

# BERHAD GUANCHONG

200401007722 (646226-K)



**TO BE THE PREFERRED COCOA &  
CHOCOLATE INGREDIENTS SUPPLIER**

**INTEGRATED ANNUAL REPORT 2023**

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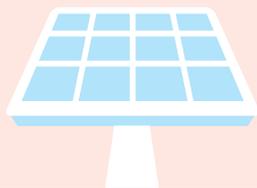
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# INTEGRATED ANNUAL REPORT 2023



## ABBREVIATION LIST

**<IR> Framework** – The International <IR> Framework January 2021

**ACCA** – Association of Chartered Certified Accountants

**ACI** – PT Asia Cocoa Indonesia

**AGM** – Annual General Meeting

**Bursa Securities** – Bursa Malaysia Securities Berhad

**Bursa Securities MMLR** – Bursa Malaysia Main Market Listing Requirements

**Bursa Securities CG Guide** – Bursa Malaysia Corporate Governance Guide (4<sup>th</sup> Edition)

**Bursa Securities SR Guide** – Bursa Malaysia Sustainability Reporting Guide (3<sup>rd</sup> Edition)

**CAA** – Cocoa Association of Asia

**Carlyle** – Carlyle Cocoa Co., LLC

**CBC** – Caring Beyond Cocoa

**CCC** – Le Conseil du Café-Cacao

**CEO** – Chief Executive Officer

**CFI** – Cocoa & Forests Initiative

**CFO** – Chief Financial Officer

**CLMRS** – Child Labour Monitoring and Remediation System

**CMAA** – Cocoa Merchants' Association of America, Inc.

**CO<sub>2</sub>** – Carbon Dioxide

**Cocoarich** – Cocoarich Sdn. Bhd.

**COO** – Chief Operating Officer

**CSR** – Corporate Social Responsibility

**CWG** – Committee and Working Group

**EBITDA** – Earnings Before Interest, Taxes, Depreciation and Amortisation

**ECA** – European Cocoa Association

**EES** – Economic, Environmental and Social

**EPS** – Earnings per share

**ERM** – Enterprise Risk Management

**ESG** – Environmental, Social and Governance

**EU** – European Union

**EUDR** – European Union Deforestation Regulation

**FCC** – Federation of Cocoa Commerce

**FCCA** – Fellow Chartered and Certified Accountant

**FSSC** – Food Safety Scheme Certification

**FY** – Financial Year

**GAP** – Good Agricultural Practices

**GC&B Programme** – Good Cocoa & Beyond Programme

**GCB / the Group** – Guan Chong Berhad

**GCBA** – GCB America, Inc.

**GCB Cacao** – GCB Cacao GmbH

**GCBCCI** – GCB Cocoa Côte d'Ivoire

**GCBCE** – GCB Cocoa Europe B.V.

**GCB CI** – PT GCB Cocoa Indonesia

**GCB CM** – GCB Cocoa Malaysia Sdn. Bhd.

**GCB CS** – GCB Cocoa Singapore Pte. Ltd.

**GCB CTI** – GCB Cocoa Trading Côte d'Ivoire

**GCB CUK** – GCB Cocoa UK Limited

**GCB F** – GCB Foods Sdn. Bhd.

**GCB OHC** – GCB Oversea Holdings Corporations

**GCB UKP** – GCB UK Property Limited

**GCCM** – Guan Chong Cocoa Manufacturer Sdn. Bhd.

**GCT** – Guan Chong Trading Sdn. Bhd.

**GDP** – Gross Domestic Product

**GHG** – Greenhouse Gas

**GJ** – Gigajoules

**GMP** – Good Manufacturing Practices

**GRI Standards** – Global Reporting Initiative Sustainability Reporting Standards 2022

**ha** – Hectare

**HACCP** – Hazard Analysis Critical Control Points

**HRA** – Human Resource and Administration

**IAR** – Integrated Annual Report

**ICCO** – International Cocoa Organization

**ICI** – International Cocoa Initiative

**IFS** – International Food Standard

**IPCC** – Intergovernmental Panel on Climate Change

**ISO** – International Organization for Standardization

**IT** – Information Technology

**KPI** – Key Performance Indicators

**kWp** – Kilowatt peak

**LID** – Living Income Differential

**LULUCF** – Land Use, Land Use Change and Forestry

**MCB** – Malaysia Cocoa Board

**MCCG** – Malaysian Code on Corporate Governance 2021

**MeSTI** – Makanan Selamat Tanggungjawab Industri

**MFRS** – Malaysian Financial Reporting Standards

**MIA** – Malaysian Institute of Accountants

**ML** – Megalitre

**MT** – Metric Tonne

**MWp** – Megawatt peak

**NGFS** – Network for Greening the Financial System

**NGOs** – Non-Governmental Organisations

**PBT** – Profit Before Tax

**QA** – Quality Assurance

**QC** – Quality Control

**R&D** – Research & Development

**RCP** – Representative Concentration Pathway

**ROA** – Returns on Average Assets

**ROE** – Return on Average Equity

**RTNP** – Roger Tan & Partners

**SEATRU** – Sea Turtle Research Unit

**Sedex** – Supplier Ethical Data Exchange

**SD** – Sustainability Department

**SCHOKINAG** – Schokinag Holding GmbH

**SMC** – SMC Food21 (Malaysia) Sdn. Bhd.

**SOP** – Standard Operating Procedures

**SS / the Statement** – Sustainability Statement

**SSC** – Sustainability Steering Committee

**SSIG** – Schokinag Schokolade-Industrie GmbH

**SVG** – Schokinag Verwaltungs GmbH

**TCFD** – Task Force on Climate-Related Financial Disclosures

**The Board / BOD** – Board of Directors

**The Code** – Business Ethics Policy and Code of Conduct

**UN SDGs** – United Nations Sustainable Development Goals

**UK** – United Kingdom

**US** – United States of America

**w.e.f.** – with effect from

**VSLA** – Village Savings and Loan Association

**WCF** – World Cocoa Foundation

**WWTP** – Wastewater Treatment Plant

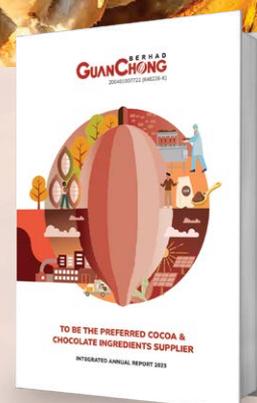


# OVERVIEW

5 About This Report

# ABOUT THIS REPORT

**Our IAR 2023 serves as the main report to comprehensively inform our stakeholders about how we generate and sustain value within GCB for the short, medium and long term through our established business activities and the outcomes we generate. This IAR includes:**



## INTEGRATED ANNUAL REPORT 2023

Delivers a detailed yet succinct overview of our value creation process, corporate governance, growth strategies, operational, financial and non-financial performance as well as progress made in our sustainability agenda, aimed at demonstrating how these factors collectively contribute to meaningful outcomes that support our vision: "To Be The Preferred Cocoa & Chocolate Ingredients Supplier".

### Reporting Framework

Disclosures are guided by the:

- <IR> Framework
- Bursa Securities CG Guide
- Bursa Securities MMLR
- Malaysian Companies Act 2016
- MCCG
- MFRS

## SUSTAINABILITY STATEMENT 2023

Provides a comprehensive analysis of our performance concerning ESG matters that are material to the Group's commitment to delivering sustainable value to our stakeholders.

### Reporting Framework

Disclosures are guided by the:

- Bursa Securities MMLR
- Bursa Securities SR Guide
- GRI Standards
- UN SDGs

Additional information on our robust corporate governance framework, Business Ethics Policy and Code of Conduct, as well as other organisational policies and procedures, can be found at <https://www.gcbcocoa.com/content/corporate-governance>.

View our Integrated Annual Report PDF online version at <https://www.gcbcocoa.com/content/annual-reports>.

## ABOUT THIS REPORT

### Reporting Scope & Boundary

This IAR encapsulates the performance, operations and activities of the Group for the reporting period from 1 January 2023 to 31 December 2023 and builds on our previous publications, unless otherwise stated.

### Forward-looking Statements

This IAR contains certain forward-looking statements relating to our future directions, plans, objectives, strategies, key risks and mitigation actions, and performance.

These statements and forecasts involve uncertainty as they concern future events and are not conclusive. Actual implementation and results may vary due to various risk factors and market uncertainties, which may be unforeseeable.

The inclusion of forward-looking statements in this IAR should not be considered as a representation or warranty that the Group's plans and objectives will be achieved. Readers should not place undue reliance on such forward-looking statements, and we do not undertake any obligation to publicly update or revise them, whether due to new developments, future events or otherwise.

### Stakeholder Relationships & Materiality

In line with the <IR> Framework, we integrate the principles of stakeholder relationships and the concept of materiality to define and measure our performance across the material matters that significantly influence our value creation and preservation efforts.



**READ  
MORE**

Material Matters, page 52 &  
Key Stakeholder Engagement, page 48

### Value Creation

Our Value Creation Business Model outlines the deployment of capitals in alignment with our business strategies, activities and governance to drive progress towards our corporate vision and generate constructive outputs and outcomes for our stakeholders.

To effectively detail what constitutes value to our Group and how it is created and preserved, this IAR uses the globally recognised "Six Capitals" based on the <IR> Framework.



**READ  
MORE**

Value Creation Business Model, page 46

## Our Six Capitals



### Financial Capital

Our financial assets and pool of funds that support our value creation efforts.



### Manufactured Capital

Our factories, machinery and other physical assets that are essential in executing our business strategies.



### Intellectual Capital

Our brand values, reputation, collective knowledge, and systematic processes and procedures.



### Human Capital

Our skillful workforce, and their experience and competencies which align with our growth strategies.



### Social & Relationship Capital

The relationships we foster with our stakeholders to enhance individual and collective well-being.



### Natural Capital

The natural resources we utilise in our processes to create value.



**READ  
MORE**

Value Creation Business Model,  
page 46



## ABOUT THIS REPORT

### Our Key Stakeholders



Customers



Shareholders & Investors



Suppliers & Contractors



Employees



Governments, Regulators & NGOs



Local Communities



Media



**READ MORE**

Key Stakeholder Engagement, page 48 & Stakeholder Engagement, page 85

### Our Growth Strategies



Growth & Expansion



Innovation



Sustainability



**READ MORE**

Growth Strategies, page 61

### Risk Categories

The risks presented in this IAR are categorised into four segments based on their potential impact areas:



**Strategic**

Risks primarily influenced by events that are external to the Group but which may significantly affect our strategic decisions or activities.



**Operational**

Unfortunate events that have the potential to disrupt our day-to-day operations and processes.



**Financial**

Risks that may directly impact the Group's financial well-being.



**Compliance**

Non-compliance with laws and regulations in the countries where the Group operates that may lead to financial penalties, reputational damage or even the revocation of business licences.



**READ MORE**

Key Risks & Mitigation Actions, page 55

### Integrated Reporting Acknowledgement Statement

The Board acknowledges its responsibility of ensuring the integrity of this IAR, which, in their opinion, addresses all the issues that are material to the Group's ability to create value and provides a fair presentation of its financial and non-financial performances.

The Board, supported by a dedicated reporting team, has diligently prepared and presented this IAR with reference to the <IR> Framework.

This IAR was approved by the Board on 15 April 2024.

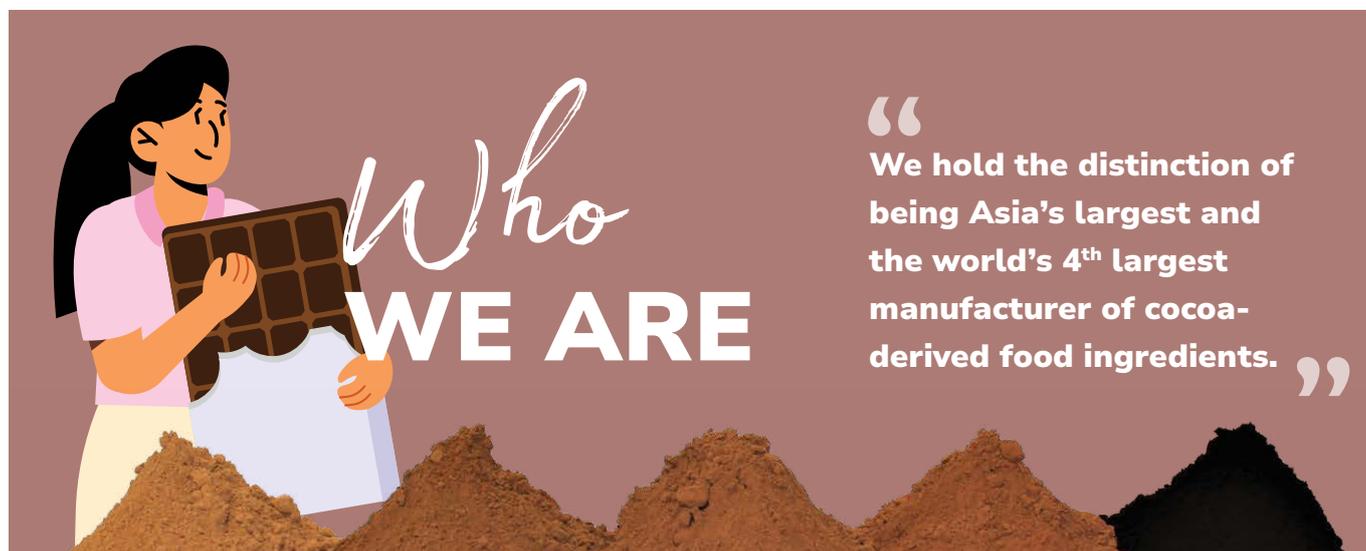




# INTRODUCTION

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# INTRODUCTION



**GCB was established in Malaysia as a public limited company on 22<sup>nd</sup> March 2004 and subsequently listed on the Main Market of Bursa Malaysia on 8<sup>th</sup> April 2005.**

Our core businesses revolve around the manufacturing of cocoa-derived food ingredients and a complete range of chocolates and couvertures. Among our cocoa products are cocoa mass, cocoa butter, cocoa cake and cocoa powder, while our industrial chocolate products come in solid or liquid dark, milk or white varieties. Our products are currently marketed under four distinct trademarked brands, including our inaugural brand FAVORICH, coined from an amalgamation of "High in Flavour" together with "Rich in Colour", which serves the global market. Additionally, we have Carlyle Cocoa, a cocoa powder brand primarily serving the US market; SCHOKINAG, a distinguished European industrial chocolate brand; and FAVORICH CHOCOLATE, another brand catering to the global market but with a current emphasis on the UK and European markets.

At present, we hold the distinction of being Asia's largest and the world's 4<sup>th</sup> largest manufacturer of cocoa-derived food ingredients. Our business model is strategically geared towards strengthening our presence within cocoa origin countries and key chocolate-consuming regions. To this end, our production facility in Côte d'Ivoire - the world's largest cocoa bean origin country - has enabled us to establish "close to source" operations. Meanwhile, our chocolate production facilities in the UK and Germany serve to develop stronger connections with customers in key chocolate-consuming European countries.

To drive continuous growth and advancement, our Group has invested in expansion and automation projects to enhance our operations in Germany and Malaysia. Our initiatives include the addition of new machinery at our Malaysian production facilities, which has led to an increase in efficiency and decreased production costs, while our debottlenecking project at the SSIG production facility has bolstered our supply chain and service provision, enabling us to expand our product variants to include a range of gourmet products.

## Our History

Our journey at GCB has been guided by a clear vision set forth by our leaders, coupled with a well-defined growth plan that has propelled us from humble beginnings as a small cocoa trader in the 1980s to our current position as a leading multinational player in the global cocoa and chocolate industry.

Originating as a cocoa bean processing facility in Parit Jawa, Muar, Johor, in 1985, our evolution took a transformative turn when we established a state-of-the-art production facility at the Pasir Gudang Industrial Area, increasing our processing capacity to 6,000 MT in 1991. Over the years, our unwavering dedication to continuous capacity enhancement and fostering a culture of innovation has propelled us to the forefront of the industry, positioning our Group as the foremost cocoa processor in Asia. Today, we boast a total annual bean grinding capacity of 330,000 MT and have firmly established the reputation of our products across both local and international markets.

## INTRODUCTION

MILESTONES ON OUR *Journey*

1985

- Incorporation of GCCM.



1991

- Establishment of our Pasir Gudang factory, expanding our processing capacity.



1995

- Establishment and trademarking of the FAVORICH brand.



2017

- Acquisition of Koko Budi Sdn. Bhd., a cocoa processing plant and its subsequent renaming to GCBCM.



2015

- Commencement of a wide-ranging joint venture between the Group and SMC, a prominent sugar, milk and cocoa blender.



2010

- Expansion of GCB with the establishment of ACI in Indonesia and GCBCS in Singapore.



2007

- Increase of the Group's annual capacity to 60,000 MT.



2018

- Increase of GCBCM's annual capacity to 50,000 MT, solidifying the Group's position as the top cocoa grinder in Asia and among the world's top four by production volume.
- Inception of GCBCCI in Côte d'Ivoire, marking GCB's expansion beyond Asia for the first time and enabling us to procure cocoa beans directly from the largest cocoa-producing country in the world.



2020

- Establishment of GCBCUK as an industrial chocolate facility in the UK.
- Acquisition of SCHOKINAG, a German industrial chocolate manufacturer.

# INTRODUCTION

## BERHAD GUANCHONG

2005

- Incorporation of GCB as a publicly listed company.

*Carlyle  
Cocoa*

2006

- Acquisition of Carlyle, a value-added cocoa cake grinding facility in Delaware, US, by GCB.



2021

- Establishment of GCBCE and GCBCTI for increased cost-efficiency in cocoa-derived food ingredient supply from Côte d'Ivoire directly to our operations in Germany and the UK.



2022

- Establishment of GCBUKP as a property management company in the UK.
- Commissioning of GCBCCI's factory in San Pedro, Côte d'Ivoire, contributing 60,000 MT to the Group's total annual bean grinding capacity.
- Establishment and trademarking of the FAVORICH CHOCOLATE brand.



2023

- Commissioning of an industrial chocolate facility at GCBCUK's factory in Suffolk, UK, contributing an additional 16,000 MT of industrial chocolate capacity to the Group.



## INTRODUCTION

### WHERE WE STAND

Today

The incorporation of GCB was the driving force behind our rise from a humble Malaysian manufacturer to the top cocoa grinder in Asia and the world's 4<sup>th</sup> largest producer of cocoa-derived food ingredients. Recognising the untapped potential, we set out to establish our foothold as a formidable multinational contender in the global cocoa and chocolate industry.

Beginning with collaborations with small trading groups in the 1980s, we gradually engaged multinational chocolate manufacturers and broadened our sales presence to over 80 countries. As the worldwide demand for GCB products surged, we gained the impetus to invest in product innovation, gradually diversifying our range from basic commodity items to cover a wide array of cocoa-derived food ingredients, industrial chocolate and even gourmet offerings.

Looking ahead, we will continue to invest in cutting-edge technologies, modern machinery, automation enhancements and a variety of sustainability initiatives to maintain and enhance our global competitiveness. Furthermore, we are committed to nurturing our human capital by fostering the well-being of our employees within their work environment, alongside providing steadfast support for their personal and professional advancement.

### WHERE WE Operate



#### MANUFACTURING PLANTS:

- 1 **Guan Chong Cocoa Manufacturer Sdn. Bhd.**  
(Pasir Gudang, Malaysia)
  - Annual Bean Grinding Capacity: 87,000 MT
- 2 **GCB Cocoa Malaysia Sdn. Bhd.**  
(Pasir Gudang, Malaysia)
  - Annual Bean Grinding Capacity: 63,000 MT
- 3 **PT Asia Cocoa Indonesia**  
(Batam, Indonesia)
  - Annual Bean Grinding Capacity: 120,000 MT
- 4 **GCB Cocoa Côte d'Ivoire**  
(San Pedro, Côte d'Ivoire)
  - Annual Bean Grinding Capacity: 60,000 MT
- 5 **Carlyle Cocoa Co., LLC**  
(Delaware, US)
  - Annual Value-Added Capacity: 9,000 MT (Cocoa cake grinding)
- 6 **Carlyle Cocoa Co., LLC**  
(Swedesboro, US)
  - Annual Value-Added Capacity:
    - 30,000 MT (Cocoa mass melting)
    - 60,000 MT (Cocoa butter melting & deodorising)
- 7 **SCHOKINAG Schokolade-Industrie GmbH**  
(Mannheim, Germany)
  - Annual Industrial Chocolate Capacity: 100,000 MT
- 8 **GCB Cocoa UK Limited**  
(Suffolk, UK)
  - Annual Industrial Chocolate Capacity: 16,000 MT



TOTAL ANNUAL BEAN GRINDING CAPACITY	TOTAL ANNUAL VALUE-ADDED CAPACITY	TOTAL ANNUAL INDUSTRIAL CHOCOLATE CAPACITY
<b>330,000 MT</b>	<b>99,000 MT</b>	<b>116,000 MT</b>

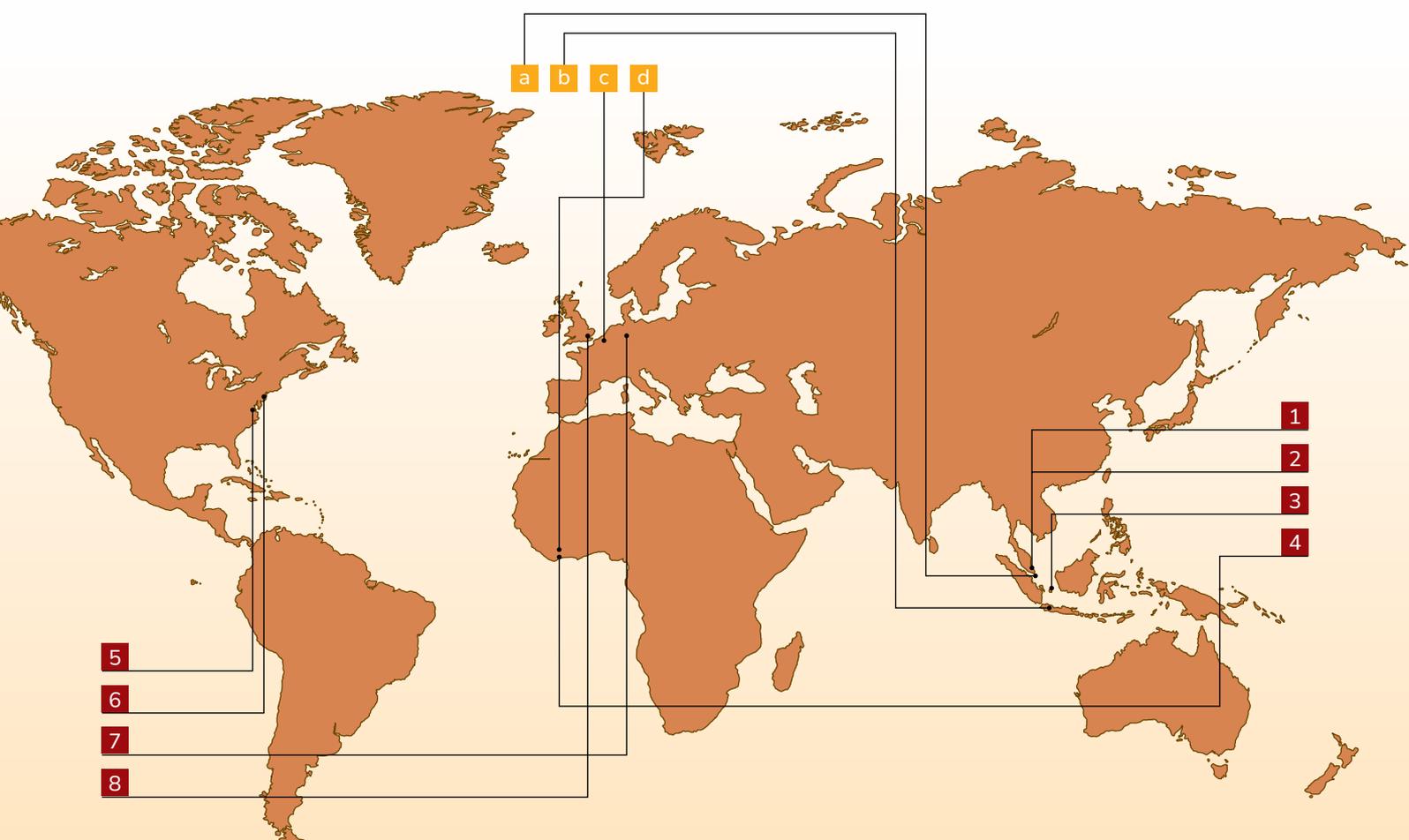
# INTRODUCTION

Our cocoa processing and chocolate production facilities span four continents, collectively amassing an annual capacity of 330,000 MT for bean grinding, 99,000 MT for value-added processes and 116,000 MT for industrial chocolate production.

## TRADING OFFICES:

- a** GCB Cocoa Singapore Pte. Ltd.
- b** PT GCB Cocoa Indonesia

- c** GCB Cocoa Europe B.V.
- d** GCB Cocoa Trading Côte d'Ivoire



## PRODUCTS INTRODUCTION

OUR DIVERSE

# Product Range



### COCOA MASS

Cocoa mass is produced from a meticulous process of roasting and grinding cocoa nibs to create a smooth, fluid state. Also known as cocoa paste or cocoa liquor, cocoa mass plays a vital role in crafting different chocolates, especially dark chocolate.



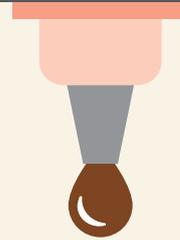
### COCOA BUTTER

Pressing cocoa mass creates cocoa butter, which serves as a crucial intermediary ingredient across various sectors, including chocolate production, personal care products, ointments and pharmaceutical products.



## PRODUCTS INTRODUCTION

At the heart of our offerings is a comprehensive selection of cocoa-derived ingredients and chocolates tailored to meet the diverse needs of the cocoa industry. Our products are utilised across a wide spectrum, with applications that span the food production industry as well as popular consumer categories.



### COCOA CAKE

Cocoa cake is derived from the cocoa mass pressing process, consisting of solid cocoa nib fragments that are broken down into smaller parts. Primarily used in industrial grinding, cocoa cake is instrumental in producing finely ground cocoa powder.



### COCOA POWDER

Cocoa powder stems from grinding cocoa cake and is essential for the creation of chocolate confectioneries and pastes used in the concoction of desserts.



## PRODUCTS INTRODUCTION

### LIQUID CHOCOLATE

Carefully combining cocoa ingredients, we achieve a product rich in flavonoids and antioxidants. Our rigorous refinement of this complex process has enabled us to achieve remarkable consistency in producing liquid chocolate of superior quality.



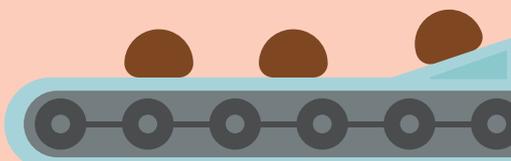
### CHOCOLATE CHIPS & CHUNKS

Be it for baking cakes, biscuits or dessert decorations, our precisely crafted chocolate chips and chunks enable swift melting and ensure impeccable tempering, thereby enhancing the chocolate melting process and elevating baking experiences.



### CHOCOLATE BEVERAGES

Through a careful blend of assorted cocoa components with sugar, milk powder and other ingredients, we produce a variety of powdered chocolate beverages that may be easily mixed with water to savour the rich cocoa flavours.



# SNAPSHOT OF FY2023

## OUR FINANCIAL PERFORMANCE HIGHLIGHTS



### REVENUE

(RM'billion)

**5.32**



### PROFIT BEFORE TAX

(RM'million)

**139.06**



### NET PROFIT

(RM'million)

**100.93**



### EARNINGS PER SHARE

(sen)

**8.59**



### SHAREHOLDERS' EQUITY

(RM'billion)

**1.75**



### NET GEARING RATIO

(times)

**1.21**



### SHARE PRICE<sup>1</sup>

(RM)

**1.83**



### MARKET CAPITAL<sup>2</sup>

(RM'billion)

**2.15**

<sup>1</sup> Share price on 29 December 2023

<sup>2</sup> Market capital is calculated based on the share price on 29 December 2023



**READ  
MORE**

Financial Review, page 64 &  
Financial Statements, page 162

## SNAPSHOT OF FY2023

### OUR NON-FINANCIAL PERFORMANCE HIGHLIGHTS

In FY2023, we increased our Group’s annual cocoa grinding capacity to a total of **330,000 MT** across our worldwide production facilities. We also increased our annual industrial chocolate capacity by **21,000 MT**, raising our total capacity to **116,000 MT** across our chocolate production operations.



**8**  
Production Facilities



**4**  
Cocoa Trading Offices



**ASIA'S LARGEST** and  
**WORLD'S 4<sup>TH</sup> LARGEST**  
manufacturer of cocoa-derived  
food ingredients



#### Expansion to UK & Côte d'Ivoire

The Group celebrated the commissioning of its newest processing plant, GCBCCI in Côte d'Ivoire, and the opening of GCBCUK in the UK. These developments signify a significant step towards enhancing the traceability of our products and achieving our goal of delivering 100% traceable and sustainable cocoa within our direct sourcing network by 2030.



Moreover, they pave the way for increased access to Europe, which boasts one of the world's largest chocolate consumer markets. The establishment of these new facilities also underscores GCB's commitment to improving our energy mix, most notably through our incorporation of solar panels and use of cocoa shells for biomass energy generation from the very commencement of production.



#### Caring Beyond Cocoa

Throughout FY2023, GCB executed an array of outreach initiatives to give back to local communities and contribute to a healthier planet, such as collaborating with the Chagar Hutang Turtle Sanctuary for conservation efforts and sponsoring B40 participants in the Older Faster Stronger Run 2023. Additionally, as part of our philanthropy efforts, we supported the refurbishment of Sekolah Jenis Kebangsaan Tamil Ladang Lambak in Johor, Malaysia, to provide students and teachers with a more conducive studying and teaching environment. These efforts reflect our holistic approach to sustainability, encompassing environmental and community-focused initiatives.

By continuing to prioritise sustainability across our operations, from sourcing practices to community engagement, we remain steadfast in our commitment to drive positive change within the cocoa industry.

## SNAPSHOT OF FY2023

### Implementation of Quality & Safety Standards and Certifications

In addition, we continued to successfully uphold a range of quality and safety standards and certifications throughout our supply chain, facilitating the production of premium cocoa products.

 <p><b>Fairtrade International Standards</b></p>	 <p><b>FSSC 22000</b></p>
<p><b>Halal</b></p>	 <p><b>HACCP</b></p>
 <p><b>IFS</b></p>	 <p><b>ISO 22000: Food Safety and Management System</b></p>
 <p><b>ISO 50001: Energy Management</b></p>	<p><b>Kosher</b></p>
 <p><b>MeSTI</b></p>	 <p><b>Rainforest Alliance</b></p>



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Ang Nyee Nyee

(Independent Non-Executive Chairman)

### Tay Hoe Lian

(Managing Director/CEO)

### Tay How Sik @ Tay How Sick

(Executive Director/COO)

### Hia Cheng

(Executive Director/CFO)

### Nurulhuda Binti Abd Kadir

(Independent Non-Executive Director)

### Ng Kim Hian

(Independent Non-Executive Director)

### Tan Pui Suang

(Independent Non-Executive Director)

### Tan Ah Lai

(Independent Non-Executive Director)  
(Resigned w.e.f. 5 April 2023)

## AUDIT COMMITTEE

### Ng Kim Hian

(Chairman/Independent Non-Executive Director)

### Tan Pui Suang

(Member/Independent Non-Executive Director)

### Nurulhuda Binti Abd Kadir

(Member/Independent Non-Executive Director)

### Tan Ah Lai

(Member/Independent Non-Executive Director)  
(Ceased as Committee Member w.e.f. 5 April 2023)

## RISK MANAGEMENT COMMITTEE

### Hia Cheng

(Chairman/Executive Director)

### Ng Kim Hian

(Member/Independent Non-Executive Director)

### Tan Pui Suang

(Member/Independent Non-Executive Director)  
(Appointed as Committee Member on 1 December 2023)

### Ang Nyee Nyee

(Member/Independent Non-Executive Director)  
(Ceased as Committee Member w.e.f. 1 December 2023)

### Tan Ah Lai

(Member/Independent Non-Executive Director)  
(Ceased as Committee Member w.e.f. 5 April 2023)

## NOMINATION COMMITTEE

### Tan Pui Suang

(Chairman/Independent Non-Executive Director)  
(Appointed as Committee Chairman on 1 December 2023)

### Nurulhuda Binti Abd Kadir

(Member/Independent Non-Executive Director)

### Ng Kim Hian

(Member/Independent Non-Executive Director)

### Ang Nyee Nyee

(Chairman/Independent Non-Executive Director)  
(Ceased as Committee Chairman w.e.f. 1 December 2023)

### Tan Ah Lai

(Member/Independent Non-Executive Director)  
(Ceased as Committee Member w.e.f. 5 April 2023)

## REMUNERATION COMMITTEE

### Nurulhuda Binti Abd Kadir

(Chairman/Independent Non-Executive Director)

### Ng Kim Hian

(Member/Independent Non-Executive Director)

### Tan Pui Suang

(Member/Independent Non-Executive Director)  
(Appointed as Committee Member on 1 December 2023)

### Ang Nyee Nyee

(Member/Independent Non-Executive Director)  
(Ceased as Committee Member w.e.f. 1 December 2023)

### Tan Ah Lai

(Member/Independent Non-Executive Director)  
(Ceased as Committee Member w.e.f. 5 April 2023)

## CORPORATE INFORMATION

**SECRETARIES**

**Ng Mei Wan** (MIA 28862)  
(SSM Practicing Certificate No.:  
201908000801)

**Tan Hui Khim** (LS 0009936)  
(SSM Practicing Certificate No.:  
201908000859)

**REGISTERED OFFICE**

No. 7, (1<sup>st</sup> Floor) Jalan Pesta 1/1  
Taman Tun Dr Ismail 1, Jalan Bakri  
84000 Muar  
Johor Darul Takzim, Malaysia  
Tel : 06-954 1705  
Fax : 06-954 1707  
Email : [lcsa-muar@lcsa.com.my](mailto:lcsa-muar@lcsa.com.my)

**PRINCIPAL PLACE OF BUSINESS**

PLO 273, Jalan Timah 2  
Kawasan Perindustrian Pasir Gudang  
81700 Pasir Gudang  
Johor Darul Takzim, Malaysia  
Tel : 07-254 8888  
Fax : 07-251 1711  
Website : [www.gcbcocoa.com](http://www.gcbcocoa.com)

**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, Malaysia  
Tel : 03-7890 4700  
Fax : 03-7890 4670  
Email : [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com)

**AUDITORS**

BDO PLT  
201906000013 (LLP0018825-LCA)  
& AF 0206  
Chartered Accountants  
Suite 18-04, Level 18, Menara Zurich  
15, Jalan Dato' Abdullah Tahir  
80300 Johor Bahru  
Johor Darul Takzim, Malaysia

**PRINCIPAL BANKERS**

Ambank Islamic Berhad  
Bangkok Bank Berhad  
CIMB Bank Berhad, Singapore Branch  
HL Bank Singapore  
Hong Leong Islamic Bank Berhad  
Hongkong and Shanghai Banking  
Corporation Limited, Singapore Branch  
HSBC Amanah Malaysia Berhad  
Maybank Islamic Berhad  
Maybank Singapore Limited  
Oversea-Chinese Banking  
Corporation Limited  
RHB Islamic Bank Berhad  
Standard Chartered Bank Malaysia  
Berhad  
Standard Chartered Bank Côte  
d'Ivoire SA  
United Overseas Bank Limited  
United Overseas Bank (Malaysia)  
Berhad

**SOLICITORS**

Chee Siah Le Kee & Partners

**STOCK EXCHANGE LISTING**

Main Market of Bursa Malaysia  
Securities Berhad  
Stock Name : GCB  
Stock Code : 5102

**DATE OF LISTING**

8 April 2005



## OUR GUIDING PRINCIPLES



### OUR *Vision*

To Be The Preferred Cocoa & Chocolate Ingredients Supplier.

### OUR *Mission*

We at GCB Cocoa are committed to delivering quality cocoa and chocolates while offering utmost flexibility and attention. Through forming strong alliances with local partners, we are dedicated to serving our customers worldwide and growing together with them in long-term partnerships.

### OUR *Values*

 Ambition

 Grit

 Sincerity

## OUR GUIDING PRINCIPLES



## OUR Promises



### Competitive Prices

Offering fair market prices by sourcing competitively as one of the biggest players in the market.



### Full Product Range

Providing an extensive product range from cocoa mass, butter, cake and powder to liquid and solid chocolates in various shapes, sizes and packaging options.



### Ethical Operations

Upholding strict operational standards and treating people with dignity and respect. Our suppliers are expected and required to demonstrate environmental and social awareness in their practices.



### Product Quality & Safety

Ensuring excellent throughput at our production facilities and compliance with all safety standards.



### Flexibility & Excellence in Customer Service

Fulfilling customer orders as our top priority in seeking to establish long-term, meaningful relationships.



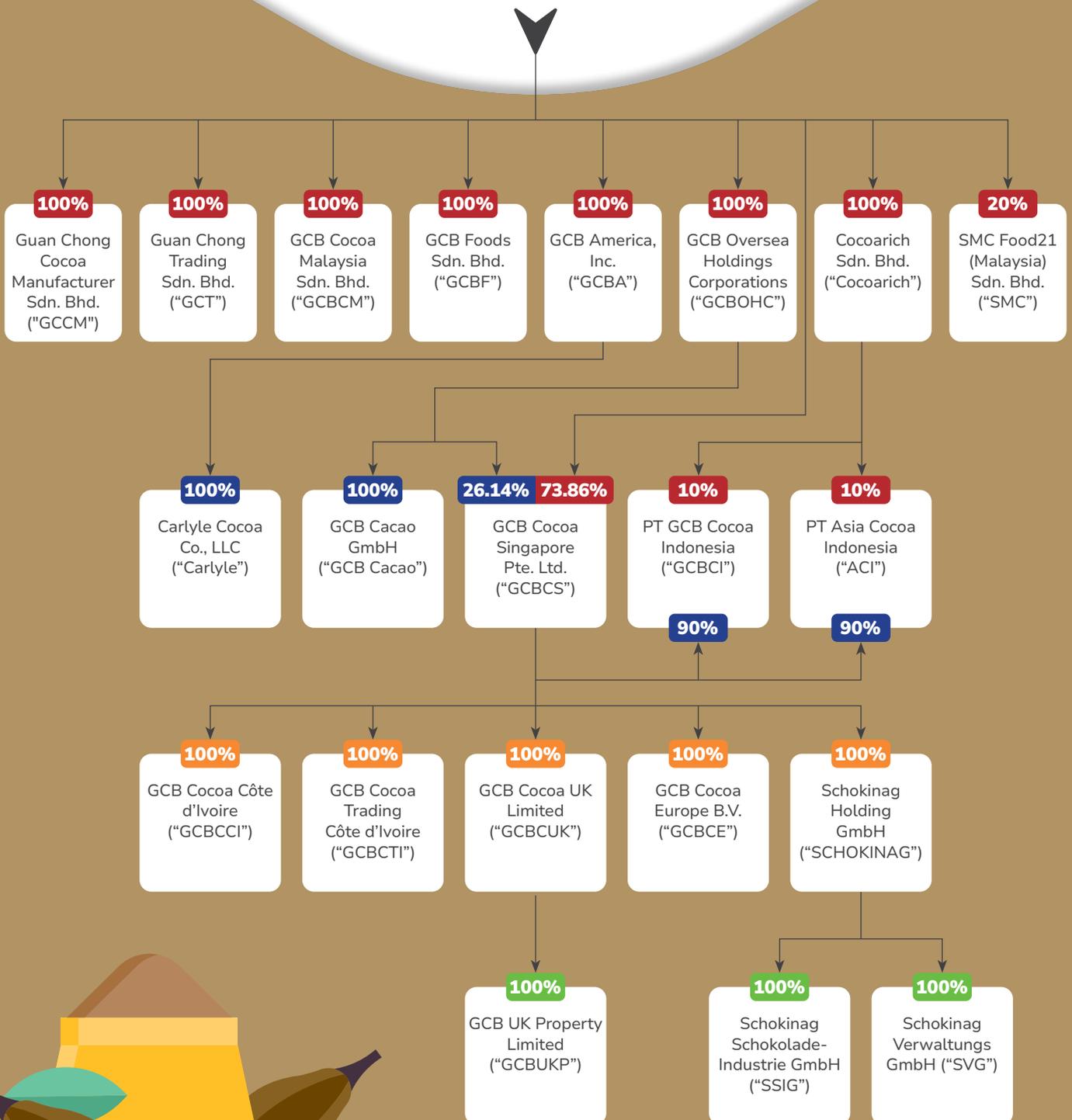
### Technical Support & Innovation

Crafting tailor-made recipes and developing new products via our experienced R&D team.

# CORPORATE STRUCTURE



listed on Main Market of Bursa Securities  
("GCB" or "the Group")



# BUSINESS & MARKET DYNAMICS

## CORPORATE PRINCIPAL ACTIVITIES

We are a globally recognised manufacturer specialising in a diverse range of cocoa-derived food ingredients and chocolate products. Our product portfolio encompasses cocoa mass, cocoa butter, cocoa powder and cocoa cake, in addition to an extensive selection of solid and liquid chocolates and couvertures in dark, milk and white variants.

## MARKET ENVIRONMENT

### *Elevated Cocoa Prices*

In 2023, cocoa market prices surged to a 46-year high in the New York and London markets. This was primarily due to lower-than-anticipated production in cocoa-producing origin countries, with unfavourable weather conditions and the ongoing swollen shoot disease affecting cocoa crops in Côte d'Ivoire and Ghana in West Africa. With these two countries collectively accounting for a significant portion of the world's cocoa production, this resulted in a tightening of global cocoa supplies. The upcoming crop year of 2023/24 in Côte d'Ivoire and Ghana, specifically, is predicted to witness a more than 20% reduction in production compared to previous years, exacerbating the cost challenges faced by cocoa grinders.

In 2024, cocoa prices continued to achieve historical highs, reaching USD11,200<sup>1</sup> and GBP9,200<sup>1</sup> per MT in the New York and London futures markets, respectively. This intensifies pricing pressures for cocoa processors.

### *Global Inflationary Pressures*

Since the onset of the COVID-19 pandemic, the cocoa industry has grappled with substantial increases in costs for packaging materials, construction materials, spare parts and chemicals. These cost escalations, along with a sharp uptick in labour expenses, have elevated operational costs for our Group.

### *Stabilised Energy Costs*

Gas and electricity prices experienced significant increases in FY2022, but they have since stabilised in FY2023. Many European companies have mitigated the impact of rising energy costs by entering into contracts with energy providers to lock in prices and shifting their focus towards renewable energy sources.

### *Rising Interest Rates*

Many central banks' response to combat inflation has been to raise interest rates, which, in turn, dampens overall

demand and eases upward price pressures. However, higher interest rates may hinder the global economic recovery in the face of a challenging economic outlook, with increased household debt-servicing expenses potentially affecting discretionary consumer spending.

### *Regulatory Landscape*

The cocoa industry is increasingly subject to a growing body of regulations aimed at promoting cocoa sustainability. These regulations encompass areas such as deforestation and human rights, necessitating that companies importing specific commodities, including cocoa, engage in environmental and social due diligence.

### *Geopolitical Tension*

The Red Sea crisis is expected to bring certain impacts on the ongoing cocoa trade due to shipping companies' decisions to either halt or reroute their shipment of traded goods. Shipping costs are also expected to experience a surge due to longer and more expensive shipping times, subsequently bearing higher insurance risk premiums. With cocoa prices currently elevated, additional costs resulting from high freight rates may increase pricing pressure.

### *Challenges on the Horizon*

In an environment marked by persistent inflation and surging interest rates, there are concerns of a potential global recession. However, historical data shows that chocolate consumption tends to remain resilient during economic downturns.

Despite this, we are mindful of the risks associated with our ambitious expansion plans. While expanding into new regions offers growth opportunities and reduced supply chain risks, we acknowledge the need for a coordinated and collective effort across the Group to address variations in market conditions, business practices, societal norms and cultural nuances across different regions.

### **Note:**

<sup>1</sup> Cocoa bean historical high price as of 15 April 2024.



## BUSINESS & MARKET DYNAMICS

### COMPETITIVE LANDSCAPE

#### *Côte d'Ivoire Expansion*

Our new cocoa processing facility in Côte d'Ivoire – commissioned in September 2022 and inaugurated in July 2023 by the country's vice president – became fully operational in November 2022 and undertook its maiden export shipment in February 2023, marking a significant milestone for our business. The new facility boasts the potential to reach a capacity of 240,000 MT, and, since its commissioning, we have continued to explore opportunities to enhance capacity utilisation at the site, aiming to maximise its full potential.

Equipped with state-of-the-art machinery and the latest technology, the factory allows us to access premium cocoa beans directly from source, thereby shortening the beans-to-ingredients cycle. In addition, this strategic expansion of our grinding operations in proximity to the source of beans in Côte d'Ivoire serves to reduce risks in our supply chain, providing us with enhanced control over production and shipping schedules, and enabling us to purchase beans at a lower price due to decreased logistical costs and the bypass of intermediaries. Moreover, supplying cocoa-derived food ingredients directly to our operations in Germany and the UK is poised to further improve cost efficiencies, offering us a competitive edge in these crucial markets and beyond.

Moving forward, we are actively exploring opportunities to further expand our Côte d'Ivoire facility's cocoa processing capacity, empowering us to further penetrate and capture strategic consumer markets.

#### *Managing Rising Energy Costs*

To manage and mitigate the potential of rising energy costs, we have locked in approximately 20% of forward contracts with energy suppliers in the UK and Germany, securing prices until March 2023. Additionally, we proactively monitor our energy usage with the aim of achieving greater efficiency and lowering operational costs. Moreover, our solar panel projects at our production facilities in Malaysia, the UK and Côte d'Ivoire enable us to generate a renewable source of energy for self-consumption while simultaneously reducing negative impacts on the environment. Lastly, we incorporate potential price hikes into our cost considerations to ensure a seamless pass-through along the value chain.



### MARKET POSITIONING

We believe that resilience and adaptability to react to changing factors within the business environment are extremely crucial. Given the volatility and fluidity of the market, there is a need to react quickly and operate efficiently within a dynamic market to maintain profitability and business stability.

To do this effectively, we are well-prepared to leverage our strengths and synergies to navigate future challenges and further develop our market presence.

#### *Leveraging our Strategic Market Presence*

We have unlocked the element of strategic positioning with our presence in Côte d'Ivoire – the world's largest cocoa bean supplying country – as well as our presence in the European market, home to most of the key chocolate-consuming countries.

The establishment of our new cocoa processing plant in Côte d'Ivoire in November 2022 has not only facilitated streamlined production and distribution but has also significantly bolstered the competitive synergy of the Group, emphasising the strategic advantages and market presence gained by tapping into this key cocoa-producing region.

## BUSINESS & MARKET DYNAMICS



### *Providing Innovative, High-Quality Products & Services*

On an operational scale, GCB strongly adheres to the principle of providing high-quality products, which also extends to the provision of technical support and after-sales service for customers, consistent product innovation derived through investment in R&D, and the application of modern technologies to meet the evolving quality and sustainability demands of the industry.

By consistently investing in R&D, applying modern technologies and staying attuned to industry trends, GCB can position itself as a leader in providing high-quality and innovative cocoa-derived food ingredients and chocolate products that meet the evolving demands of consumers and the industry as a whole.

### *Unlocking Global Supply Chain Synergies*

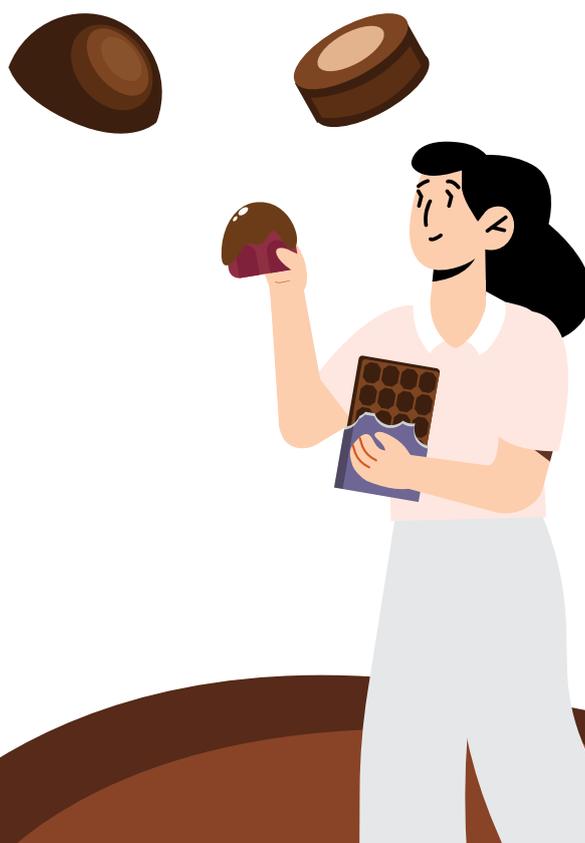
Another key benefit of our robust market presence is our ability to synergise global operations. We can leverage our international presence across the supply chain to gain valuable competitive advantages, such as building production facilities in strategic locations or diversifying our product range to meet market trends.

For instance, we have diversified to produce high-quality cocoa powder with a customised range of colour and fat content to successfully cater to the varying needs of our customers. With the acquisition of SCHOKINAG, meanwhile, we have the opportunity to form a complete supply chain as we internally procure the required cocoa-derived food ingredients for the production of industrial chocolate and gourmet products.

### *Accessing a Diverse, Global Customer Base*

With a well-established global presence, our considerable market share affords us significant access to a diverse range of customers and buyers. Leveraging the robust support from SCHOKINAG and GCBCUK, our Group is poised to directly expand our customer base in strategic markets. This amplifies our ability to leverage our positive reputation and cultivate robust relationships with a broad spectrum of customers, from trading companies to users of cocoa-derived food ingredients, spanning small independent customers to multinational manufacturers.

From these strong connections, we will leverage our reliable brand reputation to transform them into strategic partnerships. These partnerships hold significant sway in ensuring the sustainability of our operations. They empower us to navigate evolving market dynamics and sustain our competitive advantage within an increasingly complex business environment.





# LEADERSHIP STATEMENT

- 29** Chairman's Statement
- 34** Directors' Profile
- 38** Profile of Key Senior Management

# CHAIRMAN'S STATEMENT

“

**DEAR ESTEEMED SHAREHOLDERS,**

Against the backdrop of a challenging global chocolate industry landscape, 2023 brought forth significant hurdles. Weather disruptions triggered by El Niño in key cocoa-producing regions such as Ghana and Côte d'Ivoire led to adverse effects on supply outputs and yields. Cocoa bean prices also surged to unprecedented peaks during the year, surpassing USD4,200 and GBP 3,500 per MT in the New York and London futures markets, respectively. These prices have continued to escalate, reaching historical highs in 2024.

Furthermore, global consumer sentiment remained subdued, influenced by a combination of factors including inflationary pressures and a high interest rate environment. Geopolitical tensions in Eastern European and Middle Eastern regions also contributed to volatile energy prices and supply chain disruptions, impacting costs and logistical efficiencies.

Despite these headwinds, we demonstrated resilience to maintain profitability amidst a challenging environment. Our continued success was supported by the establishment of our new grinding operations in Côte d'Ivoire and the successful turnaround of our century-old industrial chocolate subsidiary, SSIG in Germany, which rebounded following the energy crisis in Europe.

On behalf of the BOD, it is my great pleasure to present to you the Group's financial performance and operational highlights for FY2023.

”

## GLOBAL GRINDING ACTIVITIES STRAINED BY HIGHER COCOA BEAN PRICES

In 2023, cocoa grinders encountered significant working capital challenges due to the heightened prices of cocoa beans. Moreover, consumer sentiment showed inconsistent recovery across various regions worldwide, affecting both developed and developing economies. As a result, global cocoa grinding volume is forecasted to decline by 4.0% to 4.8 million MT from 5.0 million MT in the previous year, largely due to the rising costs of raw materials.

### Global Cocoa Grinding Volume 2023/24 vs 2022/23

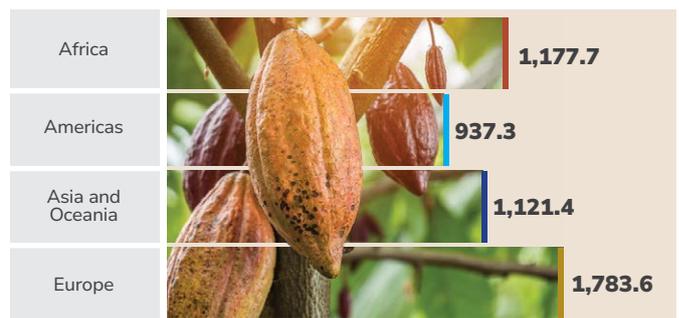
#### Crop year 2023/24 forecasts ('000 MT)

Total: **4,779.4**



#### Crop year 2022/23 estimates ('000 MT)

Total: **5,020.0**



Source: ICCO Quarterly Bulletin of Cocoa Statistics (Volume L No.1 Cocoa Year 2023/24)

As reported by the ICCO, the recent escalation in freight rates due to tensions in the Red Sea region is poised to further impact international trade. Given that cocoa prices are already at an all-time high, the prospect of absorbing additional costs arising from elevated freight rates may be daunting for cocoa users and could potentially affect demand.



**READ MORE**

Business & Market Dynamics, page 25

## CHAIRMAN'S STATEMENT

### INCREASED REVENUE IN TANDEM WITH ESCALATING COCOA BEAN PRICES

In FY2023, GCB achieved a significant milestone with a record-high revenue of RM5.3 billion, marking a notable increase of 20.4% from RM4.4 billion in FY2022. This growth was primarily attributed to the surge in selling prices of our cocoa ingredients and industrial chocolates, driven by escalating cocoa bean prices.

The revenue boost was further supported by the expanded annual capacity of both our cocoa bean grinding and industrial chocolate operations, now standing at 330,000 MT and 100,000 MT, respectively, compared to 277,000 MT and 90,000 MT in the preceding year.

However, our net profit declined by 31.5% to RM100.9 million compared to RM147.4 million in FY2022, primarily due to lower grinding margins, increased finance costs resulting from higher borrowings, and elevated tax expenses.

It is noteworthy that our industrial chocolate segment also contributed to the Group's net profit in FY2023. Our German subsidiary recovered well from the impact of volatile energy prices faced during 2022 due to tensions between Russia and Ukraine. The revenue from this segment experienced a 23.9% increase, from RM1.0 billion in FY2022 to RM1.3 billion in FY2023. At the same time, this segment recorded a substantial rise in operating profit, which expanded by 408.9%, from RM15.4 million in FY2022 to RM78.4 million in FY2023.

 **READ MORE** *Financial Review, page 64*

### ENSURING A SOUND FINANCIAL POSITION & REWARDING SHAREHOLDERS DESPITE HEADWINDS

Despite ongoing challenges, we remain dedicated to fortifying our balance sheet to uphold the financial stability needed to sustain operations across our diverse sites in Asia, West Africa, Europe and the US. Moreover, we are committed to distributing dividends to our valued shareholders as a tribute to their trust in our long-term expansion plans.

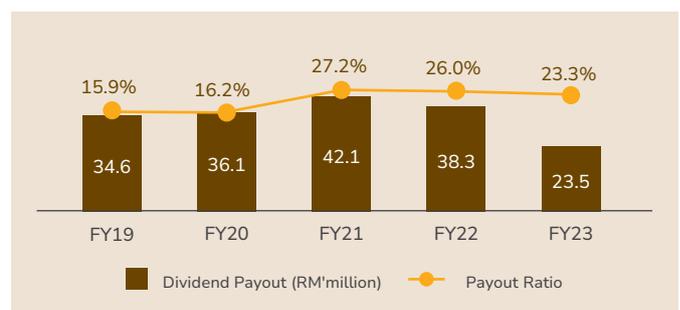
As of 31 December 2023, our total assets surged by 50.3% to RM5.5 billion from RM3.7 billion, primarily driven by higher inventories that reflect elevated cocoa bean prices, as well as increased trade and other receivables, alongside higher asset values for our Côte d'Ivoire, UK and Germany facilities.

Meanwhile, our total liabilities have expanded by 85.4%, from RM2.0 billion to RM3.7 billion, due to increased loans

and borrowings to support working capital requirements amidst rising cocoa bean costs, as well as increased derivative financial liabilities and trade and other payables.

Our total equity witnessed a 7.0% increase from RM1.6 billion to RM1.8 billion, attributable to higher foreign currency translation reserves and retained profits. However, our net gearing ratio rose to 1.21 times from 0.68 times at the end of FY2022, reflecting the higher borrowings necessitated during the past twelve months.

We remain committed to vigilant monitoring of our financial leverage, ensuring an optimal balance between pursuing growth opportunities and upholding our steadfast commitment to maintaining consistent dividend payouts. Leveraging our status as the world's 4<sup>th</sup> largest cocoa ingredient producer, we are favourably positioned to capitalise on the sustained long-term demand for chocolate.



The Group extends heartfelt gratitude for the unwavering support received from our esteemed shareholders. As a symbol of our appreciation, we have announced the declaration of a dividend of 2.0 sen per share, which was disbursed on 19 January 2024. The total dividend pay-out in respect of FY2023 stands at RM23.5 million, representing a 23.3% pay-out ratio of the Group's FY2023 net profit attributable to shareholders.

 **READ MORE** *Financial Statements, page 162*

 **READ MORE** *Financial Review, page 64*

## CHAIRMAN'S STATEMENT

### STRENGTHENING COCOA GRINDING & INDUSTRIAL CHOCOLATE PRODUCTION OPERATIONS

Since 2019, GCB has diversified its global presence by entering new markets, highlighted by our expansion into Côte d'Ivoire to secure direct access to high-quality cocoa beans, as well as our expansion into Germany and the UK to tap into the world's largest chocolate markets in Europe.

GCB currently boasts an annual grinding capacity of 330,000 MT across our facilities in Malaysia, Indonesia and Côte d'Ivoire. Furthermore, we have an annual industrial chocolate production capacity of 116,000 MT from our operations in Germany and the UK, with our UK facility commencing trial operations for the production of 16,000 MT of industrial chocolate in June 2023.

Although FY2023 was a challenging year, the Group made investments of RM194.1 million to enhance our operations in Côte d'Ivoire, the UK, Germany and Malaysia, placing focus on expanding and improving our facilities and warehouses.

Given the uncertain market environment, the Group has adopted a cautious approach to expansion, placing heightened emphasis on streamlining current operations and prioritising working capital to ensure the long-term sustainability of our business. Concurrently, we are maintaining close and consistent contact with our suppliers to safeguard our bean supply.

### NAVIGATING SUB-OPTIMAL MARKET CONDITIONS

The outlook for 2024 appears to be challenging due to persistent geopolitical tensions in Eastern Europe and the Middle East. However, the International Monetary Fund World Economic Outlook report published in January 2024 suggests that global GDP growth is expected to remain steady at 3.1%, reflecting greater-than-expected resilience in several emerging markets and developed economies compared to the previous year.

Meanwhile, Bank Negara Malaysia's quarterly report published in February 2024 has projected GDP growth for Malaysia to range between 4% and 5% in 2024, underpinned by ongoing expansion in domestic demand and improvements in external demand.

Amidst rising global cocoa bean prices, we remain committed to upholding the quality of our products, vigilantly tracking market trends and adapting our production and pricing strategies accordingly to ensure the long-term sustainability of our customer relationships.

Since our inception in 1985, we have demonstrated remarkable resilience in overcoming business challenges, even in the face of circumstances beyond our control. In fact, orders have recently increased as customers seek to mitigate the impact of higher cocoa bean prices, with high consumer demand set to persist due to growth in travel and increased festivities throughout the year. Leveraging on our status as the 4<sup>th</sup> largest producer of cocoa ingredients globally, we remain well-positioned to capitalise on this increase in demand and adeptly navigate forthcoming challenges.

Moving forward, while our focus remains on our core business of cocoa ingredient processing, we will also capitalise on our expansion into industrial chocolate production and the direct presence we have established in Europe through our German and UK subsidiaries. This strategic synergy between our cocoa ingredient and industrial chocolate businesses positions us for long-term earnings growth and empowers us to effectively meet the evolving demands of our customers.

The outlook for our business is further supported by the value-added services offered by our subsidiaries in Delaware and New Jersey, US, which include cocoa cake grinding, cocoa butter and cocoa liquor melting, as well as cocoa butter deodorising.

In summary, our worldwide presence and diverse product offerings provide us with additional revenue streams, a varied product mix and diversified risks, all of which contribute to enhancing our earnings and fulfilling our long-term growth objectives. Additionally, our growing proximity to customers allows us to better meet their requirements for quality and timeliness, lending us greater agility in adapting to the shifting industry landscape.



**READ  
MORE**

*Outlook, page 43*

### FOSTERING BUSINESS SUSTAINABILITY THROUGH ENHANCED ESG PRACTICES

Amidst a rapidly changing regulatory landscape and increasing stakeholder demands, we are committed to not only meeting but exceeding expectations. Our core business objectives, including profitability, reliability, business stability and market share, along with our efforts to enhance the quality and capacity of our cocoa processing, are being closely aligned with our sustainability ambitions, ensuring steady and comprehensive progress across the ESG spectrum.

## CHAIRMAN'S STATEMENT

### FY2023 Sustainability Highlights



**RM5.99 billion**

in value generated for our stakeholders



Over **66,000 GJ**

of renewable energy generated from solar panels and waste-to-energy boilers



Over **10,403**

households covered by CLMRS

### Good Cocoa & Beyond Programme

Our GC&B Programme exemplifies our commitment to embedding sustainability at the heart of our operations. Our overarching objective is to achieve 100% traceable and sustainable cocoa\* within our direct cocoa bean sourcing network.

The programme is built upon four key pillars of sustainability aimed at addressing the social, economic and environmental challenges prevalent in our supply chain, particularly in cocoa-producing regions. Guided by these pillars, we will continue efforts to enhance farmer income, empower farmers and their communities, provide responsibly produced cocoa and play our role to safeguard the environment.



Improving Farmer Income



Benefitting Farmers & their Communities



Providing Responsible Cocoa



Protecting the Environment

Throughout 2023, we undertook various initiatives to advance these pillars, highlighted by the undertaking of deforestation risk assessments covering 73,245 ha of cocoa farms from which we directly source our cocoa, along with the establishment of 6,822 ha of new cocoa agroforestry systems.



