was lower than the Company's initial cost of investment. Hence, there was an indication of impairment which requires management to estimate the recoverable amount of the investment in the joint venture.



## **Key Audit Matter (cont'd)**

### **Valuation of investment in a joint venture (cont'd)**

#### **The key audit matter (cont'd)**

Management estimated the recoverable amount of the Group's and the Company's investment in BFMI of RM91,658,000 and an impairment loss of RM42,068,000 and RM65,442,000 is recognised in the income statements of the Group and the Company, respectively.

We identified the valuation of investment in a joint venture as a key audit matter because of its significance to the financial statements of the Group and of the Company and because assessing the key impairment assumptions involves significant judgement which requires significant involvement of our more experienced audit engagement team members.

#### **How the matter was addressed in our audit**

We performed the following audit procedures, among others:

- We assessed the Group's and the Company's assessment on indicators of impairment in investment in a joint venture;
- We compared the joint venture's cash flow projections to its approved business plan and previous cash flow projections to actual results to assess the reliability of the Group's forecasting process;
- We assessed and challenged the reasonableness of the key assumptions used in the cash flow projections by comparing them to externally derived data as well as our own assessments which takes into account historical trends and other corroborative evidence available;
- We assessed whether the Group and the Company had adequately provided impairment on the investment in a joint venture; and
- We assessed the adequacy of the disclosure in the financial statements.

### **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 information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report 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 annual report and, in doing so, consider whether the annual report 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 the annual report, we are required to report that fact. We have nothing to report in this regard.



# Independent Auditors' Report

to the members of Malayan Flour Mills Berhad (cont'd)

## 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 MFRS Accounting Standards, IFRS Accounting 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 ability of the Group and of the Company 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 internal control of the Group and of the Company.
- 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 ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.



## Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- 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 gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 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 auditors' 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 6 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.

**KPMG PLT**  
LLP0010081-LCA & AF 0758  
Chartered Accountants

Petaling Jaya  
27 March 2025

**Chong Dee Shiang**  
Approval Number: 02782/09/2026 J  
Chartered Accountant

# Analysis of Shareholdings

as at 28 March 2025

Share Capital - RM645,414,830.42  
Class and Number of Issued Shares - 1,239,154,165 ordinary shares

14,179 shareholders

Voting rights: One vote for one share

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Issued Shares	% of Issued Shares
Less than 100	1,607	11.33	19,181	0.00
100 to 1,000	1,513	10.67	876,018	0.07
1,001 to 10,000	5,812	40.99	32,277,545	2.60
10,001 to 100,000	4,436	31.29	148,023,911	11.95
100,001 to less than 5% of issued shares	809	5.71	885,846,810	71.49
5% and above of issued shares	2	0.01	172,110,700	13.89
	14,179	100.00	1,239,154,165	100.00

Thirty (30) Largest Shareholders	No. of Shares	Percentage Holding (%)
1. Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teh Wee Chye)	91,058,005	7.35
2. HLIB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Teh Wee Chye)	81,052,695	6.54
3. Thye Nam Loong Holdings Sdn Bhd	60,561,922	4.89
4. Astar Commercial Limited	53,583,750	4.32
5. Teoh Guan Kok & Co Sdn Berhad	53,060,400	4.28
6. UOB Kay Hian Nominees (Asing) Sdn Bhd (Solid Esteem Sdn Bhd for Wise Bright Investment Limited)	39,381,435	3.18
7. Duangmanee Liewphairatana	33,380,875	2.69
8. Zalaraz Sdn Bhd	31,339,800	2.53
9. Yong Kok Yian	31,034,372	2.50
10. Alliancegroup Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Essence Lane Sdn Bhd)	25,129,449	2.03
11. DB (Malaysia) Nominee (Tempatan) Sendirian Berhad (Deutsche Trustees Malaysia Berhad for Eastspring Investments Small-Cap Fund)	21,216,300	1.71
12. Teh Wee Chye	19,158,376	1.55
13. Kenanga Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Gan Kong Hiok)	18,638,101	1.50