**READ MORE**

Sustainable Sourcing Practices, page 98

#### Note:

\* Traceable and sustainable cocoa: Cocoa that is produced according to internationally recognised sustainability standards, which includes traceability with location mapping and addressing child labour and deforestation concerns.

### Sustainability Governance & Workstreams

To this end, we have bolstered our sustainability governance through the establishment of six sustainability workstreams. These workstreams encompass critical environmental and social aspects relevant to our business operations, allowing us to concentrate on our most significant sustainability priorities and ensuring effective planning and execution of our strategies.

- 📍 **Caring Beyond Cocoa**  
Executes GCB's CSR strategies through our "Healthy Planet", "Happy Employees" and "Thriving Communities" pillars.
- 📍 **Circular Economy**  
Spearheads efforts to manage environmental impact through water and waste initiatives, and by promoting a circular economy that considers product end-of-life.
- 📍 **Climate Action**  
Oversees the development of a climate transition plan that highlights carbon reduction initiatives and considers our primary climate-related risks and opportunities.
- 📍 **Responsible Sourcing**  
Guides our transition towards sustainable sourcing practices, especially for high-risk supply chains.
- 📍 **Corporate Stewardship**  
Embeds sustainability practices throughout our operations to ensure adherence to Group-wide policies and procedures.
- 📍 **Human Rights**  
Addresses social inequity issues and promotes diversity and inclusivity within our workforce and supply chains.



**READ MORE**

Sustainability Governance, page 80

## CHAIRMAN'S STATEMENT

### Caring Beyond Cocoa

CBC serves as a foundational workstream and integral component of GCB's comprehensive CSR strategy, aimed at driving concerted progress towards our sustainability goals. To ensure focused and impactful implementation, dedicated teams have been established to oversee CBC initiatives across three key pillars: "Healthy Planet", "Happy Employees" and "Thriving Communities".

Under these pillars, we engage in social outreach endeavours to empower marginalised groups such as youth, low-income individuals and rural communities, actively support local environmental projects while raising awareness for environmental conservation, and prioritise the well-being, happiness and engagement of our staff.



**READ  
MORE**

*Caring Beyond Cocoa, page 110 & Diversity & Inclusion, page 112*

### Contributing towards the United Nations Sustainable Development Goals

We take pride in our contribution to the UN SDGs. In FY2023, we aligned our material matters with relevant targets outlined within these goals, giving greater meaning and purpose to our actions. We aim to carefully assess the impacts of our business and operations to ensure we share positive values that may benefit both current and future generations.



**READ  
MORE**

*Material Matters and Associated ESG Risks & Opportunities, page 89*

### ELEVATING CORPORATE GOVERNANCE & SUSTAINABILITY

We firmly advocate for sound corporate stewardship in all aspects of our Group's business activities. Our emphasis on implementing responsible and ethical practices and principles is integral to ensuring the stability, efficiency and integrity of our operations, while concurrently safeguarding our reputation and fostering strong relationships with our stakeholders.

Our comprehensive policies and procedures remain fundamental in enabling us to effectively mitigate potential risks that may affect our business. Additionally, to adapt to the evolving landscape, the ERM Committee and SD

oversee and conduct materiality assessments, evaluating our key sustainability risks and opportunities in line with prevailing guidelines and the evolving industry landscape.

Through this robust governance structure, we are well-equipped and committed to identifying risks across the strategic, operational, financial or compliance domains, and implementing the most appropriate strategies to address them proactively and efficiently.

Ultimately, we are deeply cognizant that sustainability is integral to our growth strategy. By cultivating sustainable business practices, we contribute positively not only to our business but also to society and the environment, placing us on the right trajectory to maximise long-term value creation.



**READ  
MORE**

*Our Policies and Procedures, page 84 & Material Matters and Associated ESG Risks & Opportunities, page 89*

### ACKNOWLEDGEMENTS

In closing, I extend my heartfelt appreciation to the esteemed members of the BOD, the dedicated management team and all the hardworking employees of GCB. Your unwavering commitment and diligent efforts have played a pivotal role in driving the Group towards its ambitions, reinforcing our position as the world's 4<sup>th</sup> largest cocoa grinder and a leading supplier of chocolate ingredients.

Furthermore, I am deeply grateful to our valued customers, suppliers and business partners, whose trust and collaboration have been instrumental in our journey of growth and success. Your continued support, particularly during the challenging circumstances of the past year, has been invaluable to us.

As we navigate through the complexities of the business landscape, it is our collective goal to further enhance our business stability, profitability and operational sustainability. By remaining steadfast in our commitment to excellence, innovation and sustainability, we are confident of delivering enhanced outcomes and sustained growth in the years ahead.

**Ms. Ang Nyee Nyee**  
Independent Non-Executive Chairman

# DIRECTORS' PROFILE

## BOARD COMPOSITION

Independent Non-Executive Directors



Gender



Age Group



## COMMITTEE MEMBERSHIP KEY

-  Nomination Committee
-  Remuneration Committee
-  Audit Committee
-  Risk Management Committee

## ANG NYEE NYEE

Independent Non-Executive Chairman

Malaysian | 56 | Female

Meetings Attendance



**5/5**

**Ang Nyee Nyee** was first appointed as an Independent Non-Executive Director of GCB on 11 November 2020 before being re-designated as the Independent Non-Executive Chairman on 5 April 2023.

She obtained a Bachelor of Laws (Honours) degree from the University of London, UK, and is qualified with the Certificate in Legal Practice awarded by the Legal Profession Qualifying Board, Malaysia. She was called to the Bar and admitted as an Advocate and Solicitor in 1993. In 1994, she became a Legal Assistant at Nik Saghir & Ismail (the precursor of RTNP), and from 2004 to 2008, served as a Partner at RTNP. Currently, she is a Partner at RTNP.

She was ceased as the Chairman of the Company's NC, and a Member of both the RC and RMC, on 1 December 2023. She is not a director of any other public company. She has no family relationship with any director and/or major shareholder of the Company, nor does she have any conflict of interest with the Company. She has not been convicted for any offences within the past five years.

She attended all five board meetings that were held during FY2023.

## DIRECTORS' PROFILE

**TAY HOE LIAN**

Managing Director/CEO

Malaysian | 59 | Male

Meetings Attendance

**5/5**

**Tay Hoe Lian** was appointed as the Managing Director and CEO of GCB on 8 January 2005.

He graduated with a Bachelor's degree in Business Administration from the College of Business Administration at the University of Toledo, US in 1993. After graduating, he was appointed as a Transport Division Manager at JB Cocoa Group Sdn. Bhd.

In 1997, he assumed the role of Marketing Manager at GCCM, garnering extensive experience in marketing cocoa powder across the European, Middle Eastern and South American markets. In 1999, he was elected as a Director of GCCM and later promoted to General Manager (2002) and Managing Director (2003).

His unwavering dedication played a pivotal role in GCCM's successful production capacity expansion, propelling the Company to hold a leading position in the global cocoa bean processing industry in terms of processing capacity and market share.

He has since been elected as a Member of the MCB, which is under the purview of the Malaysian Ministry of Plantation Industries and Commodities, and will hold the position from 1 February 2023 to 31 January 2025.

He is not a director of any other public company. He is the cousin of Tay How Sik @ Tay How Sick, an Executive Director, COO and a shareholder of the Company. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five years.

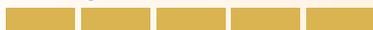
He attended all five board meetings that were held during FY2023.

**TAY HOW SIK @  
TAY HOW SICK**

Executive Director/COO

Malaysian | 64 | Male

Meetings Attendance

**5/5**

**Tay How Sik @ Tay How Sick** was appointed as the Executive Director and COO of GCB on 8 January 2005.

From 1987 to 2003, he was a Director at JB Cocoa Group Sdn. Bhd., playing a crucial role in establishing their cocoa beans processing plant and overseeing the setup of the production line and machinery installation. In 1989, he assumed the dual responsibilities of Director and Factory Manager at GCCM, and has maintained authority over its factory operations ever since.

Throughout his career, he has amassed profound knowledge and proficiency in crafting cocoa-derived food ingredients, while simultaneously honing his skills in maintaining and adapting machinery to foster enhanced production efficiency and product excellence.

He is not a director of any other public company. He is the cousin of Tay Hoe Lian, the Managing Director, CEO and a shareholder of the Company. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five years.

He attended all five board meetings that were held during FY2023.

## DIRECTORS' PROFILE

### HIA CHENG

Executive Director/CFO



Malaysian | 59 | Male

Meetings Attendance



5/5

**Hia Cheng** was appointed as the Executive Director and CFO of GCB on 8 January 2005.

He obtained his professional accounting qualification from the ACCA in 1991 and became a FCCA of the ACCA in 2001. From 1986 to 1990, he was with TH Liew & Gan, a local audit firm, before joining GCCM in 1991 as the Accounts Supervisor.

In 1996, he was promoted to Finance and Trading Manager of GCCM, leading the department in the sourcing of cocoa beans and the marketing of cocoa butter, cocoa mass and cocoa cake. In October 2022, he was appointed as a Director of GCBUKP, the Group's newly established subsidiary in the UK functioning as a property management company.

Over the years, he has been actively involved in corporate strategy planning, as well as financial and foreign currency management. Additionally, he spearheads feasibility studies and investment appraisals for all expansion ventures within GCB. His efforts have bolstered GCB's affiliations with major industry players, spanning international trading companies, essential suppliers, customers and cocoa-related organisations. Currently, he oversees the trading, marketing, accounting, finance and logistic functions of the Group, and concurrently leads GCB's expansion initiatives within the European market.

He is the Chairman of the Company's RMC. He is not a director of any other public company. He has no family relationship with any director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has not been convicted for any offences within the past five years.

He attended all five board meetings that were held during FY2023.

### NURULHUDA BINTI ABD KADIR

Independent Non-Executive  
Director



Malaysian | 57 | Female

Meetings Attendance



4/5

**Nurulhuda Binti Abd Kadir** was appointed as an Independent Non-Executive Director of GCB on 11 November 2020.

She obtained a Bachelor of Laws (Honours) degree from the International Islamic University of Malaysia. From 2004 to 2009, she held the position of Partner at Nik Saghir & Ismail (the precursor of RTNP), and subsequently, from 2010 to 2016, served as a Senior Partner at RTNP. Currently, she is a Partner at Faizah Aishah Rahman & Associates.

She is the Chairman of the Company's RC, and a Member of both the AC and NC. She is not a director of any other public company. She has no family relationship with any director and/or major shareholder of the Company, nor does she have any conflict of interest with the Company. She has not been convicted for any offences within the past five years.

She attended four board meetings that were held during FY2023.

## DIRECTORS' PROFILE

**NG KIM HIAN**

Independent Non-Executive  
Director



Malaysian | 59 | Male

Meetings Attendance



**4/4**

**Ng Kim Hian** was appointed as an Independent Non-Executive Director of GCB on 27 February 2023.

He obtained his professional accounting qualification from the ACCA in 2002. He is now a FCCA of the ACCA, and a Member of both the MIA and ACTIM.

With over 30 years of experience in public practice, his expertise in the planning and management of audit services spans a multitude of sectors, including manufacturing, housing development and construction, plantation, hotel and tourism businesses, trading and services companies, multinational corporations and more. Beyond these, he actively engages in advisory roles relating to inbound investments and indirect tax issues. Additionally, his proficiency extends to serving as a Reporting Accountant for initial public offering exercises. Presently, he serves as an Audit Partner at Crowe Malaysia PLT (Muar office).

He was appointed as the Chairman of the Company's AC and a Member of the Company's RMC, RC and NC on 5 April 2023. He is not a director of any other public company. He has no family relationship with any director and/or major shareholder of the Company, nor does he have any conflict of interest with the Company. He has not been convicted for any offences within the past five years.

He attended four board meetings that were held during FY2023.

**TAN PUI SUANG**

Independent Non-Executive  
Director



Malaysian | 53 | Female

Meetings Attendance



**4/4**

**Tan Pui Suang** was appointed as an Independent Non-Executive Director of GCB on 27 February 2023.

She is a FCCA of the ACCA and a Member of the MIA. Her affiliation with the Group is marked by extensive corporate experience spanning corporate finance, planning, financial management and auditing. Notable positions she has held in the past include Asia Pacific Regional Operations Controller at TechnipFMC Asia Pacific, a multinational oil and gas services group listed on both the New York Stock Exchange and Euronext Paris, as well as Corporate Planning Manager at Malaysia Marine and Heavy Engineering Holdings Berhad, a company listed on the Main Market of Bursa Securities. Additionally, she used to hold the position of Senior Auditor at Deloitte & Touche in Singapore.

Currently, she is the Director of Finance and Corporate Services at the University of Reading, Malaysia. Additionally, she serves as an Independent Non-Executive Director for VS Industry Berhad, a company listed on the Main Market of Bursa Securities.

She was appointed as the Chairman of the Company's NC and a Member of both the Company's RC and RMC on 1 December 2023 and a member of the Company's AC on 5 April 2023. She has no family relationship with any director and/or major shareholder of the Company, nor does she have any conflict of interest with the Company. She has not been convicted for any offences within the past five years.

She attended four board meetings that were held during FY2023.

# PROFILE OF KEY SENIOR MANAGEMENT

## TAY HOW YEH

Director



Malaysian



58



Male

**Tay How Yeh** was appointed as the Director of GCCM in January 2003. Currently, he also serves as the Director of GCBSC and GCBCM.

He graduated with a Bachelor's degree in Business Administration from the College of Business Administration at the University of Toledo, US in 1989. Between 1990 and 1995, he served as Manager of GCT, where he was tasked with sourcing cocoa beans in Tawau, Sabah. Over the years, he has amassed significant experience in logistics and the assessment of cocoa beans quality.

Since joining GCCM in 1995 as a Production Manager, he has assumed responsibility of the Production Department, playing a key role in production capacity expansion, production planning and QC. In 2008, he was designated as the Production and Operation Manager of GCBF, overseeing production planning, raw material procurement, inventory control and QC. Currently, he focuses on overseeing the operations of GCBCCI.

He is not a director of any other public company. He is the cousin of Tay Hoe Lian, the Managing Director, CEO and a shareholder of the Company, and brother of Tay How Sik @ Tay How Sick, an Executive Director, COO and a shareholder of the Company. He does not have any conflict of interest with the Company and has not been convicted for any offences within the past five years.

## TAY SEE MIN

Commercial Director



Malaysian



52



Female

**Tay See Min** was appointed as the Commercial Director of GCBSC on 10 December 2010.

She graduated with a Bachelor's degree in Information System from Monash University, Australia in 1993. After graduating, she entered the IT industry and was last employed by the American International Assurance as an IT Manager.

Since becoming a part of GCCM, she has taken an active role in trading cocoa beans and promoting the sales and marketing of cocoa products. In 2012, she was appointed to oversee the Indonesian market and successfully set up a trading company in Jakarta, namely GCBCI. She has since been managing the subsidiary and was responsible for the Group's expanded customer base in Indonesia. In October 2022, she was appointed as a Director of GCBUKP, the Group's newly established subsidiary in the UK functioning as a property management company.

Her current responsibilities encompass both the commercial and IT functions within the Group. She also leads various committees, including ERM, Corporate Governance, Sustainability, CSR and Corporate Communications. Actively participating in corporate strategic planning and project management, her primary focus lies in identifying expansion and investment opportunities, particularly within Côte d'Ivoire and the European region. Additionally, she oversees our ongoing efforts to automate IT systems across the Group.

She is not a director of any other public company. She is the sister of Tay Hoe Lian, the Managing Director, CEO and a shareholder of the Company, and cousin of Tay How Sik @ Tay How Sick, an Executive Director, COO and a shareholder of the Company. She does not have any conflict of interest with the Company and has not been convicted for any offences within the past five years.

## PROFILE OF KEY SENIOR MANAGEMENT

**YAU TEE WAN**

Group Senior Operation Manager



Malaysian



51



Male

**Yau Tee Wan** was appointed as the Senior Operation Manager of GCCM on 1 January 2012.

He graduated with a Bachelor's degree in Physics from Universiti Malaya in 1997. After graduating, he joined Dunham Bush Sdn. Bhd. as an R&D Engineer, responsible for the research and development of air conditioning equipment. Subsequently, he worked with Mewaholeo Industries Sdn. Bhd. as a Senior Production Executive, where he specialised in overseeing the production of specialty fats, including frying oil, margarine and shortening, before taking on the role of a Maintenance Manager in GCCM on 18 March 2002. He was promoted to Operation Manager in 2005, and subsequently to Senior Operation Manager in 2010.

Currently, he oversees the operations of all manufacturing facilities within the Group - covering GCCM, GCBCM, GCBF, ACI and SCHOKINAG - ensuring optimal efficiency, high production yield and cost-effective processing. Additionally, he led and supervised the team that managed the construction and development of our expansion projects in Côte d'Ivoire and the UK.

He is not a director of any other public company. He has no family relationship with any director of the Company, nor does he have any conflict of interest with the Company. He has not been convicted for any offences within the past five years.

**EDGAR ALEXANDER BITTONG**

President of Carlyle Cocoa Co., LLC



German



40



Male

**Edgar Alexander Bittong** was appointed as the President of Carlyle in June 2020.

He obtained a Bachelor's of Science in Industrial Engineering from the University of Central Florida, US, in 2007. In the same year, he started his career as a Site Engineer for PLOT Enterprise Ghana Limited, responsible for overseeing machine installations, civil works and factory building construction. He was promoted to Production Manager in 2009 and managed the factory operations to ensure consistent throughput, while supervising plant improvements to enhance efficiency. In 2011, he joined Euomar Commodities as a Process Engineer, and became a Project Engineer in the subsequent year. Over the years, he gained extensive knowledge and experience in designing building layouts, project management and planning, empowering him to drive continual improvements in production efficiency. In 2013, he joined Cocoa Services LLC as a Production Manager before being promoted to Plant Manager in 2016.

Following the asset acquisition of Cocoa Services LLC by Carlyle, he joined Carlyle in March 2018 as a Vice President, leveraging his experience in growth management, staff development and sales improvement for the Company's Delaware and Swedesboro factories.

He is not a director of any other public company. He has no family relationship with any director of the Company, nor does he have any conflict of interest with the Company. He has not been convicted for any offences within the past five years.

## PROFILE OF KEY SENIOR MANAGEMENT

### WOONG YOKE MUN

Group QA Manager



Malaysian



43



Female

**Woong Yoke Mun** was appointed as the Quality Manager of GCCM on 1 January 2018.

She obtained her Bachelor's degree in Engineering with Honours (Chemical Engineering) from Universiti Malaysia Sabah in 2005. Beginning her career as a Quality Executive with GCCM on 18 April 2005, she has accumulated 18 years of extensive experience in upholding and supervising QA, QC, food safety and regulatory affairs of the Company. In 2012, she was promoted to Assistant Quality Manager, and subsequently to Quality Manager on 1 January 2018, where she was tasked with overseeing the QC of raw materials as well as the finished products of GCCM, GCBF, GCBCM and ACI. On 1 January 2023, she was promoted to Group QA Manager and on 27 February 2023, appointed as a member of the Key Senior Management.

Some of her key responsibilities today are spearheading the development and execution of food safety and sanitation initiatives under the Foods Safety Quality Management System, and managing our training and certification programme to ensure compliance with global regulatory standards.

She is not a director of any other public company. She has no family relationship with any director of the Company, nor does she have any conflict of interest with the Company. She has not been convicted for any offences within the past five years.

### TING BING KEH

Group Operation Manager



Malaysian



47



Male

**Ting Bing Keh** was appointed as the Operation Manager of GCCM in January 2015.

He obtained his Bachelor's degree in Engineering with Honours (Chemical Engineering) from Universiti Sains Malaysia in 2001. In May 2003, he embarked on his career with GCCM as a Maintenance Executive. In 2008, he was promoted to Assistant Manager and subsequently to Maintenance Manager in 2010. He accumulated invaluable expertise by overseeing the execution of ongoing maintenance, improvement and expansion projects undertaken by the management. His collaborative efforts with the QC and Production Departments played a pivotal role in guaranteeing the seamless and optimal functioning of the plant. On 27 February 2023, he was promoted to his current position of Operation Manager and appointed as a member of the Key Senior Management.

Currently, he is responsible for overall production and maintenance management, ensuring strict adherence to health and safety regulations, supervising operational cost control, and meticulously strategising and executing all expansion and enhancement projects.

He is not a director of any other public company. He has no family relationship with any director of the Company, nor does he have any conflict of interest with the Company. He has not been convicted for any offences within the past five years.



# MANAGEMENT DISCUSSION & ANALYSIS

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## **Operational Performance Review**

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# MANAGEMENT DISCUSSION & ANALYSIS

## Strategic Review

## Financial Review

## Operational Performance Review

### MARKET OVERVIEW

As we navigate through the strategic landscape of our operations, it is essential to gain a comprehensive understanding of the prevailing conditions in the cocoa market, such as supply and demand dynamics, price fluctuations, economic challenges and sustainability milestones, all of which shape our strategic approach in the ever-evolving cocoa industry.

#### Supply & Demand Dynamics

The cocoa industry grappled with a persistent supply deficit in the 2022/23 crop year, following a similar deficit in the previous 2021/22 crop year. This trend primarily stemmed from reduced cocoa production in origin countries affected by adverse weather and diseases, leading to a decline in global cocoa grinding by 4.0% compared to the preceding crop year. However, there has been increased planting of cocoa seedlings in Indonesia and certain regions of South America, which may improve future cocoa bean supplies.

#### Price Volatility

The New York and London cocoa futures markets experienced considerable volatility in 2023, reaching 35-year and 46-year highs of more than USD4,200 and GBP3,500 per MT. Both prices have continued to rise and reach new historical highs in 2024. This price surge has presented a challenge for cocoa grinders, who face increased input costs for raw materials. Under pressure to ensure their profit margins, they may actively explore ways to pass on the increased cost to customers along the value chain. This will place upward pressure on prices across the cocoa industry, with market players grappling with the dilemma of raising prices or absorbing costs to maintain competitiveness.

#### Economic Challenges

The prevailing global inflationary pressures have prompted an uptick in interest rates, a trend that is likely to persist due to the ongoing uncertainty surrounding the global economic outlook. Concurrently, this gloomy economic outlook may impact discretionary spending, primarily due to the burden of high household debt-servicing costs limiting customers' disposable income.

#### Economic Recession Concerns

The looming possibility of an economic recession poses further challenges. The combination of inflation, higher interest rates and escalating commodity prices could result in a global economic slowdown. While the chocolate industry is often considered recession-resistant, driven by people's inclination to indulge in affordable luxuries during economic downturns, the extent of this resilience hinges on the overall economic climate and broader impact of rising living costs, including escalating food prices and housing expenses.

#### Sustainability Advancements

FY2023 marked a significant milestone in sustainability as the EU formalised regulations pertaining to deforestation-free products. In response to this development, industry stakeholders are collaboratively working to ensure comprehensive traceability throughout the cocoa value chain, reaffirming their commitment to sustainable practices. This commitment is instrumental in providing consumers with transparency regarding the origin and production methods of cocoa products, furthering the credibility and long-term sustainability of the industry as whole.



## MANAGEMENT DISCUSSION & ANALYSIS

### OUTLOOK

While the Group acknowledges the presence of external factors beyond our control, we remain committed to navigating through these headwinds by maintaining our focus on seizing business opportunities, fulfilling customer demand and generating sustainable profits to support our growth objectives.

#### Navigating the Surge in Historic Cocoa Bean Prices

In 2024, cocoa bean prices soared to unprecedented heights, fuelled by a global deficit caused by adverse weather conditions and widespread diseases in origin countries. In response to this challenge, we have implemented strategic measures to navigate the heightened costs and ensure the sustainability of our operations.

To address the impact of rising prices, we have adjusted our product pricing structure, aiming to pass on the increased costs to our customers. Simultaneously, we are actively managing our collection processes to guarantee timely customer payments. Our vigilant approach also includes meticulous monitoring of supply dynamics in origin countries, ensuring a steady influx of cocoa beans to sustain our production lines.

Additionally, we maintain proactive communication with our banking facilities, securing ample trade and working capital lines. Amidst prevailing market uncertainties, our steadfast commitment remains focused on sustaining the quality of our products and navigating these challenges with resilience.

#### Côte d'Ivoire Presence Brings Us "Close to Source" & "Close to Market"

Our expansion into Côte d'Ivoire, the world's largest cocoa bean supplying country, has brought us closer to the source of cocoa beans, allowing

us to initiate sustainability projects from the very beginning of the cocoa bean procurement process. This strategic expansion enhances our cost-effectiveness, enabling us to better reach chocolate-consuming countries in Europe and the UK, where most of our customers are located. Our growing presence in Côte d'Ivoire will undeniably strengthen our long-term position as a global player in the chocolate supply chain.

#### Prepared to Mitigate Recession Impacts & Rising Costs

High interest rates and inflation have begun to impact household spending power. While we anticipate a stable demand for cocoa and chocolate products in the short term, we are prepared for the challenges ahead, given the potential risks of a global economic recession. Although chocolate is relatively recession-resistant, a decline in consumer purchasing power may affect demand.

To address these and other future challenges, we continue to focus on our fundamental strategies, including operational objectives such as maintaining high utilisation of our cocoa grinding facilities, optimising cost efficiency, adapting and responding agilely to changes in the cocoa landscape, and adopting forward-thinking strategic planning while upholding ethical and responsible business practices.

We actively monitor and manage operating costs and potential risks to maintain our competitiveness and enhance stability and efficiency within our supply chain, which will be vital in navigating an uncertain future economic climate. With these fundamentals in place, we concentrate on our three core growth strategies - Growth & Expansion, Sustainability and Innovation - allowing us to maximise our cost efficiencies and capture a more substantial share of the global cocoa-derived ingredients and chocolate market.

#### Leveraging Established Fundamentals to Meet Stakeholder Expectations

To ensure that we continue to not only meet but exceed the expectations of our diverse stakeholders, we are committed to seeking progress within our fundamental focus areas of profitability, reliability, business stability and market share. In our cocoa processing operations in key grinding countries, we are committed to expanding production capacity, enhancing product quality and prioritising the sustainability of cocoa, further solidifying our commitment to ESG considerations in response to growing interest among our customer base.

We see significant potential for growth through capacity-driven initiatives, as demonstrated by our expansion into new regions like Côte d'Ivoire, Germany and the UK since 2019. These moves reflect our ambitious plans for long-term growth, and have simultaneously unlocked various opportunities to complement and add value to our core business of producing cocoa-derived food ingredients.

A prime example of this is our integration into industrial chocolate production. By utilising internally produced cocoa-derived food ingredients to create industrial chocolate at our Germany production facility, we have established a complete internal supply chain and unlocked valuable cost efficiencies. Moreover, we can leverage our presence and production facilities in Europe and the UK to label our products as "Made in Europe" and "Made in the UK", bolstering our ability to penetrate markets with a high demand for European and UK chocolate.

Collectively, these strategies empower us to not only meet the requirements of our key customers but also effectively address their expectations in four core areas: building a global supply chain presence, enhancing cost-effectiveness, increasing ESG considerations and embracing greater sustainability practices.

# MANAGEMENT DISCUSSION & ANALYSIS

## Strategic Review

## Financial Review

## Operational Performance Review

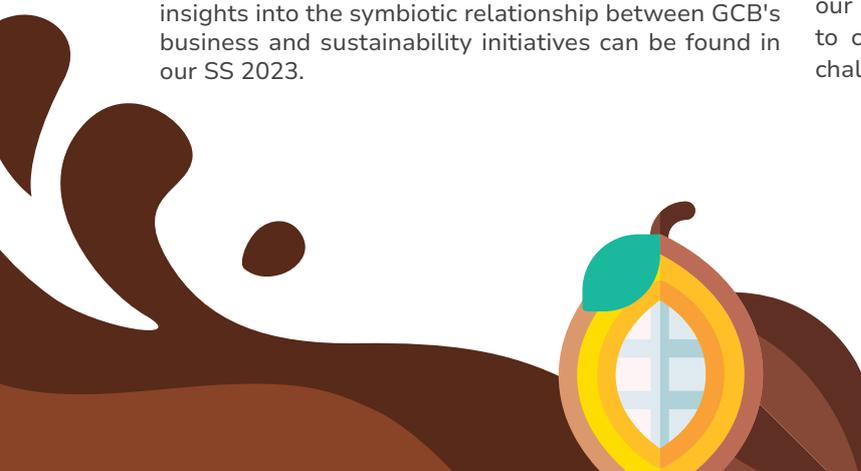
### OUR VALUE CREATION STORY

- Our approach to value creation takes into account a wide range of factors that include the global macroenvironment, stakeholder needs, fundamental elements crucial to our ability to generate value, key risks and mitigation actions, growth strategies as well as established business activities.
- We start off this process by conducting a study to comprehend the market and industry landscape comprehensively. This thorough analysis, coupled with valuable feedback from our stakeholders, provides us with profound insights into the potential impacts of our business and operational model. Armed with this knowledge, we strategically develop business plans capable of delivering value for our stakeholders in the short, medium and long term.
- As stewards of our business's performance and sustainability, we maintain a vigilant watch on material aspects and key risks. This ongoing monitoring, coupled with mitigation actions, is geared towards ensuring the seamless continuity of our operations, and aligns with our growth strategies - Growth & Expansion, Sustainability and Innovation - each tailored to harmonise with our Six Capitals and fortify our competitive advantages.
- Beyond strategic alignment, our vision of "To Be The Preferred Cocoa & Chocolate Ingredients Supplier" propels our business activities. It reflects our passion for delivering quality cocoa and chocolate with meticulous attention to detail, and dovetails with our commitment to sustainability, positioned at the core of our operations.
- Our sustainability pledge is not a mere aspiration; it is a targeted mission. By aiming for 100% traceable and sustainable cocoa ingredients in our direct sourcing network by 2030, we bridge the gap between vision and reality. Achieving this ambitious goal necessitates stringent monitoring of our performance against ESG factors and contributions to the UN SDGs. Detailed insights into the symbiotic relationship between GCB's business and sustainability initiatives can be found in our SS 2023.



#### 1 Market Overview & Outlook

Through careful analysis of the global, local and industrial landscape, we identify external factors that could impact our business processes, strategies and overall ability to create value, thereby enabling us to better navigate challenges and maintain our competitive edge.



## MANAGEMENT DISCUSSION & ANALYSIS



### 2 Key Stakeholder Engagement

Simultaneously, we communicate and engage with our key stakeholders to understand their priorities and expectations within the Group’s value chain, with a broader aim of gaining a comprehensive perspective on our collective operations:

- Customers
- Shareholders & Investors
- Suppliers & Contractors
- Employees
- Governments & Regulators

### 3 Material Matters

As a result of these activities, we identify material matters critical to our ability to create value and stay competitive, segmented into key issues and themes. For FY2023, five such matters were pinpointed, with specific strategies formulated to enhance value creation within the scope of each topic:

- Product Footprint, Pricing & Quality
- Sustainable Operational Performance & Expansion
- Responsible & Ethical Suppliers
- Talent Attraction, Development & Retention
- Governance & Compliance

### 4 Key Risks & Mitigation Actions

Acknowledging the relevance of strategic, operational, financial and compliance risks to our operations, we proactively customise our mitigation strategies to minimise our exposure to these risks, maintain operational resilience and safeguard financial stability.

### 5 Growth Strategies

To achieve concerted and collective efforts for harnessing progress across the Group, we have identified three key strategies that capitalise and highlight our competitive strengths, enabling us to stay attuned with the evolving industry landscape and maintain our positioning as an innovative and forward-thinking industry leader:

- Growth & Expansion
- Sustainability
- Innovation

### 6 Capital Inputs

The successful execution of our strategies is contingent upon the optimised deployment of our capital resources - encompassing financial assets, machinery, established processes, expertise and long-standing relationships - which collectively forms a cohesive framework for our operations:

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

### 7 Value Creation

Moving beyond financial outcomes, we also reinvest our generated economic value, including dividends to shareholders, contributions to national economies, job opportunities and investments in social and environmental initiatives, to drive continuous improvement across all our capitals.

### 8 ESG

Integral to our ethos is sustainability, which has been integrated into every facet of our value creation and business activities, fostering shared value for our stakeholders and communities.

# MANAGEMENT DISCUSSION & ANALYSIS

## Strategic Review

## Financial Review

## Operational Performance Review

### INPUTS



#### Financial Capital

- Our steady and robust financial position
- Our share capital
- Our shareholders' equity
- Our borrowings
- Our access to debt and capital markets



#### Manufactured Capital

- Our existing facilities:
- Pasir Gudang, Malaysia (2)
  - Batam, Indonesia (1)
  - Mannheim, Germany (1)
  - Delaware, US (1)
  - Swedesboro, US (1)
  - San Pedro, Côte d'Ivoire (1)
  - Suffolk, UK (1)



#### Intellectual Capital

- Our innovative processes and technologies
- Our brand value, reputation and market experience as the 4<sup>th</sup> largest cocoa grinder globally
- Our energy management and data collection systems



#### Human Capital

- Our strong and diverse Board, supported by our corporate governance structure
- Our experienced and diverse pool of talent, including top management and general staff



#### Social & Relationship Capital

- Our strong relationships with our key stakeholders
- Our Group-wide policies governing sustainable practices across our supply chain



#### Natural Capital

- Our cocoa beans, sourced from Southeast Asia, Africa and South America
- Our energy usage encompassing electricity, gas and steam
- Our generated and consumed solar energy from Group-wide solar panels
- Our generation of steam from residual cocoa shells used for heating and running our production machines
- Our utilisation of water in our production processes

### OUR VISION

To Be The Preferred Cocoa & Chocolate Ingredients Supplier.

### OUR MISSION

We at GCB Cocoa are committed to delivering quality cocoa and chocolates while offering utmost flexibility and attention. Through forming strong alliances with local partners, we are dedicated to serving our customers worldwide and growing together with them in long-term partnerships.

### OUR VALUES



AMBITION



GRIT



SINCERITY

### OUR PROMISES



Competitive Prices



Ethical Operations



Flexibility & Excellence in Customer Service



Full Product Range



Product Quality & Safety



Technical Support & Innovation

### BUSINESS ACTIVITIES



#### Procurement

Collaborating closely with suppliers to ensure sustainable sourcing of raw materials that meet our high quality standards.



#### Sales & Marketing

Capitalising on our managerial expertise, operational experience and established processes to produce and sell high-quality cocoa products while consistently gathering feedback to drive continuous improvement and foster sustainable value.



#### Production

Prioritising production that delivers top-quality cocoa products with maximum customer benefit and minimal environmental impact.



#### Distribution

Utilising a fully integrated distribution system for efficient product delivery while minimising environmental and social impacts through energy management and community safety measures.



#### QA (Products & Processes)

Establishing standardised safety production processes and systems compliant with global food and safety standards.



#### R&D

Enhancing product quality and output through dedicated research and responsible resource utilisation, ensuring the consistent delivery of innovative and environmentally friendly products to our customers.

# MANAGEMENT DISCUSSION & ANALYSIS

## VALUE CREATION BUSINESS MODEL

Our Value Creation Business Model demonstrates how our strategies and business activities contribute effectively to the significant and measurable results we consistently deliver to our stakeholders. Through the deliberate utilisation and harnessing of each of our Six Capitals as depicted below, we generate positive business outcomes, elevate our reputation and facilitate continuous growth in the global cocoa-derived ingredients and chocolate sector.

### OUR STAKEHOLDERS

- Customers
- Shareholders & Investors
- Suppliers & Contractors
- Employees
- Governments, Regulators & NGOs

**READ MORE** Key Stakeholder Engagement, page 48

### MATERIAL MATTERS

- Product Footprint, Pricing & Quality
- Sustainable Operational Performance & Expansion
- Responsible & Ethical Suppliers
- Talent Attraction, Development & Retention
- Governance & Compliance

**READ MORE** Material Matters, page 52

### RISKS

- Competitive Risk
- Expansion & Liquidity Risk
- Cocoa Bean Supply Risk
- Human Workforce Risk
- Compliance Risk

**READ MORE** Key Risks & Mitigation Actions, page 55

### GROWTH STRATEGIES

- Growth & Expansion
- Sustainability
- Innovation

**READ MORE** Growth Strategies, page 61

### OUTPUTS

#### Financial Capital

- Cash and bank balance: RM85.09 million
- Revenue: RM5.32 billion
- Net profit: RM100.93 million
- Share capital: RM495.24 million
- Shareholders' equity: RM1.75 billion
- Earnings per share: 8.59 sen
- Net dividends per share: 2.00 sen
- Total borrowings: RM2.21 billion
- Net gearing ratio: 1.21 times

**READ MORE** Financial Statements, page 162

#### Manufactured Capital

- Existing production facilities:
  - Bean Grinding: 330,000 MT
  - Value-Added: 99,000 MT
  - Industrial Chocolate: 116,000 MT

**READ MORE** Where We Operate, page 12

#### Intellectual Capital

- Enhanced reliance on advanced machinery and technologies that reduce non-renewable energy use
- Greater use of solar panels and biomass machinery for energy generation, improving our net energy consumption
- Adoption and implementation of relevant international quality standards for cocoa products
- Energy monitoring by measuring kWh consumed per MT of processed cocoa beans, aiming for consumption reduction

**READ MORE** Snapshot of FY2023, page 17 & Climate Change Adaptation, page 102

#### Human Capital

- A diverse Board that is experienced and knowledgeable in key areas like risk assessment, strategic planning, successional planning, and financial and operational management
- 100% of our employees trained in the latest occupational health and safety practices
- RM184.8 million distributed in FY2023 for directors' and employees' remuneration and benefits
- A Succession Planning Policy and Procedure, as well as a successor readiness programme, for the cultivation of a sustainable talent pool

**READ MORE** Financial Statements, page 162 & Empowering Our People, page 118

#### Social & Relationship Capital

- Heightened awareness amongst our stakeholders on the need for sustainable business practices
- Contribution of over RM132,000 to local communities and RM44.9 million in income taxes

**READ MORE** Sustainable Growth, page 94

#### Natural Capital

- Our high-quality purchased cocoa beans
- Energy consumed in FY2023:
  - Electricity: 409,586 GJ
  - Natural gas: 433,036 GJ
  - Heat purchased: 7,057 GJ
  - Solar energy: 9,974 GJ
- Total volume of water discharged: 913.7 ML

**READ MORE** Climate Change Adaptation, page 102 & Mindful Water Management, page 105

### OUTCOMES

#### Customers

- Solid customer collaborations driven by consistent volume and quality fulfilment
- Continual expansion and broadening of our reach in the Asian and European markets

#### Shareholders & Investors

- Maintaining strong financial stability
- Generating continual and growing value through capital appreciation and dividend distributions

#### Suppliers & Contractors

- Steady supplier base growth
- Fostering responsible practices that benefit both the communities involved and the environment
- Enhancing product quality and bolstering the adoption of advanced technology

#### Employees

- Skilled, motivated and diverse workforce
- Non-discriminatory and equal opportunities for employees
- Improved employee engagement, productivity and satisfaction
- Clear grievance and whistleblowing procedures
- Career progression and reward systems
- Adherence to international quality and safety standards

**READ MORE** Snapshot of FY2023, page 17

### UN SDGs

- 1 NO POVERTY
- 2 ZERO HUNGER
- 3 GOOD HEALTH AND WELL-BEING
- 4 QUALITY EDUCATION
- 5 GENDER EQUALITY
- 6 CLEAN WATER AND SANITATION
- 7 AFFORDABLE AND CLEAN ENERGY
- 8 DECENT WORK AND ECONOMIC GROWTH
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- 10 REDUCED INEQUALITIES
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- 13 CLIMATE ACTION
- 14 LIFE BELOW WATER
- 15 LIFE ON LAND
- 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

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## KEY STAKEHOLDER ENGAGEMENT

In pursuit of better understanding the needs and motivations of our diverse stakeholders, we conduct purposeful and collaborative engagement sessions with them throughout the fiscal year. This proactive approach enables us to consistently enhance and refine our existing business strategies, thereby fostering the creation of sustainable, mutual value. Outlined in the table below is a brief overview of our ongoing endeavours and initiatives undertaken during FY2023.



### CUSTOMERS

#### ? Why We Engage

By actively engaging with our customers, we gather valuable insights on market trends and evolving preferences. These perspectives keenly inform our efforts to deliver exceptional products that meet or exceed customer expectations.

Furthermore, these engagements guide our strategic investments toward innovating new products and refining our existing lineup, ultimately providing greater value for our customers.

Concurrently, our dedication to customer engagement fosters and sustains a diverse community of loyal patrons, propelling our continuous growth and expansion.



#### How We Engage

- Calls and online meetings
- Email communications
- Face-to-face interactions
- Annual customer surveys
- Our corporate website
- Customer feedback channels
- Regular meetings and plant visits
- Trade shows
- Conferences



### SHAREHOLDERS & INVESTORS

#### ? Why We Engage

By engaging with our shareholders and investors, we derive a clear understanding of their expectations, enabling us to formulate strategies that consistently deliver the growth and capital appreciation they are seeking.

Through consistent communication, we also ensure they remain well-informed about the initiatives we are undertaking to improve our corporate governance and sustainability practices, promoting transparency and accountability.

Furthermore, nurturing these relationships will also instil trust in our business strategies and provide them with the confidence to support our management teams in achieving their goals.



#### How We Engage

- Investor briefings and other investor relations engagements
- Our announcements on Bursa Malaysia
- Our AGMs
- Our IARs
- Our corporate website



## MANAGEMENT DISCUSSION &amp; ANALYSIS



### How We Address Their Expectations

- Ensuring consistent communication and adhering to quality, shipping, delivery and other stipulations outlined in our sales contracts.
- Upholding social and legal compliance with global standards like Sedex, while formulating a comprehensive sustainability strategy for the Group and publicising this commitment to our customers.
- Engaging in knowledge exchange concerning ongoing and future market trends with our customers through weekly pricing updates and regular correspondence.
- Collaborating closely with our customers to provide adaptable solutions that cater to their changing requirements, such as offering technical support for product development, with an aim of expanding our market share and product portfolio.
- Maintaining dependable, always-on communication channels that connect customers with our sales, marketing and production teams.

### How We Address Their Expectations

- Maintaining ongoing communication among management teams across all departments, aiming to collectively prioritise and achieve key investor expectations such as expansion plans, profit growth, stability and dividends.
- Leveraging our corporate governance practices for transparency and accountability, thus preventing scandals and fraud, while reinforcing our rules, policies and procedures for the creation of lasting shareholder value.
- Consistently providing capital appreciation and dividend payouts.
- Embracing the <IR> Framework to convey the Group's vision, sustainability endeavours and corporate governance in a unified manner, with an emphasis on how we intend to generate and preserve value over the long run.



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#### SUPPLIERS & CONTRACTORS

##### Why We Engage

By cultivating strong and enduring relationships with our suppliers and contractors, we are able to secure the most advantageous prices, favourable terms and exceptional services when conducting business transactions with them.

These engagements are also vital in fostering a reliable supply chain, ensuring an uninterrupted stream of raw materials that meet our stringent quality standards. This is especially crucial for cocoa beans, which constitutes nearly 95% of our inputs.

Our priorities include promoting the adoption of cutting-edge technology and sustainable packaging materials, as well as actively encouraging ethical practices across our supply chain, contributing to a greener future and more conscientious business environment.



##### How We Engage

- Calls and online meetings
- Email communications
- Face-to-face interactions
- Supplier and contractors' meetings
- Supplier evaluations
- Our Supplier Code of Conduct
- Our corporate website



#### EMPLOYEES

##### Why We Engage

By engaging meaningfully with our employees, we enhance our comprehension of their needs and expectations, and gain deeper insights into the array of skills and capabilities at our disposal. This enables the strategic deployment of resources for our sustainable growth.

Furthermore, aligning with the mindset and requirements of our employees enhances talent recognition and spurs our ability to retain top talents, resulting in the preservation of a competitive workforce with the required skills to maintain our industry edge.



##### How We Engage

- Monthly management meetings
- Monthly Workers Committee meetings
- Regular employee meetings (daily, weekly and monthly, depending on the type of job)
- Employee appraisal sessions
- Team building activities
- Regular, role-specific training modules
- Information sharing platforms



#### GOVERNMENTS & REGULATORS

##### Why We Engage

By consistently liaising with government agencies and regulators in our operating countries, we stay informed about evolving laws and regulations, proactively reducing risks of disruptions to our multinational operations.

Our positive relationships with these authorities enable strategic compliance and efficient business goal achievement, further enhancing our ability to navigate complexities and fulfil operational commitments.



##### How We Engage

- Regulatory certification assessments
- Analyses of regulatory reports
- Visits by government officials and/or regulatory agents
- Our announcements on Bursa Malaysia and statutory reporting
- Audits and assessments
- Seminars and/or webinars, training sessions, dialogues and forums organised by regulatory bodies

## MANAGEMENT DISCUSSION & ANALYSIS



### How We Address Their Expectations

- Establishing clear supplier and contractor expectations through KPIs, targets and best practices, specifically addressing product quality, delivery and payment timelines.
- Upholding ethical excellence in our procurement procedures, particularly in regard to environmental and social responsibilities.
- Maintaining regular, two-way communication channels with our suppliers and contractors to facilitate our awareness of market shifts and future trends, thereby allowing us to share updates about our strategic plans and optimise raw material and machinery planning.
- Ensuring seamless communication among our internal departments, including shipping, trading, sales and marketing, planning, production and quality, along with our suppliers and contractors, thus safeguarding the consistency and high quality of our cocoa bean supply.
- Conducting regular performance evaluations to continuously enhance and uphold the quality of our delivered products.



### How We Address Their Expectations

- Consistently acknowledging and rewarding the diligent efforts of our employees through equitable and competitive compensation and incentives.
- Offering avenues for professional growth and skills advancement through comprehensive developmental programmes and training opportunities.
- Infusing our corporate vision, business direction and growth plans across all tiers of the Group, thus fostering a united workforce driven by a shared mission.
- Maintaining consistent communication channels via bulletin boards, email notifications and our official corporate website.
- Harmonising our employee recognition framework with our organisational objectives by integrating performance-based incentives.
- Ensuring a secure and wholesome work environment that adheres to stringent occupational safety and health benchmarks.



### How We Address Their Expectations

- Supplying government officials and regulatory bodies promptly with the necessary reports and information.
- Ensuring smooth audits and site visits.
- Enhancing participation in government-led initiatives, particularly those focused on sustainable cocoa.
- Contributing to Malaysia's economy through income tax payments.
- Remaining updated on legal changes through internal knowledge teams and external advisors.
- Advancing government sustainability agendas through our operational and product innovations.

# MANAGEMENT DISCUSSION & ANALYSIS

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## MATERIAL MATTERS

Our material matters, encompassing the critical issues and themes that underpin our capacity to create value in the short, medium and long term, are meticulously identified through a rigorous materiality assessment process. We continually evaluate their relevance to our stakeholders, industry and regions of operation, adjusting our strategies and approach in tandem with the evolving landscape.

### Our Materiality Determination Process



#### IDENTIFICATION

In alignment with the Six Capitals of the <IR> Framework, we first internally analyse our business activities, industry landscape and stakeholder feedback to identify key matters that may impact the Group's financial and non-financial performance.



#### EVALUATION & PRIORITISATION

Following that, we gauge the significance of these topics by understanding their known or potential impact on our ability to create value and meet stakeholder expectations. In FY2023, we focused our efforts on five such material matters.



#### DETERMINATION

Finally, we undertake a thorough process to determine the relevant information to be disclosed within each topic's scope, while simultaneously setting boundaries for each material matter to guide our eventual reporting process.

## 1 PRODUCT FOOTPRINT, PRICING & QUALITY

#### Stakeholders involved:



#### Capitals impacted:



#### Growth strategies:



#### Description

- We remain committed to delivering consistently high-quality products, ensuring traceability to their source and incorporating sustainable practices into our production processes.
- We also strive to maintain competitive pricing, recognising that this is a significant factor in our customers' perception of our brand and product value.
- Additionally, we prioritise product safety above all else, and adhere rigorously to food and product safety guidelines and other relevant regulations.
- Beyond these core focuses, which are crucial to influencing our reputation, we pursue continuous growth for the Group by expanding our capacity, strengthening our market presence, enhancing product quality and fostering innovation.
- To boost our production flow and optimise operational efficiency, we have brought together a team of operational leaders who possess robust knowledge on the latest machinery and technology advancements. Concurrently, our technical teams continually enhance and upgrade our machinery, guided by meticulous performance data analysis.
- Collectively, these efforts enable us to meet global customer demands while upholding our competitive pricing, strict quality standards and product outreach.



**READ MORE**

Operational Performance Review, page 69

## MANAGEMENT DISCUSSION & ANALYSIS

### 2 SUSTAINABLE OPERATIONAL PERFORMANCE & EXPANSION

**Stakeholders involved:**



**Capitals impacted:**



**Growth strategies:**



**Description**

- We carry out responsible and efficient resource management to optimise our shareholder returns, build confidence among current investors and attract potential new investors to support our growth initiatives.
- Simultaneously, we acknowledge the significance of minimising risk exposure and fortifying our resilience against commodity market price fluctuations.
- Accordingly, we leverage a capable and ethical management team with the necessary expertise and sound decision-making abilities to achieve these objectives and navigate the Group through risks and market uncertainties.



**READ MORE**

*Growth Strategies, page 61*

### 3 RESPONSIBLE & ETHICAL SUPPLIERS

**Stakeholders involved:**



**Capitals impacted:**



**Growth strategies:**



**Description**

- We recognise the importance of ensuring that our cocoa bean suppliers exclusively engage with farmers who adhere to stringent regulatory standards, encompassing issues such as child labour, forced labour, deforestation and other critical social and environmental concerns.
- Moreover, we expect our suppliers to actively communicate our requirements and perform due diligence within their respective supply chains.
- In our commitment to corporate stewardship and leading by example, we have developed a fundamental guidance framework for our suppliers to help them incorporate sustainable practices within their operations and beyond.
- To enhance compliance throughout our supply chain, we have implemented processes that empower and assist our suppliers in meeting their contractually mandated quality specification standards, as well as food safety standards.



**READ MORE**

*Sustainable Sourcing Practices, page 98*

## MANAGEMENT DISCUSSION & ANALYSIS

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### 4 TALENT ATTRACTION, DEVELOPMENT & RETENTION

Stakeholders involved:



Capitals impacted:



Growth strategies:



**Description**

- We recognise and appreciate our responsibility to provide employees with safe and healthy workplaces, fostering a culture that values work-life balance.
- We place great importance on a fair and equitable reward system that considers the diverse levels and skill sets of our employees across our business operations.
- Our commitment to the continuous development of our employees is paramount in achieving our collective organisational goals. To this end, we have introduced targeted training initiatives aimed at enhancing the skills and knowledge of our workforce.
- We value greater diversity within our workforce, valuing both varied backgrounds and skills, in an effort to strengthen our collective problem-solving capabilities and equip us to address the challenges we may encounter. This is evident in the make-up of our management teams, each bringing a unique blend of skills, experiences and backgrounds to empower our agile and capable approach to business management and global expansion.
- Recognising the significance of providing career development prospects to foster dedication and loyalty among employees, we offer a range of exposure and learning opportunities for all staff. We emphasise internal promotions for those who have made substantial contributions to the Group and are prepared to assume higher positions. We also provide opportunities for staff to engage in cross-departmental secondments or to work in other countries.
- Additionally, we have established hiring processes that enable us to effectively identify ambitious and proactive candidates who aspire to grow their careers in tandem with the Group.
- Lastly, we have implemented a Succession Planning Policy and Procedure, complemented by a successor readiness programme, to nurture and develop a pipeline of talent within the organisation.



**READ MORE**

Empowering our People, page 118 & Diversity & Inclusion, page 112

### 5 GOVERNANCE & COMPLIANCE

Stakeholders involved:



Capitals impacted:



Growth strategies:



**Description**

- We understand the vital role that strong corporate governance plays in aligning our approach to value creation and maintaining consistent corporate values across all our business divisions and subsidiaries.
- We have implemented various measures and practices to ensure stringent compliance with a wide array of legal requirements and regulations, including those related to ESG, product quality, food safety, Halal and Kosher certifications, data protection and more.
- We also ensure compliance with industry and region-specific laws and regulations, including taxation, EUDR and LID levies applicable in our respective import countries, by maintaining a vigilant eye on any changes to the latest laws and regulations to ensure that our business operations, particularly the GCBCCI factory serving European markets, are compliant and prepared.



**READ MORE**

Snapshot of FY2023, page 17

## MANAGEMENT DISCUSSION & ANALYSIS

### KEY RISKS & MITIGATION ACTIONS

Robust risk management protocols are essential for preserving and securing our extensive global operations. To this end, we have implemented a highly efficient procedure for identifying risks relevant to our business operations and have devised strategies to minimise our vulnerability. Below, we outline our four risk categories, methodology for risk assessment and risk matrix that reflects the Group’s prioritisation of risks based on their potential impact and likelihood.

#### Our Risk Categories:

 <b>Strategic</b> Risks primarily caused by external events which may significantly impact our strategic decisions and activities	 <b>Operational</b> Unfortunate events that have the potential to disrupt our day-to-day operations and processes	 <b>Financial</b> Risks that directly impact our financial performance	 <b>Compliance</b> Instances of non-compliance with laws and regulations in our regions of operations resulting in financial penalties, reputational damage or revocation of business licences
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#### Our Risk Determination Process:



#### Our Risk Matrix:



#### Risk Categories

- 1 Competitive Risk
- 2 Expansion & Liquidity Risk
- 3 Cocoa Bean Supply Risk
- 4 Human Workforce Risk
- 5 Compliance Risk

## MANAGEMENT DISCUSSION &amp; ANALYSIS

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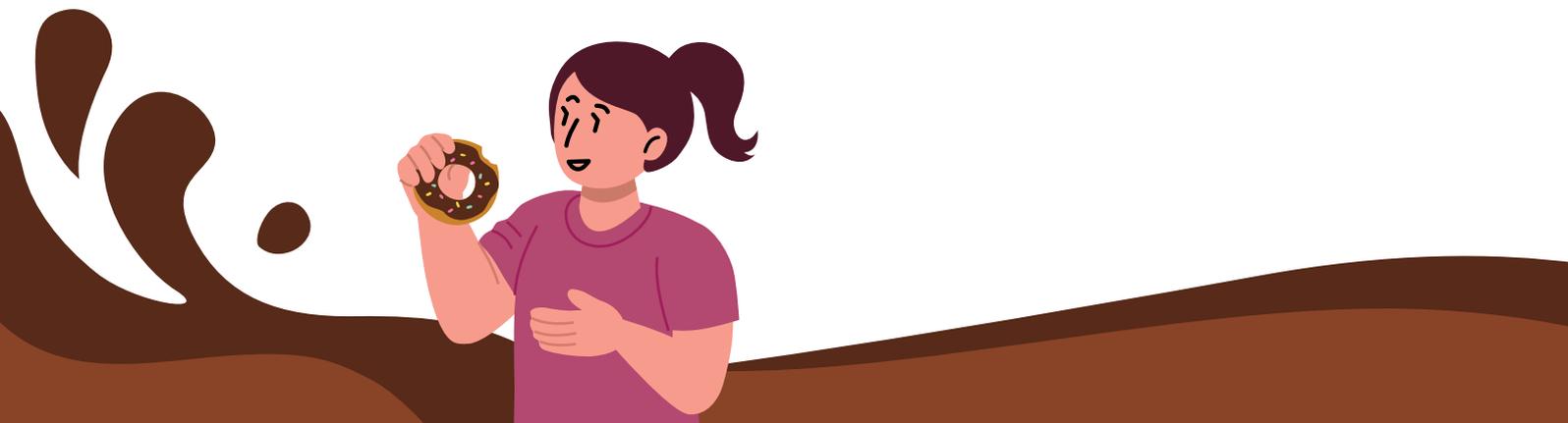
Risk	Category	Description	Mitigation Actions
<p><b>Competitive Risk</b></p> <p><b>Material matters impacted:</b> Product Footprint, Pricing &amp; Quality</p> <p><b>Stakeholders involved:</b></p>  <p><b>Capitals impacted:</b></p>  <p><b>Growth strategies:</b></p> 	Operational	<ul style="list-style-type: none"> <li>As one of the major cocoa grinders in the industry, we are in constant competition with other global players. Failure to adopt the latest production technologies could have a negative impact on our competitiveness, potentially resulting in the loss of valued customers.</li> <li>However, it is crucial that we adopt a calculated approach in this regard as imprudent investments may incur significant costs, reduce profitability and harm our competitiveness.</li> <li>To maintain our competitiveness, it is also imperative that we continue offering sustainable options to our customers.</li> <li>Furthermore, we must continue remaining vigilant against potential health hazards and inadequate processes in our supply chain, as these issues can trigger customer complaints, raise food safety concerns and harm our reputation.</li> </ul>	<ul style="list-style-type: none"> <li>Establishing cocoa processing facilities in Côte d'Ivoire grants us access to higher-quality raw materials in the world's largest cocoa bean-producing country. This expansion enables us to initiate sustainability projects right from bean procurement, enhancing operational efficiency and our competitiveness.</li> <li>With our sustainability programme in place, we better equip ourselves to deliver sustainable products that are monitored and assessed for deforestation, child labour and other environmental issues.</li> <li>Expanding into the European and UK markets strengthens our competitive position and boosts product margins. We achieve this through customer diversification, preference targeting, competitive pricing and reduced freight costs due to strategically located production facilities.</li> <li>We offer a diverse range of cocoa products, from natural to alkalisated, in various colours, including brown, red and black, all at competitive prices.</li> <li>To ensure high-quality standards and mitigate potential safety issues in our supply chain, we have implemented the ISO 22000: Food Safety Management System and adhere to FSSC 22000 requirements.</li> <li>Prior to acquiring new machinery and technology, we conduct due diligence and engage experienced professionals to design efficient machinery. Concurrently, we actively participate in international exhibitions and collaborate with machinery suppliers to stay updated on the latest technological developments and ensure our production line meets customer quality requirements.</li> <li>Our dedicated marketers collaborate with our R&amp;D and QA teams to ensure timely delivery of products that meet customer specifications, while also managing relationships with large multinational companies to uphold our quality and reputation, and meet their exacting standards.</li> <li>Additionally, we prioritise innovative product development to tap into diverse market segments.</li> </ul>

## MANAGEMENT DISCUSSION & ANALYSIS

Risk	Category	Description	Mitigation Actions
<p><b>Expansion &amp; Liquidity Risk</b></p> <p><b>Material matters impacted:</b> Sustainable Operational Performance &amp; Expansion</p> <p><b>Stakeholders involved:</b></p>    <p><b>Capitals impacted:</b></p>    <p><b>Growth strategies:</b></p> 	<p>Financial</p>	<ul style="list-style-type: none"> <li>As we expand globally into Germany, the UK and Côte d'Ivoire, we must take into account potential geographical risks that may arise when entering new markets, including differences in market conditions, social and cultural practices as well as local business processes. Inadequate assessments or other due diligence measures can result in significant financial costs when implementing expansion plans.</li> <li>We are also susceptible to price fluctuations resulting from bean terminal market movements, which can adversely impact our margins and profits.</li> <li>While increasing our capacity, on the other hand, it is essential to align our product sales and bean purchases with our production capacity. Rigorous monitoring of our cash flow is crucial to prevent potential deficits.</li> </ul>	<ul style="list-style-type: none"> <li>Our strategy for addressing workforce challenges involves cultivating a balanced mix of local hires and experienced personnel from our headquarters to lead the setup, drawing on our extensive experience from previous expansions into Indonesia and the US to ensure smooth operational integration.</li> <li>We conduct a careful assessment of the Group's financial resources before pursuing any potential new investments.</li> <li>To minimise the risks associated with inadequately planned expansions, our efforts are concentrated on expanding within our core areas of expertise, which include bean grinding and industrial chocolate.</li> <li>Before making any decisions regarding expansion into a new country, we evaluate a set of predefined criteria, encompassing political issues, the strategic value of the location, government incentives, long-term supply and demand, quality issues, environmental concerns and other relevant factors. We also conduct feasibility studies on machinery, local energy supply, local workforce and the environment.</li> <li>While executing a project, our project team works to ensure that our costs remain within budget.</li> <li>To proactively manage our cash flow risks, we regularly monitor our marketing and trading positions, reporting to management for informed decision-making.</li> <li>We conduct working capital and bean inventory forecasts to ensure sufficient working capital, cash flow and financing, while simultaneously maintaining a mix of long-term and short-term loans to cater to both project and working capital needs.</li> <li>Diligent monitoring of our gearing ratio safeguards our reserves for expansion projects, reinforced by detailed project forecasts.</li> <li>We employ hedging contracts to mitigate risks from cocoa bean market price fluctuations, leveraging on our Group Hedging Policy to effectively control and manage our hedging positions and price fixing. This aims to reduce the financial risk arising from the volatility of cocoa beans and related products' prices, ultimately maintaining and enhancing our competitiveness.</li> </ul>

## MANAGEMENT DISCUSSION & ANALYSIS

Strategic Review	Financial Review	Operational Performance Review	
<p><b>Risk</b></p> <p><b>Cocoa Bean Supply Risk</b></p> <p><b>Material matters impacted:</b> Responsible &amp; Ethical Suppliers</p> <p><b>Stakeholders involved:</b></p>  <p><b>Capitals impacted:</b></p>  <p><b>Growth strategies:</b></p> 	<p><b>Category</b></p> <p>Strategic</p>	<p><b>Description</b></p> <ul style="list-style-type: none"> <li>• The supply of cocoa beans is susceptible to various factors, including climate change, natural disasters, diseases or political issues.</li> <li>• Meanwhile, if our suppliers fail to comply with our Supplier Code of Conduct, which prohibits engagement in illegal activities such as deforestation or child labour, we could face scrutiny from global unions, product boycotts in the market and potential reputational harm.</li> </ul>	<p><b>Mitigation Actions</b></p> <ul style="list-style-type: none"> <li>• We perform thorough background checks on all new suppliers before entering into agreements, avoiding collaboration with those lacking an established company background or portfolio.</li> <li>• We require all of our suppliers to sign and adhere to our Supplier Code of Conduct, which outlines our expectations for ethical and sustainable practices.</li> <li>• To ensure our suppliers maintain our standards, we conduct regular supplier audits. If an audit yields unsatisfactory results, we request detailed evidence to address any issues. We also implement supplier sustainability evaluations to assess whether suppliers have policies and procedures in place to mitigate illegal or unethical practices within their supply chain while promoting sustainability throughout.</li> <li>• With cocoa processing facilities in Côte d'Ivoire, we gain proximity to the largest source of cocoa beans in the world, reducing the risk of cocoa bean supply shortages during deficits.</li> <li>• We continually expand our supplier base to mitigate supplier concentration risk, avoiding overreliance on a few major suppliers.</li> <li>• We ensure there is sufficient stock to cover both our production and sale commitments, and have implemented sustainability programmes aimed at providing cocoa trees to farmers to encourage more planting.</li> <li>• We strengthen control over the supplier approval process to ensure that the Group has access to only reliable suppliers.</li> <li>• We maintain close contact with bean suppliers and continuously monitor their performance to ensure the timely delivery of cocoa bean shipments.</li> </ul>



## MANAGEMENT DISCUSSION & ANALYSIS

Risk	Category	Description	Mitigation Actions
<p><b>Human Workforce Risk</b></p> <p><b>Material matters impacted:</b> Talent Attraction, Development &amp; Retention</p> <p><b>Stakeholders involved:</b></p>  <p><b>Capitals impacted:</b></p>  <p><b>Growth strategies:</b></p> 	<p>Operational</p>	<ul style="list-style-type: none"> <li>• The inadequate evaluation of job candidates can lead to the recruitment of unskilled personnel, resulting in financial losses and damage to our reputation.</li> <li>• Conversely, the departure of highly talented employees could weaken our human resources and the overall collective capabilities of our organisation.</li> <li>• We must also remain attentive to potential safety risks, including those arising from manufacturing accidents and equipment malfunctions to avoid possible negative impacts on the organisation, such as legal liabilities and operational disruptions.</li> <li>• Additionally, cultural and linguistic disparities pose a potential challenge to the effective functioning of our businesses, especially concerning our international subsidiaries.</li> </ul>	<ul style="list-style-type: none"> <li>• We regularly engage professional recruitment agencies to provide consultancy services and shortlist suitably qualified candidates for the positions we require, mitigating the risk of hiring underqualified talent.</li> <li>• We prioritise employee well-being through regular, Group-wide training on health and safety guidelines and a comprehensive benefits package that includes healthcare and professional development programmes.</li> <li>• Regular meetings between our headquarters and global subsidiaries promote alignment with our corporate vision, mission and goals, fostering effective communication and organisational unity.</li> <li>• Strategic deployment of experienced management and operational teams across our global subsidiaries ensures cultural integration and industry knowledge alignment with the Group.</li> </ul>

# MANAGEMENT DISCUSSION & ANALYSIS

**Strategic Review**      Financial Review      Operational Performance Review

Risk	Category	Description	Mitigation Actions
<p><b>Compliance Risk</b></p> <p><b>Material matters impacted:</b> Governance &amp; Compliance</p> <p><b>Stakeholders involved:</b></p>  <p><b>Capitals impacted:</b></p>  <p><b>Growth strategies:</b></p> 	<p>Compliance</p>	<ul style="list-style-type: none"> <li>• Non-compliance with tax, financial and sustainability-related regulations such as EUDR, food safety regulations and relevant laws can result in substantial financial losses, product restrictions and reputational damage.</li> <li>• Violation of cybersecurity rules may lead to compromised information, compounding these negative impacts.</li> <li>• Conducting business transactions with customers and suppliers in sanctioned or high-risk countries violates international trade laws and risks us being fined or penalised.</li> </ul>	<ul style="list-style-type: none"> <li>• As a publicly listed company, we are obligated to comply with Bursa requirements, a responsibility managed by our Corporate Governance Committee, which formalises policies and procedures to ensure adherence.</li> <li>• We regularly participate in professional training events organised by relevant bodies to stay updated on regulatory changes affecting our operations. Topics include, but are not limited to, accounting, finance, human resources, tax and trading.</li> <li>• When expanding into unfamiliar countries, we maintain frequent communication with the local authorities to gain a better understanding of specific requirements and incentives related to upcoming projects in the region.</li> <li>• To mitigate the risks of food safety and quality issues, we have implemented a management system for food safety and quality that adheres to the FSSC 22000 standard.</li> <li>• We have established detailed internal controls and SOPs to ensure the timely submission of all necessary regulatory documents and information.</li> <li>• To avoid potential issues with the relevant authorities, our finance team provides regular updates to our marketing team on countries under sanctions or considered high-risk.</li> <li>• In pursuit of sound corporate governance, we have put policies and procedures in place to prevent potential fraud and bribery practices throughout the Group.</li> <li>• IT personnel specifically ensure compliance with local and international data protection regulations.</li> </ul>

 **READ MORE** Snapshot of FY2023, page 17

## MANAGEMENT DISCUSSION & ANALYSIS

### GROWTH STRATEGIES

GCB's transformation from a small, local cocoa trader to the world's 4<sup>th</sup> largest cocoa grinding company can be attributed to our steadfast development of comprehensive growth strategies that steer our collective expansion efforts across the Group. These strategies evolve over time, mirroring our advancements within the industry and adaptation to the changing landscape of global priorities.