Thirty (30) Largest Shareholders	No. of Shares	Percentage Holding (%)
14. UOB Kay Hian Nominees (Asing) Sdn Bhd (Amble Volume Sdn Bhd for Rise Glory Investment Limited)	15,425,197	1.25
15. Teoh Liang Huat @ Teoh Lean Huat	12,354,200	1.00
16. Citigroup Nominees (Asing) Sdn Bhd (UBS AG)	11,915,219	0.96
17. Citigroup Nominees (Tempatan) Sdn Bhd [Employees Provident Fund Board (EASTSPRINGESG)]	11,914,600	0.96
18. MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Gan Kong Hiok)	10,000,000	0.81
19. HLIB Nominees (Tempatan) Sdn Bhd (Pledged Securities Account for Prakash A/L K.V.P Menon)	9,540,000	0.77
20. Citigroup Nominees (Tempatan) Sdn Bhd [Employees Provident Fund Board (Pheim)]	9,290,400	0.75
21. Azhari Arshad	9,164,539	0.74
22. Azlin binti Arshad	8,877,394	0.72
23. Azman Arshad	8,564,539	0.69
24. Azmi bin Arshad	8,564,539	0.69
25. Azmir Razaleigh bin Arshad	8,564,539	0.69
26. Azrina binti Arshad	8,564,539	0.69
27. RHB Nominees (Tempatan) Sdn Bhd (Teh Wee Chye)	7,741,500	0.63
28. Chew Hem Poo @ Choy Nean Chin	7,000,000	0.57
29. Azlan bin Arshad	6,368,539	0.51
30. Azlin binti Arshad	6,201,692	0.50

## Substantial Shareholders

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Teh Wee Chye	199,083,701	16.07	87,273,490 <sup>(1)</sup>	7.04
Thye Nam Loong Holdings Sdn Bhd	60,561,922	4.89	1,519,119 <sup>(2)</sup>	0.12
Duangmanee Liewphairatana	33,380,875	2.69	62,081,041 <sup>(3)</sup>	5.01

# Analysis of Shareholdings

as at 28 March 2025 (cont'd)

## Directors' Interests in the Company and its Related Corporations

Name	Direct Interest		Indirect Interest	
	No. of Shares	%	No. of Shares	%
Datuk Oh Chong Peng	27,087	0.00	-	-
Teh Wee Chye	199,083,701	16.07	87,273,490 <sup>(1)</sup>	7.04
Dato' Seri Zainal Abidin bin Mahamad Zain	11,250	0.00	-	-
Prakash A/L K.V.P Menon	9,652,500	0.78	-	-
Azhari Arshad	9,164,539	0.74	31,339,800 <sup>(4)</sup>	2.53
Lim Pang Boon	620,825	0.05	-	-
Emeritus Professor Datin Paduka Setia Dato' Dr Aini binti Ideris	-	-	72,600 <sup>(5)</sup>	0.00

Director, Teh Wee Chye is deemed to have interests in all the shares held by the Company in its related corporations by virtue of his substantial shareholdings in the Company.

### Notes:

- (1) Deemed interested through Thye Nam Loong Holdings Sdn Bhd, Thye Nam Loong Sdn Bhd, Suai Timber Products Sdn Bhd, Essence Lane Sdn Bhd and shareholding of his spouse.
- (2) Deemed interested through Thye Nam Loong Sdn Bhd and Suai Timber Products Sdn Bhd.
- (3) Deemed interested through Thye Nam Loong Holdings Sdn Bhd, Thye Nam Loong Sdn Bhd and Suai Timber Products Sdn Bhd.
- (4) Deemed interested through Zalaraz Sdn Bhd.
- (5) Deemed interested through shareholding of her child.