Despite having solidified our position as a significant player in the global cocoa industry, our aspirations for growth remain robust. Accordingly, we will continue to rely on the following three core growth strategies that capitalise on our competitive advantages, unlocking steady growth that solidifies our standing as an innovative and responsible industry leader with an ever-expanding global footprint and product portfolio.



#### Growth & Expansion

##### Timeframe

➤ Medium-term

- Medium-term (1-3 years)  
- Long-term (4-6 years)

##### Competitive Advantages

- Expanding globally into the US, UK, Europe and Côte d'Ivoire to unlock economies of scale.
- Strategically placing our production facilities and operations within the largest chocolate-consuming and producing markets, optimising our growth prospects in these regions.
- Increasing our annual cocoa grinding capacity to 330,000 MT through our cocoa grinding facilities in Pasir Gudang (Malaysia), Batam (Indonesia) and San Pedro (Côte d'Ivoire).
- Expanding our industrial chocolate capacity to 116,000 MT through our industrial chocolate manufacturing facilities in Mannheim (Germany) and Suffolk (the UK).
- Utilising our production facilities in Delaware and New Jersey, US, to bolster our cocoa cake grinding, cocoa liquor and butter melting, and cocoa butter deodorising capabilities.
- Leveraging SCHOKINAG in Germany and GCBCUK in the UK for expansion in the European industrial chocolate market segment.
- Benefitting from "close to source" and "close to market" expansion policies through our Côte d'Ivoire facility.
- Directly sourcing premium cocoa beans for a shorter bean-to-ingredient cycle, thereby significantly reducing supply chain risks and enhancing control over production and logistics.
- Cultivating a diverse global customer base and maintaining strong supplier and customer relationships to ensure a stable cocoa bean supply and flexible, timely shipments to our customers.

##### Business Strategies

- Monitoring favourable future expansion opportunities to gain more dominance in strategic international cocoa-derived ingredients and industrial chocolate markets.
- Remaining up-to-date with the latest relevant legal developments to ensure compliance with laws and regulations in the respective jurisdictions where we operate.
- Persistently exploring opportunities in new markets and cultivating mutually beneficial relationships with customers worldwide.
- Nurturing stability and harmony among all employees within the Group to promote a collective mindset toward achieving overarching objectives and goals.
- Assigning dedicated marketing personnel to engage with customers and better understand their product requirements, thus empowering innovation that is tailored for specific customer needs and which meets market demand.
- Continuing to explore the possibility of expanding the production line at our Côte d'Ivoire facility to meet growing customer demand.
- Establishing controls and cost efficiency initiatives, including:
  1. Maintaining direct control over cocoa bean quality and cost.
  2. Administering direct sustainability programmes more extensively.
  3. Shortening the bean-to-product cycle.
  4. Developing cost-effective access to Europe and the US with lower logistic costs.

## MANAGEMENT DISCUSSION & ANALYSIS

### Strategic Review

### Financial Review

### Operational Performance Review



### Innovation

#### Timeframe

- Medium- to long-term

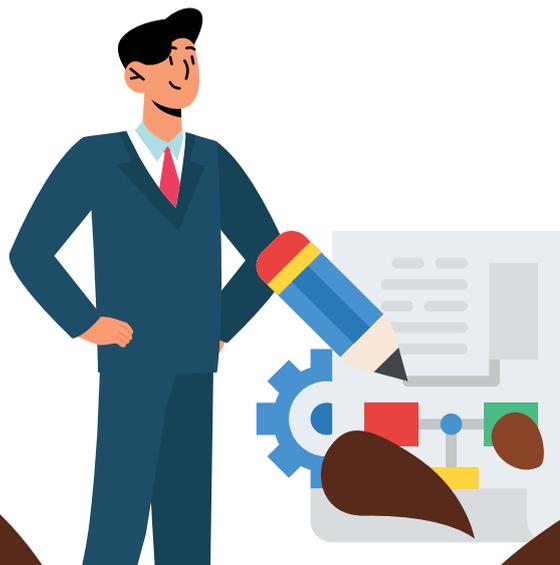
- Medium-term (1-3 years)  
- Long-term (4-6 years)

#### Competitive Advantages

- Implementing innovative processes that enable us to continuously improve product quality.
- Leveraging the strong capabilities of our process team to explore opportunities for adopting advanced technology, streamlining production processes and improving efficiency.
- Optimising our production facility layouts, machine run-time planning and production planning systems to enhance production efficiency.
- Providing a valuable one-stop product matching service, with our R&D team having successfully developed cocoa liquor, cocoa powder and chocolate with a wide range of flavours and characteristics for our customers.
- Accumulating a vast amount of technical innovation and chocolate expertise that empowers our market competitiveness and agility across various product and technology applications, including:
  1. Rapid development of tailor-made recipes for customers.
  2. Adapting to the latest market trends, such as vegan or nut-free products.
  3. Establishing a state-of-the-art pilot plant.
  4. Utilising modern analytical devices and sensory panels.

#### Business Strategies

- Emphasising constant innovation as the key to maintaining market superiority, and committing to ongoing R&D to ensure that our production facilities remain equipped to consistently produce quality products.
- Exploring the adoption of cutting-edge technologies to further improve, enhance or expand our grinding capacity and production efficiency.
- Fostering close working relationships between our in-house R&D team and customers to promote cooperative development of new recipes and innovative products to address the latter's latest requirements.
- Proactively exploring and integrating the best manufacturing standards and systems to effectively maintain or enhance product consistency and quality.
- Improving our operations by streamlining our processes and exploring investments in new machinery, thus speeding up the production of cocoa ingredients.



## MANAGEMENT DISCUSSION &amp; ANALYSIS



## Sustainability

## Timeframe

- Medium- to long-term

- Medium-term (1-3 years)  
- Long-term (4-6 years)

## Competitive Advantages

- Harnessing internally generated cocoa shells and solar panels in our biomass boilers and solar panels to generate renewable energy.
- Prioritising the maintenance of a safe and healthy working environment for all our employees.
- Implementing established internal controls that aim to ensure that our supply chains remain free from deforestation, child labour and other unethical practices.
- Working with critical suppliers who achieved unsatisfactory performance results to collaboratively create action plans aimed at improving sustainable practices.
- Leveraging career development programmes with our employees to gain valuable insights into their needs and foster a culture of continuous professional development.
- Utilising CSR initiatives to engage meaningfully with local communities and create positive impacts.
- Establishing controls to ensure our cocoa bean suppliers comply with regulatory standards related to child labour, forced labour, deforestation and other key social and environmental issues.

## Business Strategies

- Inculcating corporate stewardship across business practices.
- Persisting in implementing energy conservation initiatives while remaining vigilant for new methods and technologies to reduce power consumption and improve energy efficiency.
- Expanding the employment of experienced in-house personnel dedicated to optimising processes for greater energy efficiency and a reduced carbon footprint.
- Investing in the growth of our GC&B Programme in collaboration with our customers, leading to the expansion of our Human Rights Due Diligence systems to cover more farmer households and further address issues related to child and forced labour, and the implementation of ongoing deforestation risk assessments.
- Continuing our efforts to achieve traceable and sustainable cocoa-derived food ingredients throughout our supply chain.
- Maintaining the provision of professional development, training opportunities and a safe and healthy work environment for all employees as a top priority.
- Expanding our CBC initiatives across various subsidiaries to drive greater impacts.



## MANAGEMENT DISCUSSION & ANALYSIS

Strategic Review

**Financial Review**

Operational Performance Review



In FY2023, the Group achieved yet another milestone by setting a new revenue record of RM5,320.8 million, representing a robust 20.4% increase from the RM4,419.8 million achieved in the previous financial year. This growth in revenue was primarily driven by higher selling prices of cocoa ingredients and industrial chocolates, in line with the upward trend in cocoa bean prices.

Despite the increase in revenue, our profit before tax eased to RM139.1 million, compared to RM188.1 million in FY2022. Our results were impacted by lower grinding margins and elevated financing costs due to our need for increased borrowings despite a high interest rate climate. However, there was a positive development in our industrial chocolate segment in Germany, which experienced improved margins after rebounding from the impact of energy price volatility in the previous year. In tandem with the lower profit before tax, our net profit contracted to RM100.9 million from RM147.4 million in the previous financial year.

The total assets of the Group stood at RM5,501.9 million as of 31 December 2023, representing an increase of 50.3% compared to RM3,660.4 million in the previous year. This growth was primarily driven by a substantial increase in the value of our inventories, which rose from RM1,589.2 million to RM2,524.3 million due to higher cocoa bean prices. Moreover, the addition of property, plant and equipment assets, particularly in the UK, Germany and Côte d'Ivoire, also contributed to the increase in total assets.

Meanwhile, the Group's total liabilities have increased to RM3,749.1 million as of 31 December 2023, marking a rise of 85.4% compared to RM2,021.8 million the previous year. This increase can be mainly attributed to higher loans and borrowings, driven by higher working capital requirements necessitated by escalating cocoa bean prices.

Despite these challenges, our retained profits increased from RM1,088.3 million in the previous year to RM1,165.9 million in FY2023, reflecting our continued profitability. Furthermore, the Group's total shareholders' equity also increased to RM1,752.8 million in FY2023, up by 7.0% from RM1,638.6 million in the previous year. This increase was driven by higher foreign reserves and retained profits. However, due to heightened requirements for loans and borrowings amidst the prevailing market conditions, our net gearing ratio has unavoidably increased to 1.21 times as of 31 December 2023.

Looking ahead, the Group remains vigilant in monitoring global developments and adjusting its growth and pricing strategies to ensure long-term sustainability. We continue to prioritise the management of supplier and customer risks while maintaining sufficient working capital to manage increasing market risks.



## MANAGEMENT DISCUSSION &amp; ANALYSIS

<b>Summarised Group Statements of Profit or Loss and Other Comprehensive Income For The Financial Year Ended 31 December (RM'000)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Revenue	2,941,630	3,684,985	3,923,297	4,419,839	5,320,841
EBITDA	332,820	349,273	292,595	308,973	359,952
Profit Before Tax	266,861	267,320	196,760	188,081	139,058
Profit Attributable to Owners of the Parent	217,948	222,709	154,838	147,410	100,926

<b>Summarised Group Statements of Financial Position As At 31 December (RM'000)</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Total Non-Current Assets	534,718	964,932	1,072,428	1,308,165	1,552,005
Total Current Assets	1,507,086	1,861,440	2,423,044	2,352,209	3,949,913
Total Assets	2,041,804	2,826,372	3,495,472	3,660,374	5,501,918
Share Capital	220,407	263,236	297,059	495,237	495,237
Reserves	729,442	926,393	1,046,008	1,144,038	1,258,257
Treasury Shares	(226)	(720)	(720)	(720)	(720)
Total Equity	949,623	1,188,909	1,342,347	1,638,555	1,752,774
Total Non-Current Liabilities	93,933	556,263	516,242	502,550	794,462
Total Current Liabilities	998,248	1,081,200	1,636,883	1,519,269	2,954,682
Total Liabilities	1,092,181	1,637,463	2,153,125	2,021,819	3,749,144
Total Equity and Liabilities	2,041,804	2,826,372	3,495,472	3,660,374	5,501,918

## MANAGEMENT DISCUSSION &amp; ANALYSIS

Strategic Review

**Financial Review**

Operational Performance Review

Summarised Group Statements of Cash Flows For the Financial Year Ended 31 December (RM'000)	2019	2020	2021	2022	2023
Operating Profit Before Changes in Working Capital	330,050	338,739	277,912	345,949	71,946
Net Cash (Used In)/From Operating Activities	(93,699)	91,052	(79,134)	277,708	(736,583)
Net Cash Used In Investing Activities	(62,068)	(321,221)	(164,591)	(274,048)	(239,238)
Net Cash From/(Used In) Financing Activities	157,626	254,771	241,231	(14,386)	984,092
Net Increase/(Decrease) in Cash and Cash Equivalents	1,714	25,266	(5,446)	(5,629)	6,934
Cash and Cash Equivalents at Beginning of Financial Year	31,358	33,072	58,338	52,892	47,263
Cash and Cash Equivalents at End of Financial Year <sup>1</sup>	33,072	58,338	52,892	47,263	54,197

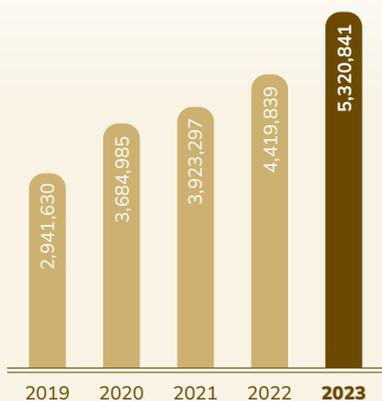
**Note:**<sup>1</sup> Including the effect on exchange rate differences.

Financial Analysis	2019	2020	2021	2022	2023
EBITDA Margin	11.31%	9.48%	7.46%	6.99%	6.76%
PBT Margin	9.07%	7.25%	5.02%	4.26%	2.61%
Net Profit Margin	7.41%	6.04%	3.95%	3.34%	1.90%
Free Cash Flow (RM'000)	(156,229)	(312,302)	(243,321)	3,829	(965,457)
ROE	23.00%	18.73%	11.53%	9.00%	5.76%
ROA	10.70%	7.88%	4.43%	4.03%	1.83%
EPS (sen)	22.51	21.82	14.86	13.52	8.59
Net Dividends Per Share (sen)	3.58	3.54	4.04	3.52	2.00
Payout Ratio	15.89%	16.22%	27.19%	26.04%	23.28%
Cash and Bank Balances (RM'000)	46,790	78,210	73,809	69,111	85,094
Total Borrowings (RM'000) <sup>1</sup>	683,493	1,048,637	1,302,285	1,186,752	2,210,413
Gearing (net of cash)	0.67	0.82	0.92	0.68	1.21

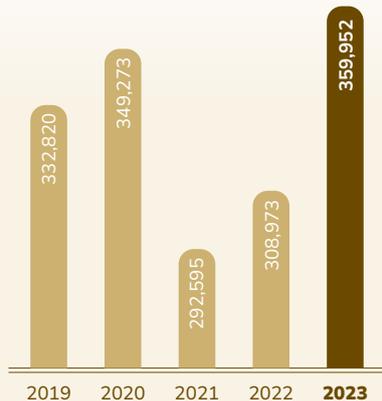
**Note:**<sup>1</sup> Including lease liabilities owing to financial institutions.

## MANAGEMENT DISCUSSION & ANALYSIS

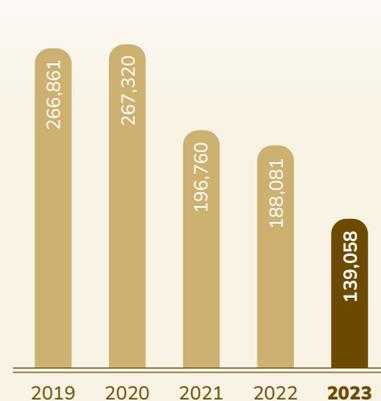
Revenue (RM'000)  
**RM 5,320,841**



EBITDA (RM'000)  
**RM 359,952**



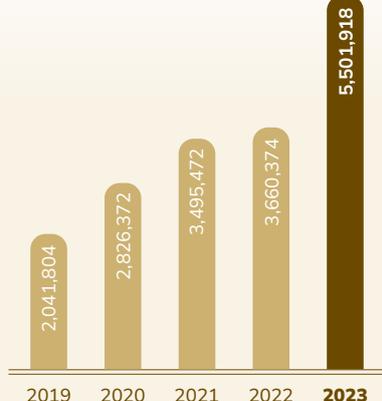
PBT (RM'000)  
**RM 139,058**



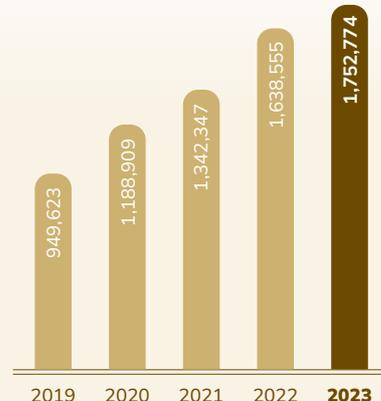
Net Profit (RM'000)  
**RM 100,926**



Total Assets (RM'000)  
**RM 5,501,918**



Shareholders' Equity (RM'000)  
**RM 1,752,774**



ROE

**5.76%**



ROA

**1.83%**



## MANAGEMENT DISCUSSION &amp; ANALYSIS

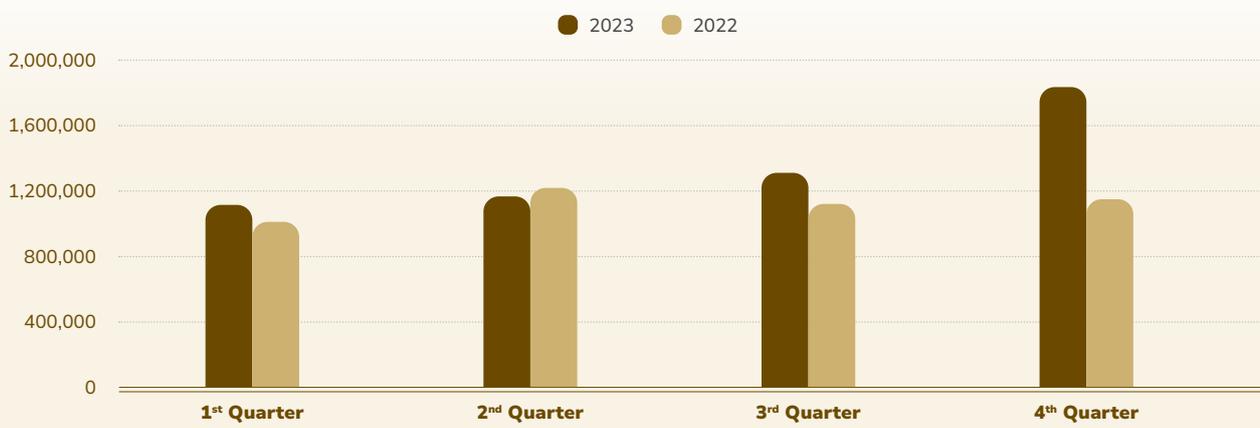
Strategic Review

**Financial Review**

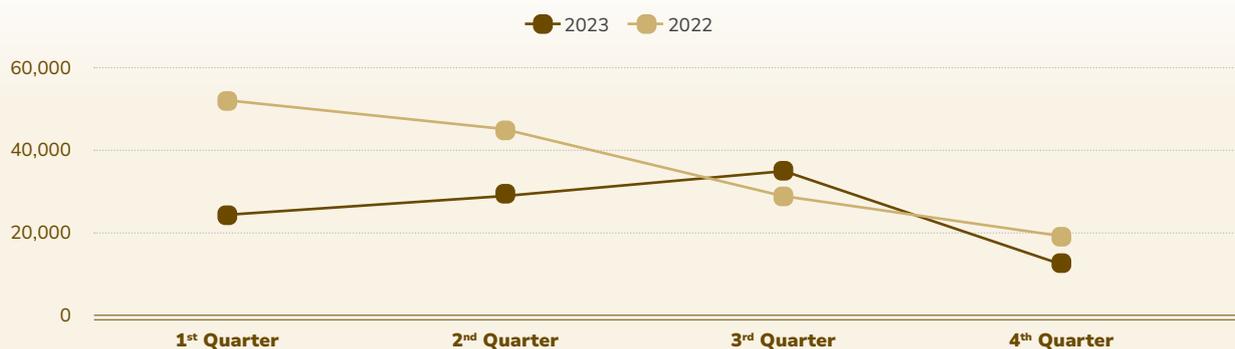
Operational Performance Review

Quarterly Analysis For The Financial Year Ended 31 Dec (RM'000)		2022	2023	% Chg
<b>Turnover</b>				
1 <sup>st</sup> Quarter		990,527	1,102,485	11.30%
2 <sup>nd</sup> Quarter		1,197,505	1,160,194	-3.12%
3 <sup>rd</sup> Quarter		1,100,499	1,285,906	16.85%
4 <sup>th</sup> Quarter		1,131,308	1,772,256	56.66%
		4,419,839	5,320,841	20.39%
<b>Net Profit</b>				
1 <sup>st</sup> Quarter		53,269	23,756	-55.40%
2 <sup>nd</sup> Quarter		44,610	28,125	-36.95%
3 <sup>rd</sup> Quarter		30,756	33,876	10.14%
4 <sup>th</sup> Quarter		18,775	15,169	-19.21%
		147,410	100,926	-31.53%

Quarterly Revenue (RM'000)



Quarterly Net Profit (RM'000)



## MANAGEMENT DISCUSSION &amp; ANALYSIS

Strategic Review

Financial Review

Operational Performance Review

## OPERATIONAL PERFORMANCE REVIEW

FY2023 presented a variety of unprecedented challenges, highlighted by the cocoa price surge due to harvests being affected by ongoing wet weather in the key West Africa region. Despite these obstacles, we successfully leveraged our fundamental strategies to navigate the year with resilience.

The Group's financial performance improved, with revenue increased by 20.4% from RM4,419.8 million to RM5,320.8 million. In line with revenue, EBITDA improved by 16.5% to RM360.0 million but profit before tax suffered a reduction due to high financing costs as a result of rising interest rates and higher borrowings.

Operational hurdles, including container shortages, freight costs and other pandemic-induced challenges, largely abated in FY2023. Consequently, our production capacity and utilisation rates have significantly improved, illustrating our dedication to efficiency and productivity.

The successful conclusion of our debottlenecking project at SSIG, combined with enhanced productivity from GCBCUK, has significantly boosted our annual industrial chocolate capacity by 21,000 MT, reaching a total of 116,000 MT.

We also maintained an impressive machinery utilisation rate of 95% during the year, ensuring sustained productivity even during the most challenging circumstances. This achievement was coupled with a 0% fatality rate in FY2023, reaffirming our unwavering commitment to the safety of our workforce.

The past twelve months have highlighted the agility and resilience of our business, showcasing our ability to persevere and grow amidst a sub-optimal operating environment. As we move forward, we remain committed to refining practices across our five core operational areas to achieve robust growth and sustainability objectives.

### OUR 5 CORE OPERATIONAL AREAS:



#### Safeguarding our products' quality and reliability

- Ensure the use of only high-quality cocoa beans in our production
- Uphold our customers' trust and confidence by ensuring that all our products comply with global food safety standards, guidelines as well as relevant laws and regulations, along with our stringent internal quality control requirements
- Maintain a firm commitment to never compromise on the quality and reliability of our products
- Foster a quality mindset to manufacture products trusted and preferred by our customers
- Improve quality management through consistent reviews of our products
- Embed effective supervision and communication throughout our production processes
- Enable enhanced monitoring of our production processes through a comprehensive camera inspection system
- Track, investigate and take corrective actions on customer complaints and product returns related to food safety
- Conduct regular training sessions to familiarise our employees with food handling, quality and food safety best practices


**READ MORE**
*Snapshot of FY2023, page 17*


#### Embedding sustainability in our supply chain

- Comply with evolving global sustainability trends and requirements
- Reduce our reliance on non-renewable energy by tapping into renewable energy sources, aiming to reduce carbon emissions. GCB has continued utilising biomass boilers that generate steam from cocoa shells to fulfil heat requirements for our processes. Our Group has also installed a 2.19 MWp solar system to decrease dependence on carbon-intensive energy sources
- Continue exploring the availability of green technology in the market
- Implement a systematic machine monitoring and control system to maintain energy and water efficiencies for our operating equipment
- Focus on improving ESG practices across our six sustainability workstreams: Caring Beyond Cocoa, Circular Economy, Climate Action, Responsible Sourcing, Corporate Stewardship and Human Rights


**READ MORE**
*Sustainable Sourcing Practices, page 98*

## MANAGEMENT DISCUSSION & ANALYSIS

Strategic Review

Financial Review

**Operational Performance Review**

### OUR 5 CORE OPERATIONAL AREAS: (CONT'D.)



#### Maintaining high levels of health and safety

- Acknowledge the fundamental role of our people in executing processes and procedures to produce our products
- Ensure our production processes comply with global health and safety standards to maintain a safe environment for our people
- Leverage new technologies to reduce the risk of injuries and accidents, including lifting manipulators and automated palletisers
- Commit to achieve higher standards in machine safety to protect our people by continuously improving machine handling protocols and safety intervention features
- Provide avenues for our people to report safety-related issues through accessible reporting platforms throughout the Group, making it easier to raise concerns and share feedback
- Organise trainings and briefings, such as yearly refresher sessions for all employees on occupational safety, to maintain adherence
- Implement all necessary safety measures across our offices, manufacturing sites and warehouses, such as displaying visual safety-related signs at strategic locations within our operating premises
- Uphold hygiene practices, such as frequent hand washing and compulsory sanitisation routines
- Deploy teams that specialise in specific skill sets to maximise productivity
- Uphold our zero-fatality track record



**READ  
MORE**

*Empowering Our People, page 118*



#### Developing skills and knowledge

- Provide on-the-job training and promote continuous professional development for all employees
- Enhance the skills of our operation workers, especially in terms of specialised operational tasks, to increase productivity
- Empower a dynamic senior management team that provides guidance and coaching to the next generation of leaders, aiming to propel GCB towards our vision, growth and operational objectives



**READ  
MORE**

*Diversity & Inclusion, page 112*



#### Integrating technology to enhance efficiency and effectiveness to fulfil customers' demand

- Adopt the use of robotic arms in our packaging line
- Establish digitalised systems for production planning and processes
- Implement a proper preventive maintenance schedule with sufficient spare parts inventory
- Optimise productivity through appropriate production planning with a sufficient number of trained personnel



**READ  
MORE**

*Product Quality & Safety, page 120*

# SUSTAINABILITY STATEMENT

2023





# OVERVIEW

**73** Sustainability Highlights in FY2023

**74** Reporting Practice

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# OVERVIEW

## SUSTAINABILITY HIGHLIGHTS IN FY2023

Despite facing ongoing global challenges over the past 12 months, we have demonstrated resilience to achieve significant strides within our sustainability framework. We remain committed to steadfastly upholding the principles of sustainable development across our expanding operations as we generate lasting value for all stakeholders.

The following are some of our notable accomplishments in progressing EES outcomes during FY2023.

### Economic



**RM5.99 billion**  
in value generated for our stakeholders



**Zero**  
reported violations of our Anti-corruption Policy

### Environmental



Over **66,000 GJ**  
of renewable energy generated from solar panels and waste-to-energy boilers



Over **180,000**  
multipurpose trees distributed for agroforestry activities



Over **1,570 tCO<sub>2</sub>e**  
avoided from solar panels installed



Over **73,000 Ha**  
of farms assessed for deforestation risk

### Social



More than **100**  
beneficiaries of CBC initiatives



More than **11,600**  
hours of employee professional development provided



Over **10,403**  
households covered by CLMRS



**Zero**  
reported incidents of non-compliance with regulations or voluntary codes concerning the health and safety impacts of products

## OVERVIEW

### REPORTING PRACTICE

#### Introduction

From maintaining solid financial performance and ethical business conduct to prioritising the well-being and growth of our employees, our sustainability efforts encompass the entire ESG spectrum, leaving lasting and positive impacts on the local communities in which we operate. Our influence on these communities consistently remains a central focus in our pursuit of global expansion as we acknowledge the interconnected nature of our operations.

In line with this understanding, we have integrated sustainable approaches and ESG considerations into every aspect of our strategic decision-making. This unwavering commitment ensures that the Group remains dedicated to generating enduring value for our stakeholders through conscious, ethical and sustainable practices.

Likewise, our dedication to nurturing a responsible cocoa sector remains resolute. We achieve this by offering support to farmers, responsibly utilising natural resources and empowering our employees to thrive.

#### About This Report

The Group is honoured to present our annual SS for FY2023. The SS provides an overview of the Group's sustainability performance during the period of 1 January 2023 to 31 December 2023, unless stated otherwise.

The Group has persisted in enhancing its data collection systems, unlocking avenues to continuously elevate the quality of our sustainability reporting.

#### Scope & Basis of Scope

This SS covers the Group's sustainability performance and progress of our business operations in Malaysia and selected geographical locations we operate in, namely Indonesia, Germany, Singapore and the US, where our main offices and manufacturing facilities are located. We have expanded the reporting scope of this SS to include our operations in the US as the Group strives to continuously improve and enhance the scope of our disclosures.

#### Reporting Framework & Standards

This SS has been developed according to the Bursa Securities MMLR, with reference to the Bursa Securities SR Guide (3<sup>rd</sup> edition), GRI Standards, TCFD Recommendations and UN SDGs. This report is intended to be read in tandem with GCB's IAR 2023 for a comprehensive depiction of how our sustainability practices drive holistic value creation across the Group.



OVERVIEW

**Memberships & Associations**

Our dedication to supporting the cocoa industry is underscored by our enduring active engagement with the following key industry associations:

		
CAA	CFI	CMAA
	 	 
ECA	FCC	German Initiative on Sustainable Cocoa (Forum Nachhaltiger Kakao)
		 
ICI	MCB	WCF

In an effort to instil sustainability principles beyond our organisation, the Group works diligently to identify the key significance of potential ESG impacts from our business activities throughout our supply chain. To that end, GCB partners with suppliers and industry associations to champion greater adoption of sustainability practices that foster benefits for both people and the planet.

**Assurance**

The Group has employed good governance and internal reporting practices in the production of this SS. Additionally, the Group’s dedicated reporting team has reviewed this report, with the Board subsequently providing approval. Moving forward, we will strive to enhance our data collection, analysis and reporting processes in order to improve the quality and scope of our disclosures. As the Group makes further progress in our sustainability journey, we will firmly consider the adoption of external assurance for our future disclosures.

**Feedback**

Our stakeholders are encouraged to offer feedback regarding this SS.

Enquiries can be directed to our SD at the following:

**Guan Chong Berhad**

PLO 273, Jalan Timah 2,  
Kawasan Perindustrian Pasir Gudang,  
81700 Pasir Gudang, Johor Darul Takzim, Malaysia.



Telephone:  
+60 7-254 8888



Email:  
info@gcbcocoa.com

## OVERVIEW

### MESSAGE FROM CEO

#### Dear Stakeholders,

Amidst a global landscape marked by environmental challenges and economic uncertainties, sustainable development has transcended mere moral imperatives, emerging as a critical contributor to business resilience in the face of growing regulatory scrutiny.

As a conscientious global supplier of cocoa and chocolate ingredients, we are intensifying our efforts to mitigate our environmental impact, promote sustainable practices throughout our supply chain and prioritise employee welfare. By ingraining sustainability into our strategic framework, we affirm our dedication to generating lasting value for our stakeholders while driving progress towards a more sustainable cocoa sector.

#### ADVANCING PROGRESS THROUGH A GOVERNING FRAMEWORK

We have enacted inclusive Group-wide policies that tackle ESG matters head-on, prioritising responsibility and sustainability across all operational facets and engagements with stakeholders. In tandem with this, six workstreams were established in FY2023 – "Caring Beyond Cocoa", "Circular Economy", "Climate Action", "Responsible Sourcing", "Corporate Stewardship" and "Human Rights" – to monitor and enhance our ESG performance across our entire value chain.

We also place additional emphasis on climate action given our presence in the agrifood sector, aiming to assess climate-related risks comprehensively and adapt strategies accordingly.

As we pursue our ESG objectives, our commitment to integrity, transparency and accountability remains paramount. We will continue to ensure responsible and ethical business practices with customers, suppliers and employees while making positive contributions to the communities in which we operate.



*Sustainability Governance, page 80 & TCFD-Aligned Disclosures, page 123*

OVERVIEW

**EXPANDING OUR ENVIRONMENTAL STEWARDSHIP**

Over the past year, we made significant strides in climate reporting, highlighted by our inclusion of Scope 3 emissions and the publishing of our first TCFD-aligned disclosure in this report.

Progressing on our renewable energy initiatives, we have installed biomass boilers and solar panels at our new factory in Côte d'Ivoire, transitioning away from fossil fuels and striving to increase our sustainable energy sourcing capacity.

Addressing deforestation is another critical focus area, underscored by new EUDR regulatory requirements. Through our GC&B Programme, we evaluate deforestation risks across our supply chain and collaborate with suppliers and farmer groups to promote sustainable land use and conservation practices. These initiatives highlight our efforts to enhance traceability and drive responsibility across our supply chain.

 **READ MORE** *Climate Change Adaptation, page 102, Sustainable Sourcing Practices, page 98 & TCFD-Aligned Disclosures, page 123*

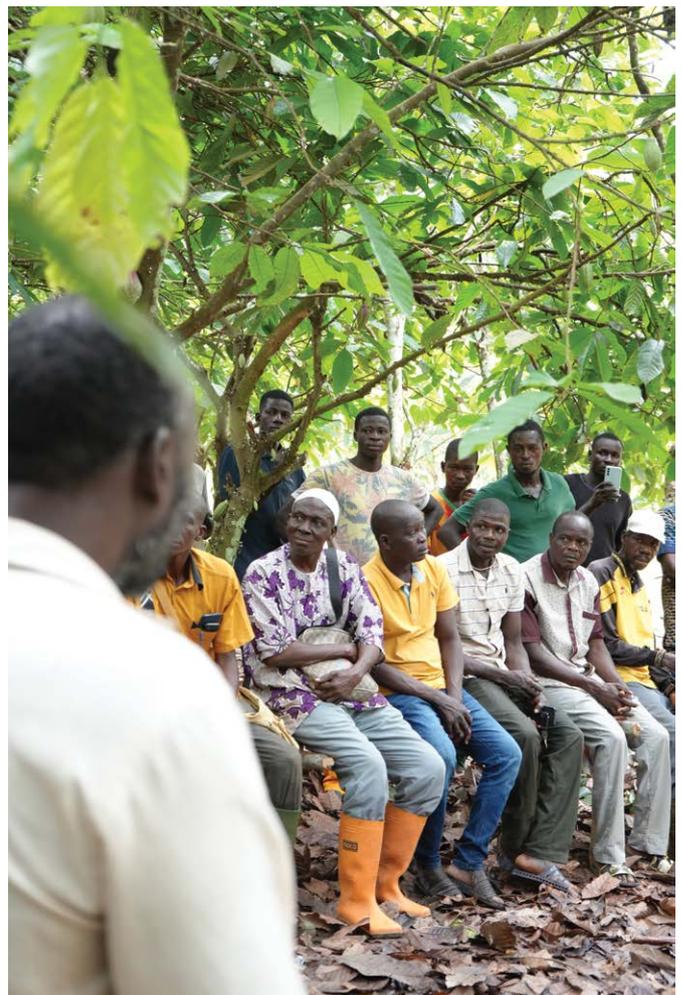
**EMPOWERING OUR PEOPLE & COMMUNITIES**

Employee welfare remains a top priority, and we have established Health and Safety Committees in all processing facilities to ensure strict adherence to our Group-wide Health and Safety Policy and compliance with local regulations.

Concurrently, we reward employee contributions and provide training and wellness initiatives supporting professional and personal development, thereby fostering a positive workplace culture and improving employee retention.

Our commitment to contributing back to our local communities extends beyond our workforce, with a calendar of CSR activities focused on environmental protection, education and people development. Our sustainability initiatives under the CBC, which include efforts to improve community infrastructure, further enables us to support and drive positive outcomes for communities surrounding our operational footprint.

 **READ MORE** *Caring Beyond Cocoa, page 110, Empowering Our People, page 118 & Diversity & Inclusion, page 112*



## OVERVIEW



### GEARING TOWARDS A BRIGHTER FUTURE

As a key figure in the global cocoa industry, we will continue to tackle and overcome sustainability challenges with unwavering determination, leveraging on our GC&B Programme and six sustainability workstreams to drive meaningful progress.

We remain resolute in our mission to deliver premium cocoa ingredients and industrial chocolate globally while simultaneously reducing our environmental impact and maximising social benefits.

In closing, I would like to express heartfelt appreciation for the unwavering support and loyalty of both our internal and external stakeholders.

Our journey towards enhanced sustainability is a collective endeavour, and we look forward to strengthening our collaborative partnerships for the advancement of our industry and the communities we serve. Thank you.

**MR. BRANDON TAY HOE LIAN**  
CEO





# SUSTAINABILITY APPROACH

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- 89** Material Matters and Associated ESG Risks & Opportunities

# SUSTAINABILITY APPROACH

## SUSTAINABILITY GOVERNANCE

Sustainability is ingrained at the heart of our corporate strategy and governance framework, interwoven through guidance provided by Board leadership, senior management and managers from various departments within the SSC.

The Board assumes ultimate responsibility for setting the strategic steer on sustainability issues, with specific oversight duties entrusted to Board Committees whose mandates have been extended to include sustainability. Supporting the Board is an executive-led SSC, providing strategic counsel on significant sustainability matters. Overseeing the daily execution of sustainability strategies and plans, on the other hand, is a cross-functional CWG comprising members from management across all our operating countries and business units, and headed by the SD. Ultimately, this integrated governance structure aims to ensure sustainability is embedded across all levels of our organisation.

The Board recognises the pivotal role of sustainability in today's business landscape and is committed to developing a knowledgeable and capable leadership to ensure stringent oversight of sustainability matters. To achieve this, the Board participates in various sustainability capacity-building programmes, including workshops and training sessions. Board members also strive to stay abreast of sustainability issues, including climate-related risks and opportunities. Moreover, the Board ensures regular assessment and enhancement of its sustainability competencies through ongoing leadership development.

Our commitment to long-term value creation, including efforts undertaken to cultivate sustainable business practices that contribute positively to society and the environment, forms a core consideration in evaluating Board and senior management performance. Further to this, we have embedded the principle of "shared growth" into our overall approach to value creation, whereby our pursuit of business and operational targets are carefully balanced with stakeholder expectations, environmental stewardship and consideration for the communities in which we operate. This comprehensive approach to sustainability empowers the Group to achieve growth and profitability while simultaneously contributing to the betterment of society and the environment.



## SUSTAINABILITY APPROACH

## ENVIRONMENTAL

Our dedication to environmental sustainability is ingrained throughout our operations and supply chain. We continuously monitor and improve our processes to optimise the environmental sustainability of our business. Our environmental initiatives are guided by various sustainability policies that serve to:

- Establish and strengthen our commitment to environmental protection.
- Optimise responsible resource consumption within our operations.
- Empower and train our staff in environmental management.
- Uphold legal and regulatory compliance.
- Evaluate and tackle environmental impacts in our supply chain.
- Monitor our carbon footprint to understand and mitigate our climate impacts.

## SOCIAL

Social considerations are imperative to responsibly achieve economic growth and environmental sustainability in a manner that respects people's rights and well-being. Guided by Group-wide policies and frameworks adopted across our subsidiaries, we:

- Uphold human rights across our operations and supply chain by safeguarding the labour rights of workers and promoting the health, safety and well-being of our employees.
- Expect our suppliers to establish sound human rights policies that adhere to the GCB Supplier Code of Conduct, as outlined in our Sustainable Procurement Policy and Procedure.
- Leverage our GC&B Programme to enhance the livelihoods of cocoa farmers, while emphasising local hiring practices to create job opportunities in the regions where we operate.
- Aspire to create meaningful impacts and shared value with communities through social programmes conducted through a range of CSR activities.

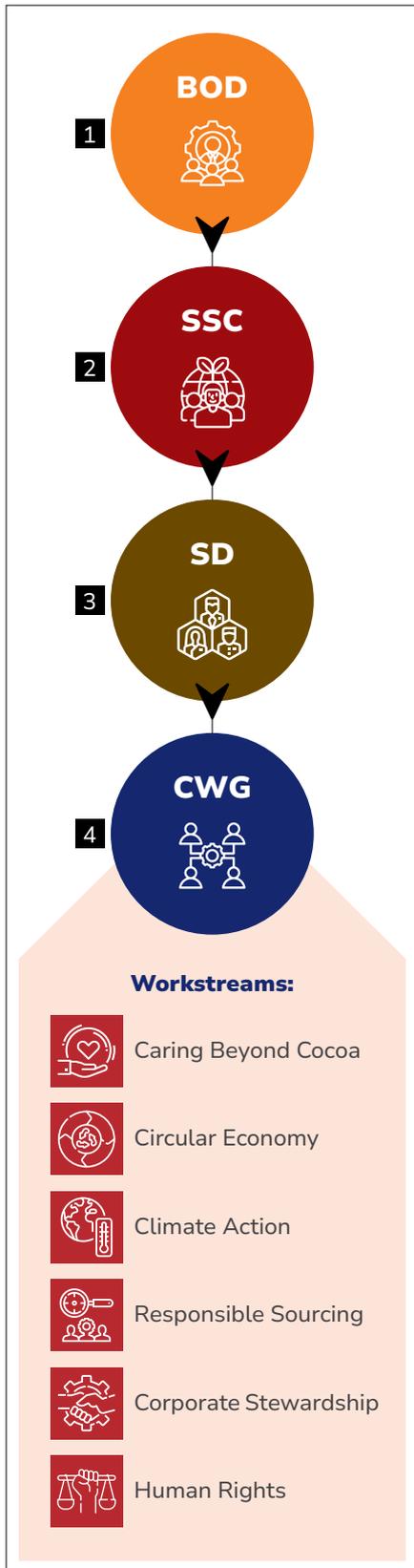
## GOVERNANCE

Good governance and oversight are vital for achieving long-term sustainable growth and value for all our stakeholders. We regularly review and update our business practices to uphold ongoing compliance with pertinent laws and regulations, while simultaneously ensuring we remain equipped to meet our operational and expansion targets. Our governance framework is underscored by:

- Group-wide governance policies that empower effective communication of our expectations to stakeholders, reinforcing our shared commitment to ethical operations.
- Quarterly evaluations of our risk assessments conducted by our ERM Committee to identify relevant risks and implement the necessary controls, which are subsequently reviewed by the Board to ensure their effectiveness.
- Regular monitoring of global trends and regulations in tandem with our expanding global footprint, safeguarding compliance across our geographic footprint and upholding our ability to responsibly drive profits.

# SUSTAINABILITY APPROACH

## Our Sustainability Governance Structure



Our commitment to integrate business and sustainability is spearheaded by the highest levels of our governance, with the Board ultimately responsible for driving awareness and adoption of sustainability strategies across the Group.

### 1. BOD



- Ultimately accountable for sustainability matters of the Group, including but not limited to strategy, targets, materiality assessments, and risks and opportunities.
- Ensures sustainability awareness is cascaded across the Group's subsidiaries to drive cultural change.
- Progressively embeds sustainability throughout the organisation's culture and operations.

### 2. SSC



- Formulates the Group's sustainability strategy and policies, and proposes revisions to Board Committees.
- Aligns sustainability strategy implementation across the Group's business units and geographies.
- Assesses sustainability risks and opportunities, with a focus on climate-related issues.
- Evaluates the Group's materiality assessment process and its outcomes.
- Reviews the Group's SS before seeking Board approval.

### 3. SD



- Prepares annual SS in alignment with leading frameworks to ensure compliance and transparency.
- Conducts materiality assessments to identify relevant sustainability topics and risks.
- Supports and coordinates with the CWG in managing sustainability and consolidating sustainability-related performance data.
- Integrates sustainability into policies and oversees sustainability projects and initiatives.

## SUSTAINABILITY APPROACH

### 4. CWG



- Collaborates with the SD in implementing sustainability strategies across the Group's day-to-day operations.
- Acts as a conduit between departments to convey the Group's sustainability agenda and related matters.
- Aligns practices on the ground with the Group-wide sustainability agenda and workstreams.
- Delivers detailed progress reports and maintains records to track performance and enable continuous improvement.

#### Workstreams:



#### CARING BEYOND COCOA

Implement our CSR strategy focused on local community engagement, employee welfare and environmental initiatives.



**READ MORE** *Caring Beyond Cocoa, page 110*



#### RESPONSIBLE SOURCING

Transition of our purchased cocoa, ingredients and services towards sustainable production by enhancing traceability, building our supplier competencies and conducting social and environmental audits, especially for high-risk supply chains.



**READ MORE** *Sustainable Sourcing Practices, page 98*



#### CIRCULAR ECONOMY

Spearhead water conservation and waste management initiatives to promote a circular economy that considers product end-of-life.



**READ MORE** *Responsible Consumption, page 107*



#### CORPORATE STEWARDSHIP

Embedding sustainability practices throughout our operations by implementing continuous improvement programmes and internal audits to ensure adherence to Group-wide policies and procedures.



**READ MORE** *Governing Business Practices, page 97*



#### CLIMATE ACTION

Develop a practical climate transition plan that ambitiously drives carbon reduction initiatives across our operations and supply chain while assessing and addressing material climate-related risks and opportunities.



**READ MORE** *TCFD-Aligned Disclosures, page 123*



#### HUMAN RIGHTS

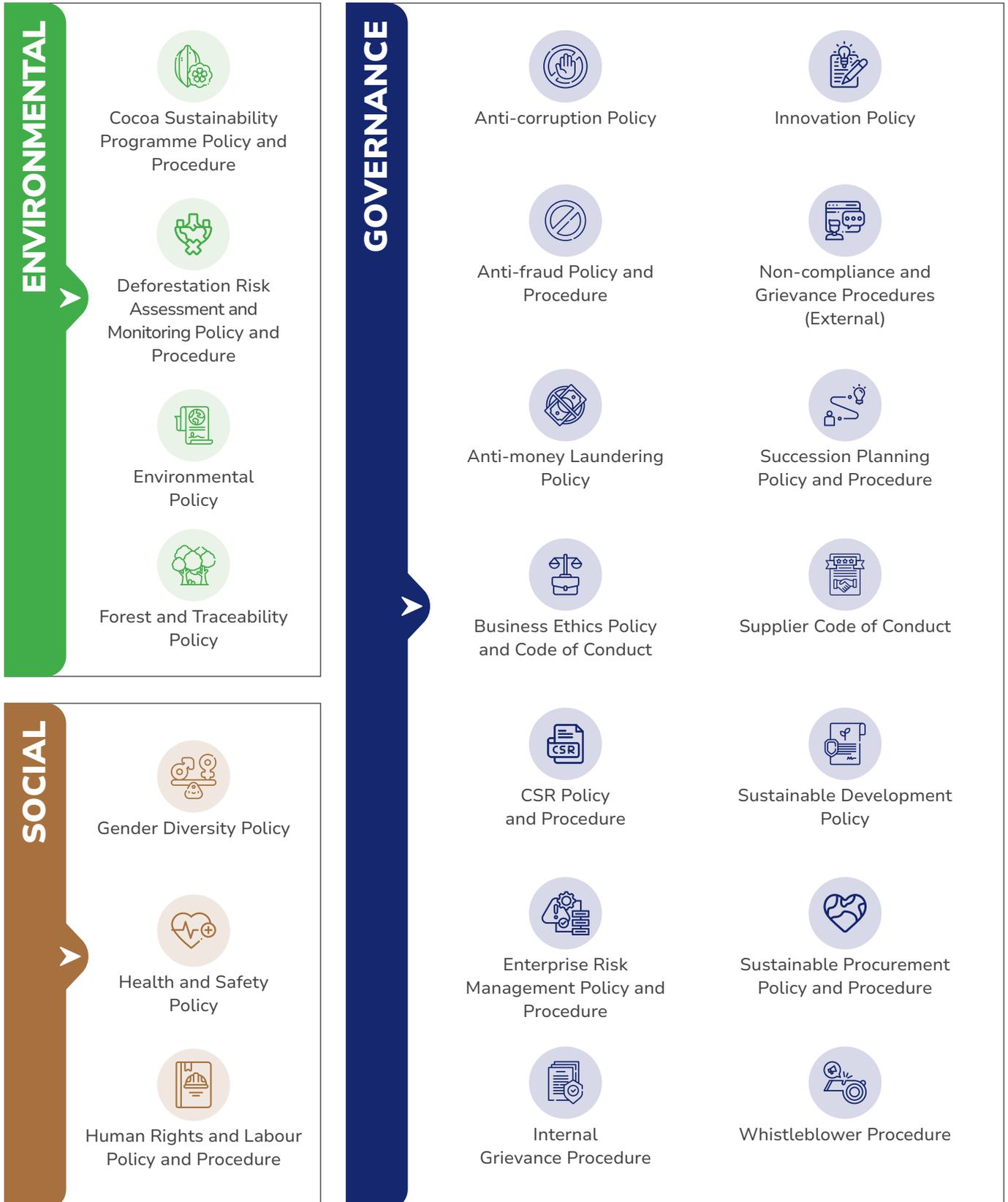
Addressing social inequality issues and promoting diversity and inclusivity within our workforce and supply chains.



**READ MORE** *Diversity & Inclusion, page 112*

# SUSTAINABILITY APPROACH

## Our Policies and Procedures



## SUSTAINABILITY APPROACH

### STAKEHOLDER ENGAGEMENT

GCB places significant importance on maintaining consistent and meaningful engagement with our wide range of stakeholders. Our primary stakeholders, identified by their impact and dependence on our business, encompass customers, employees, governments, regulators & NGOs, local communities, media, shareholders & investors, and suppliers & contractors.

To achieve our objective of fostering open lines of communication with these stakeholders, we employ both formal and informal methods of engagement, striving to pinpoint pivotal concerns as well as emerging opportunities and risks. This two-way dialogue further empowers us to integrate stakeholder insights into our sustainability strategy and disclosures, thereby enhancing the effectiveness of our operations. Additionally, by actively engaging our diverse stakeholders, we become better equipped to make well-informed decisions and remain responsive to their needs and concerns.

Below is a summary of our stakeholder engagements during FY2023:

Key Stakeholders	Areas of Interest or Concern	Engagement Platform & Frequency	Our Response
<b>Customers</b> 	<ul style="list-style-type: none"> <li>Expectations on the quality, safety and delivery of products</li> </ul>	<p><b>As needed</b></p> <ul style="list-style-type: none"> <li>Calls and meetings</li> <li>Electronic communications</li> <li>Customer support and feedback channels</li> <li>Site visits</li> <li>Corporate events and trade shows</li> </ul> <p><b>Annually</b></p> <ul style="list-style-type: none"> <li>Customer survey</li> </ul>	<p>Sustainable Sourcing Practices, page 98</p> <p>Product Quality &amp; Safety, page 120</p>
<b>Employees</b> 	<ul style="list-style-type: none"> <li>Health and safety of the workplace</li> <li>Inclusive working environment and culture</li> <li>Opportunities for learning, growth and professional development of our employees</li> <li>Remuneration and employee benefits</li> <li>Business growth and direction</li> </ul>	<p><b>As needed</b></p> <ul style="list-style-type: none"> <li>Employee engagement programmes</li> <li>Internal communications</li> <li>Employee surveys</li> </ul> <p><b>Monthly</b></p> <ul style="list-style-type: none"> <li>Management meetings</li> <li>Workers Committee meetings</li> </ul> <p><b>Quarterly</b></p> <ul style="list-style-type: none"> <li>Workshops and training sessions</li> </ul> <p><b>Annually</b></p> <ul style="list-style-type: none"> <li>Employee appraisal</li> </ul>	<p>Diversity &amp; Inclusion, page 112</p> <p>Empowering Our People, page 118</p>
<b>Governments, Regulators &amp; NGOs</b> 	<ul style="list-style-type: none"> <li>Regulatory compliance at all operational premises</li> <li>Adoption of practices outlined in the MCCG</li> <li>Regular review and monitoring of risk registers</li> <li>Support for government initiatives</li> </ul>	<p><b>As needed</b></p> <ul style="list-style-type: none"> <li>Meetings</li> <li>Announcements on Bursa Malaysia</li> <li>Audits and assessments</li> <li>Training sessions and dialogues</li> <li>Print and digital media</li> </ul>	<p>Governing Business Practices, page 97</p> <p>Mindful Water Management, page 105</p> <p>Climate Change Adaptation, page 102</p> <p>Responsible Consumption, page 107</p>

## SUSTAINABILITY APPROACH

Key Stakeholders	Areas of Interest or Concern	Engagement Platform & Frequency	Our Response
<b>Local Communities</b> 	<ul style="list-style-type: none"> <li>• Employment opportunities</li> <li>• Responsible operational processes</li> <li>• Periodic engagements with local communities</li> </ul>	<b>As needed</b> <ul style="list-style-type: none"> <li>• CSR programmes</li> <li>• Print and digital media communication</li> </ul>	Diversity & Inclusion, page 112 Caring Beyond Cocoa, page 110 Climate Change Adaptation, page 102 Mindful Water Management, page 105 Responsible Consumption, page 107
<b>Media</b> 	<ul style="list-style-type: none"> <li>• Business strategies and growth objectives</li> <li>• Updates on CSR contributions and community activities</li> </ul>	<b>As needed</b> <ul style="list-style-type: none"> <li>• Press releases</li> <li>• Media interviews</li> </ul>	Value Creation Business Model, page 46 Caring Beyond Cocoa, page 110
<b>Shareholders &amp; Investors</b> 	<ul style="list-style-type: none"> <li>• Dividend payouts and capital gains</li> <li>• Business strategies, future plans and overall performance</li> <li>• Reputation on ethical business conduct</li> </ul>	<b>As needed</b> <ul style="list-style-type: none"> <li>• Press releases</li> <li>• Meetings</li> </ul> <b>Quarterly</b> <ul style="list-style-type: none"> <li>• Financial reports and announcements</li> <li>• Investor briefings and other investor relations engagements</li> </ul> <b>Annually</b> <ul style="list-style-type: none"> <li>• AGM</li> <li>• IAR</li> </ul>	Sustainable Growth, page 94 Governing Business Practice, page 97
<b>Suppliers &amp; Contractors</b> 	<ul style="list-style-type: none"> <li>• Responsible and efficient procurement practices</li> <li>• Clear expectations on product quality and regulatory compliance</li> <li>• Health and safety of contract workers</li> </ul>	<b>As needed</b> <ul style="list-style-type: none"> <li>• Electronic communications</li> <li>• Meetings</li> <li>• Supplier evaluations</li> </ul>	Sustainable Sourcing Practices, page 98 Product Quality & Safety, page 120 Empowering Our People, page 118



## SUSTAINABILITY APPROACH

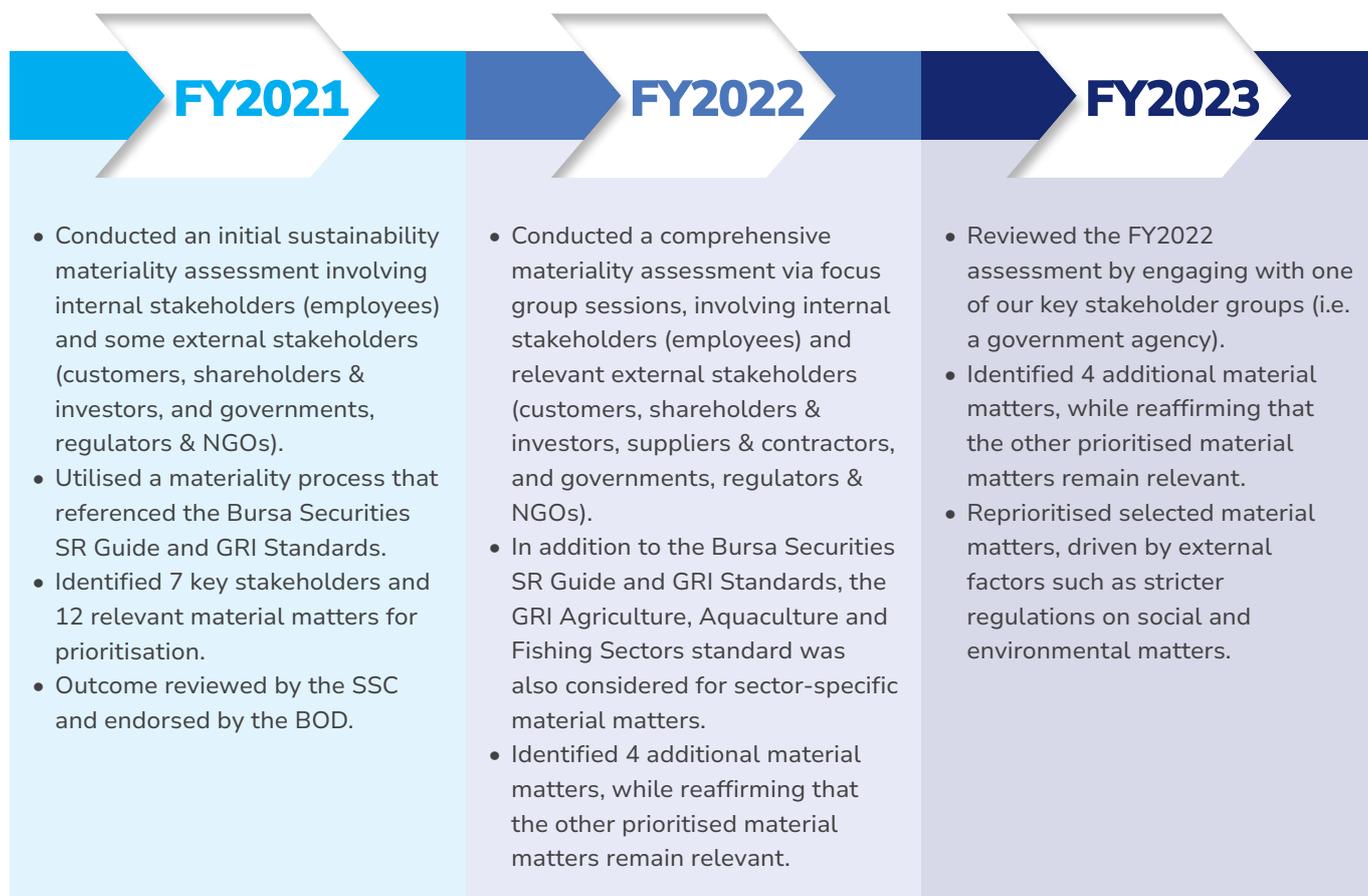
### MATERIALITY ASSESSMENT

#### NAVIGATING OUR SUSTAINABILITY PRIORITIES

We recognise that material matters exert both direct and indirect influence on our ability to generate enduring value for stakeholders. These pivotal concerns shape our business strategy and resource allocation, guiding our focus towards critical sustainability matters.

To pinpoint the sustainability concerns that have the most significant impact on our operations, we employ a materiality assessment process. A key component of this entails engaging with both internal and external stakeholders to acquire insightful perspectives that inform an objective determination of our sustainability focal points. By incorporating our stakeholders' invaluable viewpoints, we make strategic decisions that align business objectives with our societal and environmental responsibilities.

While we aim to conduct a comprehensive assessment every 3 years, we also perform an annual review of the significance of previously identified impacts stemming from our operations. This practice ensures that we consistently refine our approach to monitoring, managing and disclosing our sustainability performance, aligning it with stakeholder expectations.



## SUSTAINABILITY APPROACH

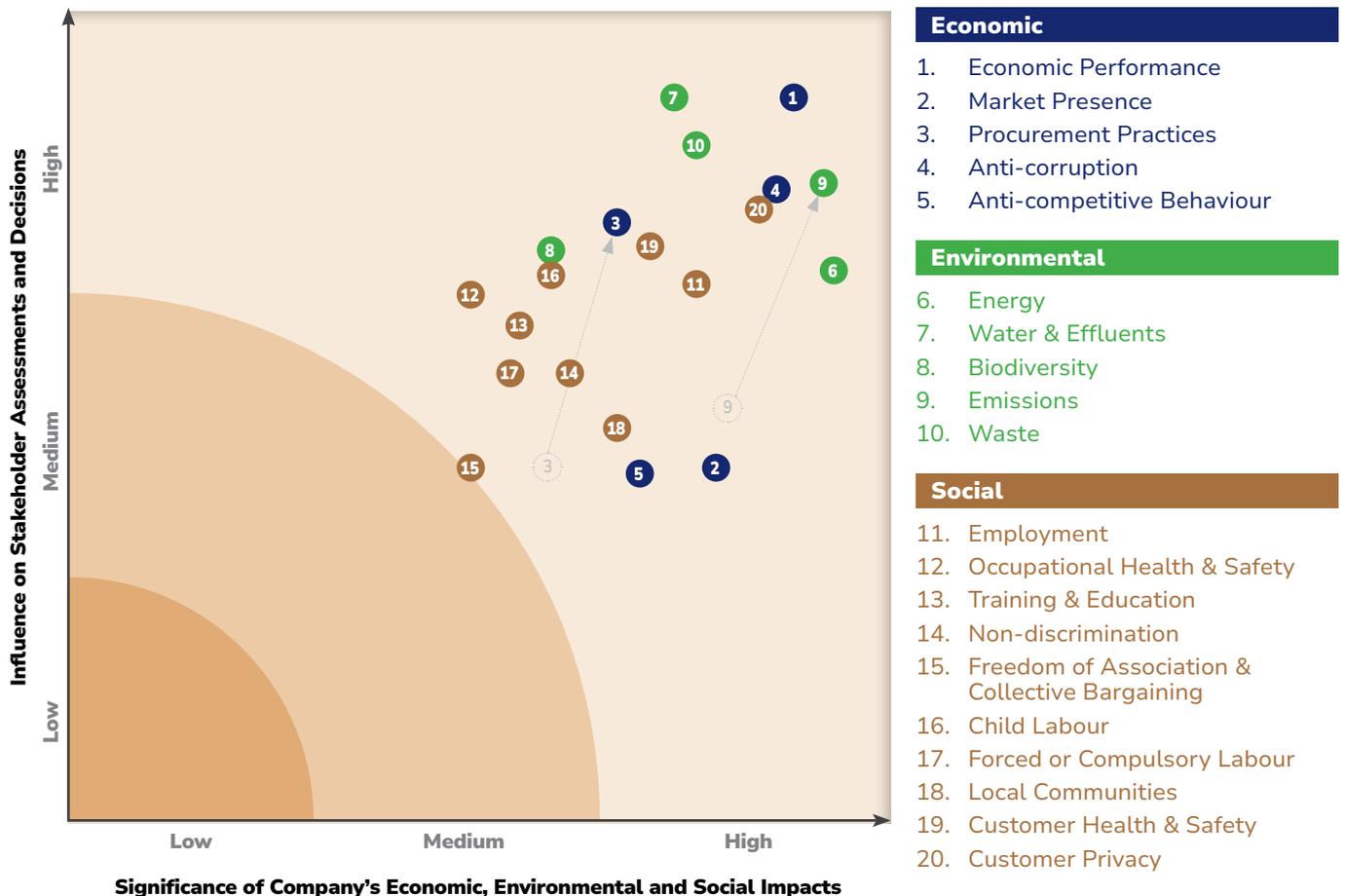
### Our Materiality Matrix for FY2023

As we venture into cocoa-producing regions, we acknowledge the necessity to broaden the scope of our sustainability reporting, providing enhanced transparency to stakeholders. In line with this, we conducted a re-evaluation of our material matters in FY2023, which was guided by the Bursa Securities SR Guide and the GRI Standards, and included benchmarking against industry peers.

This exercise affirmed the alignment of our preexisting 16 material matters with the Group's strategic priorities and stakeholder expectations, while simultaneously identifying 4 new material matters for inclusion in our reporting scope: "Biodiversity", "Training & Education", "Local Communities" and "Customer Privacy".

Our FY2023 assessment also indicated the need to reposition the significance of 2 material matters, namely "Procurement Practices" and "Emissions", within our Materiality Matrix. This adjustment reflects the heightened focus on social and environmental aspects throughout our value chain, alongside the increasing interest from stakeholders in our carbon management strategy.

Both the materiality assessment process and the resulting materiality matrix have been reviewed by our SSC and endorsed by the BOD.



**Note:** The dotted circles refer to the positioning of the material matters in FY2022.

## SUSTAINABILITY APPROACH

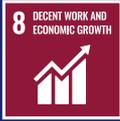
### MATERIAL MATTERS AND ASSOCIATED ESG RISKS & OPPORTUNITIES

In striving to make a positive impact beyond the bounds of our business, we have streamlined our material sustainability matters with the UN SDGs.

As of FY2023, we have made progress toward the pertinent targets outlined in 15 of the UN SDGs and will strive to continuously improve our sustainability performance.



# SUSTAINABILITY APPROACH

Material Matters	Why It Matters	Risks	Opportunities	Stakeholders Affected	What We Are Doing
<b>ECONOMIC</b>				  	
<b>1</b> <b>Economic Performance</b>	Ensuring constant, competent and responsible business conduct while reinvesting resources into our businesses and people is essential for achieving sustainable long-term growth.	<ul style="list-style-type: none"> <li>Shifting customer behaviours and demand</li> <li>Changing physical climate risks</li> </ul>	<ul style="list-style-type: none"> <li>Improving our resource efficiency</li> <li>Innovating competitive products</li> </ul>	 	Sustainable Growth, page 94  Climate Change Adaptation, page 102
<b>2</b> <b>Market Presence</b>	Building a positive market presence in our operational regions and positively impacting the livelihoods of our employees aligns with our broader goal of responsible corporate citizenship.	<ul style="list-style-type: none"> <li>Lack of compliance among recruitment agencies may pose challenges in building ethical supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing our reputation as a company that values people</li> </ul>		Diversity & Inclusion, page 112
<b>3</b> <b>Procurement Practices</b>	Integrating sustainability practices into our supply chain is vital for upholding consumer trust.	<ul style="list-style-type: none"> <li>Changing customer expectations for responsible supply chain practices</li> <li>Lack of transparency throughout supply chains</li> </ul>	<ul style="list-style-type: none"> <li>Enhancing our sourcing criteria to develop sustainable practices</li> <li>Improving our supplier engagement</li> </ul>	 	Sustainable Sourcing Practices, page 98
<b>4</b> <b>Anti-corruption</b>	Protecting our stakeholders' interests and maintaining trust is essential to avoid legal repercussions, safeguard our reputation and attract investments.	<ul style="list-style-type: none"> <li>Lack of governance related to corruption and unethical behaviour that may result in operational or reputational repercussions</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining business continuity, and continuing to build stakeholder and investor trust</li> </ul>	 	Governing Business Practices, page 97
<b>5</b> <b>Anti-competitive Behaviour</b>				 	
<b>ENVIRONMENTAL</b>				      	
<b>6</b> <b>Energy</b>	Addressing climate change is crucial due to its significant impacts on the global supply chain and energy security.	<ul style="list-style-type: none"> <li>Disrupted business continuity due to mismanagement of our transition to a low-carbon economy</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening our supply chain resilience in the face of climate change</li> <li>Leveraging innovative solutions with reduced environmental impact and lower operational costs</li> </ul>		Climate Change Adaptation, page 102
<b>7</b> <b>Emissions</b>				TCFD-Aligned Disclosures, page 123	

## SUSTAINABILITY APPROACH

Material Matters	Why It Matters	Risks	Opportunities	Stakeholders Affected	What We Are Doing
<b>8</b> <b>Water &amp; Effluents</b>	As a manufacturing business reliant on water, managing our water use and discharge responsibly is essential for sustaining our operations and protecting the needs of local communities.	<ul style="list-style-type: none"> <li>Challenges in timely adaptation to more sustainable water usage practices</li> </ul>	<ul style="list-style-type: none"> <li>Leveraging innovative solutions with reduced environmental impact and lower operational costs</li> </ul>		Mindful Water Management, page 105
<b>9</b> <b>Biodiversity</b>	Ecosystems are vital for sustainable production of cocoa and preservation of natural resources.	<ul style="list-style-type: none"> <li>Implementing stricter requirements for biodiversity-related activities and conservation</li> </ul>	<ul style="list-style-type: none"> <li>Improving our supply chain transparency to protect forests</li> <li>New collaborations with industry partners and NGOs</li> </ul>		Sustainable Sourcing Practices, page 98  Climate Change Adaptation, page 102
<b>10</b> <b>Waste</b>	Proper waste management is vital for reducing potential environmental impacts and addressing stakeholder concerns.	<ul style="list-style-type: none"> <li>Increased operational costs as a result of accommodating necessary waste management measures</li> </ul>	<ul style="list-style-type: none"> <li>Improving resource efficiency, recycling and waste minimisation, while leveraging waste-to-energy technology</li> </ul>		Responsible Consumption, page 107
<b>11</b> <b>Supplier Environmental Assessment</b>	Monitoring our supply chain's environmental impact is key for conservation and improvement.	<ul style="list-style-type: none"> <li>Inadequate supplier compliance, affecting our ability to drive sustainability across the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Increasing the supply resiliency of key ingredients</li> </ul>		Sustainable Sourcing Practices, page 98
<b>SOCIAL</b>					
<b>12</b> <b>Employment</b>	Offering employment benefits and development opportunities through progressive policies empowers our people to contribute to our goals.	<ul style="list-style-type: none"> <li>Increased labour costs</li> </ul>	<ul style="list-style-type: none"> <li>Improving our employee retention rate</li> <li>Enhancing job morale and productivity</li> </ul>		Diversity & Inclusion, page 112
<b>13</b> <b>Occupational Health &amp; Safety</b>	Ensuring a safe and conducive workplace environment supports employee well-being and operational success.	<ul style="list-style-type: none"> <li>Increased expenses for providing health and safety training for employees</li> </ul>	<ul style="list-style-type: none"> <li>Minimising operational downtime</li> <li>Enhancing job morale and productivity</li> </ul>		Empowering Our People, page 118

## SUSTAINABILITY APPROACH

Material Matters	Why It Matters	Risks	Opportunities	Stakeholders Affected	What We Are Doing
<b>14</b> Training & Education	Supporting employee growth and development enhances their well-being and equips them with the skills to add value to our company.	<ul style="list-style-type: none"> <li>Increased expenses for providing training and education programmes for employees</li> </ul>	<ul style="list-style-type: none"> <li>Improving our employee retention rate</li> <li>Enhancing job morale and productivity</li> </ul>		Empowering Our People, page 118
<b>15</b> Non-discrimination	Establishing a fair and inclusive workplace is crucial for achieving decent work and economic growth.	<ul style="list-style-type: none"> <li>Risk of legal actions if human rights regulations are not complied with</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening our reputation as a company that cares for its people and communities</li> </ul>		Diversity & Inclusion, page 112
<b>16</b> Freedom of Association & Collective Bargaining					Sustainable Sourcing Practices, page 98
<b>17</b> Child Labour					Governing Business Practices, page 97
<b>18</b> Forced or Compulsory Labour					
<b>19</b> Local Communities	Enhancing the quality of life in the communities where we operate.	<ul style="list-style-type: none"> <li>Additional expenses in organising programmes supporting rural development</li> </ul>	<ul style="list-style-type: none"> <li>Strengthening our reputation as a company that contributes positively to the community</li> </ul>		Caring Beyond Cocoa, page 110
<b>20</b> Supplier Social Assessment	Monitoring our supply chain's human rights practices and improvements is essential for ethical operations.	<ul style="list-style-type: none"> <li>Inadequate supplier compliance, affecting the ability to drive sustainability practices across the supply chain</li> </ul>	<ul style="list-style-type: none"> <li>Increasing the supply resiliency of key ingredients</li> </ul>		Sustainable Sourcing Practices, page 98
<b>21</b> Customer Health & Safety	Safeguarding customers' well-being and maintaining a positive reputation in the food manufacturing industry is essential for building trust, ensuring legal compliance and maintaining the loyalty of customers.	<ul style="list-style-type: none"> <li>Potential product recalls and returns from customers, as well as the loss of their trust, following incidents related to food safety and quality</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining our image as a manufacturer of safe and high-quality products</li> </ul>		Product Quality & Safety, page 120
<b>22</b> Customer Privacy	Ensuring data privacy and security enhances customer confidence and trust in doing business with us.	<ul style="list-style-type: none"> <li>Security breaches impacting our day-to-day business operations</li> <li>Negative reputation due to data breaches</li> </ul>	<ul style="list-style-type: none"> <li>Building and sustaining enduring trust amongst stakeholders</li> </ul>		Governing Business Practices, page 97



# SUSTAINABILITY TOPICS

- 94** Sustainable Growth
- 97** Governing Business Practices
- 98** Sustainable Sourcing Practices
- 102** Climate Change Adaptation
- 105** Mindful Water Management
- 107** Responsible Consumption
- 110** Caring Beyond Cocoa
- 112** Diversity & Inclusion
- 118** Empowering Our People
- 120** Product Quality & Safety

## SUSTAINABILITY TOPICS



### Sustainable Growth

#### BUILDING CLIMATE RESILIENCE: NAVIGATING RISKS & UNLOCKING VALUE

##### WHY IS THIS IMPORTANT?

Mitigating the tangible threats posed by climate change to our environment and communities is of paramount importance. Furthermore, we must address the emerging array of transition risks that reflect the increasing stringency of regulations and the escalating expectations from both our stakeholders and clientele. By addressing climate-related risks and opportunities, we can safeguard our resources, maintain the trust of our stakeholders and customers, and align ourselves with the growing societal emphasis on sustainable and responsible business practices.

##### OUR APPROACH

As a major player in the food and agricultural sector, we acknowledge the significant impact of climate-related risks on our business and economic performance. We are committed to prioritising the financial implications of these transitional and physical risks in our decision-making, guided by an actionable framework that ensures sustainability principles are consistently integrated into our practices.

##### Fostering Responsible Value Generation

Embedded within our meticulous approach to responsible governance is our commitment to constantly conducting our business in a responsible manner, while diligently reinvesting resources into our business and people to achieve long-term growth. This framework ensures that all our business operations adhere to pertinent regulations, uphold ethical business practices and sustain transparency in communications across our diverse subsidiaries.



**READ  
MORE**

Snapshot of FY2023, page 17

##### Addressing Climate-Related Risks to our Operations

Acknowledging the interconnection between climate change risks and our economic performance, we have established a framework to assist us in meeting regulatory and stakeholder expectations while maintaining alignment with our growth objectives. Through this integrated approach, we aim to seize new business opportunities, enhance stakeholder confidence, nurture a motivated workforce and ensure the lasting progress and viability of our business.

##### Identifying & Mitigating Transition Risks

As the private sector assumes a pivotal role in mitigating climate change effects, transition risks have come to the forefront. During this transformation, demand for transparency intensifies, and adherence to evolving environmental and social regulations becomes paramount.

GCB remains steadfast in proactively identifying these potential risks. We maintain a continuous vigil over global trends and evolving regulations, while also assessing internal controls to ensure ongoing compliance. Moreover, we capitalise on climate-related opportunities within the present market landscape. This involves embracing green financing options and leveraging government incentives to facilitate the transition towards renewable energy sources.

Aiming to inspire change at the grassroots level, we are actively engaged in fostering responsible practices throughout our supply chain.



## SUSTAINABILITY TOPICS

### Proactively Mitigating against Physical Climate Risks

The tangible impacts of climate change present an existential threat to the enduring viability of the food and agriculture sectors. The fluctuating global temperatures have the potential to manifest in diverse ways, impacting farmer yields according to their geographical locations.



A significant focus of our endeavours in this regard revolves around assisting smallholder farmers within our supply chain to enhance their capabilities in anticipation of future climate change-related challenges. Through our GC&B Programme, we have spearheaded climate-smart agriculture projects within our value chains and established close collaborations with local cocoa farmers, sharing our knowledge and expertise to enhance their production capabilities and fortify their resilience.

Furthermore, we recognise the imperative of optimising our utilisation of natural resources and energy to contribute to climate preservation. As a responsible cocoa processor, we maintain vigilant oversight over our resource consumption.

 **READ MORE** *TCFD-Aligned Disclosures, page 123*



## SUSTAINABILITY TOPICS

## OUR PERFORMANCE

Category (RM'million <sup>1</sup> )	2021	2022	2023
<b>Direct economic value generated: Revenues (A)</b>	3,989	4,518	5,991
Revenue <sup>2</sup>	3,923	4,420	5,321
Other income <sup>3</sup>	66	98	670
<b>Economic value distributed (B)</b>	3,848	4,380	5,896
Operating costs <sup>4</sup>	3,601	4,130	5,521
Employee wages and benefits <sup>5</sup>	157	142	185
Payments to providers of capital <sup>6</sup>	33	56	145
Payments to government <sup>7</sup>	57	52	45
<b>Economic value retained (C)=(A)-(B)</b>	141	138	95

**Notes:**

<sup>1</sup> Economic performance based on overall Group financial information.

<sup>2</sup> Read more: Statements of Profit or Loss and Other Comprehensive Income - Revenue, page 176

<sup>3</sup> Read more: Statements of Profit or Loss and Other Comprehensive Income - Other income, page 176

<sup>4</sup> Read more: Statements of Profit or Loss and Other Comprehensive Income - Cost of sales, Selling and distribution costs, Administrative expenses and Other expense, page 176 & Notes to the Financial Statements - Note 30 Employee Benefits, page 234  
(Operating costs = Cost of sales + Selling and distribution costs + Administrative expenses + Other expenses - Employee benefits)

<sup>5</sup> Read more: Notes to the Financial Statements - Note 30 Employee Benefits, page 234

<sup>6</sup> Read more: Statements of Profit or Loss and Other Comprehensive Income - Finance costs, page 176

<sup>7</sup> Read more: Statements of Cash Flows - Tax paid, page 181



**READ  
MORE**

Financial Statements, page 162

## SUSTAINABILITY TOPICS



## Governing Business Practices

FOSTERING ETHICAL BUSINESS PRACTICES THROUGHOUT OUR VALUE CHAIN

### WHY IS THIS IMPORTANT?

Upholding robust corporate governance represents a fundamental component of our commitment to sustainable development. By implementing responsible and ethical practices from our leadership down to all subsidiaries, we can ensure the stability and efficiency of our operations as we build a strong reputation in the eyes of our stakeholders.

We believe in going the extra mile, extending our efforts beyond the realm of regulatory frameworks to ensure our growing operations provide shared social, economic and environmental benefits across our value chain.

### OUR APPROACH

Our initiatives take into account a full spectrum of considerations, including human rights, the environment, health, safety, labour, taxation and fair competition. These are enshrined in various Group-wide policies that underscore our commitment to maintaining ethical business operations at all times and effectively managing anti-corruption and discrimination risks.

#### Committing to Compliance

The Code and other relevant policies provide clear guidelines for the responsible and professional conduct that we expect from GCB employees and contractors around the world. Our policies reflect the high standards that we have set for the Group, and we expect cooperation from all employees in maintaining these standards and remaining compliant with all laws and regulations within their operating regions.

We ensure that all relevant stakeholders, including but not limited to employees, suppliers, vendors and contractors, are properly informed of our governance policies throughout their engagements with the Group. For example, new employees are briefed on existing policies during the onboarding process, and we also undertake annual refreshers to keep employees informed about our policy updates and whistleblower procedures. Additionally, policies outlining our ethical commitments are made publicly available on our corporate website.

### OUR PERFORMANCE

In prioritising the protection of our people's rights, it is essential to provide all our staff with secure channels for expressing their concerns. To that end, we have established grievance procedures that enable both our employees and those within our supply chain to raise potential issues, including suspected violations of our Business Ethics Policy, Supplier Code of Conduct or other corporate policies, as well as any inappropriate, illegal or harmful behaviour. In 2023, no reports of non-compliance were received through the established grievance mechanisms.



## SUSTAINABILITY TOPICS



# Sustainable Sourcing Practices

**FOSTERING AN ETHICAL VALUE CHAIN & DRIVING COCOA SUSTAINABILITY**

### WHY IS THIS IMPORTANT?

As one of the world's leading cocoa processors, we recognise our responsibility to enhance the livelihoods of cocoa farmers and their communities. With many cocoa farmers facing economic challenges and cocoa-producing regions afflicted by environmental degradation, our focus on sustainability throughout our supply chain is paramount, addressing social, economic and environmental impacts.

Guided by our commitment to ethical growth, we aim to be a positive actor in the supply chain. Through our emphasis on sustainable sourcing and support for cocoa farmers, we empower cocoa farming communities to thrive in harmony with their environment, sowing the seeds of a sustainable future for the cocoa industry.

## OUR APPROACH

With our expanding global presence, we are dedicated to harnessing our influence across our supply chain to tackle these sustainable sourcing challenges and foster positive impacts in the regions where we source our goods and services.

### Supplier Management

Through our Sustainable Procurement Policy, we prioritise engagement with suppliers who demonstrate a commitment to sustainability and ethical business practices. We strive to partner with suppliers who share our values and are dedicated to responsible sourcing, fair labour practices and environmental stewardship.

To ensure transparency, we conduct annual evaluations of our suppliers' sustainability performance through Supplier Sustainability Performance Assessments. These provide us with insights into their environmental and social practices, subsequently facilitating meaningful engagement and collaboration towards enhanced sustainability.

In addition to these efforts, we have implemented initiatives to procure cocoa beans that meet internationally recognised quality and traceability standards, reinforcing our commitment to ethically sourcing raw materials.



## SUSTAINABILITY TOPICS

### The GC&B Programme

Deepening our engagement with the farmers from whom we source and enhancing transparency in our supply chain have been our key areas of focus. Under the GC&B Programme, we have implemented a diverse set of initiatives aimed at addressing four key pillars of cocoa sustainability:



#### Improving Farmer Income

- Initiatives to promote resilient livelihoods:
- Training on good agricultural, environmental and social practices
  - Payment of sustainability premiums



#### Benefitting Farmers & their Communities

- Initiatives to support farmers and their communities by addressing the social challenges they face:
- CLMRS
  - Women’s empowerment activities, such as VSLA
  - Community-led projects to improve infrastructure and access to services



#### Providing Responsible Cocoa

- Initiatives to increase supply chain transparency and traceability:
- 100% traceable & sustainable cocoa<sup>1</sup> from our direct sourcing network by 2030
  - Digital management & traceability systems



#### Protecting the Environment

- Initiatives to reduce the environmental impacts of cocoa production:
- Deforestation risk assessments to ensure no sourcing from deforested areas
  - Forest protection, restoration and environmental stewardship
  - Development of cocoa agroforestry systems

## SUSTAINABILITY TOPICS

### OUR PERFORMANCE

#### Supplier Performance

In FY2023, the Group started assessing the sustainability performance of both commodity and non-commodity suppliers. We received responses from 41% of our suppliers to the Sustainable Procurement Questionnaire. This endeavour not only enabled us to embark on benchmarking supplier performance but also encouraged greater accountability and commitment to sustainability across our supply chain. Our aim is to further engage our suppliers in order to increase their participation rate in the assessment.

#### GC&B Programme Impact



#### Improving Farmer Income

To ensure sustainable cocoa production, we are addressing the intertwined challenges of low yields and low farmer income tackle through farmer training and coaching. In FY2023, we promoted capacity building of 18,424 farmers to implement GAPs. This initiative not only qualifies them for premium payments for sustainably produced cocoa beans, but also leads to improved crop yield and quality. Consequently, their income and earning potential is boosted in both the short and longer term.



## SUSTAINABILITY TOPICS

### Benefitting Farmers & their Communities

To support farmers and their communities, we aim to address key social challenges such as human rights, gender justice, infrastructure and access to services. In particular, we expanded the reach of our CLMRS. During the year, 10,403 households were covered by CLMRS, marking a 63.8% increase since FY2022.

Moreover, we have renewed our focus on women's empowerment, which includes initiatives such as the establishment of VSLAs. VSLAs enable members to save money and access small loans. In 2023, 1,696 women were members of VLSAs across GC&B's projects, and the loans they accessed enabled them to send their children to school, access medical care and grow their small businesses. Such activities generate wide-reaching benefits beyond women's empowerment, including improved living conditions and increased opportunities for their households.



### Protecting the Environment

As a CFI signatory, we remain steadfast in our commitment to achieving zero cocoa-driven deforestation or conversion of other natural ecosystems in our direct supply chain by 2030. In 2023, we conducted deforestation risk assessments on more than 73,000 ha of cocoa farms from which we directly source our beans, ensuring no sourcing from protected areas or further conversion of forest land. Our provision of GAPs training serves to complement these efforts. As cocoa farmers adopt practices such

as composting and integrated pest management, they can cultivate more cocoa on less land, thereby reducing pressure to encroach on forest areas. Additionally, they recognise the importance of environmental stewardship, including forest protection and restoration, as well as the benefits of agroforestry systems.

GC&B actively promotes cocoa grown under agroforestry systems by distributing shade trees to farmers. This initiative brings a multitude of ecosystem benefits, such as improved soil and water management and enhanced farm productivity. In FY2023, over 181,000 shade trees were distributed throughout GC&B farmer groups, with 6,822 ha of cocoa agroforestry developed.

### Providing Responsible Cocoa

To achieve our goal of 100% traceable and sustainable cocoa<sup>1</sup> in our direct sourcing network by 2030, we prioritise full supply chain transparency. This visibility allows us to verify the conditions and standards under which the beans we source are grown.

This is accomplished through the implementation of digital management and traceability systems, which include full farmer databases along with records of activities, training and premium payments. Moreover, polygon mapping in conjunction with satellite monitoring precisely locates farms, facilitating traceability. Third-party audits and certifications also offer an additional assurance that sustainability standards are being met.

In alignment with our commitment to provide responsible cocoa, we actively strive to increase the proportion of cocoa procured through our direct supply chain. To this end, we have increased the volume of cocoa beans in our direct supply chain by approximately 27,000 MT.

#### Note:

<sup>1</sup> Traceable and sustainable cocoa is cocoa produced according to internationally recognised sustainability standards, which includes traceability with location mapping, and requires addressing child labour and deforestation concerns.



## SUSTAINABILITY TOPICS



# Climate Change Adaptation

NAVIGATING CLIMATE CHALLENGES FOR A SUSTAINABLE FUTURE

### WHY IS THIS IMPORTANT?

Addressing climate change-related challenges is crucial for the sustainable growth of our cocoa and chocolate manufacturing business. A shift toward sustainable farming practices and support for agroforestry initiatives are growing imperatives in bolstering the resilience of farms amidst growing climate change concerns. At the same time, the ongoing reliance on energy-intensive processes for manufacturing cocoa products further demands a transition to renewable energy sources.

Beyond corporate responsibility, this approach is a strategic imperative for the Group's enduring sustainability and adaptability to evolving global challenges.

### OUR APPROACH

As part of our comprehensive efforts in this regard, we have prioritised climate action by enhancing our energy management, refining our data collection and emissions tracking, and implementing resource-efficient technologies and practices.

#### Embedding Climate Action as a Corporate Priority

We are actively assessing climate-related transitional and physical risks through qualitative scenario analyses, considering both business-as-usual and net-zero scenarios, with a commitment to continuously expand and refine our scope of analysis in the coming years.

We are also dedicated to influencing our supply chain through sustainable procurement practices, encouraging suppliers to assess resource efficiency and minimise their environmental impacts. Additionally, we are committed to harnessing nature-based solutions through our GC&B Programme, actively conserving forests while promoting agroforestry activities in cocoa farms.



**READ  
MORE**

TCFD-Aligned Disclosures, page 123

#### Managing Energy & Emissions

GCB's approach to mitigating climate change risks involves investment in a comprehensive energy management system that rigorously monitors and minimises energy wastage. This not only serves to reduce GHG emissions but also ensures our efficient use of resources.

Complementing this, we have expanded expert teams dedicated to enhancing our competencies across all aspects of energy management. By leveraging innovative technologies and implementing best practices, we strive to optimise our operations and enhance our energy efficiency.

Having established monitoring and reporting processes for Scope 1 and 2 emissions, we are extending our focus to improve accuracy and address Scope 3 emissions across the value chain. We utilise a carbon measurement system to monitor our carbon footprint throughout our operations and supply chain, enabling us to create an inventory of carbon emissions for our entire organisation. This demonstrates our commitment to enhancing the accuracy of our reported emissions and establishing a foundation for tracking Scope 3 emissions over time.

Through our continued efforts in enhancing data collection, we have been able to quantify the emissions from employee commuting and business travel. The accuracy of such measurements are imperative for acquiring significant insights to initiate the development of our carbon reduction plan.

Additionally, we are actively working on quantifying LULUCF emissions resulting from cocoa sourcing in our supply chain. This involves collaborating with key stakeholders across the cocoa supply chain to develop effective strategies aimed at reducing deforestation practices and GHG emissions.

## SUSTAINABILITY TOPICS

### Transitioning towards Renewable Energy Deployment

A key strategy in addressing climate change is the transition to renewable energy sources. At GCB, we acknowledge the need for innovation in renewable energy technologies, such as solar panels and biomass boilers. Our gradual shift away from traditional fossil fuel-based power generation methods underscores our contribution towards mitigating the impacts of climate change.

Our investment in renewable technology serves as a testament to our dedication to adopt cleaner forms of power generation that align with global environmental conservation efforts.

To instil a collective commitment among all our employees, our Environmental Policy guides our efforts in raising awareness and educating our workforce on the significance of sustainable energy consumption and recommended best practices.

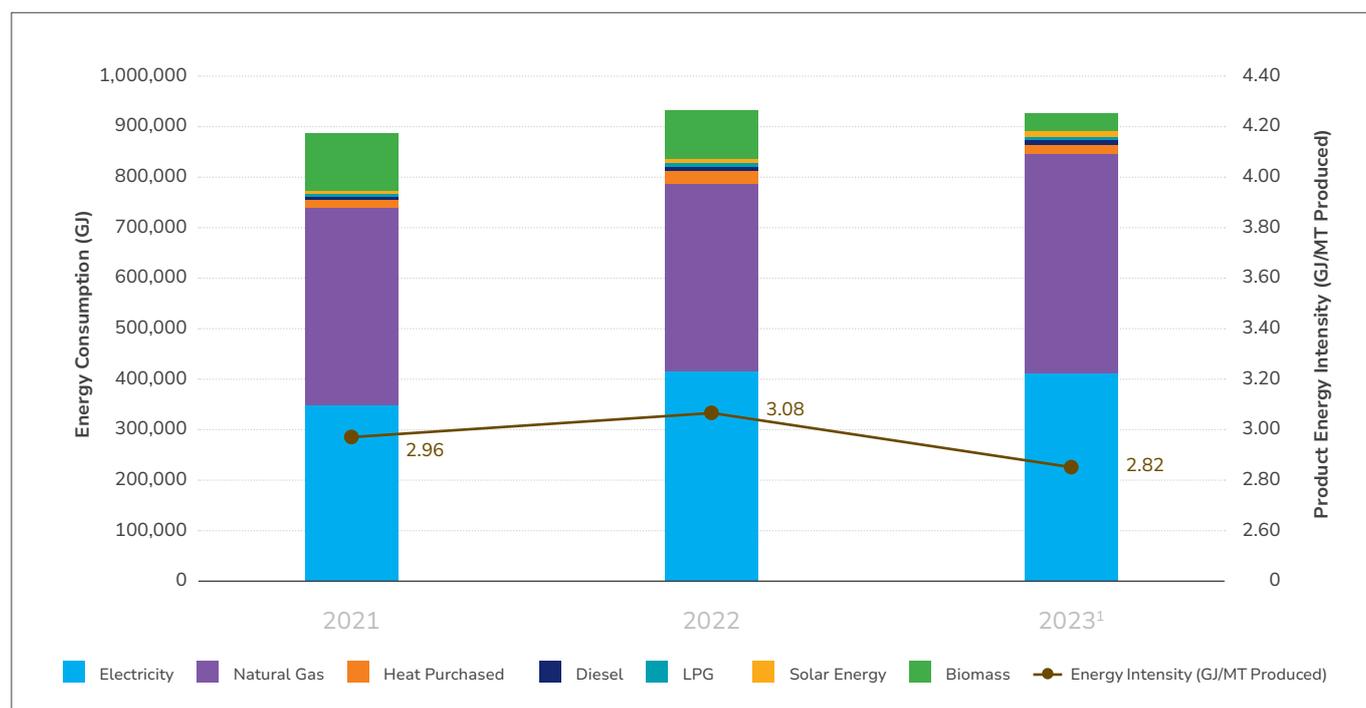
## OUR PERFORMANCE

### Energy

GCB consistently monitors and strives to optimise energy consumption during operational and production processes without compromising product quality. In addition to achieving a slight decrease in overall energy consumption during FY2023 despite heightened production outputs, we have boosted our use of solar-powered electricity by 42.7% compared to the previous reporting period.

Energy Sources (GJ)	2021	2022	2023 <sup>1</sup>
Renewable	118,159	112,537	66,140
Non-Renewable	764,150	823,377	862,589
<b>Total</b>	<b>882,309</b>	<b>935,914</b>	<b>928,729</b>

### Group Energy Consumption



**Note:**

<sup>1</sup> Reporting scope expanded to include Carlyle in FY2023.

## SUSTAINABILITY TOPICS

### GHG Emissions

As a manufacturing entity, GCB is cognisant of the environmental impacts of our emissions. To that end, we continue to track emissions from significant sources to closely monitor and minimise our emissions trajectory, with all major sources of emissions from energy generation recorded within our internal data system. In FY2023, our reported emissions totalled 90,917 tCO<sub>2</sub>e, representing a decrease of 4.9% from FY2022.

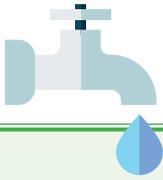
GHG Emissions (tCO <sub>2</sub> e)	2022	2023
<b>Scope 1: Direct Emissions (A)</b>	<b>25,121</b>	<b>23,358</b>
Scope 2: Location-based Indirect Emissions	77,106	73,450
Scope 2: Market-based Indirect Emissions (B)	70,462	67,559
<b>Total Scope 1 &amp; 2 Emissions (A+B)</b>	<b>95,583</b>	<b>90,917</b>
Scope 3: Business Travel Emissions (C)	400	712
Scope 3: Employee Commute Emissions (D)	1,454	1,574
<b>Total Scope 3 Emissions (C+D)</b>	<b>1,854</b>	<b>2,286</b>
<b>Emission Intensity of Products (tCO<sub>2</sub>e/mt)</b>	<b>0.32</b>	<b>0.28</b>
<b>Biogenic Emissions (tCO<sub>2</sub>e)</b>	<b>7,982</b>	<b>4,315</b>

GCB will continue exploring innovative opportunities to reduce emissions, with our adoption of renewable energy underscoring our commitment to sustainable growth. In this regard, the installation of solar panels in our Malaysian facilities recorded a cumulative 1,579 tCO<sub>2</sub>e of avoided emissions in FY2023.

#### Notes:

- <sup>1</sup> Collection of GHG Emission data started from 2022.
- <sup>2</sup> Our Scope 1 direct emissions come from using fuel and refrigerants in our manufacturing factories within the reporting scope. Fuel combustion estimates were estimated from boiler operations in these factories.
- <sup>3</sup> Our Scope 2 emissions come from purchased electricity and heating, including electricity and steam used in manufacturing processes at our factories within our reporting scope. Market-based emissions were based on emission factors from energy providers, with location-based factors used if they are unavailable.
- <sup>4</sup> Our Scope 3 emissions only include business travel tracked by internal accounting systems and commuting behaviour surveyed from employees.
- <sup>5</sup> Emissions were calculated by a third-party carbon measurement service provider, while a recalculation of total direct and indirect GHG emissions in 2022 was done to reflect changes.

## SUSTAINABILITY TOPICS



## Mindful Water Management

### MANAGEMENT OF WATER & EFFLUENTS

#### WHY IS THIS IMPORTANT?

Water is vital for the sustenance of ecosystems upon which we depend. As a manufacturing enterprise reliant on a consistent water supply for our operations, we acknowledge the fundamental role water plays in supporting our long-term sustainability and have consistently prioritised responsible water and effluent management across the Group.

In recognising the urgency of minimising and enhancing the efficiency of water consumption, we remain committed to bolstering our water resource management.

#### OUR APPROACH

Effective and sustainable water management is recognised as a fundamental aspect of our Group's commitment to sustainability. To this end, we have incorporated our commitments into comprehensive Group-wide Environmental and Sustainable Development policies, which are subject to regular assessments to ensure their continued relevance and alignment with evolving regulations.

##### Water Conservancy

In our commitment to responsible water management throughout the Group, we maintain a vigilant approach to monitoring water utilisation in our manufacturing processes, benchmarking optimal water usage as a key criteria for achieving operational excellence.

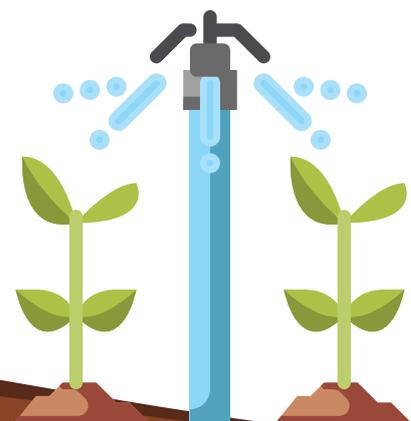
We have established strategies to enhance water conservation within our operational processes and facilitate increased water conservation, underscored by improvements made on our innovative automation systems and machinery to minimise water usage in our Indonesia and Malaysia factories.

Furthermore, our ongoing efforts extend to promoting responsible practices among our workforce. We continuously raise awareness about water conservation through the strategic deployment of educational posters at our operational sites, underscoring the significance of reusing, recycling and optimising water throughout our processes.

##### Water Discharge Management

In order to mitigate potential negative effects on the local environment resulting from our water discharge, we have implemented dedicated water treatment facilities at our major manufacturing facilities. These specialised facilities are designed to remove contaminants from our wastewater, ensuring that all discharged effluents conform to acceptable regulatory standards and may be disposed of in a safe manner.

We simultaneously conduct regular monitoring of our treated wastewater, employing recommended water quality tests to assess its compliance. Regular reports detailing the results of these tests are submitted to the relevant local authorities, such as the Department of Environment. To oversee the continued effectiveness of our wastewater treatment procedures, an authorised competent person is designated at each operational site.



## SUSTAINABILITY TOPICS

## OUR PERFORMANCE

As a food manufacturer, securing access to a reliable and sustainable water supply is paramount for our operations. The water we utilise is primarily withdrawn from municipal water networks, with the exception of SSIG, which withdraws a proportion of its supply from well water.

Total Water Withdrawal (ML)	2023
Malaysia	171.3
Indonesia	97.4
Germany	869.3
US <sup>1</sup>	9.1
<b>Group</b>	<b>1,147.1</b>

Total Water Discharged (ML) <sup>2</sup>	2023
Malaysia	30.3
Indonesia	13.7
Germany	869.3
US <sup>1</sup>	0.4
<b>Group</b>	<b>913.7</b>

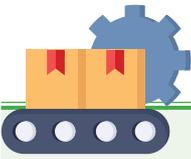
**Notes:**

<sup>1</sup> Reporting scope expanded to include Carlyle in 2023.

<sup>2</sup> Water discharged consist of effluents, used water and unused water released to surface water, groundwater, seawater or a third party, for which the organisation has no further use, over the course of the reporting period.



## SUSTAINABILITY TOPICS



## Responsible Consumption

### RESPONSIBLE PRODUCTION & WASTE MINIMISATION

#### WHY IS THIS IMPORTANT?

To promote responsible consumption, it is imperative to prioritise the conservation of valuable resources through optimised utilisation and minimisation of the waste we generate. This approach not only mitigates potential environmental impacts but also alleviates the burden on landfills and waste disposal systems.

By exploring innovative recycling approaches to address our produced waste, we align ourselves with the increasing demand from our customers and stakeholders for responsible consumption practices, subsequently building trust in our brand and fostering heightened loyalty.

#### OUR APPROACH

At the core of our waste management strategy lies a commitment to prioritise strict adherence to all relevant laws and regulations governing waste disposal. This commitment is reinforced by our Environmental Policy, which is subject to regular assessment by the ERM Committee to improve risk management and control implementation. Going beyond meeting legal requirements, we have institutionalised a culture of responsible waste management within the Group.

#### Utilising Cocoa Shells to Harness Green Energy

As a cocoa processing entity, one of the prominent by-products from our production facilities is cocoa shells. In Malaysia, a portion of these cocoa shells serves as feed for our biomass boiler – a practice that we have also expanded to our newest processing facility in Côte d'Ivoire, GCBCCI. Meanwhile, in other production facilities, these shells are sold to external parties for repurposing.

Our efforts to recycle cocoa shells also form an integral part of our emission reduction efforts. By recycling cocoa shells in specially designed biomass boilers at our Malaysian and Côte d'Ivoire factories, we are able to unlock a green and renewable source of fuel via the steam generated from the boiling process. This innovative harnessing of waste-to-energy technology not only reduces our reliance on purchased fuel for operations at these facilities but also serves to mitigate our carbon emissions and contribute to our climate action objectives.



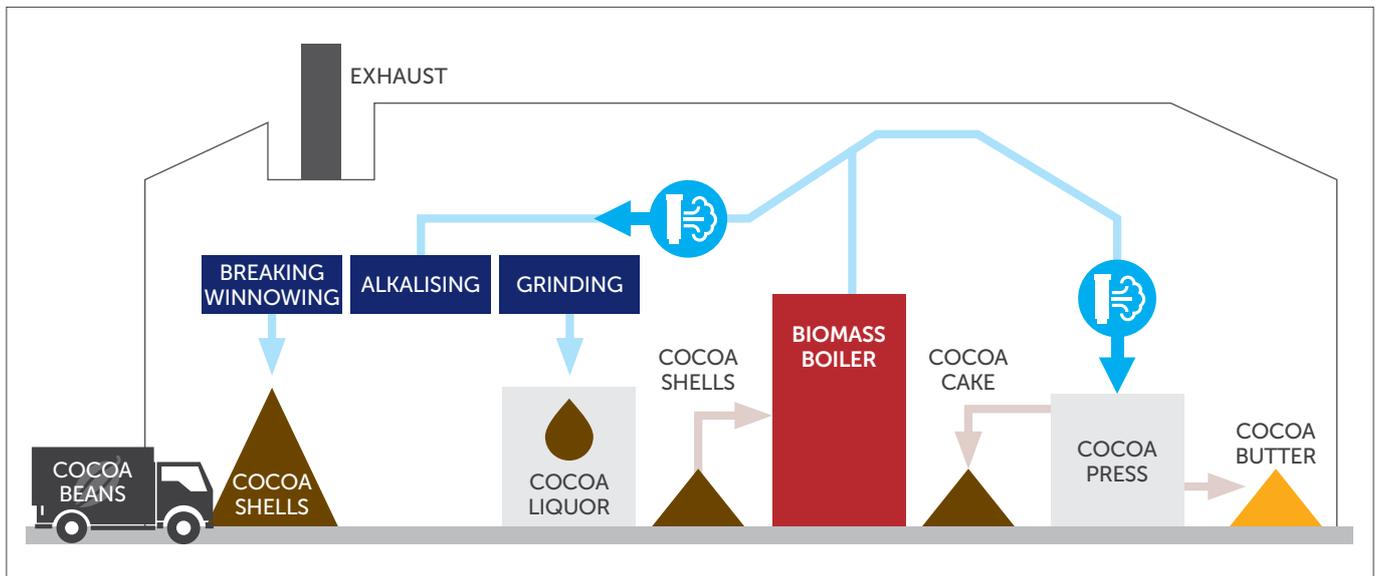
#### Promoting Waste Circularity

Recognising the significance of resource management, we have elevated our focus on "Circular Economy" as a key environmental consideration, reflected in our establishment of the Circular Economy Workstream within our sustainability governance structure. We are also progressively and holistically enhancing our approach to waste management, with more attention being paid to the entire lifecycle of utilised materials as we look to unlock greater circularity.

These efforts are directed toward reducing total waste generation, improving overall consumption patterns, inspiring better production techniques and enhancing our waste management practices, with a specific emphasis on recycling. To ensure clarity, we have organised our waste management priorities in order of importance: prevention, reduction, reusing, recycling, other forms of recovery (such as energy recovery) and disposal.

## SUSTAINABILITY TOPICS

### Cocoa Shells Utilisation for Energy Generation



### Robust Waste Management Protocols

One of our foremost sustainability priorities revolves around the responsible management of waste to mitigate potential risks, especially concerning hazardous waste. To accomplish this, a competent supervisor is stationed at each of our operational locations to oversee waste management processes and ensure strict compliance.

For both hazardous and non-hazardous waste, dedicated departments are responsible for monitoring waste-related data and regularly providing updated monthly records that detail waste generation and disposal. Should any issues with waste management come to light, our Safety Officer steps in to conduct a root cause investigation and develop a corrective action plan to rectify and prevent future instances of non-compliance.

## OUR PERFORMANCE

As part of our commitment to prioritise environmental stewardship, we aspire to meet industry best practices in tracking and reporting our waste generation and management performance.

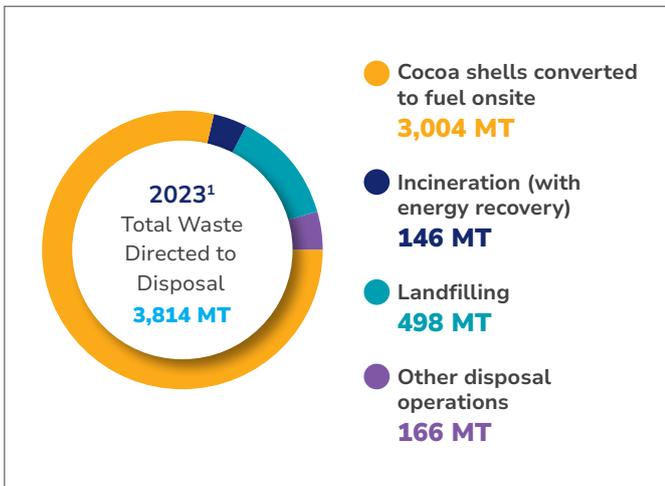
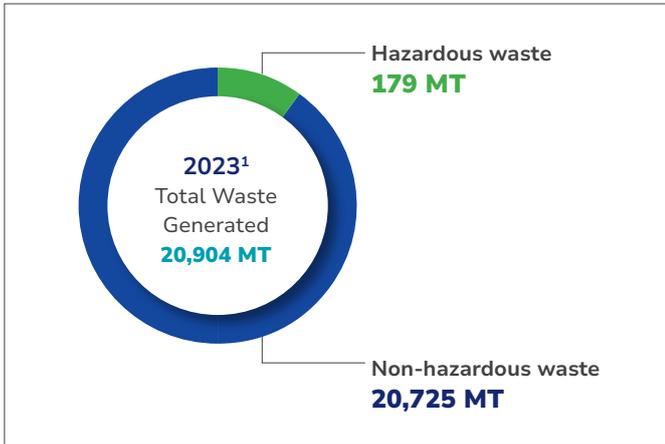
### Waste Generation & Management

In line with GCB's Environmental Policy, which emphasises the reduction of environmental impact risks, we advocate for continual improvements in our efforts to minimise waste, enhance recycling practices and conserve resources.



SUSTAINABILITY TOPICS

Waste Production & Treatment



Note:

<sup>1</sup> Reporting scope extended to include Carlyle in FY2023.

## SUSTAINABILITY TOPICS

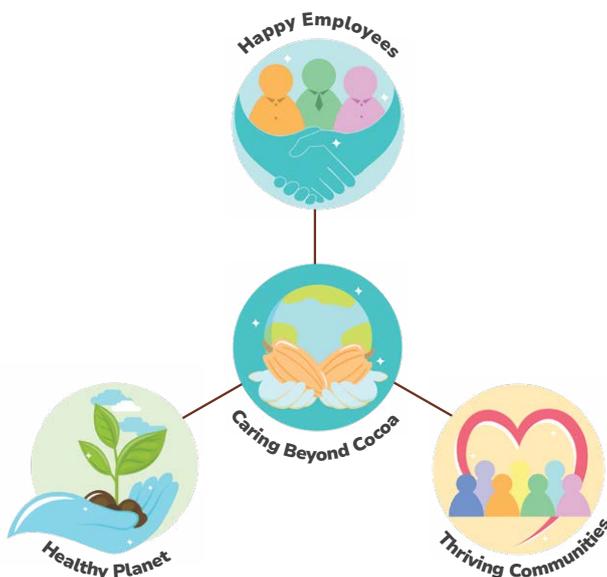


### WHY IS THIS IMPORTANT?

Staying mindful of local communities and the environment serves as a guiding principle that keeps us connected to the broader impacts of our business and operations. This enables us to focus not only on the quality and sustainability of our products, but also on our impact beyond the cocoa supply chain. Through our CSR initiative, CBC, we are dedicated to making positive contributions to community development and promoting environmental awareness efforts.

### OUR APPROACH

Our CSR efforts are a key component of our sustainability strategy, represented as one of our six key sustainability workstreams. To ensure our CSR efforts are impactful and meaningful, we have established a dedicated team to guide and oversee our CBC initiatives, which are carried out across the three key pillars of "Thriving Communities", "Healthy Planet" and "Happy Employees".



- **Happy Employees** is focused on ensuring the well-being, happiness and active engagement of our staff.



**READ MORE**

*Diversity & Inclusion, page 112*

- **Healthy Planet** actively supports local environmental initiatives while concurrently raising awareness on the pressing need for environmental protection.
- **Thriving Communities** is dedicated to social causes, extending support to empower vulnerable groups such as youth, low-income individuals and rural communities.

We have put in place a CSR Policy and Procedure to ensure that the CBC team maintains transparency and accountability towards all relevant stakeholders.

## SUSTAINABILITY TOPICS

### OUR PERFORMANCE

Throughout the year, we executed a diverse array of outreach initiatives that showcased our commitment to give back to the local communities and contribute to a healthier planet. In total, we contributed over RM132,000 towards our CSR initiatives, with some key highlights shown below:

#### Turtle Conservation & Beach Clean-Up



Sea turtles play a crucial role in maintaining a healthy marine ecosystem. They help to preserve coral reefs and sea grass beds, which are essential for the survival of marine creatures. However, the sea turtle population is under threat from poaching, pollution and accidental entanglement in non-turtle friendly fishing nets. SEATRU thus plays an important role in regional sea turtle conservation.

Recognising the importance of SEATRU's work, GCB collaborated with them to support their turtle conservation efforts. GCB volunteers participated in the Chagar Hutang Turtle Sanctuary's turtle nesting project, which aims to relocate turtle eggs away from predators. Over the three-day programme, our volunteers were able to protect 56 green sea turtle nests, which translated to approximately 2,000 green turtle hatchlings being released into the ocean.

#### Sponsoring B40 Participants for the Older Faster Stronger Run



We supported social causes under the Thriving Communities pillar, which includes promoting healthy ageing and empowering vulnerable groups. As part of expanding our efforts in this area, we partnered with Hospital Sultan Abdul Aziz Shah to sponsor 100 runners from the bottom 40% of Malaysia's household income group ("B40") to participate in the Older Faster Stronger Run 2023, which focuses on promoting healthy ageing in Malaysia.

#### Upgrading Schools' Infrastructure



For education centres, limited funds for essential amenities impact the learning environment. Recognising this, GCB, through our Thriving Communities initiative, refurbished Sekolah Jenis Kebangsaan Tamil Ladang Lambak's canteen and meeting area with new furniture, as well as contributed to a new building construction for Chung Hwa High School in Muar. As a result of the upgraded infrastructure, a conducive learning environment has been fostered for both schools.

## SUSTAINABILITY TOPICS



# Diversity & Inclusion

## FOSTERING TALENT DEVELOPMENT & GROWTH

### WHY IS THIS IMPORTANT?

Diversity and inclusion are integral components of a sustainable workplace ecosystem. This significance lies in their ability to foster innovation and creativity, leading to better decision-making and problem-solving processes. When individuals from diverse backgrounds, experiences and perspectives come together, they bring unique solutions to the table. This also strengthens GCB's reputation, attracting talent and customers who value diversity and inclusivity. Therefore, prioritising diversity and inclusion in the workplace is essential to achieve sustainable growth and development.

### OUR APPROACH

We are committed to creating a workplace that is supportive, with fair and inclusive hiring practices implemented across our global operations. Moreover, we ensure that everyone has an equal opportunity to grow and contribute to the organisation's success.

#### Providing Equal Opportunities & Fair Wages

Our HRA Department is responsible for overseeing all interactions between employers and employees in our Group. We ensure that all our practices comply with the guidelines outlined in our Employee Handbook and the Code, promoting impartial and non-discriminatory practices towards job applicants and employees across all our offices.

We provide equal opportunities for all employees, regardless of their gender, race and sexual orientation. Our Finance and HRA Departments work together to oversee all aspects of wages, including providing fair entry-level wages that meet minimum wage requirements, and ensuring that our compensation framework is fair. We also emphasise acknowledging and rewarding the achievements and efforts of our employees fairly and equitably.

#### Creating a Culture of Continuous Learning

As part of our efforts to bolster internal sustainability competencies, we have set up a team of Sustainability Advocates, comprising employees across various subsidiaries who are deeply passionate about the topic. These advocates support our sustainability team's efforts in engaging and educating our people on sustainability-related topics, while also serving as a key point of contact for providing feedback on our sustainability initiatives within our global subsidiaries.

Beyond professional development, we are also invested in the personal development of our employees, organising workshops throughout the year around topics such as personal financial management and problem-solving.

#### Caring Beyond Cocoa - Happy Employees

We prioritise the well-being of our employees by organising activities to improve health and fitness. These initiatives encourage our employees to adopt a healthier and more active lifestyle. By doing so, we not only promote a positive workplace culture but also increase productivity, employee satisfaction and inclusive engagement.



## SUSTAINABILITY TOPICS



Yoga Classes



Nutrition Day



### Building a Collaborative Culture

To strengthen communication and collaboration among various departments within GCB, we organise various activities to foster employee bonding. One of these activities was the Chocolate Rush Competition, where employees were challenged to create unique chocolate-themed desserts using GCB's cocoa powder. Another activity featured in 2023 was the Cactus Terrarium Workshop, which enabled employees to showcase their creativity in making their own terrariums, which they were subsequently allowed to take home. Designed to enhance inclusivity, these activities helped employees from different departments get to know each other on a more personal level, breaking down departmental silos and fostering a more unified culture.

## SUSTAINABILITY TOPICS



*Chocolate Rush Competition*



*Cactus Terrarium Workshop*



### **Upholding Employee Rights**

At GCB, we maintain zero-tolerance towards any form of harassment, bullying or discrimination. We have established a structured process, as outlined in our Internal Grievance Procedure, to effectively manage employee complaints. To ensure our policies concerning labour rights align with local and regional regulations, we keep a close eye on labour market dynamics in the regions where we operate and continuously monitor the prevailing conditions. Moreover, we gather insights from performance reviews and employee feedback to progressively enhance our labour practices.

## SUSTAINABILITY TOPICS

### OUR PERFORMANCE

As an industrial player, we strive to establish an exemplary approach in our hiring practices and employee welfare provisions through robust practices that align with international human rights frameworks, enabling us to sustainably manage our operations.

#### Diverse Workforce & Talent Pool Expansion

We are pleased to report a lower turnover rate than FY2022, demonstrating our progress in fostering a conducive workplace environment that empowers our global workforce.

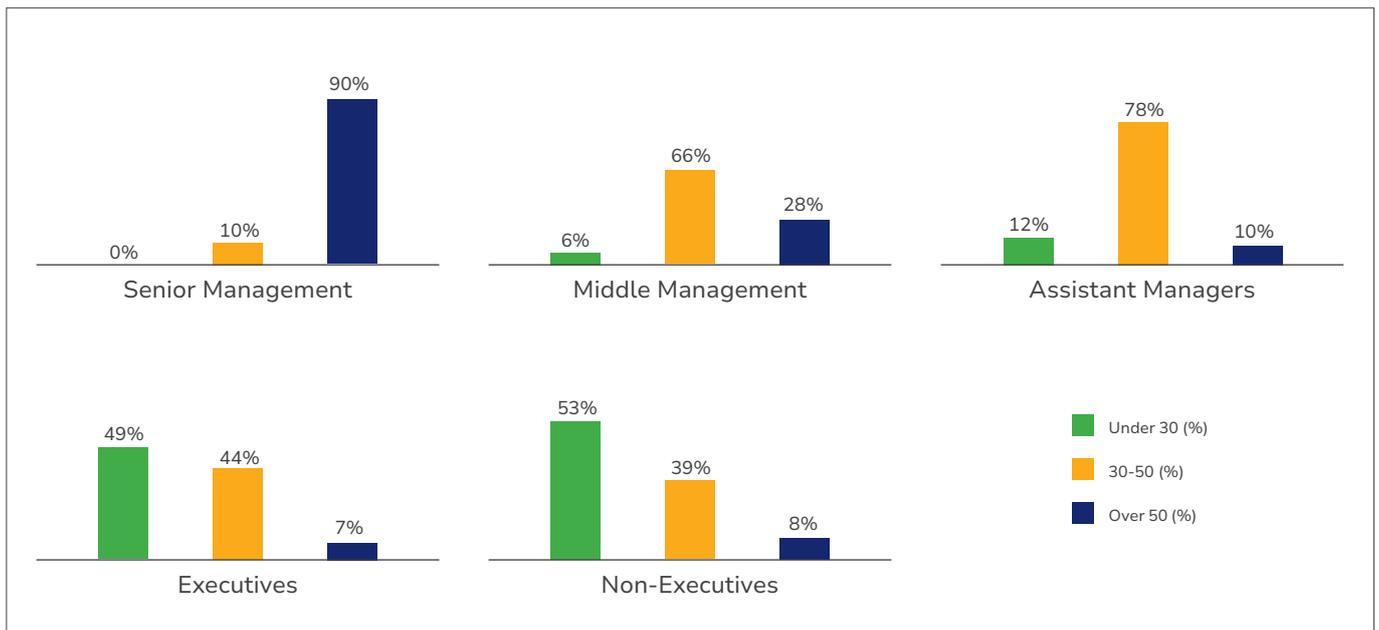
#### Employee Headcount

2021 : 1,241

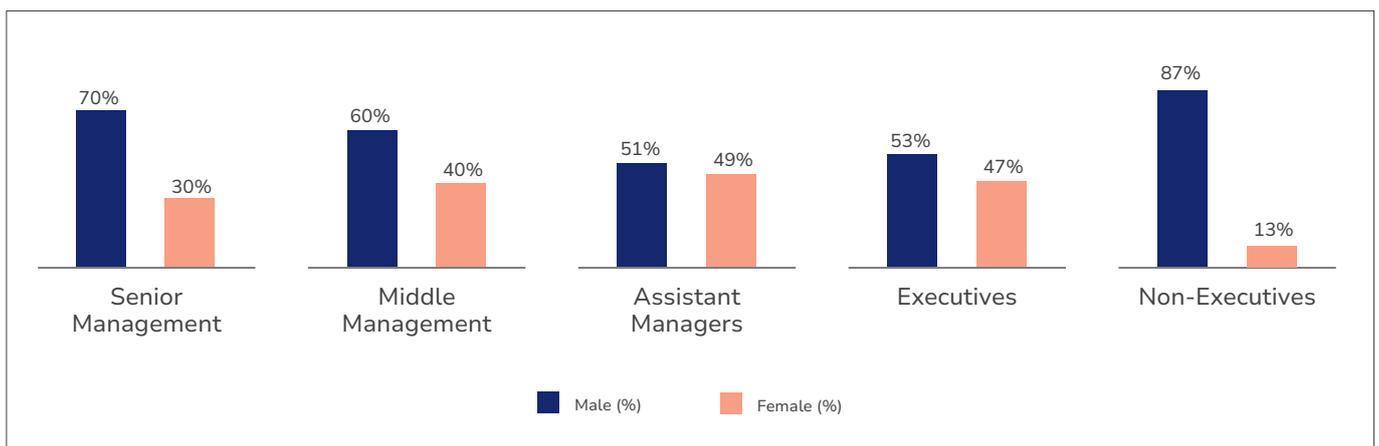
2022 : 1,275

2023 : 1,444

#### Workforce by Employee Category & Age Group in 2023

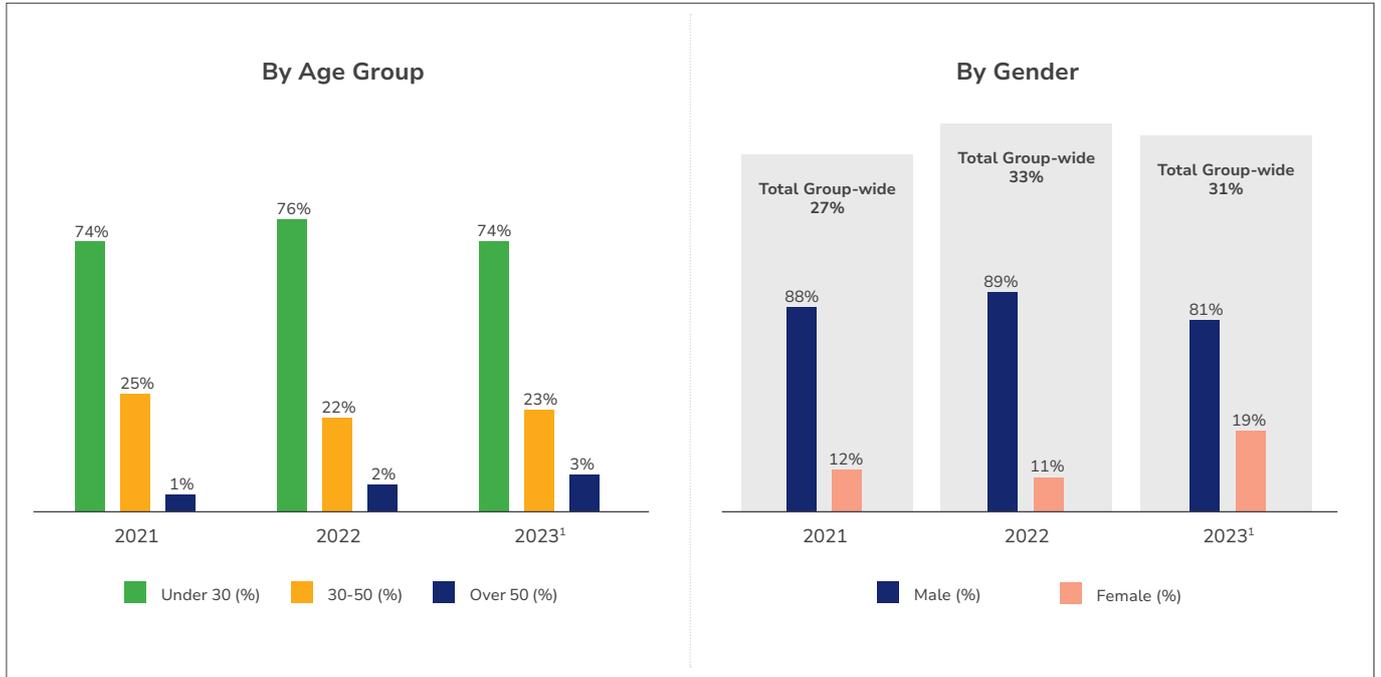


#### Workforce by Employee Category & Gender in 2023

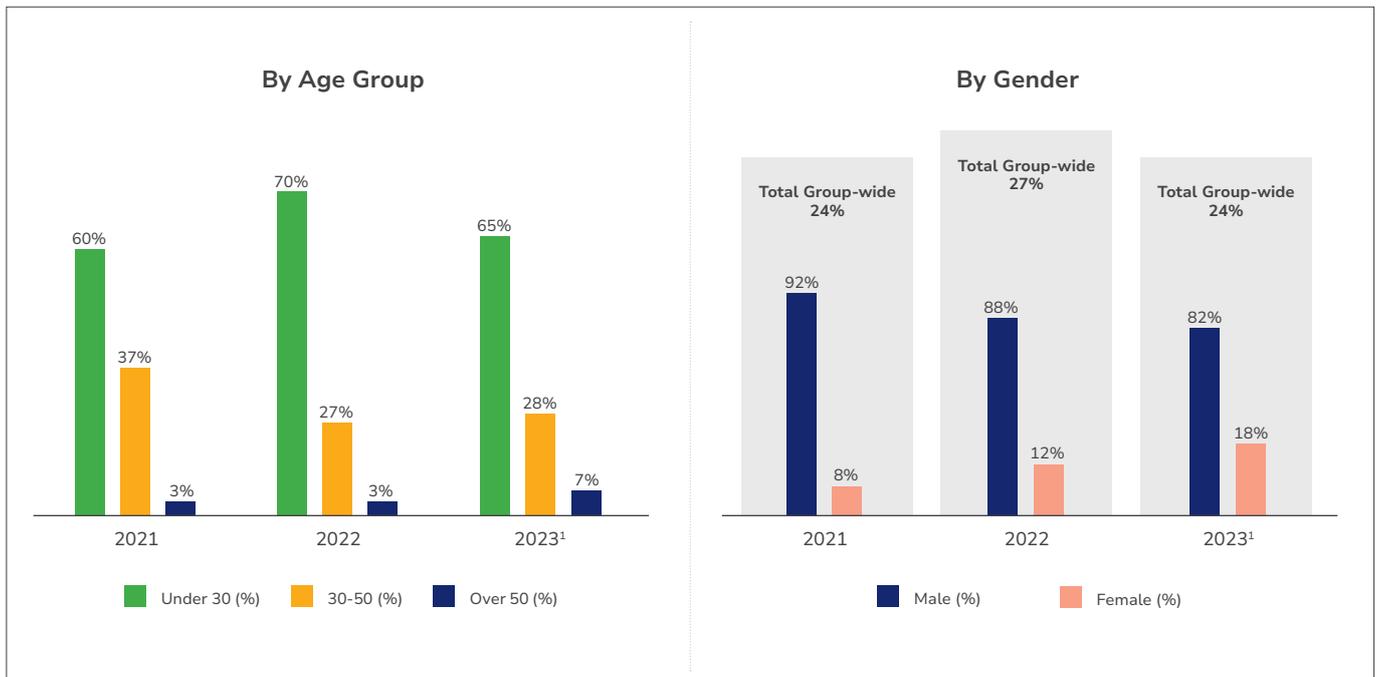


## SUSTAINABILITY TOPICS

### New Employee Hires



### Employee Turnover



**Note:**

<sup>1</sup> Reporting scope expanded to include Carlyle in FY2023.