# List of Properties



Description, Location & Size	Existing Use	Approximate Age of Building (Year)	Date/Year of last Revaluation/ Acquisition	Net Book Value At 31-12-24 RM
Freehold land with shop houses GRN 116112 Lot 3618 Section 4 GRN 116113 Lot 3619 Section 4 Town of Butterworth District of Seberang Perai Utara Penang Total: 1.44 acres	Shoplot	64	9 Sept 1996	2,744,000
Freehold land with residential building GRN 29231 Lot 449 Section 67 District of Kuala Lumpur Federal Territory Total: 1.00 acre	Commercial land and building	85	4 Dec 1996	1,553,000
Freehold land Lots 5326, 5327 and part of Lots 5331 & 5332 District of Dindings Perak Darul Ridzuan Total: 9.00 acres	Vacant land	-	1981	72,000
Leasehold land with buildings Lots 4902 (expiring on 11-12-2061) 5337 (expiring on 25-4-2075) 5466 & 5336 (expiring on 22-11-2090) PT 4333 HSD 28222/PT 4334 HSD 28223 (expiring on 25-4-2075) Mukim of Lumut, District of Dindings Perak Darul Ridzuan Total: 61.43 acres	Office and factory	42-58	6 Oct 1998	15,671,000
Freehold land with shop house Grant No. 36370, Lot No. 12256 Mukim of Pulau District of Johor Bahru Johor Darul Takzim Total: 0.04 acre	Shoplot	45	1991	129,000
Leasehold land with buildings HSD 238626, Lot PTD 119736 (expiring on 28-2-2051) Mukim of Plentong District of Johor Bahru Johor Darul Takzim Total: 10.1 acres	Office and factory	32	3 Feb 1995	44,890,000



## List of Properties (cont'd)

Description, Location & Size	Existing Use	Approximate Age of Building (Year)	Date/Year of last Revaluation/ Acquisition	Net Book Value At 31-12-24 RM
Freehold land with building HS(D) 212786 PTB 18284 Bandar Johor Bahru District of Johor Bahru Johor Darul Takzim Total: 0.13 acre	Factory	25	1999	363,000
Leasehold land HS(D) 503714 PTD 209638 (expiring on 2-4-2072) Mukim of Plentong District of Johor Bahru Johor Darul Takzim Total: 4.57 acres	Vacant land	-	2011	2,538,000
Leasehold land with buildings HSD 30844 PT 13524 (expiring on 20-10-2075) Mukim of Lumut District of Manjung Perak Darul Ridzuan Total: 23 acres	Factory	12	2020	90,512,000
Freehold land with house GRN 160946 Lot 45520 Mukim of Plentong District of Johor Bahru Johor Darul Takzim Total: 0.04 acre	Residential house	33	2017	132,000
Freehold land Grant 1784, Lot 12653 Mukim of Sitiawan District of Dindings Perak Darul Ridzuan Total: 17 acres	Vacant land	-	1997	271,000
Freehold land GM 10137, Lot 23464 Mukim of Bagan Serai District of Kerian Perak Darul Ridzuan Total: 2.12 acres	Vacant land	-	1990	1

Description, Location & Size	Existing Use	Approximate Age of Building (Year)	Date/Year of last Revaluation/ Acquisition	Net Book Value At 31-12-24 RM
Land Use Rights with buildings (expiring on 31-8-2024) Cai Lan, Quang Ninh Province The Socialist Republic of Vietnam Total: 17.30 acres	Office and factory	27	1994	47,469,000
Land Use Rights with buildings (expiring on 30-6-2048) Phu My Industrial Zone I Tan Thanh District Baria - Vungtau Province The Socialist Republic of Vietnam Total: 17.29 acres	Office and factory	22	2000	13,256,000

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Sixty-Fifth Annual General Meeting (“65<sup>th</sup> AGM”) of Malayan Flour Mills Berhad will be held at the Ballroom 1, Level 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Monday, 19 May 2025 at 10.00 a.m. for the following purposes:-

## Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2024 together with the Reports of the Directors and Auditors thereon. [Please refer to Explanatory Notes].
2. To re-elect the following Directors who retire by rotation in accordance with Clause 132 of the Constitution of the Company and being eligible, offer themselves for re-election:
  - (i) Mr Teh Wee Chye (Ordinary Resolution 1)
  - (ii) Dato’ Seri Zainal Abidin bin Mahamad Zain (Ordinary Resolution 2)
  - (iii) Mr Azhari Arshad (Ordinary Resolution 3)
3. To approve the payment of Directors’ fees amounting to RM280,000 per annum for the Non-Executive Chairman and RM140,000 per annum for each of the Non-Executive Directors in respect of the financial year ended 31 December 2024. (Ordinary Resolution 4)
4. To approve an amount of up to RM350,000 as benefits payable to the Non-Executive Directors for the period from the conclusion of the 65<sup>th</sup> AGM until the conclusion of the next AGM of the Company. (Ordinary Resolution 5)
5. To re-appoint Messrs KPMG PLT as Auditors of the Company for the financial year ending 31 December 2025 and to authorise the Directors to fix their remuneration. (Ordinary Resolution 6)