## SUSTAINABILITY TOPICS

### Parental Leave Utilisation

As part of our commitment to supporting work-life balance and implementing family-friendly policies, parental leave entitlements are contractually provided to eligible employees as part of their benefits package, in compliance with local legislation.

Parental Leave Utilisation		2021		2022		2023 <sup>1</sup>	
Total number of employees who took parental leave	Male	60	76	59	69	47	53
	Female	16		10		6	
Total number of employees that returned to work in the reporting period after parental leave ended	Male	60	75	59	69	47	52
	Female	15		10		5	
Return to work rate of employees that took parental leave	Male	100%	99%	100%	100%	100%	98%
	Female	94%		100%		83% <sup>2</sup>	

**Notes:**

<sup>1</sup> Reporting scope expanded to include Carlyle in FY2023.

<sup>2</sup> The return to work rate includes individuals who were still on leave and had not resumed their duties by the end of FY2023.

At GCB, we firmly believe that respecting human rights is not only a moral imperative but also essential for our business's long-term success. We recognise that our customers, investors and other stakeholders increasingly consider the ethical and social impact of the companies they engage with. Accordingly, no substantiated complaints regarding human rights violations within our operational facilities across all our entities were recorded in FY2023 through our whistleblowing channels. GCB's Human Rights and Labour Policy and Procedure strictly prohibits the use of forced and child labour within our own supply chain, while our Supplier Code of Conduct conveys this expectation to our suppliers.

### Capacity Building & Career Development

In FY2023, our people invested a total of 11,645 hours in training and development programmes, while we also ensured that 100% of employees underwent performance and career development reviews. This commitment allowed us to continuously enhance efficiency and performance, solidifying our standing as Asia's largest and the world's 4<sup>th</sup> largest cocoa products manufacturer.

#### Trainings Conducted

 Safety and Health	 Food Handling
 Halal Executive	 Tax and Audit
 Waste and Contamination Management	 Mechanical Instruments

## SUSTAINABILITY TOPICS



### Empowering Our People

#### DRIVING CONTINUAL IMPROVEMENT IN HEALTH & SAFETY

##### WHY IS THIS IMPORTANT?

Ensuring a competent, motivated and safeguarded workforce remains a crucial driver for ensuring the sustainability of our business operations. As a food industry business with operations across the globe, it is vital that we develop a framework that prioritises the inculcation of safe and healthy working environments across all the Group's businesses. Simultaneously, we aim to nurture our reputation as a supportive and progressive employer that places great emphasis on the personal and professional development of our employees.

These collective efforts will empower our employees to perform tasks effectively and contribute meaningfully to their respective department's objectives and targets.

##### OUR APPROACH

We are dedicated to creating a conducive working environment for our employees that drives continuous improvements in workplace safety practices and employee performance, thereby enhancing workplace efficiency.

##### Institutionalising a Safe Work Environment

Local Health and Safety Committees, comprising both employee and management representatives, jointly make decisions on workplace safety to encourage diverse and transparent discussions. These committees convene regularly to openly address safety concerns, review accidents and near-miss incidents, and evaluate the need for stricter controls. Employees are encouraged to report non-compliance directly to their Health and Safety Committee and may also use our whistleblower channel to raise concerns about unsafe behaviour, including dangerous situations.

As an effort to ensure the effective implementation of mandatory health and safety standards, we have appointed Safety Officers within each of our subsidiaries that function as an on-ground extension of the Health and Safety Committee. To assess potential hazards in our operations, we conduct hazard and operability analyses routinely, entailing the use of a hierarchy of controls by the local Health and Safety Committee to minimise or eliminate identified hazards. If work-related incidents happen, safety officers promptly investigate them to determine the root cause and establish corrective control measures. The effectiveness of these measures is subsequently monitored during monthly Health and Safety Committee meetings. This diligent framework ensures constant vigilance in this critical area of importance.

##### Enhancing Employee Health & Safety Competencies

We prioritise equipping our employees with the essential resources and know-how to effectively address health and safety concerns. While safety competency training is mandatory for all relevant employees during their GCB induction, we also provide regular additional training for our Safety Officers to ensure they stay updated on the latest regulatory best practices and are able to assist in minimising operational risks.

For employees exposed to high-risk environments or situations in the course of their work, we offer job-specific safety training as part of their onboarding, and they are also provided with necessary protective equipment. In addition to this, we provide regular refresher training courses for all emergency response team members to ensure their competencies align with industry requirements.

In our manufacturing subsidiaries, emergency response teams comprising certified first aiders and trained firefighters have been set up, tasked with conducting emergency drills annually. This allows us to test our alarm systems and helps familiarise our employees with evacuation procedures and the location of firefighting equipment. All our premises have obtained fire safety certificates from their relevant local governments, providing assurance that our firefighting measures meet the necessary standards and are well-maintained.

## SUSTAINABILITY TOPICS

**Continuously Improving our Health & Safety Practices**

In pursuit of optimal health and safety outcomes across the Group, we consistently review our performance and seek improvement opportunities. Monthly management meetings provide a platform for presenting monthly safety reports and addressing any matters related to occupational health and safety raised by relevant parties. Regular internal and external safety audits are also undertaken throughout the year, identifying opportunities to improve processes.

**OUR PERFORMANCE**

GCB has consistently worked to reduce occupational hazards and incidents, with our related progress in FY2023 reflecting our ongoing efforts to enhance employee welfare.

Accordingly, we are proud to report there were no work-related fatalities in FY2023, a record we have now maintained for three consecutive years. While injuries occurred in FY2023, thorough assessments conducted by our Safety Officers has led to the implementation of appropriate preventive measures to reduce the likelihood of future incidents.

	2023 <sup>1</sup>
Hours worked (Number)	3,203,107
Lost time incidents (Number)	30
Fatalities (Number)	0
Lost Time Incident Rate (per 200,000 hours)	1.9
Employees trained on health & safety standards (Number)	1,444

**Note:**

<sup>1</sup> Reporting scope expanded to include Carlyle in FY2023.

**Promotion of Worker Health**

As a global business entity, we also undertake additional initiatives to further safeguard our people. All of our business entities provide employees access to a diverse array of non-occupational medical and healthcare services, ranging from dental and general practitioner coverage to financial support for hospitalisation via our insurance schemes.

At the same time, we ensure that we meet all compulsory regional requirements, such as mandatory social security contributions. Due to our presence in various locations across the globe, employees in different regions may be provided with different types of coverage that nevertheless achieve similar objectives.



## SUSTAINABILITY TOPICS



## Product Quality & Safety

OUR DEDICATION TO EXEMPLARY PRODUCT QUALITY

### WHY IS THIS IMPORTANT?

We approach our responsibilities with the utmost attentiveness to uphold the trust and well-being of our customers. Our commitment to high food safety standards is an extension of our duty to both local and international clients who depend on us to reliably produce their cocoa components and chocolates.

With this objective in mind, we place great emphasis on ensuring complete adherence to all relevant food safety criteria and governmental regulations in our food production. Furthermore, we continuously nurture a culture of food safety within our workforce and meticulously enforce stringent controls to maintain the quality of our products.

### OUR APPROACH

Integral to our commitment to crafting superior, secure consumables is a comprehensive strategy that ingrains the significance of food safety throughout our operational practices, equipping our employees with the essential tools, knowledge and resources to consistently meet our benchmarks of excellence.

#### Embedding Food Safety in our Core

To effectively convey our unwavering commitment to food safety and quality amongst our employees, and firmly establish food safety as a core element of GCB's identity, the Food Safety and Quality Policy provides guidance on best practices upheld across the Group. This policy ensures the ongoing alignment of our facilities with globally recognised industry standards and local regulations, enabling us to achieve and maintain the following certifications.



**READ  
MORE**

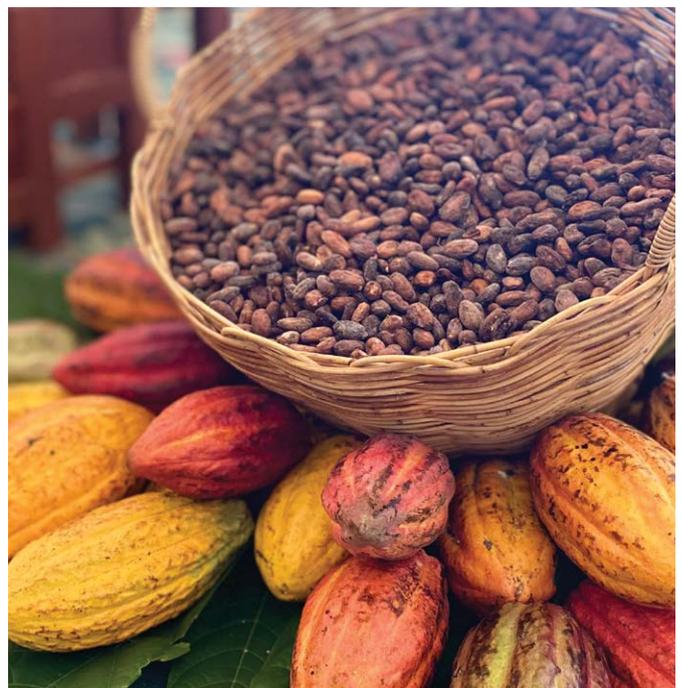
Snapshot of FY2023, page 17

Incorporating the principles and procedures endorsed by recognised food safety standards directly into our SOPs, we assure thorough oversight of our finished products by conducting quality assessments at various production control points. Our QA and QC teams shoulder the responsibility of overseeing manufacturing processes, risk analysis and traceability across our value chain.

By scrutinising the results of product quality evaluations from our assessments on incoming raw materials and outgoing products, we consistently enhance our quality management systems. Furthermore, we regularly conduct internal food safety audits to uphold our elevated standards, utilise third-party assessments to provide additional assurance, and

meticulously maintain all relevant documentation within our database to facilitate process traceability and ensure compliance with regulations.

Additionally, each employee and worker who gains access to our manufacturing sites undergoes food safety training. Besides that, we have implemented a well-documented programme for product recall and withdrawal, inclusive of written instructions for retrieval procedures. Through these proactive and stringent safety measures, we bolster our efforts to manage food safety risks, mitigate potential hazards and instil unwavering confidence in the quality of our products among our customers.



## SUSTAINABILITY TOPICS

### Empowering Quality in the Supply Chain

Acknowledging the pivotal role that suppliers play in shaping the success and sustainability of our operations, we are deeply invested in nurturing robust and respectful relationships with essential stakeholders throughout our supply chain network. This collaborative stance empowers us to maintain the quality of ingredients while responding to the evolving needs of our valued customers and consumers. Within this framework, our Supplier Quality Expectation Manual lists out the standards we expect from our suppliers, encompassing manufacturing practices, quality assessments, packaging and protocols for crisis management.

New potential suppliers undergo assessments to ensure their strict adherence to our quality management systems and manufacturing controls. Their ingredients are integrated into our production processes only after receiving approval from our QA and QC teams. Additionally, we provide ingredient suppliers with a Supplier Self-Assessment Checklist, which serves as a measure of quality and encourages enhancements in our food safety programmes and manufacturing controls.

To reinforce our commitment to guaranteeing quality sourcing, GCB conducts site audits as part of our comprehensive strategy to evaluate and oversee process controls and documentation. Suppliers are mandated to meet the minimum prerequisites for food safety management and take prompt corrective actions when required.

### OUR PERFORMANCE

GCB steadfastly aspires to meet the diverse expectations of our customers, with a stringent commitment to enhancing product quality. We assess all our products for health and safety improvements, while our global subsidiaries manufacturing practices are in line with internationally recognised food certifications and standards, consistently monitored by our QA Department.

To evolve with changing customer requirements, we implement continuous improvement measures based on their feedback, enhancing our production and manufacturing processes to ensure delivery of the highest quality products and customer satisfaction.

In FY2023, this commitment translated into zero incidents of non-compliance with regulations or voluntary codes regarding health and safety impacts across all reporting subsidiaries. Prioritising customer health and safety is another critical aspect of our operations. We consistently provide cocoa products that cater to the unique needs and preferences of our discerning customers. We are proud to note that in FY2023, no recalls were issued for health and safety reasons across our reporting entities.

**100%**

of our products and services are assessed for health and safety impact improvements



**0 incidents**

of non-compliance with regulations or voluntary codes concerning the health and safety impacts of our products and services in FY2023



**0 recalls**

were issued in FY2023 for health and safety reasons





# ADDITIONAL DISCLOSURES

**123** TCFD-Aligned Disclosures

**126** GRI Content Index

**130** Performance Data Table

**134** Material Matters (Appendix)

## SUSTAINABILITY STATEMENT

# TCFD-ALIGNED DISCLOSURES

### ELEVATING OUR TCFD COMMITMENTS TO DRIVE CLIMATE ACTION

GCB is committed to actively participating in the transition toward a low-carbon economy, recognising the growing interest of our stakeholders. This marks our first year incorporating TCFD Recommendations into our SS to provide transparent disclosures and a better assessment of climate-related risks and opportunities. It outlines the potential impacts of climate change on our business and how we plan to address them. This section focuses specifically on risks and opportunities related to climate, which should be considered alongside the rest of the SS for a comprehensive understanding.

#### Governance

The ultimate responsibility for assessing and integrating climate-related risks and opportunities rests with the Board. To support the Board in this endeavour, the ERM Committee ensures that climate-related risks and opportunities are integrated into the organisation's ERM framework. Quarterly Board meetings provide a platform for discussing climate-related issues along with other sustainability matters.

The responsibility for managing our climate-related risks and opportunities lies with the SSC, which is chaired by an Executive Director. The SSC actively engages in identifying, assessing and integrating these considerations into our business operations. Additionally, it formulates GCB's sustainability strategy aimed at transitioning towards a low-carbon economy, specifically through implementing the Climate Action Strategy, while receiving valuable support from the SD.



**READ  
MORE**

Sustainability Governance, page 80 & Material Matters, page 52

#### Strategy

GCB has engaged in focused discussions with internal stakeholders to identify localised climate risks that are relevant to the Group. We have conducted a qualitative scenario analysis using the scenarios from IPCC and NGFS.

The Group's climate-related risks and opportunities were modelled based on the following scenarios:

Scenario	Scenario Description	Assessed for
IPCC RCP 8.5/4°C	A "business as usual" scenario depicting a future in which emissions remain high, resulting in significant increases in the global average temperature.	Physical risks
NGFS Net Zero 2050	An ambitious pathway that aims to achieve net-zero emissions by 2050 through rigorous climate policies and innovations.	Transition risks and opportunities

Based on the hypothetical scenarios outlined above, we have assessed the potential impact of the identified risks and opportunities on our business and have consequently developed adaptation and mitigation plans. Cognisant of the evolving risks, GCB will continue strengthening our controls.

#### Note:

*This report includes statements that look to the future, based on current expectations and assumptions about expected developments and other factors. These are not historical facts nor guarantees of future performance as they are influenced by various assumptions, risks, and uncertainties which evolve over time. Forward-looking statements only reflect on the date they were made, and actual performance could differ significantly from what is expressed or implied by these statements due to a variety of factors. GCB does not have an obligation to update forward-looking statements but aims to improve its disclosures in the future to provide valuable information to stakeholders by adjusting our assessments according to new facts and regulations.*

## SUSTAINABILITY STATEMENT

### TCFD-ALIGNED DISCLOSURES

#### Climate-related Risks

Scenarios	Risk Type	Climate-related Risks & Opportunities	Potential Impacts
IPCC RCP 8.5/4°C	Physical risk (Acute)	The increased frequency and severity of extreme weather events such as floods.	<ul style="list-style-type: none"> <li>Floods have the potential to harm infrastructure, disrupt supply chains and jeopardise the well-being of our employees.</li> <li>To ensure that our operations remain unaffected, additional preventive resources will be necessary to facilitate our adaptation to changing weather conditions.</li> </ul>
	Transition risk (Regulatory)	Policies aimed at reducing climate emissions, including the implementation of carbon taxes, regulations related to land and water use, and limitations or prohibitions on certain materials.	<ul style="list-style-type: none"> <li>Increasing raw material costs can escalate the cost of business operations.</li> <li>Expanding reporting obligations for climate-related disclosures.</li> <li>Alignment with current and upcoming regulatory obligations is crucial to mitigate the potential impact of future carbon taxes and associated rising costs.</li> <li>Addressing the regulatory risks associated with eliminating deforestation in commodity supply chains, as exemplified by recent EUDR, is essential.</li> </ul>
NGFS Net Zero	Transition risk (Reputation)	Increased concerns or negative feedback from stakeholders may lead consumers to possibly support more sustainable brands or avoid certain product categories based on their environmental credentials, resulting in shifts in supply and demand.	<ul style="list-style-type: none"> <li>Neglecting climate-related risks or failing to take appropriate action can harm GCB's reputation among stakeholders, resulting in a loss of trust and confidence.</li> <li>This, in turn, may lead investors to choose to withdraw their investments from GCB in favour of more sustainable companies.</li> </ul>
	Transition risk (Technology)	High capital investments into new and lower-emission technologies, including the costs of integrating them into existing operations.	<ul style="list-style-type: none"> <li>Increased expenses involving the replacement and substitution of emission-intensive assets, materials and services.</li> </ul>
	Opportunity (Products)	The transition to lower emissions products.	<ul style="list-style-type: none"> <li>Enhanced competitive position aligned with changing consumer preferences.</li> <li>Greater revenue generation through increased demand for lower emission products.</li> </ul>
	Opportunity (Energy source)	The adoption of carbon abatement technologies and increased usage of renewable energy.	<ul style="list-style-type: none"> <li>Embracing low-emission technologies, which might reduce costs in the long term.</li> <li>Diversifying our energy mix to improve resource efficiency and energy security.</li> </ul>

The ability of an organisation to adapt and thrive in the face of changing circumstances and emerging risks is crucial for its resilience. To achieve this resilience, we leverage climate-related scenarios to ensure that our overall climate-related risk strategy considers a diverse range of impacts.

## SUSTAINABILITY STATEMENT TCFD-ALIGNED DISCLOSURES

To this end, we have conducted qualitative scenario analysis to identify potential risks and opportunities, which inform our long-term business strategies focused on sustainability. Our objective is to develop a resilient strategy that effectively addresses the risks associated with climate change while capitalising on relevant opportunities.

### Risk Management

All our identified risks, including climate-related risks, are assessed and managed through our risk management process, which is integrated into our ERM framework. This framework is in accordance with the ISO 31000:2018 Risk Management Guidelines.

Risks are identified, assessed and managed through the following process:

#### 1. Identification of risks:

- Each entity identifies and documents risks in their respective areas. Risks are classified as controllable (internal) or uncontrollable (external).
- Techniques such as brainstorming, process mapping, failure analysis and interviews are utilised in this process.
- Risks are updated and compiled into a consolidated risk register annually.

#### 2. Assessment and prioritisation of risks:

- Each risk is analysed by determining likelihood, impact and resultant gross risk rating.
- Existing controls and their effectiveness are evaluated to determine residual likelihood, impact and risk rating.
- Risks are prioritised as significant, high, medium or low.

#### 3. Strategic response and control measures:

- The ERM Committee will review the effectiveness of existing controls based on risk levels.
- High and significant risks require active management through risk action plans. Medium risks need periodic monitoring and review. Low risks may be accepted with adequate controls.
- Responses include risk avoidance, reduction, sharing or acceptance.
- Control measures are either preventive, detective or corrective.

#### 4. Deliberation of risks:

- The BOD is responsible for the overall governance of risks across the Group to ensure the ERM Committee maintains adequate management of controls.
- High priority risks are reviewed quarterly, significant risks biannually and medium priority risks annually. All risks are reviewed annually for relevance to the Group's structure and operating environment.
- The ERM Committee reports a summary of all risks and risk incidents to BOD quarterly for review.

### Metrics and Targets

At GCB, we track our climate-related performance, including but not limited to:

- Scope 1 and Scope 2 (tCO<sub>2</sub>e)
- Scope 3: Business travel and employee commuting emissions (tCO<sub>2</sub>e)
- Energy consumption (GJ)
- Waste generated (MT)
- Water used (ML)

All our carbon emissions data follow the methodologies in reference to the GHG Protocol Corporate Accounting and Reporting Standards. Our total emissions for the year amounted to 23,358 tCO<sub>2</sub>e for Scope 1 and 67,559 tCO<sub>2</sub>e for Scope 2.

In our acknowledgement of the importance of effectively managing climate-related risks, we are currently working towards establishing relevant targets.



**READ  
MORE**

Performance Data Table, page 130

## SUSTAINABILITY STATEMENT

# GRI CONTENT INDEX

<b>Statement of use</b>	Guan Chong Berhad has reported the information cited in this GRI content index for the period of 1 January 2023 to 31 December 2023 with reference to the GRI Standards.
<b>GRI 1 used</b>	GRI 1: Foundation 2021

GRI STANDARD	DISCLOSURE	LOCATION	
<b>GRI 2: General Disclosures 2021</b>	<b>THE ORGANISATION AND ITS REPORTING PRACTICES</b>		
	2-1	Organizational details	9-16 & 74-75
	2-2	Entities included in the organization's sustainability reporting	74-75
	2-3	Reporting period, frequency and contact point	74-75
	2-4	Restatements of information	74-75
	2-5	External assurance	74-75
	<b>ACTIVITIES AND WORKERS</b>		
	2-6	Activities, value chain and other business relationships	9-16
	2-7	Employees	112-117
	2-8	Workers who are not employees	112-117
	<b>GOVERNANCE</b>		
	2-9	Governance structure and composition	80-84
	2-10	Nomination and selection of the highest governance body	138-150
	2-11	Chair of the highest governance body	34-40
	2-12	Role of the highest governance body in overseeing the management of impacts	82-83
	2-13	Delegation of responsibility for managing impacts	82-83
	2-14	Role of the highest governance body in sustainability reporting	82-83
	2-15	Conflicts of interest	80-84
	2-16	Communication of critical concerns	85-92
	2-17	Collective knowledge of the highest governance body	34-40
	2-18	Evaluation of the performance of the highest governance body	148-149
	2-19	Remuneration policies <sup>1</sup>	146-148
	2-20	Process to determine remuneration	146-148
	<b>STRATEGIES, POLICIES AND PRACTICES</b>		
	2-22	Statement on sustainable development strategy	76-78
	2-23	Policy commitments	80-84
	2-24	Embedding policy commitments	80-84
	2-25	Processes to remediate negative impacts	80-84
	2-26	Mechanisms for seeking advice and raising concerns	80-84
2-27	Compliance with laws and regulations	80-84	
2-28	Membership associations	75	
2-29	Approach to stakeholder engagement	85-86	
<b>GRI 3: Material Topics 2021</b>	3-1	Process to determine material topics	87-92
	3-2	List of material topics	87-92

**Note:**

<sup>1</sup> Remuneration Policy is publicly available at: <https://www.gbcocoa.com/content/corporate-governance>.

## SUSTAINABILITY STATEMENT

### GRI CONTENT INDEX

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	201-1 Direct economic value generated and distributed	94-96
	201-2 Financial implications and other risks and opportunities due to climate change	94-96
	201-3 Defined benefit plan obligations and other retirement plans	225-226 & 234
<b>GRI 205: Anti-corruption 2016</b>	3-3 Management of material topics	87-121
	205-1 Operations assessed for risks related to corruption	97
	205-2 Communication and training about anti-corruption policies and procedures	97
	205-3 Confirmed incidents of corruption and actions taken	97
<b>GRI 206: Anti-competitive Behaviour 2016</b>	3-3 Management of material topics	87-121
	206-1 Legal actions for anti-competitive behavior, anti-trust and monopoly practices	97
<b>ENVIRONMENTAL</b>		
<b>GRI 302: Energy 2016</b>	3-3 Management of material topics	87-121
	302-1 Energy consumption within the organization	102-104
	302-3 Energy intensity	102-104
<b>GRI 303: Water and Effluents 2019</b>	3-3 Management of material topics	87-121
	303-2 Management of water discharge-related impacts	105-106
	303-3 Water withdrawal	105-106
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<b>GRI 304: Biodiversity 2016</b>	3-3 Management of material topics	87-121
	304-2 Significant impacts of activities, products and services on biodiversity	98-101
<b>GRI 305: Emissions 2016</b>	3-3 Management of material topics	87-121
	305-1 Direct (Scope 1) GHG emissions	102-104
	305-2 Energy indirect (Scope 2) GHG emissions	102-104
	305-3 Other indirect (Scope 3) GHG emissions	102-104
	305-4 GHG emissions intensity	102-104
<b>GRI 306: Waste 2020</b>	3-3 Management of material topics	87-121
	306-1 Waste generation and significant waste-related impacts	107-109
	306-2 Management of significant waste-related impacts	107-109
	306-3 Waste generated	107-109
	306-4 Waste diverted from disposal	107-109
	306-5 Waste directed to disposal	107-109
<b>GRI 308: Supplier Environmental Assessment 2016</b>	3-3 Management of material topics	87-121
	308-1 New suppliers that were screened using environmental criteria	130-133

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SOCIAL			
<b>GRI 401: Employment 2016</b>	3-3	Management of material topics	87-121
	401-1	New employee hires and employee turnover	112-117
	401-3	Parental leave	112-117
<b>GRI 403: Occupational Health and Safety 2018</b>	3-3	Management of material topics	87-121
	403-1	Occupational health and safety management system	118-119
	403-2	Hazard identification, risk assessment, and incident investigation	118-119
	403-3	Occupational health services	118-119
	403-4	Worker participation, consultation, and communication on occupational health and safety	118-119
	403-5	Worker training on occupational health and safety	118-119
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	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	118-119
	403-8	Workers covered by an occupational health and safety management system	118-119
<b>GRI 404: Training and Education 2016</b>	3-3	Management of material topics	87-121
	404-1	Average hours of training per year per employee	130-133
	404-2	Programs for upgrading employee skills and transition assistance programs	112-117
	404-3	Percentage of employees receiving regular performance and career development reviews	130-133
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	3-3	Management of material topics	87-121
	405-1	Diversity of governance bodies and employees	34-40 & 112-117
<b>GRI 406: Non-discrimination 2016</b>	3-3	Management of material topics	87-121
	406-1	Incidents of discrimination and corrective actions taken	97
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	3-3	Management of material topics	87-121
	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	112-117
<b>GRI 408: Child Labor 2016</b>	3-3	Management of material topics	87-121
	408-1	Operations and suppliers at significant risk for incidents of child labor	112-117

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GRI STANDARD	DISCLOSURE		LOCATION
SOCIAL			
<b>GRI 409: Forced or Compulsory Labor 2016</b>	3-3	Management of material topics	87-121
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	112-117
<b>GRI 413: Local Communities 2016</b>	3-3	Management of material topics	87-121
	413-1	Operation with local community engagement, impact assessment, and development programs	110-111
<b>GRI 414: Supplier Social Assessment 2016</b>	3-3	Management of material topics	87-121
	414-1	New Suppliers that were screened using social criteria	130-133
<b>GRI 416: Customer Health and Safety 2016</b>	3-3	Management of material topics	87-121
	416-1	Assessment of the health and safety impacts of product and service categories	120-121
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	120-121
<b>Topic 13.10: Food safety</b>	13.10.4	Percentage of production volume from sites certified to internationally recognized food safety standards, and list these standards	120-121
	13.10.5	Number of recalls issued for food safety reasons and the total volume of products recalled	120-121
<b>GRI 418: Customer Privacy 2016</b>	3-3	Management of material topics	87-121
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	97

# SUSTAINABILITY STATEMENT

## PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2021	2022	2023
<b>Economic Performance</b>				
Economic value retained	MYR	- 138,000,000.00	95,000,000.00	*
Direct economic value generated	MYR	- 4,518,000,000.00	5,991,000,000.00	*
Economic value distributed	MYR	- 4,380,000,000.00	5,896,000,000.00	
<b>Bursa (Anti-corruption)</b>				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Senior Management	Percentage	100.00	100.00	100.00
Middle Management	Percentage	100.00	100.00	100.00
Assistant Manager	Percentage	100.00	100.00	100.00
Executive	Percentage	100.00	100.00	100.00
Non-Executive	Percentage	100.00	100.00	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	0	0
<b>Anti-competitive Behavior</b>				
Total number of incidents of anti-competitive behavior, anti-trust and monopoly practices	Number	0	0	0
<b>Non-discrimination</b>				
Total number of incidents of discrimination	Number	0	0	0
<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
<b>Bursa (Supply chain management)</b>				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	-	-	27.00
Farmers trained in GAP	Number	-	7,816	18,424
Households covered by CLMRS	Number	-	6,351	10,403
Individuals participating in women's empowerment projects	Number	-	1,230	2,453
Cocoa sourcing area assessed for deforestation risk	Hectare	-	31,309	73,245
New cocoa agroforestry systems established	Hectare	-	4,057	6,822
Multipurpose trees distributed on cocoa farms	Number	-	59,048	181,710
Farmers involved in our direct supply chain	Number	-	11,493	22,366
<b>Bursa (Supply Chain (Environmental) / Supplier Environmental Assessment)</b>				
Bursa S6(a) Percentage of new suppliers that were screened using environmental criteria	Percentage	-	-	41.00
Bursa S6(b) Number of suppliers assessed for environmental impacts	Number	-	-	558
<b>Bursa (Supply Chain (Social) / Supplier Social Assessment)</b>				
Bursa S7(a) Percentage of new suppliers that were screened using social criteria	Percentage	-	-	41.00
Bursa S7(b) Number of suppliers assessed for social impacts	Number	-	-	558
<b>Bursa (Energy management)</b>				
Bursa C4(a) Total energy consumption	Megawatt	15.58	16.34	16.99
Total energy consumption	Gigajoules	882,309.00	935,914.00	928,729.00
Energy consumption - Renewable	Gigajoules	118,159.00	112,537.00	66,140.00
Energy consumption - Non-renewable	Gigajoules	764,150.00	823,377.00	862,589.00
Energy Intensity of Products	Gigajoules/Metric tonne	2.96	3.08	2.82

## SUSTAINABILITY STATEMENT PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2021	2022	2023
<b>Bursa (Emissions management)</b>				
Bursa C11(a) Scope 1 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	-	25,121.00	23,358.00
Bursa C11(b) Scope 2 emissions in tonnes of CO <sub>2</sub> e	Metric tonnes	-	70,462.00	67,559.00
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	-	1,854.00	2,286.00
Scope 2 emissions - Location-based	tCO <sub>2</sub> -e	-	77,106.00	73,450.00
Scope 2 emissions - Market-based	tCO <sub>2</sub> -e	-	70,462.00	67,559.00
Scope 3 emissions - Employee Commute	tCO <sub>2</sub> -e	-	1,454.00	1,574.00
Scope 3 emissions - Business Travel	tCO <sub>2</sub> -e	-	400.00	712.00
Total Scope 1, 2 and 3 Emissions	tCO <sub>2</sub> -e	-	97,437.00	93,203.00
Biogenic emissions	tCO <sub>2</sub> -e	-	7,982.00	4,315.00
Emission Intensity of Products	tCO <sub>2</sub> -e/Metric tonne	-	0.32	0.28
<b>Bursa (Water)</b>				
Bursa C9(a) Total volume of water used	Megalitres	230.000000	237.000000	233.400000
Total volume of water withdrawn	Megalitres	1,204.300000	1,226.500000	1,147.100000
Water withdrawal - Malaysia	Megalitres	155.000000	166.000000	171.300000
Water withdrawal - Indonesia	Megalitres	89.000000	92.000000	97.400000
Water withdrawal - Germany	Megalitres	960.300000	968.500000	869.300000
Water withdrawal - US	Megalitres	-	-	9.100000
Water consumption - Malaysia	Megalitres	148.000000	154.000000	141.000000
Water consumption - Indonesia	Megalitres	82.000000	83.000000	83.700000
Water consumption - Germany	Megalitres	0.000000	0.000000	0.000000
Water consumption - US	Megalitres	-	-	8.700000
<b>Bursa (Effluent)</b>				
Bursa S8(a) Total volume of water (effluent) discharge over the reporting period	Megalitres	974.300000	989.500000	913.700000
Water discharged - Malaysia	Megalitres	7.000000	12.000000	30.300000
Water discharged - Indonesia	Megalitres	7.000000	9.000000	13.700000
Water discharged - Germany	Megalitres	960.300000	968.500000	869.300000
Water discharged - US	Megalitres	-	-	0.400000
<b>Bursa (Waste management)</b>				
Bursa C10(a) Total waste generated	Metric tonnes	18,832.00	19,854.00	20,904.00
Bursa C10(a)(i) Total waste diverted from disposal	Metric tonnes	12,359.00	13,985.00	17,090.00
Bursa C10(a)(ii) Total waste directed to disposal	Metric tonnes	6,486.00	5,869.00	3,814.00
<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	-	-	132,281.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	-	180

## SUSTAINABILITY STATEMENT PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2021	2022	2023
<b>Bursa (Diversity)</b>				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Non-Executive Under 30	Percentage	-	-	53.00
Non-Executive Between 30-50	Percentage	-	-	39.00
Non-Executive Above 50	Percentage	-	-	8.00
Senior Management Under 30	Percentage	-	-	0.00
Senior Management Between 30-50	Percentage	-	-	10.00
Senior Management Above 50	Percentage	-	-	90.00
Middle Management Under 30	Percentage	-	-	6.00
Middle Management Between 30-50	Percentage	-	-	66.00
Middle Management Above 50	Percentage	-	-	28.00
Assistant Manager Under 30	Percentage	-	-	12.00
Assistant Manager Between 30-50	Percentage	-	-	78.00
Assistant Manager Above 50	Percentage	-	-	10.00
Executive Under 30	Percentage	-	-	49.00
Executive Between 30-50	Percentage	-	-	44.00
Executive Above 50	Percentage	-	-	7.00
Gender Group by Employee Category				
Non-Executive Male	Percentage	-	-	87.00
Non-Executive Female	Percentage	-	-	13.00
Senior Management Male	Percentage	-	-	70.00
Senior Management Female	Percentage	-	-	30.00
Middle Management Male	Percentage	-	-	60.00
Middle Management Female	Percentage	-	-	40.00
Assistant Manager Male	Percentage	-	-	51.00
Assistant Manager Female	Percentage	-	-	49.00
Executive Male	Percentage	-	-	53.00
Executive Female	Percentage	-	-	47.00
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	67.00	57.00	57.00
Female	Percentage	33.00	43.00	43.00
Under 30	Percentage	0.00	0.00	0.00
Between 30-50	Percentage	0.00	0.00	0.00
Above 50	Percentage	100.00	100.00	100.00
Permanent employees - Male	Percentage	-	77.00	77.00
Permanent employees - Female	Percentage	-	23.00	23.00
Temporary employees - Male	Percentage	-	94.00	94.00
Temporary employees - Female	Percentage	-	6.00	6.00
Part time employees - Male	Percentage	-	0.00	0.00
Part time employees - Female	Percentage	-	100.00	100.00
Full-time employees - Male	Percentage	-	80.00	80.00
Full-time employees - Female	Percentage	-	20.00	20.00
Non-guaranteed hours employees - Male	Percentage	-	0.00	0.00
Non-guaranteed hours employees - Female	Percentage	-	0.00	0.00
New hires - Senior Management	Number	-	-	2
New hires - Middle Management	Number	-	-	1

## SUSTAINABILITY STATEMENT PERFORMANCE DATA TABLE

Indicator	Measurement Unit	2021	2022	2023
New hires - Assistant Manager	Number	-	-	2
New hires - Executive	Number	-	-	66
New hires - Non-Executive	Number	-	-	377
New hires - Male	Number	-	-	364
New hires - Female	Number	-	-	84
New hires - Under 30	Number	-	-	334
New hires - Between 30-50	Number	-	-	102
New hires - Above 50	Number	-	-	12
<b>Bursa (Labour practices and standards)</b>				
Bursa C6(a) Total hours of training by employee category				
Senior Management	Hours	-	-	100
Middle Management	Hours	-	-	233
Assistant Manager	Hours	-	-	423
Executive	Hours	-	-	1,221
Non-Executive	Hours	-	-	9,669
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	-	18.00	18.00
Bursa C6(c) Total number of employee turnover by employee category				
Senior Management	Number	-	-	4
Middle Management	Number	-	-	2
Assistant Manager	Number	-	-	3
Executive	Number	-	-	47
Non-Executive	Number	-	-	284
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	-	-	0
Total workers - Male	Percentage	-	100.00	99.00
Total workers - Female	Percentage	-	0.00	1.00
Employee turnover - Male	Number	-	301	278
Employee turnover - Female	Number	-	42	62
Employee turnover - Under 30	Number	-	242	220
Employee turnover - Between 30-50	Number	-	92	96
Employee turnover - Above 50	Number	-	9	24
Percentage of employees receiving regular performance and career development reviews	Percentage	-	100.00	100.00
<b>Bursa (Health and safety)</b>				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	-	-	1.90
Bursa C5(c) Number of employees trained on health and safety standards	Number	1,241	1,275	1,444
Fatalities as a result of work-related ill health	Number	0	0	0
Fatalities as a result of work-related injury	Number	0	0	0
Work-related injuries	Number	30	21	44
Lost time injuries	Number	-	-	30
Total hours worked	Hours	-	2,958,644	3,203,107
<b>Bursa (Customer Health &amp; Safety / Product Responsibility)</b>				
Bursa S3(a) Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	Percentage	-	100.00	100.00
Bursa S3(b) Total number of incidents of non-compliance with regulations or voluntary codes concerning the health & safety impacts of products and services within the reporting period	Number	-	0	0
Bursa S3(c) Number of recalls issued and total units recalled for health and safety reasons	Number	-	0	0
Total volume of products recalled	Metric tonnes	-	0.00	0.00

**Note:**

\* The performance data table's formatting and remarks adhere strictly to Bursa Malaysia's ESG Reporting Platform standards and cannot be edited.

Internal assurance

External assurance

No assurance

(\*)Restated

# SUSTAINABILITY STATEMENT

## MATERIAL MATTERS (APPENDIX)

In our efforts to generate value for the organisation and our stakeholders, it is vital that we understand and respond to the impact of sustainability matters on our business, as well as the impact of our business practices on our stakeholders and the environment.

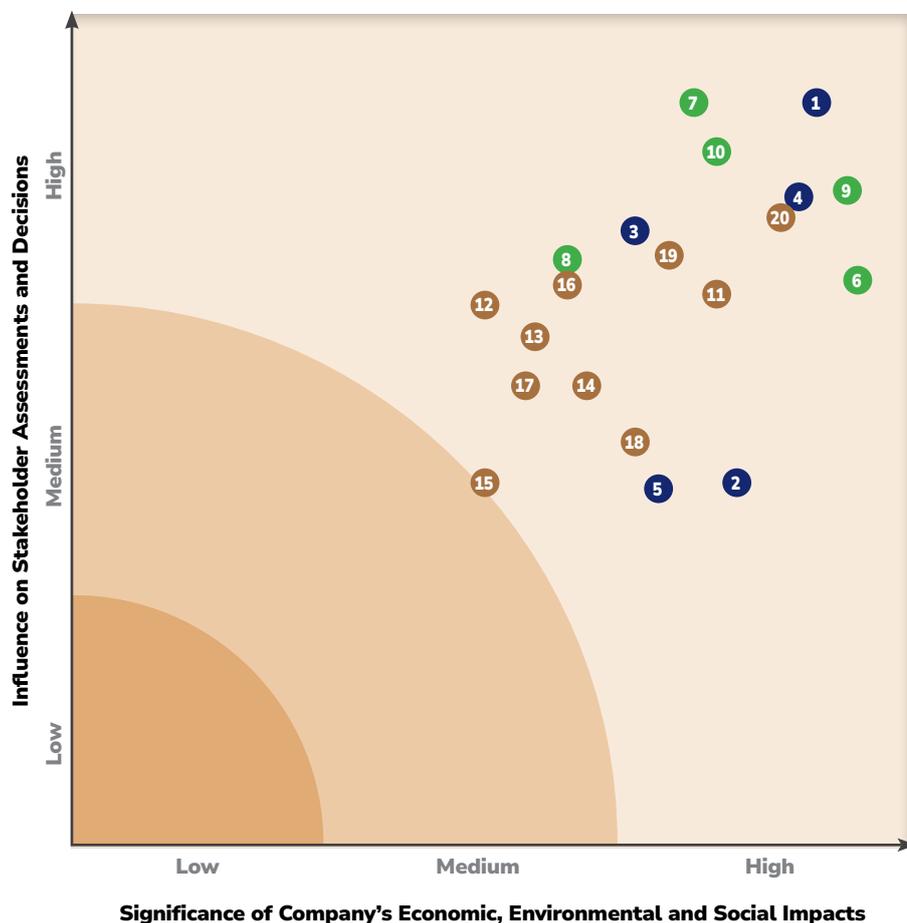
Our materiality assessments help us in evaluating our key sustainability risks and opportunities to ensure that they are being managed effectively. A full-scale materiality assessment is conducted once every 3 years to engage with both our internal and external stakeholders, allowing us to identify issues that are critical to them and our business. Subsequently, we are able to assess and realign our strategies accordingly.

In FY2022, we undertook a comprehensive materiality assessment that comprised 4 phases: Identification, Evaluation, Prioritisation and Validation.

### GCB's Materiality Assessment Process

PHASE 1 Identification	PHASE 2 Evaluation	PHASE 3 Prioritisation	PHASE 4 Validation
<ul style="list-style-type: none"> <li>Identified key stakeholders of GCB, comprising internal (i.e., employees) and external entities (i.e., customers, shareholders &amp; investors, suppliers &amp; contractors, governments, regulators &amp; NGOs, local communities, and the media).</li> <li>Established an inventory of material matters by referring to sustainability guidelines, frameworks and standards (including Bursa Securities SR Guide and the GRI Standards), analysing current sustainability trends based on our operating environment, and conducting peer benchmarking.</li> </ul>	<ul style="list-style-type: none"> <li>Leveraged the outcomes of general external stakeholder engagements across the Group, facilitated through diverse platforms, to understand their interests and concerns.</li> <li>Formulated a preliminary list of sustainability matters as a result of this process.</li> </ul>	<ul style="list-style-type: none"> <li>Engaged our stakeholders through a materiality survey.</li> <li>Conducted a workshop with our internal stakeholders that was attended by Heads of Departments and representatives of all functions across the Group.</li> <li>Evaluated and ranked the material matters identified through a stakeholder survey based on 2 dimensions: the severity and likelihood of ESG impacts on our business, and the significance of these attributes by stakeholders.</li> <li>Developed a preliminary materiality matrix following the prioritisation exercise.</li> </ul>	<ul style="list-style-type: none"> <li>The SSC reviewed the generated preliminary materiality matrix to align it with the Group's overall strategy.</li> <li>The SSC presented the refined materiality matrix to the Board for endorsement.</li> <li>The Board reviews the materiality assessment process undertaken by the management on a yearly basis to identify any gaps to improve future assessments.</li> </ul>

## SUSTAINABILITY STATEMENT MATERIAL MATTERS (APPENDIX)



### Economic

- 1. Economic Performance
- 2. Market Presence
- 3. Procurement Practices
- 4. Anti-corruption
- 5. Anti-competitive Behaviour

### Environmental

- 6. Energy
- 7. Water & Effluents
- 8. Biodiversity
- 9. Emissions
- 10. Waste

### Social

- 11. Employment
- 12. Occupational Health & Safety
- 13. Training & Education
- 14. Non-discrimination
- 15. Freedom of Association & Collective Bargaining
- 16. Child Labour
- 17. Forced or Compulsory Labour
- 18. Local Communities
- 19. Customer Health & Safety
- 20. Customer Privacy

Material Matters	Description
<b>Economic Performance</b>	Generating and distributing economic value to our stakeholders.
<b>Market Presence</b>	Contributing to economic development in local communities where we operate.
<b>Procurement Practices</b>	Promoting responsible and sustainable procurement practices, including assessing the environmental and social impacts of our suppliers according to established criteria.
<b>Anti-corruption</b>	Advocating ethical business practices and transparency by avoiding all forms of corruption, such as bribery.
<b>Anti-competitive Behaviour</b>	Ensuring fair business practices and preventing market position abuse.

## SUSTAINABILITY STATEMENT

### MATERIAL MATTERS (APPENDIX)

Material Matters	Description
<b>Energy</b>	Maintaining energy efficiency throughout our operations and adopting the use of renewable energy.
<b>Water &amp; Effluents</b>	Managing efficient water use and conserving water resources.
<b>Biodiversity</b>	Assessing the impacts of our operations on biodiversity.
<b>Emissions</b>	Monitoring the environmental impacts of carbon emission from the Group's operations.
<b>Waste</b>	Evaluating waste management methods throughout our operation and promoting better consumption practices.
<b>Employment</b>	Investing in talent recruitment, retention and workforce productivity enhancement.
<b>Occupational Health &amp; Safety</b>	Creating a healthy, safe and conducive working environment for employees and contractors, particularly by minimising any health and safety related risks that could arise.
<b>Training &amp; Education</b>	Empowering and supporting employees in their personal and professional development.
<b>Non-discrimination</b>	Ensuring fair and dignified treatment for all employees, without any form of discrimination based on race, colour, sex, religion, age, disability and gender, among others.
<b>Freedom of Association &amp; Collective Bargaining</b>	Upholding the rights of employers and workers to form, join and run their own organisations.
<b>Child Labour</b>	Implementing due diligence to prevent child labour in our operations and supply chain.
<b>Forced or Compulsory Labour</b>	Taking proactive measures to ensure instances of forced or compulsory labour do not take place in our operations and supply chain.
<b>Local Communities</b>	Supporting engagement programmes that create positive social impacts.
<b>Customer Health &amp; Safety</b>	Improving customer experiences through the quality of our products.
<b>Customer Privacy</b>	Safeguarding the Group from cyberthreats, protecting customers' sensitive information and preventing data breaches.



# CORPORATE GOVERNANCE & COMPLIANCE

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- 161** Statement of Directors' Responsibilities

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of the Company (“the Board”) recognises the importance of good corporate governance in ensuring that the interest of the Company, shareholders and other stakeholders are protected. The Board is committed to the establishment and implementation of a proper framework for governance and controls that are consistent with the principles recommended in the Malaysian Code on Corporate Governance (“MCCG”) and other applicable laws, regulations, directives and guidelines.

This corporate governance overview statement (“Statement”) sets out the adoption and practices of the principles as set out in the MCCG and the relevant chapters of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) on corporate governance.

The manner in and the extent in which the corporate governance framework is applied throughout the financial year ended 31 December 2023 is summarised as follows:

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### I. Board Responsibilities

#### Principal Responsibilities of the Board of Directors

The Board directs the risk assessment, strategic planning, resource allocation, succession planning and financial and operational management of the Company and each of its subsidiaries (collectively referred to as “the Group” or “GCB Group”) to ensure that obligations to shareholders and other stakeholders are understood and met. The Board provides the leadership necessary to enable the Group’s business objectives to be met within the framework of internal controls described in this Statement.

The Board, together with the management, takes responsibility for the governance of sustainability in the Group in accordance to Practices 4.1, 4.2, 4.3 and 4.4 in the MCCG. The Board oversees the Sustainability Steering Committee (“SSC”), which in turns governs the Sustainability Department (“SD”). The SD collaborates with the Committee and Working Group (“CWG”) in implementing sustainability strategies across the Group’s day-to-day operations. The Board takes into account sustainability considerations when developing and implementing company strategies, business plans, major plans of action and risk management. The Board ensures that it constantly stays abreast with sustainability issues relevant to the company and its business and that sustainability initiatives undertaken by the Group are effectively communicated to stakeholders. In preparing for the Sustainability Reporting, the SD performs materiality assessment every three (3) years, which is reviewed by the SSC and endorsed by the Board. Sustainability Reporting is reviewed by the SSC and reported to the Board.

As set out in the MCCG’s Practice 1.2, the Board is led by a Chairman, who is responsible for:

- Representing the Board to shareholders and ensuring effective communication with shareholders;
- Ensuring effective operation of the Board and its committees in conformity with the highest standards of corporate governance;
- Setting the agenda, style and tone of Board discussions to promote constructive debate and effective decision-making;
- Ensuring that all Board committees are properly established, composed and operated;
- Ensuring comprehensive induction programmes for new directors and updates for all directors as and when necessary;
- Supporting the Chief Executive Officer in the development of strategy and, more broadly, to support and advise the Chief Executive Officer; and
- Establishing a harmonious and open relationship with the Chief Executive Officer.

The Board is supported by two (2) suitably qualified and competent Company Secretaries, who provide sound governance advice, ensure adherence to rules and procedures and advocate for the adoption of corporate governance best practices, in compliance to the MCCG’s Practice 1.5.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### I. Board Responsibilities (Cont'd)

To assist in the discharge of its stewardship role, the Board has established four (4) Board Committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Management Committee, to which it has delegated certain responsibilities. The Board Committees have their roles and functions, written terms of reference, operating procedures and authority to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. All deliberations and decisions taken by the Board Committees are documented and approved by the respective Chairman of the Board Committees prior to submission as agenda items for deliberation at the meeting of the Board. The ultimate responsibility for decision making, however, still lies with the Board. The Board reviews the Board Committees' authority and terms of reference from time to time to ensure their relevance.

The Board is guided by the Board Charter, which clearly identifies the respective roles and responsibilities of the board, board committees, individual directors and management, and issues and decisions reserved for the Board in compliance to the MCCG's Practice 2.1. The Board has established the Business Ethics Policy & Code of Conduct and Whistleblower Procedure that aim to promote good business conduct and maintain a healthy corporate culture which engenders integrity, transparency and fairness in compliance to Practices 3.1 and 3.2 in the MCCG. Details of the Board Charter, Code of Ethics & Conduct and Whistleblower Procedure can be found on the Company's website at [www.gcbcocoa.com](http://www.gcbcocoa.com).

#### Clear roles and responsibilities

The Board has a collective responsibility for the management of the Group. The Non-Executive Directors are responsible for bringing independent judgment and scrutiny to decisions taken by the Board and providing objective challenges to Management.

The Non-Executive Directors do not participate in the day-to-day management of the Group and do not engage in any business dealing or other relationship with the Group to ensure that they are capable of exercising judgment objectively and act in the best interest of the Group, its stakeholders and shareholders, including minority shareholders. The day-to-day business operations of the Group are led by the Chief Executive Officer. The positions of the Chairman and the Chief Executive Officer are held by different individuals in accordance to the MCCG's Practice 1.3. To enhance accountability, the Board has specific functions reserved for the Board and those delegated to the Management. There is a schedule of key matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Group are in its hands.

Key matters reserved to the Board for decision comprise the following:

- Acquisition and disposal or closure of a business;
- Declaration of dividends and approval of financial statements, including accounting policies of the Group;
- Establishment of new businesses;
- Annual strategic plan;
- Capital investment and disposal of tangible assets from existing business to third party;
- Increase or reduction by a subsidiary of its issued capital;
- Financing on the Group's activities;
- Any corporate restructuring not covered by the above-mentioned paragraphs;
- The change of name of any company in the Group and establishment of any new company;
- Separate and consolidated financial statements of the Company and its subsidiaries and public statements which reflect significant issues of the Group's policy or strategy;
- Strategy, business plans and annual budgets of the Company and its subsidiaries and of any subsequent material changes in strategic direction or material deviations in business plans by the Company and its subsidiaries;
- Significant changes in accounting policies and practices of the Company and its subsidiaries;

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### I. Board Responsibilities (Cont'd)

##### Clear roles and responsibilities (Cont'd)

- Material acquisitions and disposal of assets not in the ordinary course of business of the Company and its subsidiaries;
- Change relating to the capital structure, including but not limited to, reduction of capital, share and other securities issues (except under employee share option schemes) and share buy-backs (including the use of treasury shares) (including the terms and conditions of such changes in capital structure) of the Company and its subsidiaries;
- Raise or increase borrowing facilities involving material amounts of the Company and its subsidiaries;
- Changes to the structure, size and composition of the Board of the Company and its subsidiaries, following recommendations from the Nomination Committee;
- Any delegation of authorities to Chief Executive Officer and the Executive Directors of the Company and its subsidiaries;
- Risk management policies of the Company and its subsidiaries;
- Appointment and removal of the Company Secretary of the Company and its subsidiaries;
- Establishment of Board Committees of the Company and its subsidiaries (to the extent applicable), their membership, delegated duties and authorities and the terms of reference; and
- Remunerations payable in relation to the contract of employment of the Director of the Company and its subsidiaries and member of Key Senior Management of the Group.

##### Board Meetings and Supply of Information

A total of five (5) Board Meetings were held for the financial year ended 31 December 2023. Board meetings are held separately from Board Committee Meetings. The details of attendance of each Board Member are as follows:

Name of Directors	Attendance
Ang Nyee Nyee	5/5
Tay Hoe Lian	5/5
Tay How Sik @ Tay How Sick	5/5
Hia Cheng	5/5
Nurulhuda Binti Abd Kadir	4/5
Ng Kim Hian (Appointed on 27 February 2023)	4/4
Tan Pui Suang (Appointed on 27 February 2023)	4/4
Tan Ah Lai (Resigned w.e.f. 5 April 2023)	2/2

The Company Secretaries, under the direction of the Chairman, ensure a balanced flow of information is disseminated so that the Board and the Board Committees receive timely and up-to-date information for an effective discharge of the Board's responsibilities and for decisions to be made on an informed basis. The Board firmly believes that effective deliberation and its decision making process are highly dependent on the quality of information furnished by the management.

Where any direction or decisions are required expeditiously or urgently for the Board between the regular meetings, special meetings of the Board are convened by the Company Secretaries, after consultation with the Chairman. The agenda for the meeting of the Board is set by the Chairman in consultation with the Company Secretaries and the Chief Executive Officer.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### I. Board Responsibilities (Cont'd)

##### Board Meetings and Supply of Information (Cont'd)

Decisions of the Board are made unanimously or by consensus. Where appropriate, decisions may be taken by way of Directors' Circular Resolutions between scheduled and special meetings.

The Board Meeting's proceedings follow Practice 1.6 as set out in the MCCG. A formal and structured agenda, together with a set of Board and Board Committees papers, are forwarded to all Directors at least seven (7) days prior to the Board and Board Committees meetings, to enable the Board to make decisions and for Directors to be prepared to deal with matters arising from such meetings. The Board has a regular schedule of matters which are typically on the agenda and reviewed during the course of the year, namely the presentation of quarterly reports; the quarterly unaudited consolidated results; recommendations of the various Board Committees; announcements to Bursa Securities; the Company's audited financial statements; the Company's annual report which includes the Sustainability Statement, this Statement, Statement of Risk Management and Internal Control, Audit Committee Report, Risk Management Report and Statement of Directors' responsibilities. Presentations to the Board and the Board Committees are prepared and delivered in a manner that ensures a clear and adequate understanding of the subject matter. In addition, reading materials on the subject matter are prepared and circulated prior to each meeting to assist Directors in having an understanding of the subject matter. Members of the management team and external advisors are invited, as and when required, to attend Board and Board Committees meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings and circulated to Board of Directors accordingly.

It is the policy of the Company for Directors to devote sufficient time and efforts to carry out their responsibilities. The Board obtains this commitment from Directors at the time of their appointment. Furthermore, in ensuring time commitment of Directors, meeting dates are made known to the Directors prior to the beginning of a new financial year. Directors are also required to notify the Board before accepting any new directorship.

#### II. Board Composition

##### The Composition of the Board

The Board, through the Nomination Committee, ensures that the composition of the Board is refreshed periodically. The tenure of each Director is reviewed by the Nomination Committee and annual re-election of a Director is contingent on satisfactory evaluation of the Director's performance and contribution to the Board, in accordance to Practice 5.1 as set out in the MCCG.

The Board consists of seven (7) members, comprising three (3) Executive Directors including the Managing Director/CEO and four (4) Independent Non-Executive Directors. Presently, three (3) out of seven (7) members of the Board are women Directors, indicating 43% female representation on the Board. The Board members possess an effective mix of industry-specific knowledge and broad business, financial, regulatory and technical experience. Furthermore, there is effective check and balance on the Board, with 57% of the Board members being Independent Non-Executive Directors. Based on the independence assessment conducted by the Board, the Board believes that the existing Independent Directors are able to continue bringing in their independent perspectives and judgement during the Board and Board Committee's proceedings. As a large company, the Group currently complies with Practice 5.2 in the MCCG since at least half of the Board comprises Independent Directors.

A brief description of the background of each Director is presented in the Directors' Profile on pages 34 to 37 of this Annual Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### II. Board Composition (Cont'd)

##### Independence of the Board

The Independent Directors provide the necessary independent perspective and rigour in the formulation of strategies, deliberation of issues and implementation of major undertakings to ensure that the interest of not only the Group, but also stakeholders and the public in general are represented. The Board, through the Nomination Committee, reviewed and was satisfied that all such Directors had satisfied the criteria for an Independent Director as prescribed in the Listing Requirements and Practice Note 13 of Bursa Securities. This mixture of experience and expertise is deemed necessary in light of the increasingly challenging economic and operating environment in which the Group operates.

The MCGG's Practice 5.3 provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Director. However, an Independent Director may continue to serve the Board upon reaching the nine (9) years limit subject to the Independent Director's re-designation as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval through a two-tier voting process. In justifying the decision, the Nomination Committee is entrusted to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria and definition of an Independent Director as set out under Paragraph 1.01 of Listing Requirements on independence and recommend to the Board for its consideration. The Board does not have any Independent Directors serving for more than nine (9) years.

##### Nomination Committee

The Nomination Committee was established on 26 April 2005 and is primarily responsible for the identification of the desired mix of expertise, competencies and experiences for an effective Board and the assessment of the performance of the members of the Board. As and when the need arises, the Nomination Committee shall also identify and recommend candidates with the necessary qualities to strengthen the Board.

The Nomination Committee is currently chaired by Independent Non-Executive Director, Tan Pui Suang, and comprises wholly of Independent and Non-Executive Directors. The Nomination Committee operates under its terms of reference, which has been approved by the Board.

Practices 5.6 and 5.7 of the MCGG require the Committee to consider independent sources and recommendations from existing board members, management and major shareholders when identifying candidates for appointment of directors. The Committee also has the responsibility to ensure that shareholders have the information they require to make an informed decision on the appointment and reappointment of the Directors. For the two (2) newly appointed Independent Directors during the financial year ended 31 December 2023, the Committee has not utilised external independent sources to identify the new Independent Directors because it was satisfied that they were the suitable candidates after assessment of their background, professional qualification, knowledge, integrity and competencies, independence, as well as fulfilment of criteria set out in the Fit and Proper Policy.

On appointment of new Directors, the Management would facilitate the Directors' induction by providing the Directors with relevant information about the Group and encouraging them to visit the sites of the Group's operating units and meet with key senior executives. The Nomination Committee will also ensure that orientation programmes are provided for new members of the Board and is also tasked to review the Directors' continuing education programmes.

In accordance with the Company's Constitution, all Directors who are appointed by the Board are subject to election by shareholders at the first opportunity after their appointment. The Constitution also provides that at least one third (1/3) of the remaining Directors be subject to re-election by rotation at each Annual General Meeting ("AGM") provided always that all Directors shall retire from office at least once every three (3) years but shall be eligible for re-election.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### II. Board Composition (Cont'd)

##### Nomination Committee (Cont'd)

The Nomination Committee has access to any form of independent professional advice, information and the advice and services of the Company Secretaries, if and when required, in carrying out its functions. Directors seeking re-election and re-appointment abstain from all deliberations regarding his/her re-election and re-appointment to the Board and/or Board Committees. The Nomination Committee meets at least once in a financial year or more frequently if needed.

The Nomination Committee had three (3) meetings during the financial year ended 31 December 2023. The attendance details of each Board Member are as follows:

Name of Directors	Attendance
Tan Pui Suang (Appointed on 1 December 2023)	0/0
Nurulhuda Binti Abd Kadir	2/3
Ng Kim Hian (Appointed on 5 April 2023)	1/1
Tan Ah Lai (Ceased on 5 April 2023)	2/2
Ang Nyee Nyee (Ceased on 1 December 2023)	3/3

The activities carried out by the Nomination Committee during the financial year under review were as follows:

- Assessed and reviewed the boardroom diversity in respect of the desired mix of skills, competencies and experience of the Board, including the core competencies which non-executive directors should bring to the Board as well as the gender diversity policy as encouraged by Bursa Securities and Practices 5.9 of the MCGG;
- Ensured that the appointment of the Board and senior management is based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender in accordance to Practice 5.5 of the MCGG;
- Assessed the effectiveness and performance of the Board, the Board Committees and individual directors, and made recommendations to the Board with regard to any adjustments to the structure, size and composition that are deemed necessary in accordance to Practice 6.1 of the MCGG;
- Developed the Board action plan for improvement on areas identified in the Boards effectiveness evaluation, where application;
- Reviewed the Fit and Proper Policy;
- Reviewed the Succession Planning Policy and Procedure; and
- Reviewed the Directors' continuing education programmes.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### II. Board Composition (Cont'd)

##### Directors' Training

Under the Listing Requirements, the Nomination Committee has assumed the onus of determining or overseeing the training needs of the Directors. All the Directors have attended the Mandatory Accreditation Programme.

During the financial year ended 31 December 2023, all Directors have attended relevant courses and training programmes to enhance their knowledge to effectively discharge their duties and obligations.

The courses and training programmes attended by the Directors are as follows:

Name of Director	Courses/Training Programmes Attended
Ang Nyee Nyee	Statelessness and Birth Certificate Final Climate Governance - Board Oversight of Climate Risks and Opportunities
Tay Hoe Lian	Mastering 3 Kingdoms Leadership & Strategies Driving Customer Acquisition with Digital Marketing for Local Businesses Beat the Odds in Business and Life Winning the Sales Game with AI: The Future of Sales and Customer Relationships
Tay How Sik @ Tay How Sick	Cyber Security for Finance and Accounting Professionals
Hia Cheng	CMAA International Cocoa Conference 2023 The 8th Indonesian International Cocoa Conference 2023: Share the Vision: Driving Innovation through Research and Development The 8th Indonesian International Cocoa Conference 2023: Expanding the Possibilities: Rise of Artisan Chocolatier The 8th Indonesian International Cocoa Conference 2023: Facing the Future Together: Empowering Farmers and Advancing Global Cocoa Production The 8th Indonesian International Cocoa Conference 2023: Success through Synergy: Reinventing Cocoa Agribusiness The 8th Indonesian International Cocoa Conference 2023: Working Together to Win: Implementing Sustainable Practices across Cocoa & Chocolate Value Chain The 8th Indonesian International Cocoa Conference 2023: All In! Role of Women and Youth in Cocoa The 8th Indonesian International Cocoa Conference 2023: Shaping the Future: Global Policy for the Future of Cocoa & Chocolate
Nurulhuda Binti Abd Kadir	The Advocacy Session for Directors and CEOs of Main Market Listed Issuer

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

## II. Board Composition (Cont'd)

Directors' Training (Cont'd)

The courses and training programmes attended by the Directors are as follows: (Cont'd)

Name of Director	Courses/Training Programmes Attended
Ng Kim Hian	National Tax Conference 2023 Step Acquisition (MFRS 3) and Disposal (MFRS 10) Equity Accounting Impairment of Assets ISA 550 Audit of Related Parties and Related Party Transactions
Tan Pui Suang	Tax and OECD Pillar 2 Managing Cybersecurity Risk Reserve Matters for Shareholder Budget 2023 ESG as Key Driver to Business Sustainability ASEAN Tax Forum 2023 Bursa Advocacy Sessions for Directors & CEO of Main Market Listed Issuers Malaysia and the Global Min Tax Everything about Dividend MFRS Updates 2023

The Directors are mindful that they shall continue to undergo relevant training programmes in order to stay abreast with the latest developments in the industry and to better enable them to fulfil their responsibilities.

The Company Secretaries and external auditors have also regularly updated the Directors on the latest relevant regulatory requirements and accounting standards to enable them to keep abreast with such developments and amendments.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### III. Remuneration

##### Remuneration Committee

The Remuneration Committee was established on 26 April 2005 and is primarily responsible for the development and review of the remuneration policy and packages for the Board members.

The Remuneration Committee is currently chaired by Independent Non-Executive Director, Nurulhuda Binti Abhd Kadir, and comprises wholly of Independent and Non-Executive Directors. The Remuneration Committee operates under its terms of reference, which has been approved by the Board.

In compliance with Practices 7.1 and 7.2 in the MCCG, the Remuneration Committee has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policy is reviewed from time to time to ensure the remuneration of Directors and senior management are on par with other publicly listed companies.

The Remuneration Committee had one (1) meeting during the financial year ended 31 December 2023, which was attended by all members. The activities carried out by the Remuneration Committee during the financial year under review were as follows:

- Reviewed and recommended to the Board the remuneration packages for Executive Directors based on the outcome of performance reviews;
- Reviewed and recommended to the Board remuneration packages for key senior management based on the outcome of performance reviews;
- Determined the remuneration packages needed to attract, retain and motivate Executive Directors of the quality required to manage the business of the Group successfully;
- Ensured the remuneration and incentives for independent directors does not conflict with their obligation in bringing objectivity and independent judgment on matters discussed;
- Reviewed the Group's compensation policy for the Executive Directors and ensure alignment of compensation to corporate performance and market practices; and
- Approved the annual salary increment of the Executive Directors in respect of each financial year.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

## III. Remuneration (Cont'd)

## Directors' Remuneration

The details of Directors' remuneration payable to the Directors of the Company for the financial year ended 31 December 2023 are as follows:

	Group (RM'000)				Company (RM'000)				
	Fees	Salaries & Allowances	Bonuses	EPF & SOCSO in-kind	Benefits-in-kind	Fees	Salaries & Allowances	Bonuses	EPF & SOCSO in-kind
<b>Executive Directors</b>									
Tay Hoe Lian	180	1,968	3,630	218	16	-	-	-	-
Tay How Sik @ Tay How Sick	180	1,074	1,598	31	17	-	-	-	-
Hia Cheng	180	2,122	4,566	204	75	-	-	-	-
<b>Independent Non-Executive Directors</b>									
Ang Nyee Nyee	-	-	-	-	-	62	3	-	-
Nurulhuda Binti Abd Kadir	-	-	-	-	-	48	2	-	-
Tan Pui Suang (Appointed on 27 February 2023)	-	-	-	-	-	50	3	-	-
Ng Kim Hian (Appointed on 27 February 2023)	-	-	-	-	-	42	3	-	-
Tan Ah Lai (Resigned w.e.f. 5 April 2023)	-	-	-	-	-	22	1	-	-

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### III. Remuneration (Cont'd)

##### Key Senior Management's Remuneration

The details of Key Senior Management's remuneration in successive bands of RM50,000 for the financial year ended 31 December 2023 are as follows:

Band	Number of Key Senior Management
RM350,001 – RM400,000	1
RM550,001 – RM600,000	1
RM750,001 – RM800,000	1
RM1,650,001 - RM1,700,000	1
RM2,300,001 - RM2,350,000	1
RM2,400,001 - RM2,450,000	1

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I. Audit Committee

##### Uphold Integrity in Financial Reporting by Company

The Audit Committee is responsible for the appointment and re-appointment of external auditors. Together with the external auditor, the Audit Committee reviews the audit plan, evaluation of the system of internal controls and audit report and subsequently reports to the Board.

In addition, the Audit Committee ensures that the Group's internal audit function is effective and independent and carries out its work in accordance with a recognised framework. The internal auditors report directly to the Audit Committee on the adequacy and effectiveness of the system of internal controls and significant risks. The Audit Committee reviews and evaluates the key concerns and issues, ensuring that appropriate and prompt remedial action is taken by the management.

Audit Committee activities are detailed in the Audit Committee Report and Statement of Risk Management and Internal Control.

The Board aims to provide and present a clear, balanced and comprehensive assessment of the Group's financial performance and prospects at the end of the financial year, primarily through the annual financial statements and quarterly announcement of results to shareholders, as well as the interview with the Managing Director/Chief Executive Officer and review of the Group's operations in this Annual Report.

The Board, with the assistance of Audit Committee, is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the reporting period and of their results and cash flows for the period then ended. In preparing the financial statements, the Directors ensure that accounting standards approved by the Malaysian Accounting Standards Board in Malaysia and the provisions of the Companies Act 2016 are complied with and that reasonable and prudent judgments and estimates have been made. The Directors' overall responsibilities also include taking such steps as are reasonably open to them to safeguard the assets of the Group and for the implementation and continued operation of adequate accounting and internal control systems for the prevention of fraud and other irregularities.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

#### I. Audit Committee (Cont'd)

##### Uphold Integrity in Financial Reporting by Company (Cont'd)

The Board is satisfied that it has met its obligation to present a balanced and understandable assessment of the Group's position and prospects in the Directors' Report and the Financial Statements set out in this Annual Report.

#### II. Risk Management and Internal Control Framework

##### Recognise and Manage Group Risks

The Board recognises its responsibility over the principal risks of various aspects in the Group's business.

The Board and Management are mindful of measures required to identify risks residing in any major proposed transactions, changes in nature of activities and/or operating environment, or venturing into new operating environment.

The responsibilities of identifying and managing risks are delegated to the respective Head of each business unit. A Risk Management Committee is responsible in assisting the Board by assuming the responsibility of monitoring the effectiveness of the Group's approach on risk management, which was previously delegated to the Audit Committee. The composition and details of activities carried out by the Risk Management Committee are set out in the Risk Management Committee Report of this Annual Report.

The key features of the risk management and internal controls are set out in the Statement on Risk Management and Internal Control as stated on pages 151 to 156 of this Annual Report.

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

#### I. Communication with Stakeholders

##### Ensure Timely and High Quality Disclosure

An essential aspect of an active and constructive communication policy is the promptness in disseminating information to shareholders and investors. The corporate disclosure process and mechanism is guided by a formal Corporate Disclosure Policy in order to enable comprehensive, accurate and timely disclosures pertaining to the Group to the regulators, shareholders and stakeholders of the Company.

The Company acknowledges the need for investors to be informed of all material business and corporate developments affecting the Group.

The timely release of quarterly results of the Group and the issue of the Company's Annual Reports provide regular information on the state of affairs of the Group. These, together with the announcements to Bursa Securities, circulars to shareholders and, where appropriate, ad-hoc press statements and interviews, are the principal channels for dissemination of information by the Company to its investors, stakeholders and the public generally. This information is also accessible by the public through the Bursa Securities' website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

### PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

#### I. Communication with Stakeholders (Cont'd)

In addition, the Company's website at [www.gcbcocoa.com](http://www.gcbcocoa.com) provides information on the Group's business, corporate development and announcements to Bursa Securities. Other information relevant to shareholders and investors such as Annual Reports, circulars to shareholders and quarterly reports are available for download at the Company's website.

##### Promoting Sustainability

The Company manages its business responsibly by managing the economic, social and environmental aspects of its operations. The Company produces the annual report, which highlights the financial aspects of the business and provides a clear, comprehensive and transparent representation of the Company's performance annually.

#### II. Conduct of General Meetings

##### Annual Report and General Meetings

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including minority shareholders, are protected. The Board provides its shareholders and investors with information on its business, financials and other key activities in this Annual Report, in which the contents are continuously enhanced to take into account the developments, amongst others, in corporate governance.

The conduct of the meeting follows Practices 13.1, 13.2, 13.3, 13.4, 13.5 and 13.6 of the MCGG. Notice for general meetings is given to shareholders at least 28 days prior to the meeting. The Board is cognisant of the advantages of poll voting at general meetings to ensure accurate, transparency and efficiency of the voting process and outcomes at general meetings. All the resolutions tabled at the general meetings are voted by poll. All Directors attended the Nineteenth AGM held on 31 May 2023. Technology was leveraged in order for the meeting to be accessible to all shareholders and to support a meaningful engagement between the Board, senior management and shareholders. Minutes of the general meetings and key matters discussed during the Nineteenth AGM are also circulated to shareholders within 30 business days of the meeting.

### COMPLIANCE STATEMENT

The Board is pleased to report that this Statement, together with the Corporate Governance Report ("CG Report") which is available on the Company's website at [www.gcbcocoa.com](http://www.gcbcocoa.com), provides the corporate governance practices of the Company with reference to the MCGG. The Board considers and is satisfied that the Company has fulfilled its obligations under the broad Principles as set out in the MCGG. However, the Board has reserved several of the Practices and has rationalised and provided justifications for the deviations in the CG Report. Nevertheless, the Company will continue to strengthen its governance practices to safeguard the best interests of its shareholders and other stakeholders.

This Statement was presented and approved at the meeting of the Board on 15 April 2024.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

Paragraph 15.26(b) of the Main Market Listing Requirements requires the Board of Directors (the “Board”) of any given Listed Issuer to include in its annual report a Statement on Risk Management and Internal Control. The Board is pleased to provide the following statement that is prepared in accordance with the *Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers* (the “Guidelines”) endorsed by Bursa Malaysia Securities Berhad (“Bursa Securities”) which outlines the nature and scope of the risk management and internal controls of the Group during the financial year under review until the date of approval.

## BOARD’S RESPONSIBILITY

The Board is committed to the continuous improvement of internal controls and risk management practices within the Group to meet its business objectives. The Board affirms its overall responsibility to maintain a sound system of internal controls and effective risk management, and for reviewing the adequacy, integrity and effectiveness of these systems to safeguard shareholders’ investment and the Group’s assets. It covers not only financial controls but operational and compliance controls, and risk management.

However, such systems, by their nature, can only provide reasonable, but not absolute, assurance against material misstatement, losses or fraud. These systems were designed to manage, rather than eliminate, the risk of failure to achieve business objectives of the Group.

## RISK MANAGEMENT FRAMEWORK

In dealing with its stewardship responsibilities, the Board recognises that an effective risk management is part of good business management practice. The Board acknowledges that all areas of the Group’s activities involve some degree of risk and is committed to ensuring that the Group has an effective risk management framework which will allow the Group to be able to identify, evaluate, monitor and manage risks continuously that affect the achievement of the Group’s business objectives.

This process is annually reviewed by the Board. It is intended that any key risk or significant control failings or weaknesses shall be identified and discussed in these reports including the impact they have had or may have on the Group and the actions to rectify them.

The key elements of the Group’s Risk Management Framework are described below:

- **Structure**

The Group adopts a decentralised approach to risk management which comprises strategic and operational risks (including financial and compliance risks).

Type of Risks	Accountability
Strategic risk	The Board, Group Chief Executive Officer (“CEO”), Group Chief Financial Officer (“CFO”) and Group Chief Operating Officer (“COO”)
Operational risk (including financial and compliance risks)	Senior Management and Head of Department

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### RISK MANAGEMENT FRAMEWORK (CONT'D)

- **Structure (Cont'd)**

- **Strategic risks** are risks primarily caused by events that are external to the Group, but have a significant impact on its strategic decisions or activities. Accountability for managing strategic risks therefore rests with the Board, Group CEO and Group CFO. The benefit of effectively managing strategic risks is that the Group can better forecast and quickly adapt to the changing demands that are placed upon the Group. It also means that the Group is less likely to be affected by some external event that calls for significant change.
- **Operational risks, including financial and compliance risks** are inherent in the ongoing activities within the different subsidiaries of the Group. Typically, some of the risks cover foreign exchange, credit, competency, technology, etc. Senior management requires ongoing assurance that these operational risks are identified and managed. Accountability for managing operational risks rests specifically with the respective Heads of Department.

- **Risk Awareness Culture**

Risk awareness culture is reflected by the emphasis on strong corporate governance, organisational structure with clearly defined roles and responsibilities, effective communication and training, commitment to compliance with laws, regulations and internal controls, integrity in fiduciary responsibilities and clear policies, procedures and guidelines.

- **Risk Assessment**

Senior Management identifies and assesses risks from time-to-time based on business nature and objective. Senior Management reports quarterly to the Board for any significant risk identified or control failure.

- **Risk Appetite**

The Group's risk appetite defines the amount and types of risk that the Group is able and willing to accept in pursuit of its business objectives. It also reflects the level of risk tolerance and limits set to govern, manage and control the Group's risk taking activities.

A clear Limit of Authority has been formalised to approve transactions to ensure that they are within the risk appetite of the Group.

### INTERNAL CONTROL SYSTEM

The key elements of the Group's internal control system are described below:

- **Control Environment**

The importance of a proper control environment is emphasised throughout the organisation. Focus is directed towards the quality and abilities of the Group's employees with continuing education and training to enhance the skills of employees and reinforce qualities of professionalism and integrity. Such training also includes internal briefings and external seminars for selected employees to enhance the level of awareness and knowledge on matters relating to risk management and internal controls.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### INTERNAL CONTROL SYSTEM (CONT'D)

- **Code of Conduct**

Code of Conduct is the cornerstone of setting the proper tone at the top for the business's culture. The Board and management have formalised it as the standard of expected ethical behaviour for the all employees. It spells out rules and expectations regarding workplace safety and health, bribery, equal opportunities, workplace environment, etc.

- **Organisational Structure**

The Group operates on a hierarchical organisation structure that defines the authority limits, lines of responsibility and reporting mechanism. All Subsidiaries have clear accountabilities to ensure appropriate control procedures are in place.

The key elements of the Group's organisational structure are as follows:

➤ **Management**

- **Policy and Procedures:** Management has implemented a series of documented Policy and Procedures to govern the Group's key business processes. These policies and procedures deal with, amongst others, control issues for procurement, credit control, warehousing, information technology, health and safety, etc. These procedures are reviewed annually by senior management to ensure its relevancy.
- **Human Capital:** There are guidelines within the Group for hiring and termination of staff, formal training programmes for staff and annual performance appraisals to enhance the level of staff competency in carrying out their duties and responsibilities.
- **Safeguarding of Assets:** Adequate insurance and physical safeguarding of major assets are in place to ensure that they are sufficiently covered against any mishap that may result in material losses to the Group.
- **Related Party Transactions:** Internal control procedures are established to ensure that related party transactions are undertaken in compliance with the Group's practices, the Listing Requirements, and to ensure that these transactions are carried out on an arm's length basis and on normal commercial terms, which are in the best interest of the Group's stakeholders.
- **Communication:** Information is communicated through circulars, emails, meetings and internal memos.
- **Site Visits:** Annual visits by the head office personnel to business units in remote locations to ascertain compliance with the established Policy and Procedures of the Group by local management.
- **Management Meetings:** Quarterly meetings with the Heads of Departments provide a sound platform for communicating information and providing feedback to and from Management.

➤ **Internal Audit**

The Group has outsourced its internal audit function to an independent professional service provider (the "Internal Auditors") which carries out its functions independently with a risk-based approach and provides the Audit Committee and the Board with the assurance on the adequacy and effectiveness of the system of internal controls. The cost of internal audit function for the financial year ended 31 December 2023 was approximately RM48,000.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### INTERNAL CONTROL SYSTEM (CONT'D)

#### • Organisational Structure (Cont'd)

##### ➤ Internal Audit (Cont'd)

Any significant control lapses and/or deficiencies noted from the reviews will be documented and communicated to management for review and corrective actions. The Internal Auditors report to the Audit Committee on all significant non-compliance matters, internal control weaknesses and actions taken by management to resolve the audit issues identified.

The Internal Auditors are solely responsible for planning, implementing and reporting the audits for the Group. The Internal Auditors:

- o Prepare a detailed Internal Audit Plan in consultation with the senior management for submission to the Audit Committee for approval;
- o Carry out all activities to conduct the audits in an effective, professional and timely manner;
- o Undertake discussions with the audit committee upon completion of each audit for any significant control lapses and/or deficiencies noted from the reviews for their review and corrective actions; and
- o Submit quarterly reports to the Audit Committee for all significant non-compliance matters, internal control weaknesses and actions taken by management to resolve the audit issues identified.

##### ➤ Audit Committee

The Audit Committee reviews, monitors and evaluates the effectiveness and adequacy of the Group's internal controls and financial issues raised by the External and Internal Auditors, regulatory authorities and management. The review includes reviewing written reports from the Internal and External Auditors, to ensure that where deficiencies in internal controls have been identified, appropriate and prompt remedial action is taken by management.

The Audit Committee also convenes meetings with External Auditors without the presence of management. In addition, the Audit Committee reviews the adequacy of the scope, functions and competency of the Internal and External Auditors. The Audit Committee also reviews and evaluates the procedures established to ensure compliance with applicable legislation, the Listing Requirements and the Group practices.

The Audit Committee Report set out on pages 157 to 158 of this Annual Report contains further details on the activities undertaken by the Audit Committee in 2023.

##### ➤ Risk Management Committee

The Risk Management Committee reviews and recommends the Group's risk management framework and evaluates the effectiveness and adequacy of the Group's overall risk assessment procedures and risk action plans. The review includes reviewing quarterly reports from Enterprise Risk Management Committee, to ensure that where risks have been identified, appropriate and prompt remedial action is taken by management.

The Risk Management Committee Report set out on pages 159 to 160 of this Annual Report contains further details on the activities undertaken by the Risk Management Committee in 2023.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### INTERNAL CONTROL SYSTEM (CONT'D)

- **Organisational Structure (Cont'd)**

- **Board**

The Board holds regular discussions with the Audit Committee, Risk Management Committee and management, and considers their reports on matters relating to internal controls and deliberates on their recommendations for implementation.

- o **Business Direction:** The Group's vision, mission, corporate philosophy and strategic direction have been formalised and communicated to employees at all levels. The Board retains control over the Group with appropriate management reporting mechanisms which enable the Board to review the Group's progress.
- o **Reporting and Information:** Senior management reports to the Board for the strategic plans and business units' performances on a quarterly basis. The monitoring of individual business units' performances is conducted monthly, with major variances followed up and management action taken, where necessary.

Comprehensive information is provided to management every quarter, covering financial performance, key business indicators, key business risks and legal, environmental and regulatory matters. Quarterly meetings attended by management, led by the Group CEO, are held to discuss the various aspects of the business, including the financial and operational performance of the Group. Key matters affecting the Group are brought to the attention of the Audit Committee and are reported to the Board on a quarterly basis. Management also ensures that it has the knowledge of key market information in respect of the Group's products/performance and takes pro-active measures, as appropriate, in the best interests of the Group.

- o **Monitoring and Review:** There are processes for monitoring the system of internal controls and reporting any significant weaknesses together with details of corrective action. The system is reviewed on an ongoing basis by the Board (through the Audit Committee), management and Internal Auditors. Heads of Department are also actively involved in continually improving the control processes within their respective departments.

### WEAKNESSES IN INTERNAL CONTROLS WHICH RESULTED IN MATERIAL LOSSES

There were no major weaknesses in internal controls which resulted in material losses during the financial year under review until the date of approval of this Statement.

### ASSURANCE PROVIDED BY THE GROUP CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

In line with the Guidelines, the Group CEO and Group CFO have provided assurance to the Board that the Group's risk management and internal control systems have been operating adequately and effectively, in all material aspects, to meet the Group's business objectives during the financial year under review.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

### REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the annual report of the Group for the year ended 31 December 2023. Their review was performed in accordance with the Audit and Assurance Practice Guide 3 (“AAPG 3”) issued by the Malaysian Institute of Accountants. The External Auditors’ procedures have been conducted to assess whether the Statement on Risk Management and Internal Control is supported by the documentation prepared by or for the Directors and that it is an appropriate reflection of the process adopted by the Directors in reviewing the adequacy and integrity of the system of internal control for the Group.

AAPG3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control system of the Group. Based on the procedures performed, nothing had come to their attention that caused them to believe that the Statement on Risk Management and Internal Control set out above was not prepared, in all material respects, in accordance with the disclosures required by paragraph 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor was factually inaccurate.

### CONCLUSION

The Board has taken the necessary steps to ensure that appropriate systems are in place for the assets of the Group to be adequately safeguarded through the prevention and detection of fraud and other irregularities and material misstatements.

The Board is of the view that the risk management and internal control systems are satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group’s annual report save for those mentioned above. The Board continues to take pertinent measures to sustain and, where required, to improve the Group’s risk management and internal control systems in meeting the Group’s strategic objectives.

This Statement was approved by the Board on 15 April 2024.

# AUDIT COMMITTEE REPORT

## MEMBERSHIP

Chairman:	Ng Kim Hian (Independent Non-Executive Director) (Appointed as Committee Chairman on 5 April 2023)
	Ang Nyee Nyee (Independent Non-Executive Director) (Ceased as Committee Chairman w.e.f. 5 April 2023)
Members:	Nurulhuda Binti Abd Kadir (Independent Non-Executive Director)
	Tan Pui Suang (Independent Non-Executive Director) (Appointed as Committee Member on 5 April 2023)
	Tan Ah Lai (Independent Non-Executive Director) (Ceased as Committee Member w.e.f. 5 April 2023)

## TERMS OF REFERENCE

The terms of reference of the Audit Committee is available for download on the Company's website at [www.gcbcocoa.com](http://www.gcbcocoa.com).

## SUMMARY OF WORK

A total of five (5) Audit Committee meetings were held for the financial year ended 31 December 2023. The attendance details of each Audit Committee member are as follows:

Name of members	Attendance
Ng Kim Hian (Appointed as Committee Chairman on 5 April 2023)	4/4
Nurulhuda Binti Abd Kadir	4/5
Tan Pui Suang (Appointed as Committee Member on 5 April 2023)	4/4
Ang Nyee Nyee (Ceased as Committee Chairman w.e.f. 5 April 2023)	2/2
Tan Ah Lai (Ceased as Committee Member w.e.f. 5 April 2023)	2/2

During the financial year under review, the Audit Committee discharged its functions and duties in accordance with its existing Terms of Reference.

## AUDIT COMMITTEE REPORT

### SUMMARY OF WORK (CONT'D)

The main work undertaken by the Audit Committee during the financial year included the following:

- considered the nomination of external auditors for recommendation to the Board for re-appointment;
- considered the audit fees payable to the external auditors for recommendation to the Board for approval;
- reviewed the performance of the external auditors in relation to the audit and performed follow-up measures on areas of performance of external auditors that require improvement, where required;
- reviewed and evaluated factors relating to the independence of the external auditors. The Audit Committee worked closely with the external auditors in establishing procedures in assessing the suitability and independence of the external auditors, in confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Group in accordance with the independence criteria set out by the International Ethics Standards Board for Accountants and Malaysian Institute of Accountants;
- reviewed the external auditors' scope of work and audit plans and strategy for the year prior to the audit;
- reviewed the results of the audit, the audit report and the management letter, including management's response, and the assistance given by the employees to the external auditors;
- reviewed the audited financial statements for the financial year ended 31 December 2023 and matters relating to management judgments and estimates;
- reviewed quarterly unaudited financial statements of the Company prior to submission to the Board for their consideration and approval;
- reviewed whether the financial statements provide a true and fair view of the Company's financial position and performance;
- met with external auditors without the presence of management on 27 February 2023 and 27 November 2023 and discussed on matters arising from the interim and final results;
- reviewed the provision of non-audit services by the external auditors and/or its network firms to eliminate or reduce the threat to objectivity and independence;
- reviewed the internal auditors' programmes and plans for the financial year under review and the assessment of the effectiveness of internal audit activities;
- reviewed the re-appointment of the internal auditors and audit fee;
- reviewed the internal audit plans, reports, recommendations and management's response;
- reviewed related party transactions including reviewing recurrent related party transactions of a revenue or trading nature and control procedures for those transactions in the shareholders' mandate;
- reviewed the anti-bribery and corruption policy and recommended the amendment and/or modification, if any to the Board;
- reviewed processes and controls that were in place for effective and efficient financial reporting and disclosures under the financial reporting standards;
- ensured that the Group is in compliance with the regulations of Companies Act 2016, the applicable approved accounting standards as per Malaysian Accounting Standards Board, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, Malaysia Code on Corporate Governance and other legislative and reporting requirements;
- reviewed the Corporate Governance Overview Statement, Corporate Governance Report, Audit Committee Report and the Statement on Risk Management and Internal Control and recommended their adoption to the Board, deliberated the disclosure requirements for sustainability statement and noted the management action plan; and
- reviewed, monitor and report any conflict of interest ("COI") situations that involve directors and key senior management within the Group included those COI situations that arose, persist or may arise and the measures taken to resolve, eliminate or mitigate such COI situation. During the financial year, there were no COI situations that involved directors and key senior management within the Group.

### INTERNAL AUDIT FUNCTION

The Board acknowledges that it is responsible for maintaining a sound system of internal controls which provide reasonable assessment of effective operations, internal financial controls and compliance with laws and regulations as well as with internal procedures and guidelines.

The Company has engaged an external independent consultant to carry out the internal audit function to assist the Audit Committee in maintaining a sound system of internal control. The internal audits were undertaken to provide independent assessments on the accuracy, efficiency and effectiveness of the Group's internal control systems.

An overview of the Group's approach in maintaining a sound system of internal control is set out in the Statement on Risk Management and Internal Control on pages 151 to 156 of this Annual Report.

# RISK MANAGEMENT COMMITTEE REPORT

For an effective risk management framework, the Risk Management Committee was set up to oversee the risk management of the Group pursuant to step up practice 10.3 of the Malaysian Code on Corporate Governance ("MCCG").

## MEMBERSHIP

Chairman:	Hia Cheng (Executive Director)
Members:	Ng Kim Hian (Independent Non-Executive Director) (Appointed as Committee Member on 5 April 2023)
	Tan Pui Suang (Independent Non-Executive Director) (Appointed as Committee Member on 1 Dec 2023)
	Tan Ah Lai (Independent Non-Executive Director) (Ceased as Committee Member w.e.f. 5 April 2023)
	Ang Nyee Nyee (Independent Non-Executive Director) (Ceased as Committee Member w.e.f. 1 Dec 2023)

## TERMS OF REFERENCE

The terms of reference of the Risk Management Committee is available for download on the Company's website at [www.gcbcocoa.com](http://www.gcbcocoa.com).

## SUMMARY OF WORK

A total of five (5) Risk Management Committee meeting was held for the financial year ended 31 December 2023. The attendance details of each Risk Management Committee member are as follows:

Name of members	Attendance
Hia Cheng	5/5
Ng Kim Hian (Appointed as Committee Member on 5 April 2023)	4/4
Tan Pui Suang (Appointed as Committee Member on 1 Dec 2023)	0/0
Tan Ah Lai (Ceased as Committee Member w.e.f. 5 April 2023)	2/2
Ang Nyee Nyee (Ceased as Committee Member w.e.f. 1 Dec 2023)	5/5

## RISK MANAGEMENT COMMITTEE REPORT

### SUMMARY OF WORK (CONT'D)

The Risk Management Committee is responsible in assisting the Board to monitor the effectiveness of the Group's approach on risk management. The Group has a formal risk management policy and framework approved by the Board. The Risk Management Committee is supported by the Enterprise Risk Management Committee, which comprises Heads of Departments and is headed by the Chief Financial Officer, in overseeing the risk management efforts within the Group.

For risk management, the Group has in place an on-going process for identifying principal business risks within the organisation, assessing the likelihood of occurrence and impact of exposures and determining the corresponding risk mitigation and treatment measures.

Risk management activities are practised throughout the organisation to support the Risk Management Committee in its corporate governance responsibilities. Enterprise Risk Management Committee and the respective departmental heads would proactively and effectively manage significant risks that might affect the Group's objectives. A set of risk indicators has been developed and is used to enhance the monitoring and mitigation of risks events.

During the financial year under review, the Risk Management Committee discharged its functions and duties in accordance with its existing Terms of Reference.

The main work undertaken by the Risk Management Committee during the financial year included the following:

- Provided guidance for the direction of the Group Enterprise Risk Management (ERM) Committee;
- Reviewed and recommended the Group's risk management framework for the Board's approval;
- Monitored the implementation of the risk management framework and activities conducted by the Group ERM Committee;
- Reviewed and advised on the Group's risk appetite and risk tolerance;
- Reviewed the adequacy of the Group's overall risk assessment procedures to ensure all material risks are identified;
- Reviewed material risks and evaluated the adequacy and effectiveness of risk action plans, vis-à-vis the risk appetite and risk profile of the Group;
- Reviewed the Group's risk profile on an annual basis and ensured that all material risks outside of the Group's tolerable ranges are being addressed via risk action plans in a timely manner;
- Reported to the Board regarding the Group's risk exposures;
- Reviewed the adequacy of infrastructure and resources for the Group's risk management; and
- Reviewed the Risk Management Committee Report to ensure that all relevant information as prescribed in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is disclosed.

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for the preparation of financial statements for each financial year. They are responsible for ensuring that these financial statements are properly drawn up in accordance with Malaysia Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company and the results and cash flows of the Group and of the Company for the financial year then ended.

In preparing the financial statements, the Directors have adopted suitable accounting policies and applied them consistently, and made estimates and judgements which are reasonable and prudent. The financial statements have been prepared on a going-concern basis. It is the duty of the Directors to review the appropriateness of the basis before adopting the financial statements and present them before the Annual General Meeting together with their Report and the Auditors' Report thereon.

The Directors are responsible for ensuring that proper accounting and other records are kept to sufficiently explain the transactions recorded. In preparing the financial statements, the Directors are required to exercise judgement to make certain estimates that are reasonable, prudent and relevant to be incorporated in the financial statements. The Directors are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps to prevent and detect fraud and other irregularities.



# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

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 2023.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in business of investment holding and provision of management services to subsidiaries. The principal activities of the subsidiaries are mainly involved in the manufacturing, marketing and promotion of cocoa related products. Further details of the subsidiaries are set out in Note 11 to the financial statements.

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

## RESULTS

	Group RM	Company RM
Profit for the financial year	100,925,917	8,741,751
Profit attributable to owners of the parent	100,925,917	8,741,751

## DIVIDEND

Dividend paid, declared or proposed since the end of the previous financial year were as follows:

	RM
<b>In respect of financial year ended 31 December 2023:</b>	
First interim single tier dividend of 2.0 sen per ordinary share, payable on 19 January 2024	23,490,298

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

## RESERVES AND PROVISIONS

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

## ISSUE OF SHARES AND DEBENTURES

There were no new issues of shares or debentures during the financial year.

## DIRECTORS' REPORT

### TREASURY SHARES

As at 31 December 2023, the Company held 400,000 (2022: 400,000) of its ordinary shares as treasury shares out of its total 1,174,914,924 (2022: 1,174,914,924) issued and fully paid-up ordinary shares. Such treasury shares are held at a carrying amount of RM720,042 (2022: RM720,042).

### OPTIONS GRANTED OVER UNISSUED SHARES

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

### DIRECTORS

The Directors who have held for office during the financial year and up to the date of this report are as follows:

#### Guan Chong Berhad

Tay Hoe Lian\*  
Tay How Sik @ Tay How Sick\*  
Hia Cheng\*  
Nurulhuda Binti Abd Kadir  
Ang Nyee Nyee  
Ng Kim Hian  
Tan Pui Suang

\*These Directors of the Company are also the Directors of certain subsidiaries of the Company.

#### Subsidiaries of Guan Chong Berhad

Tay How Yeh  
Tay See Min (f)  
Yau Tee Wan  
Judith Laudenklos (f)

## DIRECTORS' REPORT

## DIRECTORS' INTERESTS

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

	← Number of ordinary shares →			Balance as at 31.12.2023
	Balance as at 1.1.2023	Addition	Sold	
<b>Shares in the Company</b>				
<u>Direct interests:</u>				
Tay Hoe Lian	33,111,825	25,085,365	(2,333,333)	55,863,857
Tay How Sik @ Tay How Sick	13,658,945	5,800,000	-	19,458,945
Hia Cheng	23,312,417	3,450,000	-	26,762,417
<u>Indirect interests:</u>				
Tay Hoe Lian <sup>a</sup>	720,000	-	-	720,000
Tay How Sik @ Tay How Sick <sup>b</sup>	2,590,000	4,000,000	-	6,590,000
Hia Cheng <sup>c</sup>	38,340,042	4,600,000	-	42,940,042
Ang Nyee Nyee <sup>d</sup>	8,000	-	-	8,000
<b>Shares in the ultimate holding company</b>				
Guan Chong Resources Sdn. Bhd. ("GCR")				
<u>Direct interests:</u>				
Tay Hoe Lian	5,130,000	-	-	5,130,000
Tay How Sik @ Tay How Sick	3,762,180	-	-	3,762,180
Hia Cheng	1,350,000	-	-	1,350,000

<sup>a</sup> Deemed interest by virtue of his wife, Yap Kim Hong's and his daughter, Tay Jing Ying's shareholding in the Company.

<sup>b</sup> Deemed interest by virtue of his daughters, Tay Jing Ye's, and Tay Sing Ye's, and his son, Tay Lian Shi's shareholding in the Company.

<sup>c</sup> Deemed interest by virtue of his wife, Wong Saow Lai's and his daughters, Hia Sin Yee's and Hia Sin Che's shareholding in the Company.

<sup>d</sup> Deemed interest by virtue of her husband, Leong Chee Foong's shareholding in the Company.

None of the other Directors holding office at the end of the financial year held any interest in the ordinary shares and options over ordinary shares in the Company or ordinary shares, options over ordinary shares and debentures of its related corporations during the financial year.

## DIRECTORS' REPORT

### DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors of the Company have received or become entitled to receive any benefit 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 other than the following:

- (a) remuneration received by certain Directors as Directors of the Company and its subsidiaries; and
- (b) by virtue of transactions entered into in the ordinary course of business.

There were no arrangements made during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### DIRECTORS' REMUNERATION

Directors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

	Group RM	Company RM
Salaries and allowances	7,977,741	-
Fees	765,257	225,257
Other emoluments	12,766,591	11,100
	21,509,589	236,357

### INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Group and the Company effected Directors and officers liability insurance amounted to RM20,650 during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors.

No indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

### OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

#### (I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
  - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
  - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business had been written down to their estimated realisable values.

## DIRECTORS' REPORT

### OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONTINUED)

#### (I) AS AT THE END OF THE FINANCIAL YEAR (CONTINUED)

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

#### (II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
- (i) which would render the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
  - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
  - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of Company misleading or inappropriate.
- (d) In the opinion of the Directors:
- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
  - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which would or may affect the ability of the Group or of the Company to meet their obligations as and when they fall due.

#### (III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

### ULTIMATE HOLDING COMPANY

The Directors regard Guan Chong Resources Sdn. Bhd., a company incorporated in Malaysia, as the ultimate holding company.

## DIRECTORS' REPORT

### AUDITORS

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

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2023 were as follows:

	Group RM	Company RM
Statutory audit	1,170,924	119,000
Other services	656,880	5,000
	1,827,804	124,000

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

\_\_\_\_\_  
**Tay Hoe Lian**  
Director

Johor Bahru  
15 April 2024

\_\_\_\_\_  
**Tay How Sik @ Tay How Sick**  
Director

## STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 174 to 256 have been drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards, and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

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**Tay Hoe Lian**

Director

Johor Bahru  
15 April 2024

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**Tay How Sik @ Tay How Sick**

Director

## STATUTORY DECLARATION

I, Hia Cheng, being the Director primarily responsible for the financial management of Guan Chong Berhad, do solemnly and sincerely declare that the financial statements set out on pages 174 to 256 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly )  
declared by the abovenamed at )  
Johor Bahru, Johor this )  
15 April 2024 )

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Hia Cheng

Before me:

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF GUAN CHONG BERHAD (INCORPORATED IN MALAYSIA)

### Report on Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Guan Chong Berhad, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended and notes to the financial statements, including material accounting policy information, as set out on pages 174 to 256.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, 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 report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Key Audit Matters of the Group

##### 1) Carrying amount of inventories at lower of cost and net realisable value

As at 31 December 2023, the inventories of the Group of RM2,524,312,939 that mainly comprised cocoa beans and related cocoa products. Details of the inventories have been disclosed in Note 13 to the financial statements.

We determined this to be a key audit matter because of the valuation of inventories, in particular write down of finished goods to net realisable values is mainly based on management estimates and subject to price volatility, which may result in the carrying amount of inventories not stated at lower of cost and net realisable values.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GUAN CHONG BERHAD (INCORPORATED IN MALAYSIA)

### Key Audit Matters (continued)

#### Key Audit Matters of the Group (continued)

##### 1) Carrying amount of inventories at lower of cost and net realisable value (continued)

###### Audit response

Our audit procedures included the following:

- (i) Obtained an understanding of the process implemented by management over the determination of lower of cost and net realisable value used in the valuation of inventories;
- (ii) Analysed the inventories turnover period by comparing that to the assessment of management on the identification of slow moving and obsolete inventories; and
- (iii) Assessed the appropriateness of inventories written down by verifying selling prices subsequent to the end of the reporting period.

##### 2) Recoverability of trade receivables

As at 31 December 2023, the net carrying amount of trade receivables of the Group was RM474,493,376 and cumulative allowance for impairment on trade receivables was RM14,293,221 as disclosed in Note 14 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgements in determining the probability of default by trade receivables and appropriate forward looking information.

###### Audit response

Our procedures included the following:

- (i) Recomputed the probability of default using historical data and forward looking information adjustment applied by the Group;
- (ii) Inquiries of management to assess the rationale underlying the relationship between the forward looking information and expected credit losses;
- (iii) Assessed the level of cash received subsequent to the end of the reporting period for its effect in reducing the amounts outstanding as at the end of the reporting period; and
- (iv) Recomputed the correlation coefficient between forward looking factors and historical credit losses to determine the appropriateness of the forward looking information of the Group.

#### Key Audit Matters of the Company

We have determined that there are no key audit matters to communicate in our report in respect of audit of the financial statements of the Company.

#### 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.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GUAN CHONG BERHAD (INCORPORATED IN MALAYSIA)

### Information Other than the Financial Statements and Auditors' Report Thereon (continued)

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

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

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

### Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, 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 Group's and of the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GUAN CHONG BERHAD (INCORPORATED IN MALAYSIA)

### Auditors' Responsibilities for the Audit of the Financial Statements (continued)

- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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 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 11 to the financial statements.

### Other Matters

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

#### **BDO PLT**

201906000013 (LLP0018825-LCA) & AF 0206  
Chartered Accountants

Kuala Lumpur  
15 April 2024

#### **Ho Kok Khiaw**

03412/02/2025 J  
Chartered Accountant

# STATEMENTS OF FINANCIAL POSITION

## AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	7	1,407,122,789	1,196,068,129	-	-
Investment properties	9	51,623,835	19,572,689	-	-
Intangible assets	10	86,897,472	86,418,056	-	-
Investments in subsidiaries	11	-	-	716,452,328	265,198,030
Investments in associate	12	4,742,551	4,489,477	5,000,000	5,000,000
Deferred tax assets	21	1,617,975	1,616,903	-	-
Other receivables	14	-	-	395,110,823	532,790,111
		1,552,004,622	1,308,165,254	1,116,563,151	802,988,141
<b>Current assets</b>					
Inventories	13	2,524,312,939	1,589,224,653	-	-
Trade and other receivables	14	850,027,552	624,744,436	18,179,986	6,164,970
Derivative financial assets	15	466,554,022	55,390,479	-	-
Current tax assets		23,924,521	13,738,682	-	1,453,772
Cash and bank balances	16	85,094,481	69,110,829	14,277,271	6,576,777
		3,949,913,515	2,352,209,079	32,457,257	14,195,519
<b>TOTAL ASSETS</b>		<b>5,501,918,137</b>	<b>3,660,374,333</b>	<b>1,149,020,408</b>	<b>817,183,660</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	17	495,237,253	495,237,253	495,237,253	495,237,253
Treasury shares	18	(720,042)	(720,042)	(720,042)	(720,042)
Reserves	19	1,258,257,252	1,144,038,109	2,366,043	17,114,590
<b>TOTAL EQUITY</b>		<b>1,752,774,463</b>	<b>1,638,555,320</b>	<b>496,883,254</b>	<b>511,631,801</b>

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Borrowings	20	647,999,908	364,396,970	600,000,000	300,000,000
Lease liabilities	8	63,131,394	60,436,809	-	-
Deferred tax liabilities	21	80,257,176	74,995,859	-	-
Retirement benefits obligations	22	3,073,841	2,720,110	-	-
		794,462,319	502,549,748	600,000,000	300,000,000
<b>Current liabilities</b>					
Trade and other payables	23	1,181,616,204	611,624,732	31,617,353	1,452,603
Derivative financial liabilities	15	211,349,113	91,912,676	19,568,203	4,099,256
Borrowings	20	1,533,833,266	796,357,406	-	-
Lease liabilities	8	13,738,659	9,552,357	-	-
Current tax liabilities		14,144,113	9,822,094	951,598	-
		2,954,681,355	1,519,269,265	52,137,154	5,551,859
<b>TOTAL LIABILITIES</b>		3,749,143,674	2,021,819,013	652,137,154	305,551,859
<b>TOTAL EQUITY AND LIABILITIES</b>		5,501,918,137	3,660,374,333	1,149,020,408	817,183,660

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	25	5,320,841,248	4,419,838,924	46,465,364	61,869,755
Cost of sales		(4,794,585,505)	(4,042,203,886)	-	-
Gross profit		526,255,743	377,635,038	46,465,364	61,869,755
Other income		669,957,037	97,562,550	9,868,369	27,734,116
Net impairment losses on trade and other receivables		(669,986)	(550,228)	-	-
Selling and distribution costs		(62,020,788)	(64,137,048)	-	-
Administrative expenses		(128,627,237)	(100,001,381)	(3,766,070)	(2,621,117)
Other expenses		(720,491,092)	(66,260,545)	(15,468,947)	-
Finance costs	26	(145,539,583)	(56,043,780)	(25,713,904)	(11,520,000)
Share of profit/(loss) of associate, net of tax		193,792	(123,165)	-	-
Profit before tax	26	139,057,886	188,081,441	11,384,812	75,462,754
Tax expense	27	(38,131,969)	(40,670,979)	(2,643,061)	375,278
Profit for the financial year		100,925,917	147,410,462	8,741,751	75,838,032
<b>Other comprehensive income</b>					
<b>Items that may be reclassified subsequently to profit or loss</b>					
- hedge of net investments in foreign operations	27(d)	(15,443,611)	2,612,141	-	-
- foreign currency translation	27(d)	52,077,066	7,525,523	-	-
- share of other comprehensive profit of associate	27(d)	59,282	60,975	-	-
<b>Items that will not be reclassified subsequently to profit or loss</b>					
- remeasurement of employee benefits liability, net of tax	27(d)	90,787	(87,608)	-	-
Total other comprehensive income, net of tax		36,783,524	10,111,031	-	-
Total comprehensive income		137,709,441	157,521,493	8,741,751	75,838,032
Profit attributable to owners of the parent		100,925,917	147,410,462	8,741,751	75,838,032
Total comprehensive income attributable to owners of the parent		137,709,441	157,521,493	8,741,751	75,838,032
Earnings per ordinary share attributable to owners of the parent (sen):					
- Basic and diluted	28	8.59	13.52		

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

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Note	Non-Distributable			Distributable			Total equity RM
		Share capital RM	Treasury shares RM	Foreign exchange translation reserve RM	Hedging reserve RM	Retained earnings RM	Total equity RM	
Balance as at 1 January 2023		495,237,253	(720,042)	59,919,506	(4,226,324)	1,088,344,927	1,638,555,320	
Profit for the year		-	-	-	-	100,925,917	100,925,917	
Other comprehensive (loss)/income for the year:								
- hedge of net investments in foreign operations	27(d)	-	-	-	(15,443,611)	-	(15,443,611)	
- foreign currency translation differences	27(d)	-	-	52,077,066	-	-	52,077,066	
- remeasurement of post-employment benefit obligation, net of tax	27(d)	-	-	-	-	90,787	90,787	
- share of other comprehensive profit of associate	27(d)	-	-	59,282	-	-	59,282	
Total comprehensive income, net of tax	-	-	-	52,136,348	(15,443,611)	101,016,704	137,709,441	
<b>Transaction with owners</b>								
Dividend	29	-	-	-	-	(23,490,298)	(23,490,298)	
Balance as at 31 December 2023		495,237,253	(720,042)	112,055,854	(19,669,935)	1,165,871,333	1,752,774,463	

## STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Group	Note	Non-Distributable			Distributable			Total equity RM
		Share capital RM	Treasury shares RM	Foreign exchange translation reserve RM	Hedging reserve RM	Retained earnings RM		
Balance as at 1 January 2022		297,058,820	(720,042)	52,333,008	(6,838,465)	1,000,513,508	1,342,346,829	
Profit for the year		-	-	-	-	147,410,462	147,410,462	
Other comprehensive income/(loss) for the year:								
- hedge of net investments in foreign operations	27(d)	-	-	-	2,612,141	-	2,612,141	
- foreign currency translation differences	27(d)	-	-	7,525,523	-	-	7,525,523	
- remeasurement of post-employment benefit obligation, net of tax	27(d)	-	-	-	-	(87,608)	(87,608)	
- share of other comprehensive profit of associate	27(d)	-	-	60,975	-	-	60,975	
Total comprehensive income, net of tax	-	-	-	7,586,498	2,612,141	147,322,854	157,521,493	
<b>Transactions with owners</b>								
Dividends	29	-	-	-	-	(59,491,435)	(59,491,435)	
Issuance of ordinary shares	17	198,178,433	-	-	-	-	198,178,433	
Total transactions with owners		198,178,433	-	-	-	(59,491,435)	138,686,998	
Balance as at 31 December 2022		495,237,253	(720,042)	59,919,506	(4,226,324)	1,088,344,927	1,638,555,320	

## STATEMENTS OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Company	Note	← Non-distributable →		Distributable	Total RM
		Share capital RM	Treasury shares RM	Retained earnings RM	
Balance as at 1 January 2022		297,058,820	(720,042)	767,993	297,106,771
Profit for the financial year		-	-	75,838,032	75,838,032
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income, net of tax		-	-	75,838,032	75,838,032
<b>Transactions with owners</b>					
Dividends	29	-	-	(59,491,435)	(59,491,435)
Issuance of ordinary shares	17	198,178,433	-	-	198,178,433
Total transactions with owners		198,178,433	-	(59,491,435)	138,686,998
Balance as at 31 December 2022/Balance as at 1 January 2023		495,237,253	(720,042)	17,114,590	511,631,801
Profit for the financial year		-	-	8,741,751	8,741,751
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income, net of tax		-	-	8,741,751	8,741,751
<b>Transaction with owners</b>					
Dividend	29	-	-	(23,490,298)	(23,490,298)
Balance as at 31 December 2023		495,237,253	(720,042)	2,366,043	496,883,254

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Profit before tax		139,057,886	188,081,441	11,384,812	75,462,754
Adjustments for:					
Amortisation of intangible assets	10	796,184	746,903	-	-
Bad debts written off/(recovered)		504,942	-	(1,000,000)	(1,000,000)
Depreciation of:					
- property, plant and equipment	7	75,881,811	63,536,458	-	-
- investment properties	9	1,031,950	1,021,236	-	-
Loss/(Gain) on lease termination		527,627	(184,599)	-	-
Loss on disposals of property, plant and equipment		508,060	92,329	-	-
Impairment loss on:					
- intangible assets	10	5,548,956	1,573,551	-	-
- trade receivables	14(h)	498,566	2,297,072	-	-
- other receivables	14(h)	1,241,392	-	-	-
Increase/(Decrease) in defined benefit obligation	22(d)	731,409	(454,035)	-	-
Interest expense	26	145,539,583	56,043,780	25,713,904	11,520,000
Interest income		(2,356,278)	(456,521)	(28,407,364)	(13,895,755)
Inventories written down/(back)	13(b)	19,956,939	(285,007)	-	-
Net fair value (gain)/loss on derivatives	15(d)	(291,727,106)	42,708,372	15,468,947	(6,505,921)
Property, plant and equipment written off	7	2,098	250,933	-	-
Reversal of impairment loss on trade receivables	14(h)	(1,069,972)	(1,746,844)	-	-
Share of (profit)/loss of associate		(193,792)	123,165	-	-
Provision on onerous contract		11,674,056	-	-	-
Net unrealised gain on foreign exchange translations		(36,208,517)	(7,399,404)	(7,438,072)	(4,104,546)
Operating profit before changes in working capital		71,945,794	345,948,830	15,722,227	61,476,532

## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Operating profit before changes in working capital carried forward		71,945,794	345,948,830	15,722,227	61,476,532
Inventories		(925,042,310)	325,347,693	-	-
Trade and other receivables		(113,682,247)	(140,721,389)	(272,386,954)	(52,517,263)
Trade and other payables		413,782,163	(147,627,705)	6,674,452	(13,876)
Net cash (used in)/generated from operations		(552,996,600)	382,947,429	(249,990,275)	8,945,393
Interest paid		(143,365,679)	(54,690,057)	(25,713,904)	(11,520,000)
Interest received		2,356,278	456,521	28,407,364	13,895,755
Retirement benefits paid	22(d)	(386,422)	(329,124)	-	-
Tax paid		(44,933,806)	(52,356,003)	(913,014)	(1,431,727)
Tax refunded		2,742,948	1,679,135	675,323	-
Net cash (used in)/from operating activities		(736,583,281)	277,707,901	(247,534,506)	9,889,421
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Investment in a subsidiary		-	-	(44,765,000)	(137,965,500)
Placements of deposits with licensed banks with original maturity of more than three months		(8,340,554)	(173,121)	(7,970,000)	(125,000)
Proceeds from disposals of property, plant and equipment		2,880,636	942,276	-	-
Purchase of:					
- property, plant and equipment	7(a)	(200,924,711)	(274,817,006)	-	-
- investment property	9	(32,853,663)	-	-	-
Net cash used in investing activities		(239,238,292)	(274,047,851)	(52,735,000)	(138,090,500)

## STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Dividends paid		-	(70,035,503)	-	(70,035,503)
Net movements in borrowings		1,002,772,510	(128,083,563)	300,000,000	-
Net placement of fixed deposits pledged		(709,021)	(757,615)	-	-
Proceeds from issuance of new shares		-	198,178,433	-	198,178,433
Repayments of lease liabilities	8	(17,971,434)	(13,687,268)	-	-
Net cash from/(used in) financing activities		984,092,055	(14,385,516)	300,000,000	128,142,930
Net increase/(decrease) in cash and cash equivalents		8,270,482	(10,725,466)	(269,506)	(58,149)
Effects of exchange rate changes on cash and cash equivalents		(1,336,405)	5,096,846	-	-
Cash and cash equivalents at beginning of financial year		47,263,462	52,892,082	557,977	616,126
Cash and cash equivalents at end of financial year	16(d)	54,197,539	47,263,462	288,471	557,977

## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

#### RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Lease liabilities (Note 8)		Borrowings (Note 20)	
	Group RM	Company RM	Group RM	Company RM
At 1 January 2022	59,035,410	-	1,292,289,568	300,000,000
Cash flows				
- Payment of lease liabilities	(12,333,546)	-	-	-
- Interest paid	(1,353,722)	-	(54,690,057)	-
- Net repayments of borrowings	-	-	(73,393,506)	-
Non-cash flows:				
- Additions	27,315,307	-	-	-
- Effect of foreign exchange	(148,933)	-	(3,451,629)	-
- Termination	(3,879,072)	-	-	-
- Unwinding of interest	1,353,722	-	-	-
At 31 December 2022/At 1 January 2023	69,989,166	-	1,160,754,376	300,000,000
Cash flows				
- Payment of lease liabilities	(15,797,530)	-	-	-
- Interest paid	(2,173,904)	-	(143,365,679)	-
- Net drawdown of borrowings	-	-	1,146,138,189	300,000,000
Non-cash flows:				
- Additions	18,416,877	-	-	-
- Effect of foreign exchange	5,683,612	-	18,306,288	-
- Termination	(1,422,072)	-	-	-
- Unwinding of interest	2,173,904	-	-	-
At 31 December 2023	76,870,053	-	2,181,833,174	600,000,000

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

# NOTES TO THE FINANCIAL STATEMENTS

## 31 DECEMBER 2023

### 1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of the Bursa Malaysia Securities Berhad.

The registered office of the Company is located at No.7 (1st Floor), Jalan Pesta 1/1, Taman Tun Dr. Ismail 1, Jalan Bakri, 84000 Muar, Johor Darul Takzim.

The principal place of business is located at PLO 273, Jalan Timah 2, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor Darul Takzim.

The ultimate holding company of the Company is Guan Chong Resources Sdn. Bhd., which is incorporated in Malaysia.

The consolidated financial statements for the financial year ended 31 December 2023 comprise the Company and its subsidiaries and interests of the Group in associate. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 15 April 2024.

### 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding and provision of management services to subsidiaries. The principal activities and details of the subsidiaries are set out in Note 11 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

### 3. BASIS OF PREPARATION

The financial statements of the Group and of the Company set out on pages 174 to 256 have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), IFRS Accounting Standards and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 5 to the financial statements.

### 4. MATERIAL ACCOUNTING POLICIES

#### 4.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

The preparation of financial statements in conformity with MFRSs and IFRS Accounting Standards requires the Directors to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and contingent liabilities. In addition, the Directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 6 to the financial statements. Although these estimates and assumptions are based on the Directors' best knowledge of events and actions, actual results could differ from those estimates.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

### 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 4.2 Basis of consolidation

Where the company has control over an investee, it is classified as a subsidiary. The company controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

De-facto control exists in situations where the company has the practical ability to direct the relevant activities of the investee without holding the majority of the voting rights. In determining whether de-facto control exists the company considers all relevant facts and circumstances, including:

- (a) The size of the company's voting rights relative to both the size and dispersion of other parties who hold voting rights;
- (b) Substantive potential voting rights held by the company and by other parties;
- (c) Other contractual arrangements; and
- (d) Historic patterns in voting attendance.

The consolidated financial statements present the results of the company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

#### 4.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods and rates are as follows:

Buildings and renovation	5 years to 50 years
Plant, machineries, tools and equipment	5% - 12.5%
Motor vehicles	16% - 20%
Furniture, fittings and office equipment	5% - 16.7%

Freehold land has unlimited useful life and is not depreciated. Capital work-in-progress represents machineries and software systems under installation and is stated at cost. Capital work-in-progress is not depreciated until such time when the asset is available for use.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

### 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 4.4 Leases

##### *Right-of-use asset*

The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and accumulated impairment losses, if any, and adjusted for any re-measurement of the lease liabilities.

The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term, as follows:

Buildings and renovation:	
- Rented buildings	2-3 years
- Leasehold warehouse	34 years
Leasehold land	25-60 years
Plant, machineries, tools and equipment	2-4 years
Motor vehicles	3-5 years

#### 4.5 Investment properties

Investment properties are initially measured at cost, including transaction costs, less any accumulated depreciation and any accumulated impairment losses.

After initial recognition, investment properties are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Freehold land has indefinite useful life and is not depreciated.

Depreciation is calculated to write off the cost or valuation of the investment properties to their residual values on a straight line basis over their estimated useful lives. The principal depreciation periods for the investments properties are as follows:

Freehold building	30 years
Leasehold buildings	43 years
Leasehold land	13 years
Leasehold office	27 years

#### 4.6 Investments

##### (a) Subsidiaries

An investment in subsidiary, which is eliminated on consolidation, is stated in the separate financial statements of the Company at cost less impairment loss, if any.

##### (b) Associate

In the separate financial statements of the Company, an investment in associate is stated at cost less any impairment losses.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

### 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 4.6 Investments (continued)

(b) Associate (continued)

An investment in associate is accounted for in the consolidated financial statements using the equity method of accounting.

#### 4.7 Intangible assets

(a) Goodwill

Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the interest of the Group in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

After initial recognition, goodwill is measured at cost less accumulated impairment losses, if any. Goodwill is not amortised but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount could be impaired. Objective events that would trigger a more frequent impairment review include adverse industry or economic trends, significant restructuring actions, significantly lowered projections of profitability, or a sustained decline in the acquiree's market capitalisation. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Other intangible assets

Intangible assets are initially measured at cost. The cost of intangible assets recognised in a business combination is their fair values as at the date of acquisition.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

##### Trademark

Acquired trademark with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the cost of trademark over its estimated useful lives of fifteen (15) years.