## Special Business

To consider and if thought fit, to pass with or without modifications, the following resolutions:-

6. **Authority to Directors to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

“**THAT** subject to the Companies Act 2016 and approval from the relevant authorities, where such approval is necessary, full authority be and is hereby given to the Directors pursuant to Sections 75 and 76 of the Companies Act 2016 to issue and allot shares in the Company at any time and 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 issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being (“General Mandate”) and that the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.

**THAT** pursuant to Section 85 of the Companies Act 2016 read together with the Company's Constitution, approval be given to waive the statutory pre-emptive rights conferred upon the shareholders of the Company **AND THAT** the Board is exempted from the obligation to offer such new shares first to the existing shareholders of the Company in respect of the allotment and issuance of new shares pursuant to the General Mandate.

**AND FURTHER THAT** the new shares to be issued pursuant to the General Mandate, 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 7)**

**7. Proposed Renewal of Authority for Share Buy-back**

**"THAT** subject to the Companies Act 2016, the provisions of the Constitution of the Company, Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company ("Proposed Share Buy-back") 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 pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company as at the point of purchase and that an amount not exceeding the Company's retained profits at the time of the purchase(s) will be allocated by the Company for the Proposed Share Buy-back;

**THAT** the authority conferred by this resolution will be effective immediately and shall continue in force until: -

- (a) the conclusion of the annual general meeting of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either conditionally or subject to conditions; or
- (b) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or
- (c) revoked or varied by ordinary resolution passed by shareholders in a general meeting,

whichever occurs first;

# Notice of Annual General Meeting (cont'd)

**AND THAT** authority be and is hereby given unconditionally and generally to the Directors of the Company to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under the Securities Industry (Central Depositories) Act, 1991, and the entering into of all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities and with the fullest power to do all such acts and things thereafter (including without limitation, the cancellation or retention as treasury shares of all or any part of the repurchased shares) in accordance with the Companies Act 2016, the provisions of the Constitution of the Company and the requirements and/or guidelines of the Bursa Securities and all other relevant governmental and/or regulatory authorities and to do all such things as the said Directors may deem fit and expedient in the best interest of the Company.”

**(Ordinary Resolution 8)**

8. To transact any other business of which due notice shall have been given in accordance with the Companies Act 2016.

By Order of the Board

**Mah Wai Mun**  
MAICSA 7009729  
SSM PC No. 202008000785  
Company Secretary

Kuala Lumpur  
18 April 2025



## Notes:-

1. A member entitled to attend, speak and vote at the 65<sup>th</sup> AGM is entitled to appoint not more than 2 proxies to attend, speak and to vote in his/her stead. A proxy may but need not be a member of the Company.
2. Where a member appoints 2 proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy.
3. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.
4. Notwithstanding the above, an exempt authorised nominee may appoint multiple proxies in respect of each Omnibus Account held.
5. The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or the hand of the attorney duly authorised.
6. Proxy Form shall not be treated as valid unless the Proxy Form in a hardcopy form or by electronic means as specified below is received by the Company not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof:
  - **In hardcopy form**
    - The original proxy form shall be posted or deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd ("Boardroom") at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.
  - **Electronically**
    - 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 Guide for such lodgement.
    - Alternatively, the proxy form can be emailed to Boardroom at [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com)
7. For the purpose of determining a member who shall be entitled to participate in this 65<sup>th</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 82 of the Constitution of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a Record of Depositors as at **9 May 2025**. Only a depositor whose name appears on such Record of Depositors shall be entitled to participate and vote at the said AGM or appoint proxies to participate and vote on his/her behalf.
8. Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Bursa Securities Listing Requirements"), all resolutions set out in the Notice of the 65<sup>th</sup> AGM will be put to vote on a poll.