Acquired trademark with indefinite useful lives are carried at cost less any accumulated impairment losses.

##### Non-contractual customer relationships

Acquired non-contractual customer relationships have finite useful lives and are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight line method to allocate the cost of non-contractual customer relationships over its estimated useful lives of twenty (20) years.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

### 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 4.8 Inventories

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

Cost is determined using the first-in, first-out formula. The cost of raw materials comprises all cost of purchase plus other costs incurred in bringing the inventories to their present location and condition. Cost of work-in-progress and finished goods includes the cost of raw materials, direct labour, other direct cost and a proportion of production overheads based on normal operating capacity of the production facilities.

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

#### 4.9 Financial instruments

At initial recognition, an entity shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and liability.

(a) Financial assets

When financial assets are initially recognised, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit or Loss (FVTPL), directly attributable transaction costs.

(b) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities are classified as either financial liabilities measured at FVTPL or financial liabilities measured at amortised cost.

(c) Hedge of net investment in foreign operation

Hedge of net investment in foreign operation are hedges against the exposure to exchange rate fluctuations on the net asset of the Group's foreign operations. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised directly in the hedging reserve in equity via other comprehensive income while any gain or loss relating to the ineffective portion is recognised directly in profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised in other comprehensive income is reclassified to profit or loss.

(d) Derivative financial instruments

Derivative financial instruments are accounted for at fair value with fair value changes recognised in the statements of profit or loss and other comprehensive income.

Additionally, the Group may apply the fair value option for its third-party firm purchase commitment (available under MFRS 9 as an alternative to the off-balance sheet treatment). These exemptions are applied for those cocoa bean contracts where the measurement eliminates or significantly reduces an accounting mismatch that would otherwise occur on own use contracts.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

### 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 4.9 Financial instruments (continued)

- (e) Financial guarantee contracts issued are initially measured at fair value. Subsequently, they are measured at higher of:
  - (i) the amount of the loss allowance; and
  - (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, Revenue from Contracts with Customers.

#### 4.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

#### 4.11 Foreign currencies

- (a) Functional and presentation currency

Items included in the financial statements of each of the entities of the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). The consolidated financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional and presentation currency.

- (b) Foreign currency translations and balances

Transactions in foreign currencies are converted into functional currency at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies at the end of the reporting period are translated into functional currency at rates of exchange ruling at that date. All exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are included in profit or loss in the period in which they arise. Non-monetary items initially denominated in foreign currencies, which are carried at historical cost, are translated using the historical rate as of the date of acquisition, and non-monetary items, which are carried at fair value are translated using the exchange rate that existed when the values were determined for presentation currency purposes.

- (c) Foreign operations

Financial statements of foreign operations are translated at end of the reporting period exchange rates with respect to their assets and liabilities, and at exchange rates at the dates of the transactions with respect to items reflected in profit or loss and other comprehensive income. All resulting translation differences are recognised as a separate component of equity.

In the consolidated financial statements, exchange differences arising from the translation of net investment in foreign operations are taken to equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in profit or loss as part of the gain or loss on disposal.

Exchange differences arising on a monetary item that forms part of the net investment of the Company in a foreign operation shall be recognised in profit or loss in the separate financial statements of the Company or the foreign operation, as appropriate. In the consolidated financial statements, such exchange differences shall be recognised initially as a separate component of equity and recognised in profit or loss upon disposal of the net investment.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

### 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 4.11 Foreign currencies (continued)

(c) Foreign operations (continued)

Goodwill and fair value adjustments to the assets and liabilities arising from the acquisition of a foreign operation are treated as assets and liabilities of the acquired entity and translated at the exchange rate ruling at the end of the reporting period.

#### 4.12 Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. The following describes the performance obligations in contracts with customers.

Sale of goods

Revenue from sale of products is recognised at a point in time when the products has been transferred to the customer and coincides with the delivery of products and acceptance by customers.

There is no significant financing component in the revenue arising from sale of goods as the sales are made on the normal credit terms not exceeding twelve months.

Revenue recognition not in relation to performance obligations is described below:

(a) Dividend income

Dividend income is recognised when the shareholder's right to receive payment is established.

(b) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease.

(c) Management fee

Management fee from rendering of services is recognised when the services are rendered.

(d) Interest income

Interest income is recognised as it accrues, using the effective interest method.

#### 4.13 Operating segments

Operating segments are defined as components of the Group that:

- (a) Engages in business activities from which it could earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group);
- (b) Whose operating results are regularly reviewed by the chief operating decision maker of the Group in making decisions about resources to be allocated to the segment and assessing its performance; and
- (c) For which discrete financial information is available.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

### 4. MATERIAL ACCOUNTING POLICIES (CONTINUED)

#### 4.13 Operating segments (continued)

An operating segment may engage in business activities for which it has yet to earn revenues.

### 5. ADOPTION OF NEW MFRSS AND AMENDMENTS TO MFRSS

#### 5.1 New MFRSS adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to MFRS 112 <i>International Tax Reform - Pillar Two Model Rules</i>	Refer paragraph 98M of MFRS 112
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024 (early adopt)

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and the Company, except for the following:

(a) *Amendments to MFRS 107 and MFRS 7 Supplier Finance Arrangements*

The Group has early adopted *Amendments to MFRS 107 and MFRS 7 Supplier Finance Arrangements*. These Amendments introduce new disclosures relating to supplier finance arrangements that assist users of the financial statements to assess the effects of these arrangements on the liabilities, cash flows and exposure to liquidity risk of the entity.

The Group participates in a supply chain financing arrangement was disclosed in Note 23 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

### 5. ADOPTION OF NEW MFRSS AND AMENDMENTS TO MFRSS (CONTINUED)

#### 5.2 New MFRSSs that have been issued, but only effective for annual periods beginning on or after 1 January 2024

The following are Standards of the MFRS Framework that have been issued by the MASB but have not been early adopted by the Group and the Company:

Title	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group and the Company are in the process of assessing the impact of implementing these Standards and Amendments, since the effects would only be observable for the future financial years.

### 6. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

#### 6.1 Changes in estimates

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Directors are of the opinion that there are no significant changes in estimates at the end of the reporting period.

#### 6.2 Critical judgements made in applying accounting policies

There are no critical judgments made by management in the process of applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

#### 6.3 Key sources of estimation uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

- (a) Adequacy of write down of inventories to net realisable value

Management focused on the valuation of inventories, in particular write down of finished goods to net realisable values is mainly based on management estimates and subject to price volatility, which may result in the carrying amount of inventories not stated at lower of cost and net realisable value.

- (b) Recoverability of trade receivables

Recoverability of trade receivables requires management to exercise significant judgements in determining the probability of default by trade receivables and appropriate forward looking information.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 7. PROPERTY, PLANT AND EQUIPMENT

Group	Cost	Buildings and renovation		Plant, machineries, tools and equipment		Motor vehicles		Furniture, fittings and office equipment	Capital work-in-progress	Total	
		Freehold land RM	Leasehold land RM	Owned RM	Right-of-use assets RM	Owned RM	Right-of-use assets RM				Owned RM
Balance as at 1 January 2023	65,125,186	70,163,525	392,085,691	31,432,020	800,675,413	35,433,504	20,169,124	4,354,127	49,156,926	228,743,656	1,697,339,172
Additions	7,191,974	-	6,219,271	22,873,328	31,548,975	2,126,881	1,518,324	210,213	6,613,277	141,039,345	219,341,588
Disposals	-	-	-	-	(6,653,864)	-	(1,227,752)	(646,089)	(129,442)	(125,370)	(8,782,517)
Lease termination	-	-	-	(7,486,928)	-	-	-	-	-	-	(7,486,928)
Written off	-	-	-	-	-	-	-	-	(2,650)	-	(2,650)
Reclassification	341,580	-	23,591,969	-	33,262,802	16,166,647	838,874	(838,874)	5,713,396	(79,076,394)	-
Translation differences	4,905,231	3,212,670	21,573,398	2,195,898	31,110,053	3,487,595	572,975	211,123	3,059,212	21,194,459	91,522,614
Balance as at 31 December 2023	77,563,971	73,376,195	443,470,329	49,014,318	889,943,379	57,214,627	21,871,545	3,290,500	64,410,719	311,775,696	1,991,931,279
<b>Accumulated depreciation</b>											
Balance as at 1 January 2023	-	(12,210,373)	(67,509,899)	(13,720,700)	(352,432,443)	(6,854,366)	(13,301,328)	(2,224,535)	(30,474,039)	-	(498,727,683)
Charge for the financial year	-	(2,251,798)	(10,949,508)	(10,548,710)	(43,035,728)	(3,120,073)	(2,036,324)	(651,367)	(3,288,303)	-	(75,881,811)
Disposals	-	-	-	-	3,939,143	-	801,676	595,207	57,795	-	5,393,821
Lease termination	-	-	-	5,537,229	-	-	-	-	-	-	5,537,229
Written off	-	-	-	-	-	-	-	-	552	-	552
Reclassification	-	-	-	-	-	-	(335,550)	-	-	-	-
Translation differences	-	(548,026)	(2,769,630)	(1,062,253)	(11,138,853)	(662,726)	(364,726)	(103,730)	(1,937,294)	-	(18,587,238)
Balance as at 31 December 2023	-	(15,010,197)	(81,229,037)	(19,794,434)	(402,667,881)	(10,637,165)	(15,236,252)	(2,048,875)	(35,641,289)	-	(582,265,130)
<b>Accumulated impairment losses</b>											
Balance as at 1 January 2023/31 December 2023	-	-	-	-	(2,543,360)	-	-	-	-	-	(2,543,360)
<b>Net carrying amount</b>											
Balance as at 31 December 2023	77,563,971	58,365,998	362,241,292	29,219,884	484,732,138	46,577,462	6,635,293	1,241,625	28,769,430	311,775,696	1,407,122,789

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Buildings and renovation			Plant, machineries, tools and equipment			Motor vehicles			Furniture, fittings and office equipment	Capital work-in-progress	Total
	Freehold land	Leasehold land	Right-of-use assets	Owned	Right-of-use assets	Owned	Owned	Right-of-use assets	Owned			
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	
<b>Cost</b>												
Balance as at 1 January 2022	66,495,667	67,552,952	37,180,741	665,212,354	16,717,133	16,234,684	3,732,041	41,685,613	213,551,012	1,395,075,814		
Additions	-	1,876,562	6,256,053	17,273,727	18,603,577	2,894,220	579,115	1,684,900	252,171,899	302,132,313		
Disposals	-	-	-	(765,997)	-	(341,336)	-	(34,175)	(15,623)	(1,157,131)		
Lease termination	-	-	(11,986,881)	-	-	-	-	-	-	(11,986,881)		
Written off	-	-	(17,000)	-	-	-	-	(40,915)	(543,260)	(601,175)		
Reclassification	-	-	117,130,307	105,585,004	-	1,003,601	-	5,470,868	(229,189,780)	-		
Translation differences	(1,370,481)	734,011	(17,893)	13,370,325	112,794	377,955	42,971	390,635	(7,230,592)	13,876,232		
Balance as at 31 December 2022	65,125,186	70,163,525	31,432,020	800,675,413	35,433,504	20,169,124	4,354,127	49,156,926	228,743,656	1,697,339,172		
<b>Accumulated depreciation</b>												
Balance as at 1 January 2022	-	(9,811,347)	(4,006,471)	(308,499,067)	(4,864,706)	(11,251,070)	(1,462,096)	(27,787,873)	-	(435,072,072)		
Charge for the financial year	-	(2,054,029)	(8,054,363)	(37,926,237)	(1,996,832)	(1,801,393)	(752,411)	(2,640,604)	-	(63,536,458)		
Disposals	-	-	-	-	-	92,526	-	30,000	-	122,526		
Lease termination	-	-	8,292,409	-	-	-	-	-	-	8,292,409		
Written off	-	-	57	316,900	-	-	-	33,285	-	350,242		
Translation differences	-	(344,997)	47,725	(6,324,039)	7,172	(341,391)	(10,028)	(108,847)	-	(8,884,330)		
Balance as at 31 December 2022	-	(12,210,373)	(13,720,700)	(352,432,443)	(6,854,366)	(13,301,328)	(2,224,535)	(30,474,039)	-	(498,727,683)		
<b>Accumulated impairment losses</b>												
Balance as at 1 January 2022	-	-	-	-	-	-	-	-	-	-	(2,543,360)	
Balance as at 31 December 2022	-	-	-	(2,543,360)	-	-	-	-	-	-	(2,543,360)	
<b>Net carrying amount</b>												
Balance as at 1 January 2022	65,125,186	57,953,152	32,457,579	445,699,610	28,579,138	6,867,796	2,129,592	18,682,887	228,743,656	1,196,068,129		
Balance as at 31 December 2022	65,125,186	57,953,152	32,457,579	445,699,610	28,579,138	6,867,796	2,129,592	18,682,887	228,743,656	1,196,068,129		

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2023 RM	2022 RM
Additions of property, plant and equipment	219,341,588	302,132,313
Rented right-of-use assets recognition for:		
- leasehold land	-	(1,876,562)
- buildings and renovation	(12,266,683)	(6,256,053)
- plant, machineries, tools and equipment	(5,952,243)	(18,603,577)
- motor vehicles	(197,951)	(579,115)
Cash outflow for acquisition of property, plant and equipment	200,924,711	274,817,006

- (b) The carrying amount of certain property, plant and equipment of the Group charged to financial institutions for credit facilities granted to the Group as disclosed in Note 20 to the financial statements at the end of the reporting period are as follows:

	Group	
	2023 RM	2022 RM
Freehold land	10,133,293	9,350,462
Buildings and renovation - owned	81,092,775	80,024,507
Leasehold land	440,000	460,000
Plant and machineries - owned	138,476,308	134,637,642
	230,142,376	224,472,611

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

## Right-of-use assets

Rights-of-use assets related to leased properties, motor vehicles and plant, machinery, tools and equipment that do not meet the definition of investment property are presented as property, plant and equipment.

Right-of-use assets are re-presented and analysed as follows:

Group	Balance as at 1.1.2023 RM	Additions RM	Depreciation RM	Disposals RM	Reclassification RM	Termination RM	Translation difference RM	Balance as at 31.12.2023 RM
Leasehold land (Note 7)	57,953,152	-	(2,251,798)	-	-	-	2,664,644	58,365,998
Buildings and renovation (Note 7)	17,711,320	22,873,328	(10,548,710)	-	-	(1,949,699)	1,133,645	29,219,884
Plant, machineries, tools and equipment (Note 7)	28,579,138	2,126,881	(3,120,073)	-	16,166,647	-	2,824,869	46,577,462
Motor vehicles (Note 7)	2,129,592	210,213	(651,367)	(50,882)	(503,324)	-	107,393	1,241,625
	106,373,202	25,210,422	(16,571,948)	(50,882)	15,663,323	(1,949,699)	6,730,551	135,404,969

Group	Balance as at 1.1.2022 RM	Additions RM	Depreciation RM	Disposals RM	Reclassification RM	Termination RM	Translation difference RM	Balance as at 31.12.2022 RM
Leasehold land (Note 7)	57,741,605	1,876,562	(2,054,029)	-	-	-	389,014	57,953,152
Buildings and renovation (Note 7)	23,174,270	6,256,053	(8,054,363)	(3,694,473)	-	-	29,833	17,711,320
Plant, machineries, tools and equipment (Note 7)	11,852,427	18,603,577	(1,996,832)	-	-	-	119,966	28,579,138
Motor vehicles (Note 7)	2,269,945	579,115	(752,411)	-	-	-	32,943	2,129,592
	95,038,247	27,315,307	(12,857,635)	(3,694,473)	-	-	571,756	106,373,202

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

## Lease liabilities

	Group	
	2023 RM	2022 RM
Balance as at 1 January	69,989,166	59,035,410
Additions	18,416,877	27,315,307
Lease payments	(17,971,434)	(13,687,268)
Interest expense	2,173,904	1,353,722
Termination	(1,422,072)	(3,879,072)
Translation difference	5,683,612	(148,933)
Balance as at 31 December	76,870,053	69,989,166
Represented by:		
Current liabilities	13,738,659	9,552,357
Non-current liabilities	63,131,394	60,436,809
	76,870,053	69,989,166
Lease liabilities owing to financial institutions	28,579,910	25,998,179
Lease liabilities owing to non-financial institutions	48,290,143	43,990,987
	76,870,053	69,989,166

(a) The Group has certain leases of hostel, warehouse and machineries with lease term of 12 months or less. The Group applies the "short-term lease" exemption for these leases.

(b) The following are the amounts recognised in profit or loss:

	Group	
	2023 RM	2022 RM
Depreciation charge of right-of-use assets	16,571,948	12,857,635
Interest expense on lease liabilities	2,173,904	1,353,722
Expense relating to short-term leases (included in cost of sales and administration expenses)	10,644,446	12,080,855
	29,390,298	26,292,212

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

### 8. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(c) The following are total cash outflows for leases as a lessee:

	Group	
	2023 RM	2022 RM
Included in net cash from operating activities:		
Payment relating to short-term leases	10,644,446	12,080,855
Interest paid in relation to lease liabilities	2,173,904	1,353,722
Included in net cash from financing activities:		
Payment of lease liabilities	17,971,434	13,687,268
<b>Total cash outflow for leases</b>	<b>30,789,784</b>	<b>27,121,845</b>

(d) The Group leases several lease contracts that include extension and termination options. These are used to maximise operational flexibility in terms of managing the assets used in the Group's operations. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.

There is no undiscounted potential future rental payments that are not included in the lease term as at the end of each reporting period.

(e) Weighted average incremental borrowing rates of the lease liabilities of the Group as at the end of the reporting period ranged from 1.05% to 8.50% (2022: 1.30% to 11.00%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 9. INVESTMENT PROPERTIES

	Group	
	2023 RM	2022 RM
<b>Cost</b>		
Balance as at 1 January	27,924,946	27,501,110
Addition	32,853,663	-
Translation differences	376,743	423,836
Balance as at 31 December	61,155,352	27,924,946
<b>Accumulated depreciation</b>		
Balance as at 1 January	(8,352,257)	(7,182,311)
Charge for the financial year	(1,031,950)	(1,021,236)
Translation differences	(147,310)	(148,710)
Balance as at 31 December	(9,531,517)	(8,352,257)
<b>Net carrying amount</b>		
Balance as at 31 December	51,623,835	19,572,689

(a) The investment properties consist of the following:

	Group	
	2023 RM	2022 RM
Freehold land	32,853,663	-
Freehold building	3,605,840	3,639,327
Leasehold buildings	11,232,558	11,553,490
Leasehold land	2,533,495	2,948,736
Leasehold office	1,398,279	1,431,136
	51,623,835	19,572,689

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 9. INVESTMENT PROPERTIES (CONTINUED)

- (b) Rental income and direct operating expenses arising from investment properties during the financial year are as follows:

	Group	
	2023 RM	2022 RM
Rental income derived from investment properties	2,280,737	1,694,112
Direct operating expenses generating rental income	(102,069)	(99,919)
Profit arising from investment properties carried at fair value net of direct operating expenses	2,178,668	1,594,193

- (c) The fair value of the investment properties of approximately RM57,900,000 (2022: RM22,800,000) at Level 3 was recommended by the Directors as at the end of reporting period based on comparison method that makes reference to recent market value of a similar property in the vicinity on a price per square feet basis. Any changes in the price per square feet will result in a reasonable change in the fair value of the investment property.
- (d) Freehold building with an aggregate carrying amount of RM3,605,840 (2022: RM3,639,327) are charged to a financial institution for banking facilities granted to the Group as disclosed in Note 20 to the financial statements.
- (e) On 6 April 2023, Guan Chong Trading Sdn. Bhd., a wholly owned subsidiary of the Company, entered into a Sale and Purchase Agreement ("SPA") with Bonanza Resorts Sdn. Bhd., to acquire a piece of freehold vacant land in Mukim Plentong, Johor Bahru, Johor for a total purchase consideration of RM31,473,910. This transaction was completed and has been recognised as part of investment property of the Group.

**The Group as lessor**

The Group had entered into non-cancellable lease agreements on certain premises and equipment with third parties. The monthly rental consists of a fixed base rent.

The Group has aggregate future minimum lease receivable under the above non-cancellable operating leases as at the end of each reporting period as follows:

	Group	
	2023 RM	2022 RM
Less than one (1) year	2,726,996	2,881,985
One (1) to two (2) years	1,228,874	2,472,927
Two (2) to three (3) years	608,610	778,256
Three (3) to four (4) years	88,643	381,364
Four (4) to five (5) years	-	222,761
	4,653,123	6,737,293

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 10. INTANGIBLE ASSETS

Group At 31 December 2023	Goodwill RM	Trademark RM	Non- contractual customer relationships RM	Total RM
<b>Cost</b>				
At beginning of financial year	65,704,372	10,552,470	15,011,731	91,268,573
Translation differences	4,866,709	1,057,899	1,112,428	7,037,036
At end of financial year	70,571,081	11,610,369	16,124,159	98,305,609
<b>Accumulated amortisation</b>				
At beginning of financial year	-	(5,957)	(2,268,840)	(2,274,797)
Charge for the financial year	-	(967)	(795,217)	(796,184)
Translation differences	-	(279)	(212,201)	(212,480)
At end of financial year	-	(7,203)	(3,276,258)	(3,283,461)
<b>Accumulated impairment loss</b>				
At beginning of financial year	(2,575,720)	-	-	(2,575,720)
Addition	(5,548,956)	-	-	(5,548,956)
At end of financial year	(8,124,676)	-	-	(8,124,676)
<b>Net carrying amount</b>	<b>62,446,405</b>	<b>11,603,166</b>	<b>12,847,901</b>	<b>86,897,472</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 10. INTANGIBLE ASSETS (CONTINUED)

Group At 31 December 2022	Goodwill RM	Trademark RM	Non- contractual customer relationships RM	Total RM
<b>Cost</b>				
At beginning of financial year	65,162,895	10,640,734	15,082,770	90,886,399
Translation differences	541,477	(88,264)	(71,039)	382,174
At end of financial year	65,704,372	10,552,470	15,011,731	91,268,573
<b>Accumulated amortisation</b>				
At beginning of financial year	-	(4,760)	(1,518,915)	(1,523,675)
Charge for the financial year	-	(941)	(745,962)	(746,903)
Translation differences	-	(256)	(3,963)	(4,219)
At end of financial year	-	(5,957)	(2,268,840)	(2,274,797)
<b>Accumulated impairment loss</b>				
At beginning of financial year	(1,002,169)	-	-	(1,002,169)
Addition	(1,573,551)	-	-	(1,573,551)
At end of financial year	(2,575,720)	-	-	(2,575,720)
<b>Net carrying amount</b>	<b>63,128,652</b>	<b>10,546,513</b>	<b>12,742,891</b>	<b>86,418,056</b>

- (a) Goodwill and intangible asset with indefinite useful lives has been allocated to the identified cash generating units ("CGU") according to relevant operating segments based on the geographical location of customers as follows:

	Group	
	2023 RM	2022 RM
<b>Goodwill</b>		
Germany	53,197,573	49,087,880
Indonesia	9,248,832	8,845,832
United States	-	5,194,940
	62,446,405	63,128,652
<b>Trademark</b>		
Germany	11,595,627	10,538,361
	74,042,032	73,667,013

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 10. INTANGIBLE ASSETS (CONTINUED)

- (b) For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions, which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.
- (c) The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period with various inputs, assumptions and terminal value. The following key assumptions are used to generate the financial budgets:

	Group	
	2023 %	2022 %
<b>Sales growth rates</b>		
Germany	3	3
Indonesia	1	1
United States	2	2
<b>Pre-tax discount rate</b>		
Germany	10.6	10.6
Indonesia	18.1	18.1
United States	9.1	9.1

Germany and Indonesia CGUs

Based on the annual impairment testing undertaken by the Group, no impairment losses were required for the carrying amounts of goodwill and intangible asset with indefinite useful lives as at 31 December 2023 as their recoverable amounts were in excess of their carrying amounts.

Management is not aware of any reasonable possible changes in the key assumptions that would cause the carrying amount of the media CGU to materially exceed its recoverable amount.

United States CGU

Impairment loss of RM5,548,956 (2022: RM1,573,551) was recognised to reduce the carrying amount to their recoverable amount due to decline in operations. The impairment loss was allocated fully to goodwill, and is recorded in the statements of profit or loss and other comprehensive income of the Group.

- (d) The calculations of value in use for the CGUs are most sensitive to the following assumptions:

- (i) Sales growth rate

The forecasted sale growth rate has considered business past performance and management's expectations of market development.

- (ii) Pre-tax discount rate

Discount rate reflects the current market assessment of the risks specific to each CGU. This is the benchmark used by management to assess the operating performance of the CGUs.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 11. INVESTMENTS IN SUBSIDIARIES

	Company	
	2023 RM	2022 RM
<b>At cost</b>		
Unquoted equity shares		
At beginning of financial year	217,793,614	79,828,114
Additions (Note 11(c) & (d))	44,765,000	137,965,500
At end of financial year	262,558,614	217,793,614
<b>Accumulated impairment loss</b>		
At beginning/end of financial year	(4,870,001)	(4,870,001)
Unquoted equity shares, at cost	257,688,613	212,923,613
Equity loan	458,763,715	52,274,417
	716,452,328	265,198,030

## (a) Equity loan

Equity loans to subsidiaries, which are unsecured, interest-free and the subsidiary has the unconditional right to avoid settlement of the loan in cash, and are considered to be part of the investments of the Company in providing the subsidiaries with a long term source of additional capital.

Impairment for equity loans to subsidiaries are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model.

No expected credit loss is recognised arising from equity loans to subsidiaries of the Company as it is negligible.

The Directors of the Company have reassessed the nature of the amounts owing by subsidiaries and determined that an outstanding balance amounting to RM458,763,715 (2022: RM52,274,417) shall constitute an equity loan to subsidiaries as these amounts are unsecured, interest free and settlement is neither planned nor likely to occur in the foreseeable future and are considered to be part of the investment of the Company providing the subsidiaries with a long term source of additional capital.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) The details of the subsidiaries are as follows:

Name of companies	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023 %	2022 %	
Guan Chong Cocoa Manufacturer Sdn. Bhd.#	Malaysia	100	100	Producing cocoa-derived food ingredients.
Guan Chong Trading Sdn. Bhd.#	Malaysia	100	100	Dormant.
GCB Foods Sdn. Bhd.#	Malaysia	100	100	Manufacture, marketing and promotion of cocoa related products.
GCB Cocoa Malaysia Sdn. Bhd.#	Malaysia	100	100	Manufacture of cocoa cake, cocoa butter, cocoa powder, cocoa mass and other related cocoa products.
GCB America, Inc ("GCBA")*	United States of America	100	100	Investment holding.
Cocoarich Sdn. Bhd.#	Malaysia	100	100	Investment holding.
GCB Oversea Holdings Corporation ("GCBOHC")^	Federal Territory of Labuan, Malaysia	100	100	Investment holding.
GCB Cocoa Singapore Pte. Ltd. ("GCBCS")#	Singapore	73.86 (Direct) ***26.14 (Indirect)	68.11 (Direct) ***31.89 (Indirect)	Trading of cocoa beans, cocoa-derived food ingredients and cocoa products.
<b>(i) Subsidiaries of GCBOHC</b>				
GCB Cacao GmbH*	Germany	100	100	Dormant.
<b>(ii) Subsidiaries of GCBCS</b>				
PT Asia Cocoa Indonesia^	Indonesia	90 (Direct) **10 (Indirect)	90 (Direct) **10 (Indirect)	Manufacture of cocoa butter, cocoa cake and cocoa liquor.
PT GCB Cocoa Indonesia^	Indonesia	90 (Direct) **10 (Indirect)	90 (Direct) **10 (Indirect)	Trading of cocoa products.
GCB Cocoa Cote D'Ivoire ("GCBCCI")#	Ivory Coast	100	100	Processing of cocoa into semi-finished and finished products.
Schokinag Holding GmbH ("SCHOKINAG")#	Germany	100	100	Investment holding.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

(b) The details of the subsidiaries are as follows: (continued)

Name of companies	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023 %	2022 %	
<b>(ii) Subsidiaries of GCBCS (continued)</b>				
GCB Cocoa UK Limited ("GCBCUK") <sup>^</sup>	United Kingdom	100	100	Trading of cocoa powder and chocolate and manufacturing of chocolate.
GCB Cocoa Trading Cote D'Ivoire <sup>#</sup>	Ivory Coast	100	100	Trading of cocoa beans.
GCB Cocoa Europe B.V.*	Netherlands	100	100	Trading of cocoa products.
<b>(iii) Subsidiary of GCBA</b>				
Carlyle Cocoa Co., LLC*	United States of America	100	100	Manufacture of cocoa ingredients.
<b>(iv) Subsidiaries of SCHOKINAG</b>				
Schokinag Verwaltungs GmbH <sup>#</sup>	Germany	100	100	Property holding company.
Schokinag-Schokolade-Industrie GmbH <sup>#</sup>	Germany	100	100	Production and sales of chocolate products.
<b>(v) Subsidiary of GCBCUK</b>				
GCB UK Property Limited ("GCBUKP") <sup>^</sup>	United Kingdom	100	100	Property management company.

<sup>#</sup> Audited by BDO PLT, BDO Member Firms or BDO Alliance Firm.<sup>^</sup> Audited by firms other than BDO PLT and BDO Member Firms.<sup>\*</sup> Not a legal requirement to be audited, consolidated based on unaudited management accounts.<sup>\*\*</sup> Indirect interest held through Cocoarich Sdn. Bhd.<sup>\*\*\*</sup> Indirect interest held through GCBOHC.

(c) During the financial year, the Company inject RM44,765,000 (equivalent to USD10,000,000) additional capital into GCBCS, thereby acquiring 73.86% equity interest. Ultimately, there is no change in equity interest held by the Group, whereby 26.14% owned indirectly through GCBOHC.

(d) In the previous financial year, the Company inject RM137,965,500 (equivalent to USD31,000,000) additional capital into GCBCS, thereby acquiring 68.11% equity interest. Ultimately, there is no change in equity interest held by the Group, whereby 31.89% owned indirectly through GCBOHC.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 11. INVESTMENTS IN SUBSIDIARIES (CONTINUED)

- (e) In the previous financial year, the Group has acquired 100% equity interest in newly incorporated GCBUKP for total cash consideration of RM1,587,780 (equivalent to GBP300,000). Upon incorporation, GCBUKP became wholly owned subsidiary of the Group.

The Group subscribed for an additional 5,500,000 ordinary shares in GCBCUK for a total cash consideration of RM28,590,100 (equivalent to GBP5,500,000). Consequently, there was no change in the effective equity interest held by the Group.

- (f) In the previous financial year, the Group subscribed for an additional 1,639,892 ordinary shares in a wholly owned subsidiary, GCBCCI for a total cash consideration of RM115,059,963 (equivalent to CFA16,398,920,000). Consequently, there was no change in the effective equity interest held by the Group.
- (g) The Group does not have any subsidiary that has non-controlling interests, which is individually material to the Group for both financial years ended 31 December 2023 and 31 December 2022.

## 12. INVESTMENTS IN ASSOCIATE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unquoted equity shares, at cost	5,000,000	5,000,000	5,000,000	5,000,000
Share of post-acquisition reserves, net of dividends received	(257,449)	(510,523)	-	-
	4,742,551	4,489,477	5,000,000	5,000,000

- (a) The details of the associate is as follows:

Name of companies	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2023 %	2022 %	
SMC Food21 Malaysia Sdn. Bhd. ("SMC") <sup>^</sup>	Malaysia	20	20	Production of blended cocoa-derived food ingredients.

<sup>^</sup> Audited by firms other than BDO PLT.

- (b) The Group does not have any associate, which is individually material to the Group for both financial years ended 31 December 2023 and 31 December 2022.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 12. INVESTMENTS IN ASSOCIATE (CONTINUED)

- (c) The Group recognised its share of results in SMC based on unaudited financial statements as at 31 December 2023. The summarised unaudited financial information for the associate is as follows:

	2023 RM	2022 RM
<b>Assets and liabilities</b>		
Current assets	53,200,465	49,466,297
Non-current assets	58,233,741	59,302,494
<b>Total assets</b>	<b>111,434,206</b>	<b>108,768,791</b>
Current liabilities	84,368,129	80,671,811
Non-current liabilities	6,381,698	8,677,949
<b>Total liabilities</b>	<b>90,749,827</b>	<b>89,349,760</b>
<b>Results</b>		
Revenue	173,125,347	175,888,139
Profit/(Loss) for the financial year	968,960	(615,825)
Other comprehensive income	296,410	304,875
	<b>1,265,370</b>	<b>(310,950)</b>

- (d) The reconciliation of net assets of the associate to the carrying amount of the investments in associate is as follows:

	2023 RM	2022 RM
Share of net assets of the Group	4,136,876	3,883,802
Goodwill	605,675	605,675
<b>Carrying amount in the statements of financial position</b>	<b>4,742,551</b>	<b>4,489,477</b>
<b>Share of results for the financial year</b>		
Share of profit/(loss)	193,792	(123,165)
Share of other comprehensive income	59,282	60,975
<b>Share of total comprehensive income/(loss)</b>	<b>253,074</b>	<b>(62,190)</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 13. INVENTORIES

	Group	
	2023 RM	2022 RM
<b>At cost</b>		
Raw materials	1,169,749,916	1,053,122,713
Work-in-progress	19,939,528	16,240,220
Finished goods	1,112,837,602	480,576,873
Packaging materials	9,868,574	9,142,364
Stores and supplies	33,405,265	30,142,483
	2,345,800,885	1,589,224,653
<b>At net realisable value</b>		
Finished goods	172,338,566	-
Work-in-progress	6,173,488	-
	2,524,312,939	1,589,224,653

- (a) During the financial year, inventories of the Group recognised as cost of sales amounted to RM4,451,774,701 (2022: RM3,657,601,060).
- (b) During the financial year, the Group had written down inventories amounted to RM19,956,939 (2022: written back RM285,007) in cost of sales.
- (c) Inventories with carrying amounts of RM138,039,183 (2022: RM74,534,618) are held as security by way of floating charge for the Group's banking facilities as disclosed in Note 20 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 14. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-current</b>				
<b>Other receivables</b>				
Amounts owing by:				
- a subsidiary (interest bearing)	-	-	388,240,401	517,248,924
- a subsidiary (non-interest bearing)	-	-	6,870,422	15,541,187
	-	-	395,110,823	532,790,111
<b>Current</b>				
<b>Trade receivables</b>				
Third parties	488,281,123	433,106,532	-	-
Amounts owing by:				
- holding company	-	-	2,500	10,000
- an associate	141,946	255,240	-	-
- a related party	363,528	374,364	-	-
- a subsidiary	-	-	12,000	3,000
	488,786,597	433,736,136	14,500	13,000
Less: Allowance for impairment losses	(14,293,221)	(14,229,612)	-	-
	474,493,376	419,506,524	14,500	13,000
<b>Other receivables</b>				
Sundry receivables	353,850,433	186,649,281	-	-
Amounts owing by:				
- a related party	190,253	190,253	-	-
- subsidiaries (dividend receivable)	-	-	18,000,000	-
- subsidiaries (non-interest bearing)	-	-	153,486	6,139,970
	354,040,686	186,839,534	18,153,486	6,139,970
Less: Allowance for impairment losses	(5,190,339)	(3,776,879)	-	-
	348,850,347	183,062,655	18,153,486	6,139,970
<b>Subtotal</b>	<b>823,343,723</b>	<b>602,569,179</b>	<b>18,167,986</b>	<b>6,152,970</b>
<b>Deposits and prepayments</b>				
Deposits	10,594,016	10,193,929	12,000	12,000
Prepayments	16,089,813	11,981,328	-	-
	26,683,829	22,175,257	12,000	12,000
	850,027,552	624,744,436	18,179,986	6,164,970
<b>Grand total</b>	<b>850,027,552</b>	<b>624,744,436</b>	<b>413,290,809</b>	<b>538,955,081</b>

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 14. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (a) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group ranged from 30 days to 180 days (2022: 30 days to 180 days). They are recognised at their original invoice amounts which represent their fair value on initial recognition.
- (b) Non-current and non-trade amounts owing by a subsidiary amounted to RM388,240,401 (2022: RM517,248,924) are unsecured and analysed as follows:
- (i) RM173,131,863 (2022: RM165,587,990) that bears interest at rate of 3.1% (2022: 3.1%) per annum.
  - (ii) RM115,108,538 that bears interest at rate of 5.13% per annum.
  - (iii) RM100,000,000 that bears interest at rate of 5.3% per annum.
  - (iv) In the previous financial year, RM351,660,934 that bears interest at rate of 3.9% per annum.
- (c) Current and non-trade amounts owing by subsidiaries are unsecured, interest-free and receivable within the next twelve (12) months in cash and cash equivalents.
- (d) The currency exposure profile of trade and other receivables (excluding deposits and prepayments) is as follows, comparatives have been restated to conform with current year's presentation:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
United States Dollar	317,187,875	194,848,276	174,481,899	171,635,790
British Pound	217,799,419	199,937,299	-	-
CFA Franc	139,293,008	38,288,009	-	-
Euro	89,183,880	90,937,274	-	-
Indonesian Rupiah	45,998,487	37,393,573	-	-
Ringgit Malaysia	13,435,354	12,792,453	238,796,910	367,307,291
Chinese Yuan	-	27,206,907	-	-
Singapore Dollar	26,260	95,294	-	-
Others	419,440	1,070,094	-	-
	823,343,723	602,569,179	413,278,809	538,943,081

- (e) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses ("ECL"). Loss rates are based on actual credit loss experience over past years.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information on macroeconomic factors affecting the ability of customers to settle the receivables and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

Individual assessment of impairment of trade receivables are separate assessed when it is probable that cash due will not be received in full.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023

#### 14. TRADE AND OTHER RECEIVABLES (CONTINUED)

(f) Lifetime expected loss provision for trade receivables of the Group and of the Company are as follows:

Group As at 31 December 2023	Gross carrying amount RM	Lifetime ECL RM	Net carrying amount RM
Not past due	355,542,865	(12,256)	355,530,609
Past due:			
1 to 30 days	95,296,198	(1,147)	95,295,051
31 to 60 days	16,824,655	(129,199)	16,695,456
61 to 90 days	4,357,852	(41,689)	4,316,163
Over 90 days	2,656,097	-	2,656,097
	119,134,802	(172,035)	118,962,767
Individual assessment	14,108,930	(14,108,930)	-
	488,786,597	(14,293,221)	474,493,376
<b>As at 31 December 2022</b>			
Not past due	284,695,369	(109,733)	284,585,636
Past due:			
1 to 30 days	93,308,115	(12,784)	93,295,331
31 to 60 days	22,422,995	(353,073)	22,069,922
61 to 90 days	15,425,903	(111,161)	15,314,742
Over 90 days	4,903,765	(662,872)	4,240,893
	136,060,778	(1,139,890)	134,920,888
Individual assessment	12,979,989	(12,979,989)	-
	433,736,136	(14,229,612)	419,506,524
<b>Company</b>			
<b>As at 31 December 2023</b>			
Not past due	14,500	-	14,500
Individual assessment	-	-	-
	14,500	-	14,500
<b>As at 31 December 2022</b>			
Not past due	13,000	-	13,000
Individual assessment	-	-	-
	13,000	-	13,000

During the financial year, the Group and the Company did not renegotiate the terms of any trade receivables. These receivables are not secured by any collateral.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 14. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (g) Impairment for other receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model.

The Group and the Company defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment delays and past due information.

- (h) Trade and other receivables that are past due and impaired at the end of the reporting period and the reconciliation of movements in allowance for impairment accounts is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Trade receivables</b>				
At 1 January	14,229,612	23,697,767	-	-
Charge for the financial year	498,566	2,297,072	-	-
Reversal	(1,069,972)	(1,746,844)	-	-
Written off	-	(10,403,435)	-	-
Translation differences	635,015	385,052	-	-
At 31 December	14,293,221	14,229,612	-	-
<b>Other receivables (individually impaired)</b>				
At 1 January	3,776,879	3,583,304	-	-
Addition	1,241,392	-	-	-
Translation differences	172,068	193,575	-	-
At 31 December	5,190,339	3,776,879	-	-

- (i) The Group sold certain trade receivables to a financial institution with non-recourse conditions for cash proceeds. These trade receivables have been derecognised from the statements of financial position because the Group transferred substantially all the risks and rewards - primarily credit risk.

The following information shows the carrying amount of trade receivables at the reporting date that have been sold with non-recourse arrangement and derecognised from trade receivables:

	Group	
	2023 RM	2022 RM
Carrying amount of trade receivables sold with non-recourse arrangement	140,521,819	118,078,321

- (j) Included in other receivables of the Group is an amount due from brokers of RM162,251,093 (2022: RM92,910,289) includes margin accounts which represents cash deposits held with brokers as collateral against open future contracts.
- (k) Information on financial risks of trade and other receivables is disclosed in Note 36 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

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## 15. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Contract/ Notional amount Net (short)/long RM	Assets RM	Liabilities RM
<b>2023</b>			
<b>Group</b>			
Commodity futures contracts (Note a)	(661,436,442)	50,556,339	(122,863,220)
Commodity option contracts (Note a)	232,205,484	31,325,396	(67,922,563)
Cross currency swap contracts (Note b)	316,058,557	-	(19,568,203)
Foreign currency forward contracts (Note c)	195,773,386	820,162	(995,127)
Firm purchase commitments denominated in foreign currency (Note a)	1,544,567,320	383,852,125	-
	1,627,168,305	466,554,022	(211,349,113)
<b>2022</b>			
<b>Group</b>			
Commodity futures contracts (Note a)	(632,615,682)	42,934,262	(71,838,842)
Commodity option contracts (Note a)	222,087,598	3,877,713	(13,875,974)
Cross currency swap contracts (Note b)	302,333,941	-	(4,099,256)
Foreign currency forward contracts (Note c)	232,901,550	8,578,504	(2,098,604)
	124,707,407	55,390,479	(91,912,676)
<b>2023</b>			
<b>Company</b>			
Cross currency swap contracts (Note b)	316,058,557	-	(19,568,203)
<b>2022</b>			
<b>Company</b>			
Cross currency swap contracts (Note b)	302,333,941	-	(4,099,256)

(a) Commodity futures or option contracts and firm purchase commitments denominated in foreign currency

The Group uses commodity futures contracts, commodity options contracts and firm purchase commitments denominated in foreign currency to manage open sales and purchase commitments and movements in cocoa bean prices in the respective commodity markets. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with fair value changes exposure.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

### 15. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)

(b) Cross currency swap contracts

The cross currency swap contracts of the Group and of the Company are as follows:

- (i) Cross currency swap contract, which swapped a fixed rate of RM200,000,000 liability to a fixed rate of USD49,140,049 liability ("USDRM CCS1"). The effective period for this cross currency swap is from December 2020 to December 2027. The carrying amount of derivative liabilities in respect of the USDRM CCS1 as at the end of the financial year is RM13,978,230 (2022: derivative liabilities of RM2,701,314); and
- (ii) Cross currency swap contract, which swapped a fixed rate of RM80,000,000 liability to a fixed rate of USD19,728,730 liability ("USDRM CCS2"). The effective period for this cross currency swap is from December 2020 to December 2027. The carrying amount of derivative liabilities in respect of the USDRM CCS2 as at the end of the financial year is RM5,589,973 (2022: derivative liabilities of RM1,397,942).

The Group entered into cross currency swap contracts to serve as a net investment hedge against the Group's USD denominated assets arising from its investments in foreign subsidiaries whose net assets are exposed to currency translation risks and which are held for long term investment purposes.

(c) Foreign currency forward or option contracts

The Group uses forward currency contracts and forward currency option contracts to hedge the Group's sales and purchases denominated in foreign currencies for which firm commitments existed at the reporting period. The forward currency contracts have maturity dates that coincide with the expected occurrence of these transactions. The fair value of these components has been determined based on the difference between the contracted rate and the forward exchange rate as applicable to a contract of similar amount and maturity profile at the end of the reporting period.

As at the end of the reporting period, the settlements dates for foreign currency forward contracts range from 1 to 6 months (2022: 1 to 6 months).

- (d) During the financial year, the Group recognised a total net fair value gain of RM291,727,106 (2022: net fair value loss of RM42,708,372) and the Company recognised a total fair value loss of RM15,468,947 (2022: fair value gain of RM6,505,921) arising from fair value changes of derivative financial instruments. The fair value changes are attributable to changes in foreign exchange spot and forward rates, and difference between cocoa bean contracted price and market price. The method and assumptions applied in determining the fair value of derivatives are disclosed in Note 35(c) to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 15. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES) (CONTINUED)

(e) The currency exposure profile of derivative financial assets/liabilities is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Derivative financial assets</b>				
United States Dollar	66,768,129	30,490,039	-	-
British Pound	15,927,570	24,732,394	-	-
Euro	383,852,125	-	-	-
Others	6,198	168,046	-	-
	466,554,022	55,390,479	-	-
<b>Derivative financial Liabilities</b>				
United States Dollar	(147,847,985)	(52,465,329)	(19,568,203)	(4,099,256)
British Pound	(63,491,157)	(39,444,035)	-	-
Others	(9,971)	(3,312)	-	-
	(211,349,113)	(91,912,676)	(19,568,203)	(4,099,256)

(f) Information on financial risks of derivative financial assets/liabilities is disclosed in Note 36 to the financial statements.

## 16. CASH AND BANK BALANCES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	54,197,539	47,263,462	288,471	557,977
Deposits with licensed banks	30,896,942	21,847,367	13,988,800	6,018,800
	85,094,481	69,110,829	14,277,271	6,576,777

(a) Deposits with licensed banks of the Group have maturity period ranging from six months to twelve months, except for deposits pledged to licensed banks which have maturity period of twelve months (2022: twelve months).

(b) As at the end of reporting period, the deposits placed with licensed banks of the Group amounting to RM15,007,822 (2022: RM14,298,801) has been charged to financial institutions as security for credit facilities granted to the Group as disclosed in Note 20 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 16. CASH AND BANK BALANCES (CONTINUED)

- (c) The currency exposure profile of cash and bank balances is as follows, comparatives have been restated to conform with current year's presentation:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
United States Dollar	23,225,136	26,436,652	32,830	32,388
British Pound	21,330,643	10,899,263	-	-
Ringgit Malaysia	17,950,804	12,640,193	14,244,441	6,544,389
Euro	11,004,701	7,905,449	-	-
Indonesian Rupiah	7,525,278	4,569,159	-	-
CFA Franc	3,339,113	5,380,961	-	-
Singapore Dollar	669,023	1,237,183	-	-
Others	49,783	41,969	-	-
	85,094,481	69,110,829	14,277,271	6,576,777

- (d) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of the reporting period:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash and bank balances	54,197,539	47,263,462	288,471	557,977
Deposits with licensed banks	30,896,942	21,847,367	13,988,800	6,018,800
	85,094,481	69,110,829	14,277,271	6,576,777
Less: Deposits pledged	(15,007,822)	(14,298,801)	-	-
Less: Deposits tenure more than three (3) months	(15,889,120)	(7,548,566)	(13,988,800)	(6,018,800)
	54,197,539	47,263,462	288,471	557,977

- (e) No expected credit losses are recognised arising from the deposits with financial institutions because the probability of default by these financial institutions are negligible.
- (f) Information on financial risks of cash and bank balances is disclosed in Note 36 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

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## 17. SHARE CAPITAL

	Group and Company			
	2023		2022	
	Number of shares	RM	Number of shares	RM
<b>Issued and fully paid up ordinary shares with no par value</b>				
At beginning of financial year	1,174,914,924	495,237,253	1,054,806,783	297,058,820
Issuance of ordinary shares pursuant to:				
- Warrant exercised	-	-	120,108,141	198,178,433
At end of financial year	1,174,914,924	495,237,253	1,174,914,924	495,237,253

- (a) In the previous financial year, the issued and fully paid-up ordinary share capital of the Company was increased from 1,054,806,783 to 1,174,914,924 ordinary shares by way of issuance of 120,108,141 new ordinary shares pursuant to 120,108,141 warrants exercised at an exercise price of RM1.65 each for cash.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

- (b) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

## 18. TREASURY SHARES

	Group and Company			
	2023		2022	
	Number of shares	RM	Number of shares	RM
<b>Ordinary shares</b>				
At beginning of financial year/At end of financial year	400,000	720,042	400,000	720,042

The shareholders of the Company have approved the Company's plan to repurchase up to 10% of the issued and paid-up share capital of the Company ("Share Buy Back"). The Directors of the Company are committed to enhance the value of the Company to its shareholders and believe that the Share Buy Back can be applied in the best interests of the Company and its shareholders.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 19. RESERVES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Non-distributable</b>				
Foreign currency translation reserve	112,055,854	59,919,506	-	-
Hedging reserve	(19,669,935)	(4,226,324)	-	-
<b>Distributable</b>				
Retained earnings	1,165,871,333	1,088,344,927	2,366,043	17,114,590
	1,258,257,252	1,144,038,109	2,366,043	17,114,590

(a) The movements in each category of reserves are disclosed in the statements of changes in equity.

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record foreign currency exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the presentation currency of the Group. It is also used to record the exchange differences arising from monetary items, which form part of the net investment of the Group in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

(c) Hedging reserve

The hedging reserve arising from changes in the fair value relating to the effective portion on the hedge of net investments in foreign operations.

(d) Warrants

On 12 November 2019, the Company issued 168,022,058 free warrants on the basis of one (1) warrant for every three (3) existing ordinary shares held in the Company. The warrants were listed on the Main Market of Bursa Malaysia Securities on 12 November 2019.

The warrant issued are constituted by a Deed Poll dated 14 October 2019.

The salient features of the warrants were as follows:

- (i) Each warrants entitles the registered holder at any time during the exercise period to subscribe for one new ordinary shares in the Company at an exercise price of RM1.65.
- (ii) The warrants shall be exercisable at any time within the period commencing from and inclusive the date of issue of the warrants and ending on the date immediately preceding the third (3rd) anniversary of the date of issue, or if such day is not a Market day, then it shall be the Market Day immediately preceding the said non-Market Day.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

### 19. RESERVES (CONTINUED)

(d) Warrants (continued)

The salient features of the warrants were as follows: (continued)

- (iii) All new ordinary shares to be issued pursuant to the exercise of the warrants shall, upon issue and allotment, be of the same class and rank pari passu in all respects with the existing ordinary shares, save and except that such new ordinary shares shall not be entitled to any dividends, rights, allotments and/or other distributions, at the entitlement date of which is prior to the date of the allotment of these new ordinary shares.
- (iv) Any warrants not exercised during the exercise period will lapse and cease to be valid.
- (v) Movements in the Warrants since the listing and quotation thereof are as follows:

	Number of Warrants
As of 12 November 2019	168,022,058
Exercised in financial year 2019	(17,966)
Exercised in financial year 2020	(25,957,028)
Exercised in financial year 2021	(20,498,885)
Exercised in financial year 2022	(120,108,141)
As of 4 November 2022	1,440,038

In the previous financial year, 120,108,141 warrants were exercised and converted to ordinary shares and remaining unexercised warrants were expired and ceased to be valid.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 20. BORROWINGS

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Short term borrowings</b>				
Secured:				
Revolving credits	179,834,266	118,261,291	-	-
Term loans	21,430,643	27,919,416	-	-
Trade loans	1,332,568,357	650,176,699	-	-
	1,533,833,266	796,357,406	-	-
<b>Long term borrowings</b>				
Secured:				
Term loans	47,999,908	64,396,970	-	-
Unsecured:				
Sukuk Wakalah (Note (b))	600,000,000	300,000,000	600,000,000	300,000,000
	647,999,908	364,396,970	600,000,000	300,000,000
<b>Total borrowings</b>				
Revolving credits	179,834,266	118,261,291	-	-
Sukuk Wakalah (Note (b))	600,000,000	300,000,000	600,000,000	300,000,000
Term loans	69,430,551	92,316,386	-	-
Trade loans	1,332,568,357	650,176,699	-	-
	2,181,833,174	1,160,754,376	600,000,000	300,000,000

- (a) The revolving credits, term loans and trade loans of the Group are secured by:
- (i) Corporate guarantee from the Company;
  - (ii) A legal charges over certain property, plant and equipment (Note 7(b)), and investment properties (Note 9(d)) of the Group;
  - (iii) A floating charge over a subsidiary's inventories (Note 13(c));
  - (iv) A fixed and floating charge over a subsidiary's assets;
  - (v) Deposits pledged with licensed banks of the Group (Note 16(b)); and
  - (vi) Negative pledge by certain subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

### 20. BORROWINGS (CONTINUED)

- (b) The Sukuk Wakalah are issued under Islamic medium term notes (“Sukuk Wakalah”) programme of up to RM800,000,000 in nominal value under the Shariah principle of Wakalah Bi Al-Istithmar (“Sukuk Wakalah Programme”). The Sukuk Wakalah Programme has a tenure of twenty (20) years from 3 December 2020. The tenure of each issuance of Sukuk Wakalah shall be more than one (1) year and up to twenty (20) years, provided that the Sukuk Wakalah matures on or prior to the expiry of the Sukuk Wakalah Programme.

The proceeds raised from the issuance of the Sukuk Wakalah shall be utilised to finance its general working capital, capital expenditure, refinancing of existing financing/borrowings and/or future financing and other general corporate purposes and/or to provide advance via Shariah-compliant manner to its subsidiaries for general working capital, capital expenditure, refinancing of existing financing/borrowings and/or future financing and other general corporate purposes.

On 3 December 2020, the Company completed an issuance of Sukuk Wakalah of RM300,000,000 in notional value (“First Issuance”) with a tenure of seven (7) years from the date of issuance and due for repayment in December 2027. The Sukuk Wakalah under the First Issuance bears a profit rate of 3.84% per annum and payable semi-annually.

On 30 January 2023, the Company completed an issuance of Sukuk Wakalah of RM300,000,000 in notional value (“Second Issuance”) with a tenure of five (5) and seven (7) years from the date of issuance and due for repayment in January 2028 and January 2030. The Sukuk Wakalah under the Second Issuance bears a profit rate of 5.07% and 5.24% per annum and payable semi-annually.

- (c) The currency exposure profile of borrowings is as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
United States Dollar	905,018,094	461,690,105	-	-
Ringgit Malaysia	600,958,904	301,370,337	600,000,000	300,000,000
British Pound	463,615,217	227,053,801	-	-
Euro	212,240,959	170,640,133	-	-
	2,181,833,174	1,160,754,376	600,000,000	300,000,000

- (d) Information on financial risks of borrowings and their remaining maturity is disclosed in Note 36 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

**21. DEFERRED TAX LIABILITIES/(ASSETS)**

(a) The deferred tax assets and liabilities are made up of the following:

	Group	
	2023 RM	2022 RM
Balance as at 1 January	73,378,956	73,357,752
Recognised in profit or loss (Note 27)	2,400,657	(781,597)
Recognised in other comprehensive income	25,605	(24,708)
Translation differences	2,833,983	827,509
Balance as at 31 December	78,639,201	73,378,956
Reflected in the statements of financial position as follow:		
Deferred tax liabilities	80,257,176	74,995,859
Deferred tax assets	(1,617,975)	(1,616,903)
Balance as at 31 December	78,639,201	73,378,956

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

**Deferred tax liabilities/(assets) of the Group**

	Property, plant and equipment RM	Other temporary differences RM	Total RM
Balance as at 1 January 2023	91,163,354	(17,784,398)	73,378,956
Recognised in profit or loss	5,594,067	(3,193,410)	2,400,657
Recognised in other comprehensive income	-	25,605	25,605
Translation differences	3,580,030	(746,047)	2,833,983
Balance as at 31 December 2023	100,337,451	(21,698,250)	78,639,201
Balance as at 1 January 2022	87,009,827	(13,652,075)	73,357,752
Recognised in profit or loss	3,316,000	(4,097,597)	(781,597)
Recognised in other comprehensive income	-	(24,708)	(24,708)
Translation differences	837,527	(10,018)	827,509
Balance as at 31 December 2022	91,163,354	(17,784,398)	73,378,956

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 21. DEFERRED TAX LIABILITIES/(ASSETS) (CONTINUED)

- (c) The amount of temporary differences for which no deferred tax asset has been recognised in the statements of financial position are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unused tax losses				
- No expiry date	39,568,000	24,961,000	-	-
- Expires by 31 December 2028	1,483,000	1,539,000	1,155,000	1,211,000
- Expires by 31 December 2033	11,000	-	-	-
Unabsorbed capital allowances				
- No expiry date	20,675,000	5,772,000	-	-
	61,737,000	32,272,000	1,155,000	1,211,000

Deferred tax assets of the Company and certain subsidiaries have not been recognised in respect of these items as it is not probable that taxable profits would be available against which the deductible temporary differences could be utilised.

The amount and availability of these items to be carried forward up to the periods as disclosed above are subject to the agreement of the respective local and foreign tax authorities.

During the 2024 Budget Announcement on 13 October 2023, the Minister of Finance announced that the Global Minimum Tax ("GMT") would be implemented in Malaysia. On 29 December 2023, the parliament has gazetted the GMT legislation via the Finance Act (No. 2) 2023 and the said rules will come into effect from financial years beginning on or after 1 January 2025. GMT shall apply if a group has annual revenue of seven hundred and fifty million euro or more as specified in the consolidated financial statements of the Ultimate Parent Entity ("UPE") in at least two of the four consecutive financial years immediately preceding tested financial year. The assessment need to be carried out for each tested financial year to determine whether the group is within the scope or not. Based on the past years annual revenue recorded in the consolidated financial statements of the UPE, the Group is within the scope of the enacted GMT legislation for financial year 2025. However, the Group applies the exception to recognise and disclose information about deferred tax assets and liabilities related to GMT.

Under the GMT legislation, the Group is liable to pay top-up tax for the difference between the minimum rate of 15% and the Group's jurisdictional effective tax rate determined under the GMT rules (GloBE ETR) for each jurisdiction where the Group has operation therein. Due to uncertainties surrounding when and how each jurisdiction will enact the legislations, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. The Group is currently working with tax specialists to assess the impact of the GMT legislation on the Group.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 22. RETIREMENT BENEFITS OBLIGATIONS

- (a) Certain foreign subsidiaries of the Group in Indonesia operate an unfunded defined benefits retirement plan required under the Labour Laws of that country in which they operate. The Group is required to pay their employees termination, appreciation and compensation benefits in case of employment dismissal based on the employees' number of years of services provided.
- (b) Under the plan, all of the eligible permanent employees of the certain foreign subsidiaries of the Group are entitled to retirement benefits based on last drawn final salary and length of service attainment of the retirement age of 55.
- (c) The amounts recognised in the statements of financial position are determined as follows:

Group	2023 RM	2022 RM
Present value of defined benefit obligations	3,073,841	2,720,110
Analysed as follows:		
Non-current liabilities	3,073,841	2,720,110

- (d) The following table sets out the reconciliation of defined benefit plan:

Group	2023 RM	2022 RM
Balance as at 1 January	2,720,110	3,215,651
Current service costs	506,973	504,347
Interest costs	196,685	146,577
Past service costs - vested	(34,435)	(805,436)
Translation differences	62,186	(299,523)
Included in profit or loss	731,409	(454,035)
Remeasurement:		
Effects of experience adjustment	(116,392)	112,316
Translation differences	125,136	175,302
	8,744	287,618
Benefits paid	(386,422)	(329,124)
Balance as at 31 December	3,073,841	2,720,110

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 22. RETIREMENT BENEFITS OBLIGATIONS (CONTINUED)

(e) The principal actuarial assumptions used were as follows:

	Group	
	2023	2022
Retirement age	55 years	55 years
Discount rate	6.66%	7.21%
Expected rate of salary increases	8.00%	8.00%

(f) The following table demonstrates the sensitivity analysis of the Group if the significant actuarial assumptions at the end of each reporting period changed by one hundred (100) basis points with all other variables held constant:

	Group 2023	
	Increase RM	Decrease RM
<b>Discount rate</b>		
Present value of defined benefit obligation	(255,663)	295,499
Current service cost	(41,265)	49,172
<b>Salary increment rate</b>		
Present value of defined benefit obligation	288,724	(254,938)
Current service cost	48,034	(41,142)

	Group 2022	
	Increase RM	Decrease RM
<b>Discount rate</b>		
Present value of defined benefit obligation	(204,065)	234,944
Current service cost	(33,548)	39,401
<b>Salary increment rate</b>		
Present value of defined benefit obligation	230,769	(204,394)
Current service cost	38,676	(33,575)

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 23. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Trade payables</b>				
Third parties	975,373,331	501,046,295	-	-
<b>Other payables</b>				
Other payables	87,021,150	52,773,581	-	-
Accruals	81,485,257	55,466,753	7,865,580	1,442,133
Deposits received	2,572,112	2,337,225	-	-
Dividend payable	23,490,298	-	23,490,298	-
Provision for onerous contract	11,674,056	-	-	-
Amounts owing to a related party	-	878	-	-
Amount owing to a subsidiary	-	-	261,475	10,470
	206,242,873	110,578,437	31,617,353	1,452,603
	1,181,616,204	611,624,732	31,617,353	1,452,603

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group ranged from 30 days to 60 days (2022: 30 days to 60 days).
- (b) The currency exposure profile of trade and other payables are as follows, comparatives have been restated to conform with current year's presentation:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
United States Dollar	552,891,709	304,102,204	-	-
British Pound	321,096,260	100,252,401	-	-
Euro	127,846,002	129,921,426	-	-
Ringgit Malaysia	89,124,597	41,245,979	31,617,353	1,452,603
CFA Franc	71,382,811	24,410,734	-	-
Singapore Dollar	8,356,175	4,653,006	-	-
Indonesian Rupiah	6,599,806	6,943,238	-	-
Others	4,318,844	95,744	-	-
	1,181,616,204	611,624,732	31,617,353	1,452,603

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 23. TRADE AND OTHER PAYABLES (CONTINUED)

- (c) The Group participates in a supply chain financing arrangement ('SCF'), for which its suppliers may elect to receive early payment of their invoice from a bank by factoring their receivable from the Group. Under the arrangement, a bank agrees to pay amounts to a participating supplier in respect of invoices owed by the Group and receives settlement from the Group at a later date. The principal purpose of this arrangement is to facilitate efficient payment processing and enable the willing suppliers to sell their receivables due from the Group to a bank before their due date.