## Explanatory Notes on Ordinary Business

### Item 1 of the Agenda: To receive the Audited Financial Statements

This Agenda item is meant for discussion only as the provision of Section 340(1) of the Companies Act 2016 does not require a formal approval of the shareholders and hence, is not put forward for voting.

### Ordinary Resolutions 1, 2, and 3: Re-election of Directors

Mr Teh Wee Chye, Dato' Seri Zainal Abidin bin Mahamad Zain and Mr Azhari Arshad are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 65<sup>th</sup> AGM.

The Board had through the Nomination Committee carried out assessment on the Directors who are standing for re-election and satisfied that they met the criteria as prescribed by Paragraph 2.20A of the Bursa Securities Listing Requirements on character, experience, integrity, competence and time to effectively discharge their role as Directors.

### Ordinary Resolutions 4 and 5: Directors' Fees and Other Benefits

Section 230(1) of the Companies Act 2016 provides amongst others, that the fees and any benefits payable to the Directors of a listed company shall be approved at a general meeting.

In this respect, the Board wishes to seek the shareholders' approval for the following payments to Non-Executive Directors at the 65<sup>th</sup> AGM:-

**Resolution 4:** Payment of Directors' fees amounting to RM280,000 per annum for the Non-Executive Chairman and RM140,000 per annum for each of the Non-Executive Directors in respect of the financial year ended 31 December 2024; and



# Notice of Annual General Meeting (cont'd)

**Resolution 5:** Payment of benefits payable to the Non-Executive Directors which have been reviewed by the Remuneration Committee and Board of Directors of the Company for the period from the conclusion of the 65<sup>th</sup> AGM until the conclusion of the next AGM of the Company.

The benefits payable to the Non-Executive Directors comprise Board Committees' fixed allowance, meeting allowances and benefits-in-kind. In determining the estimated total amount of the benefits payable, the Board has considered various factors including the number of scheduled and special meetings for the Board and Board Committees as well as the number of Non-Executive Directors involved in these meetings.

Resolutions 4 and 5, if passed, will facilitate the payment of Directors' fees and benefits as and when required. The Board is of the view that the Non-Executive Directors should be paid such fees and benefits upon them discharging their responsibilities and rendering their services to the Company.

## **Ordinary Resolution 6: Re-appointment of Auditors**

The Audit & Risk Management Committee and the Board had, on 27 March 2025, considered the re-appointment of Messrs KPMG PLT as Auditors of the Company. The Audit & Risk Management Committee and the Board collectively agreed and are satisfied that Messrs KPMG PLT meets the relevant criteria prescribed by Paragraph 15.21 of the Bursa Securities Listing Requirements.

## **Explanatory Notes on Special Business**

### **Ordinary Resolution 7: Authority to Directors to Allot and Issue Shares**

The proposed Resolution 7 is for the purpose of seeking a renewal of the general mandate ("General Mandate") and if passed, will empower the Directors of the Company pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next AGM of the Company.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s) and any share issuance for acquisition involving equity deal which requires the Company to allot and issue new shares, which is only to be undertaken if the Directors consider it to be in the best interest of the Company.

As at the date of this Notice, no new share in the Company was issued pursuant to the General Mandate granted to the Directors at the 64<sup>th</sup> AGM of the Company held on 16 May 2024.

### **Ordinary Resolution 8: Proposed Renewal of Authority for Share Buy-back**

The proposed Resolution 8, if passed, will empower the Directors to purchase the Company's shares of up to a maximum of 10% of the total number of issued shares of the Company by utilising the funds allocated out of the retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

## **Personal Data Privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, 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.

Note: The term "processing" and "personal data" shall have the meaning as defined in the Personal Data Protection Act, 2010.

# Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements

## **Authority to Directors to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

The renewal of this general mandate (“General Mandate”) will empower the Directors of the Company pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting (“AGM”) of the Company.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s) and any share issuance for acquisition involving equity deal which requires the Company to allot and issue new shares, which is only to be undertaken if the Directors consider it to be in the best interest of the Company.

As at the date of this Notice, no new share in the Company was issued pursuant to the General Mandate granted to the Directors at the 64<sup>th</sup> AGM of the Company held on 16 May 2024.

This page is intentionally left blank.

**MALAYAN FLOUR MILLS BERHAD**Registration No. 196101000210 (4260-M)  
(Incorporated in Malaysia)**PROXY FORM**

CDS Account No.

No. of Shares Held

I/We \_\_\_\_\_ NRIC No./Passport No./Company No. \_\_\_\_\_  
(full name in block letters)of \_\_\_\_\_  
(full address)being a member/members of **MALAYAN FLOUR MILLS BERHAD** hereby appoint:-

Full Name (In Block)	NRIC No./Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

\* and/or

Full Name (In Block)	NRIC No./Passport No.	Proportion of Shareholding	
		No. of Shares	%
Address			

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 Sixty-Fifth Annual General Meeting ("65<sup>th</sup> AGM") of the Company to be held at the Ballroom 1, Level 1, Corus Hotel Kuala Lumpur, Jalan Ampang, 50450 Kuala Lumpur on Monday, 19 May 2025 at 10.00 a.m. and at any adjournment thereof.

My/our proxy is to vote on a poll as indicated below:

*(Please indicate with a "x" or "✓" in the boxes provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion).*

No.	Resolutions	For	Against
	Re-election of the following Directors who retire by rotation in accordance with Clause 132 of the Constitution of the Company:-		
1.	a. Mr Teh Wee Chye		
2.	b. Dato' Seri Zainal Abidin bin Mahamad Zain		
3.	c. Mr Azhari Arshad		
4.	Payment of Directors' fees		
5.	Payment of benefits payable to the Directors		
6.	Re-appointment of Messrs KPMG PLT as Auditors of the Company		
7.	Authority to Directors to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016		
8.	Proposed Renewal of Authority for Share Buy-back		

\* Strike out whichever not applicable

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 2025

\_\_\_\_\_  
Signature/Common Seal of Shareholder**Notes:-**

- A member entitled to attend, speak and vote at the 65<sup>th</sup> AGM is entitled to appoint not more than 2 proxies to attend, speak and to vote in his/her stead. A proxy may but need not be a member of the Company.
- Where a member appoints 2 proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her holding to be represented by each proxy.
- Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991, it may appoint at least 1 proxy but not more than 2 proxies in respect of each securities account it holds which is credited with ordinary shares of the Company.
- Notwithstanding the above, an exempt authorised nominee may appoint multiple proxies in respect of each Omnibus Account held.
- The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or the hand of the attorney duly authorised.
- Proxy Form shall not be treated as valid unless the Proxy Form in a hardcopy form or by electronic means as specified below is received by the Company not less than forty-eight (48) hours before the time appointed for holding the meeting or any adjournment thereof:
  - In hardcopy form**
    - The original proxy form shall be posted or deposited at the office of the Company's Share Registrar, Boardroom Share Registrars Sdn Bhd ("Boardroom") at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.
  - Electronically**
    - 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 Guide for such lodgement.
    - Alternatively, the proxy form can be emailed to Boardroom at [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com)
- For the purpose of determining a member who shall be entitled to participate in this 65<sup>th</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 82 of the Constitution of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act, 1991 to issue a Record of Depositors as at **9 May 2025**. Only a depositor whose name appears on such Record of Depositors shall be entitled to participate and vote at the said AGM or appoint proxies to participate and vote on his/her behalf.
- Pursuant to Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Bursa Securities Listing Requirements"), all resolutions set out in the Notice of the 65<sup>th</sup> AGM will be put to vote on a poll.

Fold this flap for sealing

1st fold here

AFFIX  
STAMP  
HERE

Share Registrar  
BOARDROOM SHARE REGISTRARS SDN BHD

11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13  
46200 Petaling Jaya  
Selangor Darul Ehsan

2nd fold here

**Malayan Flour Mills Berhad**

Registration No. 196101000210 (4260-M)

**HEAD OFFICE:** Suite 28.01, Level 28, Menara Citibank, 165 Jalan Ampang, 50450 Kuala Lumpur, Malaysia.

Tel: (603) 2170 0999 (GL), Fax: (603) 2170 0888

**[www.mfm.com.my](http://www.mfm.com.my)**