The Group has not derecognised the original liabilities to which the arrangement applies because neither a legal release was obtained nor the original liability was substantially modified on entering into the arrangement. From the perspective of the Group, the arrangement does not significantly extend payment terms beyond the normal terms agreed with other suppliers that are not participating. The Group does not incur any additional interest towards the bank on the amounts due to the suppliers. The Group therefore discloses the amounts factored by suppliers within trade payables because the nature and function of the financial liability remain the same as those of other trade payables but discloses disaggregated amounts in the notes. All payables under the SCF are classified as current as at 31 December 2023.

	Total SCF trade payables RM	Not yet paid by finance provider RM	Paid by finance provider RM
<b>Group</b>			
At 31 December 2023	225,954,533	24,692,287	201,262,246

Range of payment due dates (after invoice date)	Trade payables that are part of the SCF	Comparable trade payables that are not part of the SCF
At 31 December 2023	150 days	30 - 60 days

The payments to the bank are included within operating cash flows because they continue to be part of the normal operating cycle of the Group and their principal nature remains operating – i.e payments for the purchased goods and services. The payments to a supplier by the bank are considered non-cash transactions and amount to RM201,262,246 (2022: N/A).

- (d) Information on financial risks of trade and other payables is disclosed in Note 36 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

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## 24. CAPITAL COMMITMENTS

	Group	
	2023 RM	2022 RM
Capital expenditure in respect of purchase of property, plant and equipment:		
Approved but not contracted for	-	129,646,000
Contracted but not provided for	78,346,000	104,292,000
	78,346,000	233,938,000

## 25. REVENUE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Revenue from contracts with customers</b>				
- Sale of goods	5,319,605,094	4,419,609,584	-	-
<b>Other revenue</b>				
- Dividend income from subsidiaries	-	-	18,000,000	47,916,000
- Interest income	1,236,154	229,340	28,407,364	13,895,755
- Management fees	-	-	58,000	58,000
	5,320,841,248	4,419,838,924	46,465,364	61,869,755

*Disaggregation of revenue from contracts with customers*

Revenue from contracts with customers is disaggregated in the table below by primary geographical market, major products and service lines and timing of revenue recognition.

<b>Major product and service line/Timing of revenue recognition</b>							
Sales of goods/Transferred at point in time							
	Malaysia RM	Singapore RM	Indonesia RM	Germany RM	Ivory Coast RM	Others RM	Total RM
31 December 2023	1,494,284,440	2,128,126,241	311,682,938	1,294,773,727	49,130	91,924,772	5,320,841,248
31 December 2022	1,196,625,760	1,771,095,850	319,558,324	1,045,031,221	-	87,527,769	4,419,838,924

## NOTES TO THE FINANCIAL STATEMENTS

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## 26. PROFIT BEFORE TAX

Other than those disclosed elsewhere in the financial statements, profit before tax is arrived at:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
After charging:				
Auditors' remuneration				
- statutory audit fees	1,170,924	984,799	119,000	113,000
- under provision in prior year	11,539	-	-	-
- non-audit fees	656,880	7,086	5,000	5,000
Interest expense:				
- bank commission	7,797,326	5,339,337	-	-
- bank overdraft	19,870	2,623	-	-
- hire purchase	11,687	1,060	-	-
- lease liabilities	2,831,496	1,381,372	-	-
- receivable financing	14,024,213	1,433,559	-	-
- revolving credit	1,283,800	191,674	-	-
- term loans	5,416,483	3,713,159	-	-
- trade loans	88,440,804	32,460,996	-	-
- Sukuk Wakalah	25,713,904	11,520,000	25,713,904	11,520,000
	145,539,583	56,043,780	25,713,904	11,520,000
Loss on disposal of property plant and equipment	508,060	92,329	-	-
And after crediting:				
Bad debt recovered	-	-	(1,000,000)	(1,000,000)
Insurance claim income	(936,693)	(5,822,059)	-	-
Interest income	(2,356,278)	(456,521)	(1,236,154)	(229,339)

## NOTES TO THE FINANCIAL STATEMENTS

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## 27. TAX EXPENSE

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax expense				
- Malaysia income tax	12,908,062	36,335,868	2,569,331	1,350,000
- Foreign income tax	22,023,343	6,947,370	-	-
	34,931,405	43,283,238	2,569,331	1,350,000
Under/(Over) provision in prior years				
- Malaysia income tax	392,120	(2,107,626)	73,730	(1,725,278)
- Foreign income tax	407,787	276,964	-	-
	799,907	(1,830,662)	73,730	(1,725,278)
	35,731,312	41,452,576	2,643,061	(375,278)
Deferred tax (Note 21)				
- Relating to origination and reversal of temporary differences	1,218,920	139,307	-	-
- Under/(Over) provision in prior years	1,181,737	(920,904)	-	-
	2,400,657	(781,597)	-	-
	38,131,969	40,670,979	2,643,061	(375,278)

(a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2022: 24%) of the estimated taxable profits for the fiscal year.

(b) Tax expense for other taxation authorities are calculated at the rates prevailing in the respective jurisdictions.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 27. TAX EXPENSE (CONTINUED)

- (c) The numerical reconciliation between the tax expense and the product of accounting profit multiplied by the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax	139,057,886	188,081,441	11,384,812	75,462,754
Tax expense at the applicable tax rate of 24% (2022: 24%)	33,373,893	45,139,545	2,732,355	18,111,061
Tax effects in respect of:				
Different tax rate in foreign subsidiaries	2,510,388	(5,769,101)	-	-
Non-taxable income	(13,473,593)	(9,390,928)	(6,688,408)	(18,156,028)
Non-deductible expenses	6,668,245	9,896,284	6,538,738	1,408,492
Tax incentives	-	(724,788)	-	-
Deferred tax assets not recognised / (Utilisation of deferred tax assets previously not recognised)	7,071,392	4,271,533	(13,354)	(13,525)
	36,150,325	43,422,545	2,569,331	1,350,000
Under/(Over) provision in prior years				
- income tax	799,907	(1,830,662)	73,730	(1,725,278)
- deferred tax	1,181,737	(920,904)	-	-
	38,131,969	40,670,979	2,643,061	(375,278)

- (d) Tax on each component of other comprehensive income is as follows:

Group 2023	Before tax RM	Tax effect RM	After tax RM
<b>Items that may be reclassified subsequently to profit or loss</b>			
Hedge of net investments in foreign operations	(15,443,611)	-	(15,443,611)
Foreign currency translation	52,077,066	-	52,077,066
Share of other comprehensive profit of an associate	59,282	-	59,282
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of post-employment benefit obligation	116,392	(25,605)	90,787
	36,809,129	(25,605)	36,783,524

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 27. TAX EXPENSE (CONTINUED)

(d) Tax on each component of other comprehensive income is as follows: (continued)

Group 2022	Before tax RM	Tax effect RM	After tax RM
<b>Items that may be reclassified subsequently to profit or loss</b>			
Hedge of net investments in foreign operations	2,612,141	-	2,612,141
Foreign currency translation	7,525,523	-	7,525,523
Share of other comprehensive income of associate	60,975	-	60,975
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Remeasurement of post-employment benefit obligation	(112,316)	24,708	(87,608)
	10,086,323	24,708	10,111,031

## 28. EARNINGS PER ORDINARY SHARE

(a) Basic

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2023	2022
Profit attributable to equity holders of the parent ("RM")	100,925,917	147,410,462
Weighted average number of ordinary shares in issue	1,174,514,924	1,089,924,030
Basic earnings per ordinary share (sen)	8.59	13.52

(b) Diluted

Diluted earnings per ordinary share for the current and previous financial years is equal to the basic earnings per ordinary share for the respective financial year as there were no outstanding dilutive potential ordinary shares at the end of each reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 29. DIVIDENDS

	Group and Company	
	2023 RM	2022 RM
<b>In respect of financial year ended 31 December 2023:</b>		
First interim single tier dividend of 2.0 sen per ordinary share, payable on 19 January 2024	23,490,298	-
<b>In respect of financial year ended 31 December 2022:</b>		
First interim single tier dividend of 1.5 sen per ordinary share, paid on 12 July 2022	-	15,896,860
Second interim single tier dividend of 2.0 sen per ordinary share, paid on 11 October 2022	-	22,443,865
<b>In respect of financial year ended 31 December 2021:</b>		
Final single tier dividend of 2.0 sen per ordinary share, paid on 10 June 2022	-	21,150,710
	23,490,298	59,491,435

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

## 30. EMPLOYEE BENEFITS

	Group	
	2023 RM	2022 RM
Salaries, wages and bonuses	156,844,923	118,315,326
Defined contribution plan	6,847,673	6,239,163
Social security contribution	11,156,110	9,312,137
Defined benefit plan	683,459	(428,115)
Other benefits	9,271,351	8,621,306
	184,803,516	142,059,817

Included in the employee benefits of the Group are Executive Directors' remuneration amounting to RM20,608,432 (2022: RM13,786,775).

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 31. DIRECTORS' REMUNERATION

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Executive Directors of the Company:				
- Fees	540,000	540,000	-	-
- Other emoluments	15,411,968	9,687,162	-	-
	15,951,968	10,227,162	-	-
Estimated money value of benefits-in-kind	107,400	95,316	-	-
	16,059,368	10,322,478	-	-
Executive Directors of the subsidiaries:				
Estimated money value of benefits-in-kind	5,196,464	4,099,613	-	-
	17,400	22,700	-	-
	5,213,864	4,122,313	-	-
Total Executive Directors' remuneration	21,273,232	14,444,791	-	-
Non-Executive Directors of the Company:				
- Fees	225,257	160,500	225,257	160,500
- Other emoluments	11,100	4,000	11,100	4,000
	236,357	164,500	236,357	164,500
Total Directors' remuneration including benefits-in-kind	21,509,589	14,609,291	236,357	164,500

## 32. FINANCIAL GUARANTEE CONTRACTS

	Company	
	2023 RM	2022 RM
<b>Corporate guarantees – unsecured</b>		
Issued to banks for banking facilities granted to subsidiaries		
- limit of guarantee	2,519,304,428	2,412,383,970
- amount utilised	(1,569,600,819)	(843,685,742)

- (a) The Group and the Company had previously explicitly asserted financial guarantee contracts under MFRS 4. The Group and the Company made an irrevocable choice to apply MFRS 9 *Financial Instruments* on a contract-by-contract basis to these financial guarantee contracts as at the date of transition to MFRS 17.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

### 32. FINANCIAL GUARANTEE CONTRACTS (CONTINUED)

- (b) The Company provides corporate guarantees to banks for credit facilities granted to certain subsidiaries. The fair value of such guarantees is negligible as the probability of the subsidiaries defaulting on the credit lines is remote.
- (c) The Company assumes that there is a significant increase in credit risk when the financial position of the subsidiary deteriorates significantly. The Company considers a financial guarantee to be credit impaired when:
- (i) the subsidiary is unlikely to repay its credit obligation to the bank in full; or
  - (ii) the subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default of the guaranteed loans individually using internal information available.

The subsidiaries defaulting on the credit lines is remote. Consequently, the Company is of the view that the loss allowance is not material and hence, it is not provided for.

The Directors are of the view that the chances of the financial institutions to call upon the corporate guarantees are remote. Accordingly, the fair values of the above corporate guarantees given to subsidiaries for banking facilities are negligible.

### 33. RELATED PARTY DISCLOSURES

- (a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties could be individuals or other entities.

The Company has related party relationships with its direct, indirect subsidiaries, associates and ultimate holding company. In addition, the Company also has related party relationships with the following party:

<b>Related party</b>	<b>Relationship with the Group</b>
Enrich Mix Sdn. Bhd.	A related party by virtue of the directorship of certain Directors of the Company, Hia Cheng and Tay Hoe Lian.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 33. RELATED PARTY DISCLOSURES (CONTINUED)

- (b) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Holding				
- Management fee income	-	-	10,000	10,000
Subsidiaries				
- Management fee income	-	-	48,000	48,000
- Interest income	-	-	27,171,210	13,666,416
Related party				
- Sale of goods	(4,266,742)	(2,830,871)	-	-
Associate				
- Sale of goods	(3,447,097)	(4,633,305)	-	-

Material balances of the above related parties are disclosed in Note 14 and Note 23 to the financial statements.

The related party transactions described above were carried out based on negotiated terms and conditions and mutually agreed with the related parties.

- (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) and any other members of key management personnel of the Group and the Company.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Directors' remuneration including estimated money value of benefits-in-kind (Note 31)	21,509,589	14,609,291	236,357	164,500
Other key management personnel's remuneration	4,085,620	3,642,795	-	-
	25,595,209	18,252,086	236,357	164,500

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

### 34. OPERATING SEGMENTS

Guan Chong Berhad and its subsidiaries are principally engaged in investment holding, manufacturing, distributing and trading in cocoa butter, cocoa cake, cocoa powder and cocoa-derived food ingredients.

Guan Chong Berhad has arrived at five (5) reportable segments that are Malaysia, Singapore, Indonesia, Germany and Ivory Coast.

Other operating segments that do not constitute reportable segments comprise operations related to investment holding and provision of management services.

The accounting policies of operating segments are the same as those described in the summary of significant accounting policies.

Inter-segment revenue is priced along the same lines as sales to external customers and conditions and is eliminated on the consolidated financial statements. These policies have been applied constantly throughout the current and previous financial years.

The respective subsidiaries' chief operating decision maker monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on segment profit or loss before tax, interest, depreciation and amortisation.

#### **Segment assets**

The amounts provided to the chief operating decision maker with respect to total assets are based on all assets allocated to each reportable segment other than deferred income tax assets and tax recoverable.

#### **Segment liabilities**

The amounts provided to the chief operating decision maker with respect to total liabilities are based on all liabilities allocated to each reportable segment other than income tax liabilities and borrowings.

## NOTES TO THE FINANCIAL STATEMENTS

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## 34. OPERATING SEGMENTS (CONTINUED)

The following tables provide an analysis of the Group's revenue, results, assets, liabilities and other information by geographical segments:

2023	Malaysia RM	Singapore RM	Indonesia RM	Germany RM	Ivory Coast RM	Others RM	Eliminations RM	Consolidated RM
<b>Revenue</b>								
Total external revenue	1,494,284,440	2,128,126,241	311,682,938	1,294,773,727	49,130	91,924,772	-	5,320,841,248
Inter-segment revenue	2,475,316,509	3,767,851,654	1,263,652,740	1,889,699	691,168,753	109,876,398	(8,309,755,753)	-
Total revenue	3,969,600,949	5,895,977,895	1,575,335,678	1,296,663,426	691,217,883	201,801,170	(8,309,755,753)	5,320,841,248
<b>Segment results</b>								
Interest income	152,931,124	63,862,163	39,052,592	78,382,255	47,339,782	15,485,448	(37,102,228)	359,951,136
Finance cost	245,068	672,405	96,978	39	-	1,341,788	-	2,356,278
Depreciation and amortisation	(83,137,297)	(53,490,164)	(410,410)	(10,122,685)	(16,562,274)	(26,933,475)	45,116,722	(145,539,583)
	(21,822,926)	(802,416)	(20,189,509)	(21,414,627)	(10,443,128)	(3,037,339)	-	(77,709,945)
<b>Segment profit before tax</b>								
Tax expense								139,057,886
								(38,131,969)
Profit for the financial year								100,925,917
<b>Segment assets</b>								
Current tax assets	1,910,222,718	1,236,119,144	920,803,679	430,753,346	565,529,316	412,947,438	-	5,476,375,641
Deferred tax assets								23,924,521
Total assets								1,617,975
<b>Segment liabilities</b>								
Current tax liabilities	401,518,320	714,063,197	58,128,994	90,091,791	72,555,621	59,681,235	-	1,396,039,158
Deferred tax liabilities								14,144,113
Borrowings								80,257,176
Lease liabilities								2,181,833,174
Total liabilities								76,870,053
								3,749,143,674
<b>Other information:</b>								
Capital expenditure	50,776,435	8,780	9,307,219	22,940,389	36,532,673	81,359,215	-	200,924,711
Net fair value loss/(gain) on derivatives	5,877,342	(313,525,125)	-	451,730	-	15,468,947	-	(291,727,106)
Non-cash expenses/(income) (other than depreciation and amortisation)	16,438,871	(9,595,513)	(137,127)	1,305,382	69,432	(4,359,282)	-	3,721,763

## NOTES TO THE FINANCIAL STATEMENTS

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## 34. OPERATING SEGMENTS (CONTINUED)

The following tables provide an analysis of the Group's revenue, results, assets, liabilities and other information by geographical segments: (continued)

2022	Malaysia RM	Singapore RM	Indonesia RM	Germany RM	Others RM	Eliminations RM	Consolidated RM
<b>Revenue</b>							
Total external revenue	1,196,625,760	1,771,095,850	319,558,324	1,045,031,221	87,527,769	-	4,419,838,924
Inter-segment revenue	2,160,968,718	2,608,172,492	1,290,618,482	1,345,395	139,001,507	(6,200,106,594)	-
Total revenue	3,357,594,478	4,379,268,342	1,610,176,806	1,046,376,616	226,529,276	(6,200,106,594)	4,419,838,924
<b>Segment results</b>							
Interest income	226,638,987	38,125,053	35,949,577	15,401,677	74,695,927	(81,837,924)	308,973,297
Finance cost	55,216	75,590	95,731	588	229,396	-	456,521
Depreciation and amortisation	(29,901,904)	(24,474,404)	(432,009)	(2,694,360)	(13,539,130)	14,998,027	(56,043,780)
	(21,676,978)	(678,454)	(18,197,668)	(18,654,408)	(6,097,089)	-	(65,304,597)
<b>Segment profit before tax</b>							188,081,441
Tax expense							(40,670,979)
Profit for the financial year							147,410,462
<b>Segment assets</b>							
Current tax assets	1,417,941,690	441,473,618	733,767,524	405,142,268	646,693,648	-	3,645,018,748
Deferred tax assets							13,738,682
Total assets							1,616,903
<b>Segment liabilities</b>							
Current tax liabilities	61,496,566	435,633,100	43,510,105	119,096,524	46,521,223	-	706,257,518
Deferred tax liabilities							9,822,094
Borrowings							74,995,859
Lease liabilities							1,160,754,376
Total liabilities							69,989,166
							2,021,819,013
<b>Other information:</b>							
Capital expenditure	37,142,024	8,576	2,775,241	29,502,125	205,393,766	-	274,821,732
Net fair value (gain)/loss on derivatives	(4,139,898)	54,067,498	-	(713,307)	(6,505,921)	-	42,708,372
Non-cash expenses/(income) (other than depreciation and amortisation)	3,865,638	(7,368,180)	917,416	2,283,380	(5,431,094)	-	(5,732,840)

## NOTES TO THE FINANCIAL STATEMENTS

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## 35. FINANCIAL INSTRUMENTS

## (a) Capital management

The Group manages its capital to ensure that entities within the Group would be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings and lease liabilities from financial institutions less cash and bank balances. Capital includes equity attributable to the owners of the parent.

As it is common in the cocoa industry for manufacturers or processors to carry cocoa beans inventory that are sufficient to mitigate the impact of seasonality and varieties of crops, and normally the bean inventory is financed through trade finance facilities. The interest cost of this is recouped and imputed through cocoa product pricing. In order to reflect better Group's gearing position, the net debt is adjusted to exclude trade finance facilities which are used to finance cocoa bean or raw material. There was no change in the Group's approach to capital management during the reporting period.

The debt-to-equity ratio of the Group at the end of the reporting period was as follows:

	Group	
	2023 RM	2022 RM
Borrowings (Note 20)	2,181,833,174	1,160,754,376
Lease liabilities owing to financial institutions (Note 8)	28,579,910	25,998,179
Less: Cash and bank balances (Note 16)	(85,094,481)	(69,110,829)
Net debt	2,125,318,603	1,117,641,726
Total equity	1,752,774,463	1,638,555,320
Debt-to-equity ratio (time)	1.21	0.68

The Group is not subject to any other externally imposed capital requirements.

## NOTES TO THE FINANCIAL STATEMENTS

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## 35. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial instruments

Categories of financial instruments

Group	2023 RM	2022 RM
<b>Financial assets</b>		
<b>Fair value through profit or loss</b>		
Derivative financial assets	466,554,022	55,390,479
<b>Amortised cost</b>		
Trade and other receivables, excluding deposits and prepayments	823,343,723	602,569,179
Cash and bank balances	85,094,481	69,110,829
	908,438,204	671,680,008
	1,374,992,226	727,070,487
<b>Financial liabilities</b>		
<b>Fair value through profit or loss</b>		
Derivative financial liabilities	211,349,113	91,912,676
<b>Amortised cost</b>		
Trade and other payables	1,181,616,204	611,624,732
Borrowings	2,181,833,174	1,160,754,376
	3,363,449,378	1,772,379,108
	3,574,798,491	1,864,291,784

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 35. FINANCIAL INSTRUMENTS (CONTINUED)

## (b) Financial instruments (continued)

Categories of financial instruments (continued)

Company	2023 RM	2022 RM
<b>Financial assets</b>		
<b>Amortised cost</b>		
Trade and other receivables, excluding deposits	413,278,809	538,943,081
Cash and bank balances	14,277,271	6,576,777
	427,556,080	545,519,858
<b>Financial liabilities</b>		
<b>Fair value through profit or loss</b>		
Derivative financial liabilities	19,568,203	4,099,256
<b>Amortised cost</b>		
Trade and other payables	31,617,353	1,452,603
Borrowings	600,000,000	300,000,000
	631,617,353	301,452,603
	651,185,556	305,551,859

## (c) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- (i) Financial instruments that are not carried at fair value and whose carrying amounts are at reasonable approximation of fair value

The carrying amounts of financial assets and financial liabilities, such as trade and other receivables, trade and other payables and floating rate borrowings, are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

The carrying amounts of the current position of borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

### 35. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Methods and assumptions used to estimate fair value (continued)

(ii) Derivatives

The fair values of commodity futures contracts and firm purchase commitments denominated in foreign currency are determined based on the quoted closing price on the relevant commodity markets at the end of the reporting period.

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of each reporting period applied to a contract of similar amount and maturity profile.

The fair value of the interest rate swap contracts is the amount that would be payable or receivable upon termination of the position at the end of each reporting period, and is calculated as the difference between the present value of the estimated future cash flows at the contracted rate compared to that calculated at the spot rate as at the end of each reporting period.

(d) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(i) 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.

(ii) Fair value of non-derivative financial liabilities, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For other borrowings, the market rate of interest is determined by reference to similar borrowing arrangements.

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

## NOTES TO THE FINANCIAL STATEMENTS

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## 35. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

2023 Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>Financial assets</b>								
<b>Fair value through profit or loss</b>								
Derivative financial assets								
-	50,556,339	-	-	-	-	-	50,556,339	50,556,339
-	31,325,396	-	-	-	-	-	31,325,396	31,325,396
-	820,162	-	-	-	-	-	820,162	820,162
-	383,852,125	-	-	-	-	-	383,852,125	383,852,125
-	466,554,022	-	-	-	-	-	466,554,022	466,554,022
<b>Financial liabilities</b>								
<b>Fair value through profit or loss</b>								
Derivative financial liabilities								
-	122,863,220	-	-	-	-	-	122,863,220	122,863,220
-	67,922,563	-	-	-	-	-	67,922,563	67,922,563
-	19,568,203	-	-	-	-	-	19,568,203	19,568,203
-	995,127	-	-	-	-	-	995,127	995,127
-	211,349,113	-	-	-	-	-	211,349,113	211,349,113

## NOTES TO THE FINANCIAL STATEMENTS

### 31 DECEMBER 2023

#### 35. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position. (continued)

2022 Group	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>Financial assets</b>								
<b>Fair value through profit or loss</b>								
Derivative financial assets								
-	42,934,262	-	-	-	-	-	42,934,262	42,934,262
-	3,877,713	-	-	-	-	-	3,877,713	3,877,713
-	8,578,504	-	-	-	-	-	8,578,504	8,578,504
-	55,390,479	-	-	-	-	-	55,390,479	55,390,479
<b>Financial liabilities</b>								
<b>Fair value through profit or loss</b>								
Derivative financial liabilities								
-	71,838,842	-	-	-	-	-	71,838,842	71,838,842
-	13,875,974	-	-	-	-	-	13,875,974	13,875,974
-	4,099,256	-	-	-	-	-	4,099,256	4,099,256
-	2,098,604	-	-	-	-	-	2,098,604	2,098,604
-	91,912,676	-	-	-	-	-	91,912,676	91,912,676

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 35. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Fair value hierarchy (continued)

The following tables set out the financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position. (continued)

2023 Company	Fair value of financial instruments carried at fair value			Fair value of financial instruments not carried at fair value			Total fair value RM	Carrying amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>Financial liabilities</b>								
<b>Fair value through profit or loss</b>								
Derivative financial liabilities								
-	-	19,568,203	-	-	-	-	19,568,203	19,568,203
<b>2022</b>								
<b>Company</b>								
<b>Financial liabilities</b>								
<b>Fair value through profit or loss</b>								
Derivative financial liabilities								
-	-	4,099,256	-	-	-	-	4,099,256	4,099,256

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management objective is to optimise value creation for its shareholders whilst minimising the potential adverse impact arising from fluctuations in foreign currency exchange, interest rates and unpredictably of the financial markets.

The Group operates within an established risk management framework and clearly defined guidelines that are regularly reviewed by the Board of Directors. Financial risk management is carried out through risk review, internal control systems and adherence to the Group financial risk management policies. The Group is exposed mainly to credit risk, foreign currency risk, interest rate risk, commodity price risk as well as liquidity and cash flow risk. Information on the management of the related exposures is detailed below.

(i) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are major international institutions and reputable multinational organisations. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The Group's primary exposure to credit risk arises through its trade and other receivables. The Group's trading terms with its customers are mainly on credit. The credit period is generally for a period of 30 days to 180 days (2022: 30 days to 180 days). Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control officer to minimise credit risk. Overdue balances are reviewed regularly by senior management.

The Company provides financial guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by two (2) customers (2022: two (2) customers) which constituted approximately 14% (2022: 12%) of its trade receivables at the end of the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## (i) Credit risk (continued)

Credit risk concentration profile (continued)

The Group determines concentration of credit risk by monitoring the country and industry sector profiles of its trade receivables (including amounts owing by a related party and associate) on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the end of each reporting period are as follows:

	Group		Group	
	2023 RM	2023 % of total	2022 RM	2022 % of total
<b>By Country</b>				
Indonesia	82,882,190	17.5%	54,559,632	13.0%
China	60,315,032	12.7%	38,954,782	9.3%
Malaysia	43,654,582	9.2%	28,449,421	6.8%
Singapore	33,785,329	7.1%	47,202,821	11.2%
Germany	27,676,277	5.8%	20,556,376	4.9%
United States	27,033,893	5.7%	60,010,283	14.3%
Switzerland	25,346,176	5.3%	21,174,659	5.0%
India	20,381,812	4.3%	27,633,861	6.6%
Brazil	19,858,732	4.2%	5,394,653	1.3%
Japan	18,567,990	3.9%	9,747,964	2.3%
Netherlands	12,278,415	2.6%	15,403,386	3.7%
Italy	6,216,003	1.3%	15,445,211	3.7%
Russia	3,970,329	0.9%	23,838,926	5.7%
Other countries	92,526,616	19.5%	51,134,549	12.2%
	474,493,376	100%	419,506,524	100%

The maximum exposure to credit risk in relation to financial guarantee contracts provided as credit enhancements to the secured loans of subsidiaries amounts to RM1,569,600,819 representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

## (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), British Pound ("GBP"), Euro ("EUR") and CFA Franc ("FCFA"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward currency contracts to hedge against its foreign currency risk. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

### 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(ii) Foreign currency risk (continued)

The majority of the Group transactional currency risk arises from its foreign currency based forward sales and purchase of commodity items, contracted along the cocoa bean price chain. These non-financial forward contracts denominated in foreign currency are exposed to economic risk due to currency fluctuations and accounted as financial instruments with fair value impact to its financial statements. These forward contracts on fulfillment at maturity will result in book receivables or payables in foreign currency.

The Group entity's currency exposure and corresponding foreign currency contract are mark-to-market and fair value quarterly for operational hedge effectiveness testing and for management reporting and oversight. Monthly long-short positions on foreign currencies and foreign currency derivatives are also produced for timely control and intervention.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity analysis of the Group and the Company to a reasonably possible change in United States Dollar ("USD"), British Pound ("GBP"), Euro ("EUR") and CFA Franc ("FCFA") exchange rate against the respective functional currencies of the Group entities, with all other variables held constant, comparatives have been restated to conform with current year's presentation:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Profit after tax and equity</b>				
USD/RM - strengthen by 5% (2022: 5%)	(45,545,900)	(21,526,300)	5,888,000	6,367,600
- weaken by 5% (2022: 5%)	45,545,900	21,526,300	(5,888,000)	(6,367,600)
GBP/RM - strengthen by 5% (2022: 5%)	(22,539,500)	(4,984,900)	-	-
- weaken by 5% (2022: 5%)	22,539,500	4,984,900	-	-
EUR/RM - strengthen by 5% (2022: 5%)	5,470,200	(7,665,300)	-	-
- weaken by 5% (2022: 5%)	(5,470,200)	7,665,300	-	-
FCFA/RM - strengthen by 5% (2022: 5%)	2,707,500	731,800	-	-
- weaken by 5% (2022: 5%)	(2,707,500)	(731,800)	-	-

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## (iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market interest rates. The exposures to market risk of the Group for changes in interest rates relates primarily to the deposits placed with licensed banks and interest bearing borrowings of the Group. There is no formal hedging policy with respect to interest rate exposure.

The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of reporting period and the remaining maturities of the financial instruments of the Group that are exposed to interest rate risk:

Group	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 5 years RM	More than 5 years RM	Total RM
<b>As at 31 December 2023</b>						
<b>Fixed rates</b>						
Deposits with licensed banks	16	3.85	30,896,942	-	-	30,896,942
Sukuk Wakalah	20	4.50	-	(450,000,000)	(150,000,000)	(600,000,000)
<b>Floating rates</b>						
Revolving credits	20	6.08	(179,834,266)	-	-	(179,834,266)
Term loans	20	3.21	(21,430,643)	(47,999,908)	-	(69,430,551)
Trade loans	20	6.42	(1,332,568,357)	-	-	(1,332,568,357)
<b>As at 31 December 2022</b>						
<b>Fixed rates</b>						
Deposits with licensed banks	16	1.98	21,847,367	-	-	21,847,367
Sukuk Wakalah	20	3.84	-	(300,000,000)	-	(300,000,000)
<b>Floating rates</b>						
Revolving credits	20	3.82	(118,261,291)	-	-	(118,261,291)
Term loans	20	3.19	(27,919,416)	(62,970,597)	(1,426,373)	(92,316,386)
Trade loans	20	3.60	(650,176,699)	-	-	(650,176,699)

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## (iii) Interest rate risk (continued)

The following table sets out the carrying amounts, the weighted average effective interest rates as at the end of reporting period and the remaining maturities of the financial instruments of the Company that are exposed to interest rate risk:

Company	Note	Weighted average effective interest rate %	Within 1 year RM	1 - 5 years RM	More than 5 years RM	Total RM
<b>As at 31 December 2023</b>						
<b>Fixed rates</b>						
Deposits with licensed banks	16	3.00	13,988,800	-	-	13,988,800
Sukuk Wakalah	20	4.50	-	(450,000,000)	(150,000,000)	(600,000,000)
<b>Floating rate</b>						
Amounts owing by subsidiaries	14	4.27	-	388,240,401	-	388,240,401
<b>As at 31 December 2022</b>						
<b>Fixed rates</b>						
Deposits with licensed banks	16	2.75	6,018,800	-	-	6,018,800
Sukuk Wakalah	20	3.84	-	(300,000,000)	-	(300,000,000)
<b>Floating rate</b>						
Amounts owing by subsidiaries	14	3.64	-	517,248,924	-	517,248,924

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## (iii) Interest rate risk (continued)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity analysis of the Group and of the Company if interest rates at the end of reporting period changed by 100 basis points with all other variables held constant.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Profit after tax and equity</b>				
- Increase by 1% (2022: 1%)	(12,022,000)	(6,542,000)	2,951,000	3,931,000
- Decrease by 1% (2022: 1%)	12,022,000	6,542,000	(2,951,000)	(3,931,000)

The Group's exposure to the interest rate risk is higher in 2023 than in 2022 due to the increase in outstanding borrowings during the financial year. The assumed movement in basis points for interest rate sensitivity analysis is based on current observable market environment.

## (iv) Commodity price risk

Commodity traded by the Group is subject to fluctuations due to a number of factors that result in price risk. The Group enters into commodity derivatives for trading purposes with the purpose of managing market exposure to adverse price movement in this commodity. The Group's trading market risk appetite is determined by the Board of Directors.

Sensitivity analysis for commodity price risk

The following table demonstrates the sensitivity analysis of the Group if commodity price index at the end of reporting date changed by 1% with all other variables held constant.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Profit after tax and equity</b>				
- Increase by 1% (2022: 1%)	7,459,000	8,736,000	-	-
- Decrease by 1% (2022: 1%)	(7,459,000)	(8,736,000)	-	-

## (v) Liquidity and cash flow risk

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group would encounter difficulty in meeting its financial obligations when due.

The Group monitors and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(v) Liquidity and cash flow risk (continued)

The table below summarises the maturity profile of the liabilities of the Group and of the Company at the end of each reporting period based on contractual undiscounted repayment obligations.

As at 31 December 2023	On demand or within one year RM	One to five years RM	Over five years RM	Total RM
<b>Group</b>				
<b>Financial liabilities</b>				
Trade and other payables	1,181,616,204	-	-	1,181,616,204
Borrowings	1,574,219,545	579,030,511	158,506,027	2,311,756,083
Derivative financial liabilities	211,349,113	-	-	211,349,113
Lease liabilities	20,646,829	46,790,902	41,259,844	108,697,575
	2,987,831,691	625,821,413	199,765,871	3,813,418,975
<b>Company</b>				
<b>Financial liabilities</b>				
Trade and other payables	31,617,353	-	-	31,617,353
Derivative financial liabilities	19,568,203	-	-	19,568,203
Borrowings	27,058,932	538,095,041	158,506,027	723,660,000
Financial guarantee contracts	1,569,600,819	-	-	1,569,600,819
	1,647,845,307	538,095,041	158,506,027	2,344,446,375
<b>As at 31 December 2022</b>				
<b>Group</b>				
<b>Financial liabilities</b>				
Trade and other payables	611,624,732	-	-	611,624,732
Borrowings	805,863,437	401,948,250	-	1,207,811,687
Derivative financial liabilities	91,912,676	-	-	91,912,676
Lease liabilities	14,369,363	33,210,072	36,446,171	84,025,606
	1,523,770,208	435,158,322	36,446,171	1,995,374,701
<b>Company</b>				
<b>Financial liabilities</b>				
Trade and other payables	1,452,603	-	-	1,452,603
Derivative financial liabilities	4,099,256	-	-	4,099,256
Borrowings	11,520,000	346,080,000	-	357,600,000
Financial guarantee contracts	843,685,742	-	-	843,685,742
	860,757,601	346,080,000	-	1,206,837,601

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

**36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)**

## (vi) Net investment hedge

The Group's foreign operations of various functional currencies when translated into its parent's reporting currency based on closing rates (for assets and liabilities) and average transaction rates (for income and expenses) at consolidation, gives rise to foreign currency translation gain or loss that will be recognised in other comprehensive income.

A foreign currency exposure arises from the Group's net investment in its Singapore subsidiary that has a USD functional currency. The risk arises from the fluctuation in spot exchange rates between USD and RM, which causes the amount of the net investment to vary. The hedged risk in the net investment hedge is the risk of a weakening USD against the RM that will result in a reduction in the carrying amount of the Group's net investment in the Singapore subsidiary.

Part of the Group's net investment in its Singapore subsidiary is hedged by cross currency swap contracts, which mitigates the foreign currency risk arising from the subsidiary's net assets. The swap contracts are designated as a hedging instrument for the changes in the value of the net investment that is attributable to changes in the RM/USD spot rate. The Group applies a hedge ratio 1:1.

To assess hedge effectiveness, the Group determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the carrying amount of the swap contracts that is attributable to a change in the mark-to-market with changes in the investment in the foreign operation due to movements in the spot rate. The Group's policy is to hedge the net investment only to the extent of the swap contracts principal.

The amounts related to items designated as hedged items of the Group were as follows:

	Change in value used for calculating hedge effectiveness RM	Foreign currency translation reserve RM	Balances remaining in the foreign currency translation reserve from hedging relationships for which hedge accounting is no longer applied RM
<b>2023</b>			
- Overseas subsidiary	(19,669,935)	(19,669,935)	-
<b>2022</b>			
- Overseas subsidiary	(4,226,324)	(4,226,324)	-

## NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2023

## 36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(vi) Net investment hedge (continued)

The amounts related to items designated as hedging instruments of the Group were as follows:

	Notional amount RM	Carrying amount of liabilities RM	Line item in the statement of financial position where the hedging instrument is included	Hedging gain or loss recognised in OCI RM	Hedge ineffectiveness recognised in profit or loss RM	Line item in the statement of comprehensive income that includes hedge ineffectiveness RM
<b>2023</b>						
- Cross currency swap contracts	316,058,557	(19,568,203)	Derivative financial liabilities	(19,669,935)	-	Other expenses
<b>2022</b>						
- Cross currency swap contracts	302,333,941	(4,099,256)	Derivative financial liabilities	(4,226,324)	-	Other expenses



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## LIST OF PROPERTIES

Location	Tenure / Term of Lease	Approximate Land Area (sq m)	Approximate Age of Building	Existing Use	Date of Acquisition	Net Book Values @ 31 December 2023
<b>Malaysia</b>						
PLO273 Jalan Timah 2, 81700 Pasir Gudang, Johor	60 years (expiring on 08 May 2043)	7,976	33 years (Main factory and office) 27 years (second factory)	Industrial premises / factory consists of GCCM main office, production area for GCCM and temporary warehouse	07 December 1989	5,994,449
No. 49 Jalan 10/9, Perjiranan 10, Pasir Gudang, Johor	99 years (expiring on 06 May 2082)	143	40 years	Hostel	28 July 1994	43,262
PLO725, Jalan Keluli 9, 81700 Pasir Gudang, Johor	60 years (expiring on 17 February 2068)	27,523	17 years	Factory / warehouse	09 January 2006	17,197,024
Lot 4-0104(P) Mukim of Plentong, Johor	Freehold	3,502	N/A	Industrial land	01 July 2013	2,032,207
Lot 4-0117 Mukim of Plentong, Johor	Freehold	4,073	N/A	Industrial land	01 July 2013	2,364,104
Lot 4-0118 Mukim of Plentong, Johor	Freehold	4,073	N/A	Industrial land	01 July 2013	2,364,104
Lot 4-0119 Mukim of Plentong, Johor	Freehold	4,073	N/A	Industrial land	01 July 2013	2,364,104
Lot 4-0120 Mukim of Plentong, Johor	Freehold	5,565	6 years (Warehouse)	Warehouse	01 July 2013	7,145,435
Lot D30 & D31, Distripark B, Pelepas Free Zone, Johor	13 years (expiring on 23 March 2025)	16,107	13 years	Rental	02 July 2014	13,766,053
PLO81, Jalan Timah 3, 81700 Pasir Gudang, Johor.	60 years (expiring on 21 July 2036)	12,747	1 year	Industrial land	04 January 2019	11,291,390
PLO207, Jalan Tembaga Satu, 81700 Pasir Gudang, Johor	60 years (expiring on 30 September 2045)	8,093.71	6 years (Main office and factory)	Industrial premises / factory consists of GCBCM main office, production area for GCBCM and temporary warehouse	26 December 1990	15,019,259

## LIST OF PROPERTIES

Location	Tenure / Term of Lease	Approximate Land Area (sq m)	Approximate Age of Building	Existing Use	Date of Acquisition	Net Book Values @ 31 December 2023
PLO233, Jalan Tembaga Satu, 81700 Pasir Gudang, Johor	60 years (expiring on 16 January 2049)	8,044	37 years	Industrial premises with a two storey office with a single storey factory and warehouse	15 October 2020	7,899,688
PLO308, Jalan Tembaga Dua, 81700 Pasir Gudang, Johor	60 years (expiring on 22 September 2045)	8,093	37 years	Industrial premises / factory / warehouse	15 October 2020	7,853,148
PLO480, Jalan Keluli Tiga, 81700 Pasir Gudang, Johor	60 years (expiring on 17 October 2053)	20,234	12 years	Warehouse	30 June 2021	8,979,841
PLO546, Jalan Keluli Sepuluh, 81700 Pasir Gudang, Johor	60 years (expiring on 07 October 2057)	20,166	15 years	Warehouse	30 June 2021	7,210,647
Lot 211016 Mukim of Plentong, Johor	Freehold	25,750	N/A	Commercial land	07 August 2023	32,853,663
<b>Singapore</b>						
The Cascadia 943 Bukit Timah Road #05-47 Singapore 589659	Freehold	111	14 years	Residential	17 January 2011	3,605,835
1 Commonwealth Lane #08-04 One Commonwealth Singapore 149544	30 years (expiring on 28 February 2038)	111	16 years	Rental	19 January 2011	1,398,284
<b>United States</b>						
400, Eagle Court Swedesboro, Logan Township, Gloucester County, NJ 08085	Freehold	6,113.02	N/A	Industrial premises / factory consists of CCC main office, production area for CCC	10 April 2017	8,836,983
<b>Côte d'Ivoire</b>						
Zone Industrielle de San Pédro Bardot 18, Lot 208 TF No. 1138 Bas-Cavally, Côte d'Ivoire	Leasehold	63,566	2 years	Industrial premises / factory consists of GCBCCI main office and production area for GCBCCI	28 January 2019	161,795,119

## LIST OF PROPERTIES

Location	Tenure / Term of Lease	Approximate Land Area (sq m)	Approximate Age of Building	Existing Use	Date of Acquisition	Net Book Values @ 31 December 2023
<b>Indonesia</b>						
Komplek Tunas Industrial Estate Type 7 No. A-F, Batam, Indonesia	30 years (expiring on 24 August 2030)	33,181	14 years	Industrial premises / factory consists of PT Asia main office, production area for PT Asia	21 June 2010	36,269,309
Komplek Tunas Industrial Estate Type 7 No. 7-G, Batam, Indonesia	Leasehold (expiring on 24 August 2030)	6,985	18 years	Industrial premises and warehouse	17 March 2011	3,884,227
Komplek Tunas Industrial Estate Type 6 No. 6-D, Batam, Indonesia	Leasehold (expiring on 24 August 2030)	1,257	18 years	Industrial premises and warehouse	17 March 2011	911,207
Komplek Tunas Industrial Estate Type 7 No. 7-H, Batam, Indonesia	Leasehold (expiring on 24 August 2030)	4,388	17 years	Industrial premises and warehouse	04 August 2020	6,845,474
Komplek Tunas Industrial Estate Type 7 No. 7-I, Batam, Indonesia	Leasehold (expiring on 24 August 2030)	4,513	17 years	Industrial premises and warehouse	11 January 2021	7,392,973
Komplek Perumahan Diamond Palace Blok B No. 26, Batam, Indonesia	Leasehold (expiring on 13 August 2030)	170	19 years	Hostel	23 September 2011	463,158
Komplek Perumahan Purimas Residence Blok B3 No. 11, Batam, Indonesia	Leasehold (expiring on 28 May 2030)	132	18 years	Hostel	06 May 2011	165,764
Komplek Perumahan Purimas Residence Blok B3 No. 15, Batam, Indonesia	Leasehold (expiring on 28 May 2030)	132	18 years	Hostel	06 May 2011	165,764
Komplek Perumahan Purimas Residence Blok B5 No. 23, Batam, Indonesia	Leasehold (expiring on 28 May 2030)	132	20 years	Hostel	06 May 2011	165,764
Kawasan Industri Kelurahan IV, Blok 5 Kelurahan Belian Kecamatan Batam Kota, Batam, Indonesia	Leasehold (expiring on 08 August 2031)	30,000	11 years	Industrial premises and warehouse	10 January 2012	35,521,729

## LIST OF PROPERTIES

Location	Tenure / Term of Lease	Approximate Land Area (sq m)	Approximate Age of Building	Existing Use	Date of Acquisition	Net Book Values @ 31 December 2023
Komplek Tunas Industrial Estate Type 6 No. 6-C, Batam, Indonesia	Leasehold (expiring on 24 August 2030)	942	18 years	Industrial premises and warehouse	08 June 2012	888,561
Kawasan Daan Mogot Arcadia, Rukan Daan Mogot Permai Blok G15 No.5 & 6, Jl Raya Daan Mogot KM 21, Batu Ceper, Tangerang 15122, Indonesia	Leasehold (expiring on 04 August 2035)	864	11 years	Industrial premises	02 October 2012	2,940,781
Palu warehouse Jalan Trans Sulawesi, Kelurahan Taipa, Kecamatan Palu Utara, Kota Palu 94147, Sulawesi Tengah	Leasehold (expiring on 22 January 2027)	15,551	17 years	Warehouse	13 December 2013	7,054,578
Makassar Warehouse Jl. Kima 10 Kav A/5-a Makassar 90241, Sulawesi Selatan	Leasehold (expiring on 29 October 2028)	10,890	25 years	Warehouse	10 December 2013	4,685,726
Komplek Villa Bukit Indah Blok H3 No.1, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	174	8 years	Hostel	29 December 2015	550,452
Komplek Villa Bukit Indah Blok H3 No.2, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	112	8 years	Hostel	29 December 2015	355,896
Komplek Villa Bukit Indah Blok H3 No.3, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	112	8 years	Hostel	29 December 2015	355,896
Komplek Villa Bukit Indah Blok H3 No.3A, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	112	8 years	Hostel	29 December 2015	355,896
Komplek Villa Bukit Indah Blok H3 No.5, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	112	8 years	Hostel	29 December 2015	355,896

## LIST OF PROPERTIES

Location	Tenure / Term of Lease	Approximate Land Area (sq m)	Approximate Age of Building	Existing Use	Date of Acquisition	Net Book Values @ 31 December 2023
Komplek Villa Bukit Indah Blok H3 No.6, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	112	8 years	Hostel	29 December 2015	355,896
Komplek Villa Bukit Indah Blok H3 No.9, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	112	8 years	Hostel	29 December 2015	355,896
Komplek Villa Bukit Indah Blok H3 No.10, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	112	8 years	Hostel	29 December 2015	355,896
Komplek Villa Bukit Indah Blok H3 No.11, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	112	8 years	Hostel	29 December 2015	355,896
Komplek Villa Bukit Indah Blok H3 No.12, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	112	8 years	Hostel	29 December 2015	355,896
Komplek Villa Bukit Indah Blok H3 No.12A, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	112	8 years	Hostel	29 December 2015	355,896
Komplek Villa Bukit Indah Blok H3 No.12B, Batam, Indonesia	Leasehold (expiring on 03 October 2031)	174	8 years	Hostel	29 December 2015	550,452
Rukan Daan Mogot Permai Blok G15 No.1 Jalan Raya Daan Mogot KM 21 Batu Ceper, Tangerang 15122, Indonesia	Leasehold (expiring on 21 August 2039)	605	5 years	Warehouse	22 August 2019	2,119,936
<b>Germany</b>						
Neckarvorlandstraße 21-25, 68159 Mannheim, Germany	Freehold	13,044	53 years	Industrial premises / factory consists of SVG main office, production area for SVG and residential building	01 January 2020	30,618,487

## LIST OF PROPERTIES

Location	Tenure / Term of Lease	Approximate Land Area (sq m)	Approximate Age of Building	Existing Use	Date of Acquisition	Net Book Values @ 31 December 2023
Fruchtbahnhofstraße 35-41, 68159 Mannheim, Germany	Leasehold (expiring on 30 September 2050)	20,840	N/A	Industrial premises	01 October 2020	27,955,890
Am Salzkai, 68159 Mannheim Germany	Leasehold (expiring on 31 May 2024)	703	N/A	Car park	01 June 2020	27,251
<b>United Kingdom</b>						
Lower Road, Glensford, Sudberry, Suffolk	Freehold	71,872	73 years (Building One) 23 years (Building Two)	Industrial premises / factory consists of GCBCUK main office and production area for GCBCUK	25 September 2020	46,306,052
Plot 34 Long Melford, 5 Siskin Close Long Melford Sudbury Suffolk CO10 9FZ	Freehold	85	1 year	Residential	28 February 2023	2,018,800
Plot 29 Long Melford, 3 Robin Close Long Melford Sudbury Suffolk CO10 9GE	Freehold	87	1 year	Residential	31 March 2023	2,213,623
Plot 46 Long Melford, 7 Dunnock Close Long Melford Sudbury Suffolk CO10 9GF	Freehold	144	1 year	Residential	29 June 2023	3,526,872
Plot 22 Fawcett Road, 24 Fawcett Road, Sudbury Suffolk CO10 0WX	Freehold	144	1 year	Residential	17 November 2023	2,839,205

## OTHER COMPLIANCE INFORMATION

### 1. UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

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

### 2. AUDIT AND NON-AUDIT FEES

The fees payable to the external auditors in relation to the audit and non-audit services rendered to the Company and its subsidiaries for the financial year ended 31 December 2023 are as follows:

	Company RM	Group RM
Audit fees	119,000	1,170,924
Non-audit fees	5,000	656,880

### 3. MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year under review or entered into since the end of the previous financial year.

# ANALYSIS OF SHAREHOLDINGS

AS AT 12 APRIL 2024

Issued Share Capital	1,174,914,924 ordinary shares (including treasury shares) 1,174,514,924 ordinary shares (excluding treasury shares)
Voting Right	One vote per ordinary share
Number of Shareholders	5,683

## DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%* of Shareholders	No. of Shares held *	%* of Issued Share Capital
Less than 100 shares	90	1.58	4,721	Neg
100 to 1,000 shares	1,183	20.82	773,186	0.07
1,001 to 10,000 shares	2,942	51.77	13,569,912	1.15
10,001 to 100,000 shares	1,177	20.71	36,251,240	3.09
100,001 to less than 5% of issued shares	288	5.07	539,038,438	45.89
5% and above of issued shares	3	0.05	584,877,427	49.80
<b>TOTAL</b>	<b>5,683</b>	<b>100.00</b>	<b>1,174,514,924</b>	<b>100.00</b>

Notes:

Neg Negligible

\* Excluding 400,000 shares held as treasury shares.

## LIST OF SUBSTANTIAL SHAREHOLDERS

Name	No. of Shares held			
	Direct	%*	Indirect	%*
Guan Chong Resources Sdn. Bhd.	584,877,427	49.80	-	-

Notes:

\* Excluding 400,000 shares held as treasury shares.

## DIRECTORS' SHAREHOLDINGS

Name	No. of Shares held			
	Direct	%*	Indirect	%*
Tay Hoe Lian	56,313,857	4.79	720,000 <sup>(1)</sup>	0.06
Tay How Sik @ Tay How Sick	20,998,945	1.79	6,812,200 <sup>(2)</sup>	0.58
Hia Cheng	29,052,417	2.47	49,740,042 <sup>(3)</sup>	4.23
Ang Nyee Nyee	-	-	8,000 <sup>(4)</sup>	Neg
Nurulhuda Binti Abd Kadir	-	-	-	-
Ng Kim Hian	-	-	-	-
Tan Pui Suang	-	-	-	-

## ANALYSIS OF SHAREHOLDINGS

AS AT 12 APRIL 2024

### HOLDING COMPANY – GUAN CHONG RESOURCES SDN. BHD.

Name	No. of ordinary shares			
	Direct	%	Indirect	%
Tay Hoe Lian	5,130,000	19.00	-	-
Tay How Sik @ Tay How Sick	3,762,180	13.93	-	-
Hia Cheng	1,350,000	5.00	-	-

Other than as disclosed above, the Directors of the Company did not have any other interest in the shares of the Company and its related corporations as at the date of the Analysis of Shareholdings.

#### Notes:

\* Excluding 400,000 shares held as treasury shares.

- (1) Deemed interest by virtue of his spouse, Yap Kim Hong's and his daughter, Tay Jing Ying's shareholding in the Company.
- (2) Deemed interest by virtue of his daughters, son and daughter-in-law, Tay Jing Ye's, Tay Sing Ye's, Tay Lian Shi's and Lee Ping's shareholding in the Company.
- (3) Deemed interest by virtue of his spouse, Wong Saow Lai's and his daughters and son, Hia Sin Yee's, Hia Sin Che's and Hia Kai Xuan's shareholding in the Company.
- (4) Deemed interest by virtue of her spouse, Leong Chee Foong's shareholding in the Company.

### GUAN CHONG BERHAD – ORDINARY SHARES THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares held	%*
1.	Guan Chong Resources Sdn. Bhd.	417,432,938	35.54
2.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Guan Chong Resources Sdn Bhd	92,500,000	7.88
3.	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad For Guan Chong Resources Sdn. Bhd. (SMART)	74,944,489	6.38
4.	Tay Hoe Lian	53,358,793	4.54
5.	Lembaga Tabung Haji	38,350,000	3.27
6.	Wong Saow Lai	30,106,709	2.56
7.	Syarikat PJ Enterprise Sdn Bhd	29,799,398	2.54
8.	Hia Cheng	21,836,358	1.86
9.	Tay How Sik @ Tay How Sick	20,082,981	1.71
10.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	15,751,323	1.34
11.	Tay Hoe Chin	15,000,000	1.28
12.	Tay How Yeh	13,095,671	1.11

## ANALYSIS OF SHAREHOLDINGS

AS AT 12 APRIL 2024

**GUAN CHONG BERHAD – ORDINARY SHARES (CONTINUED)**  
**THIRTY (30) LARGEST SHAREHOLDERS**

No.	Name of Shareholders	No. of Shares held	%*
13.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Asianislamic)	11,463,800	0.98
14.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LEEF)	11,423,100	0.97
15.	Citigroup Nominees (Asing) Sdn Bhd Exempt An For Citibank New York (Norges Bank 19)	11,175,000	0.95
16.	Tan Bak Keng @ Tang Ka Guek	8,000,000	0.68
17.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Balanced Fund	7,500,000	0.64
18.	Tay See Min	7,300,000	0.62
19.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Islamic)	7,236,877	0.62
20.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Hia Cheng	7,216,059	0.61
21.	CGS International Nominees Malaysia (Tempatan) Sdn. Bhd. Pledged Securities Account For Tay Hock Soon (MY1055)	6,416,400	0.55
22.	Chan Lee Yin	6,343,595	0.54
23.	Tay Lie Siang	6,083,837	0.52
24.	Tay Lee Goh	6,071,207	0.52
25.	Tay Lee Shein	5,998,839	0.51
26.	HSBC Nominees (Asing) Sdn Bhd J.P. Morgan Securities PLC	5,877,301	0.50
27.	T & T Family Sdn Bhd	5,100,000	0.43
28.	Citigroup Nominees (Tempatan) Sdn Bhd Urusharta Jamaah Sdn. Bhd. (2)	4,999,300	0.43
29.	Hia Sin Yee	4,833,333	0.41
30.	Cartaban Nominees (Asing) Sdn Bhd SSBT Fund J724 For SPDR Portfolio Emerging Markets ETF	4,752,466	0.40
<b>Total</b>		<b>950,049,774</b>	<b>80.89</b>

Note:

\* Excluding 400,000 shares held as treasury shares.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Twentieth Annual General Meeting of GUAN CHONG BERHAD (“GCB” or “the Company”) will be held at Praline & Truffle, ibis Styles Johor Iskandar Puteri, 1 Nusa Sentrum Complex, Jalan SiLC 2/9, SiLC Industrial Park, 79200 Iskandar Puteri, Johor on Monday, 27 May 2024 at 11.00 a.m. for the transaction of the following businesses:

## AGENDA

### *As Ordinary Business*

1. To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Directors’ and Auditors’ Reports thereon.
2. To approve the payment of Directors’ fees and benefits up to RM500,000 for the financial year ending 31 December 2024 payable monthly in arrears after each month of completed service of the Directors during the subject financial year.
3. To re-elect the following Directors who retire in accordance with Clause 91 of the Company’s Constitution:
  - i) Ang Nyee Nyee
  - ii) Tay Hoe Lian
4. To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.

**Ordinary Resolution 1**

**Ordinary Resolution 2**

**Ordinary Resolution 3**

**Ordinary Resolution 4**

### *As Special Business*

To consider and if thought fit, to pass the following resolutions with or without any modifications as resolutions:

5. **Proposed renewal of authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016 (“the Act”)**

**Ordinary Resolution 5**

“THAT pursuant to Sections 75 and 76 of the Act, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Constitution of the Company and the approvals of the relevant regulatory authorities (where applicable), the Directors of the Company be hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement(s) or option(s) or offer(s) (“New Shares”) from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company without first offer to the existing shareholders of the Company, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares, if any) for the time being (“Proposed General Mandate”).

## NOTICE OF ANNUAL GENERAL MEETING

THAT such approval on the Proposed General Mandate shall continue to be in force until:

- a. the conclusion of the next Annual General Meeting ("AGM") of the Company held after the approval was given;
- b. the expiration of the period within which the next AGM of the Company is required to be held after the approval was given; or
- c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting, whichever is the earlier.

THAT the Directors of the Company be hereby also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing of and quotation for such New Shares on the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

AND THAT authority be hereby given to the Directors of the Company, to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation thereto as to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities."

6. **Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("RRPT")**

**Ordinary Resolution 6**

"THAT pursuant to paragraph 10.09 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be hereby given for the renewal of shareholders' mandate for the Company and its subsidiaries ("GCB Group") to enter into and to give effect to specified RRPT and with the related parties as stated in Section 4.3 of the Circular to Shareholders dated 26 April 2024, which are necessary for its day-to-day operations, to be entered into by the GCB Group on the basis that these transactions are or to be entered into on terms which are not more favorable to the Related Parties involved than generally available to the public and are not detrimental to the minority shareholders of the Company ("Proposed Shareholders' Mandate");

THAT the Proposed Shareholders' Mandate is subject to annual renewal. In this respect, any authority conferred by the Proposed Shareholders' Mandate shall only continue to be in force until:

- (a) the conclusion of the next AGM of the Company following the general meeting at which the Proposed Shareholders' Mandate has been passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
- (b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

## NOTICE OF ANNUAL GENERAL MEETING

(c) revoked or varied by resolution passed by the shareholders in a general meeting,

whichever is the earlier;

AND THAT the Directors of the Company and/or any of them be hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the Proposed Shareholders' Mandate."

7. **Proposed renewal of authority for the Company to purchase its own ordinary shares up to ten percent (10%) of its issued share capital**

**Ordinary Resolution 7**

"THAT, subject to compliance with the Act, the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and all other applicable laws, regulations, guidelines, the approvals of all relevant governmental and/or regulatory authorities, the Company be hereby given full authority to seek shareholders' approval for the renewal of authority for the Company to purchase such amount of ordinary shares in the Company ("Shares") through Bursa Malaysia Securities Berhad upon such terms and conditions as the Directors may deem fit in the interest of the Company provided that:

- (i) the aggregate number of Shares so purchased and/or held pursuant to this ordinary resolution ("Purchased Shares") does not exceed ten percent (10%) of the total issued share capital of the Company; and
- (ii) the maximum amount of funds to be allocated for the Purchased Shares shall not exceed the aggregate of the retained profits of the Company;

THAT the Directors be hereby authorised to decide at their discretion either to retain the Purchased Shares as treasury shares (as defined in Section 127 of the Act) and/or to cancel the Purchased Shares and/or to retain the Purchased Shares as treasury shares for distribution as share dividends to the shareholders of the Company and/or be resold through Bursa Malaysia Securities Berhad in accordance with the relevant rules of Bursa Malaysia Securities Berhad and/or cancelled subsequently and/or to retain part of the Purchased Shares as treasury shares and/or cancel the remainder and to deal with the Purchased Shares in such other manner as may be permitted by the Act, rules, regulations, guidelines, requirements and/or orders of Bursa Malaysia Securities Berhad and any other relevant authorities for the time being in force;

AND THAT such approval and authorisation shall only continue to be in force until:

- (i) the conclusion of the next AGM 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 unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

## NOTICE OF ANNUAL GENERAL MEETING

whichever occurs first;

AND FURTHER THAT the Directors of the Company be authorised to do all such acts and things (including, without limitation executing all such documents as may be required) as they may consider expedient or necessary to give full effect to this mandate.”

8. To transact any other business for which due notice shall have been given in accordance with the Act.

By order of the Board,

NG MEI WAN

(SSM Practising Certificate No.: 201908000801) (MIA 28862)

TAN HUI KHIM

(SSM Practising Certificate No.: 201908000859) (LS 0009936)

Company Secretaries

Muar, Johor

26 April 2024

### Notes:

1. Only depositors whose names appear in the Record of Depositors as at 20 May 2024 shall be regarded as members and be entitled to attend, participate, speak and vote at the Twentieth Annual General Meeting (“AGM”).
2. A member shall be entitled to appoint any person as his/her proxy to attend and vote instead of the Member at the AGM. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at AGM shall have the same rights as the Member to speak at AGM.
3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“Omnibus Account”), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
4. Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company. In the event member appoint more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer. A proxy may but need not be a Member of the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.
6. In the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/her/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy, have been duly completed by the member(s).

## NOTICE OF ANNUAL GENERAL MEETING

7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Share Registrars of the Company situated at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor or by email to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) or by fax +603-7890 4670 or lodged electronically via Boardroom Smart Investor Portal ("BSIP") at <https://investor.boardroomlimited.com> not less than forty-eight (48) hours before the time appointed for holding this meeting or any adjournment thereof as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of AGM to vote by way of poll. For electronic lodgement please refer to the Administrative Guide of AGM.

### Explanatory Notes:

8. **Item 1 of the Agenda**  
**Audited Financial Statements**

This Agenda item is meant for discussion only as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders and hence, is not put forward for voting.

9. **Item 2 of the Agenda – Ordinary Resolution 1**  
**Approval of Directors' fees and benefits for the financial year ending 31 December 2024**

Directors' fees and benefits approved for the financial year ended 31 December 2023 were RM500,000. The Directors' fees and benefits proposed for the financial year ending 31 December 2024 are calculated based on the number of scheduled Board and Committee Meetings for year 2024 and assuming that all Non-Executive Directors will hold office until the conclusion of the next AGM.

This resolution is to facilitate payment of Directors' fees and benefits on current financial year basis. In the event the Directors' fees and benefits proposed are insufficient (e.g. due to more meetings), approval will be sought at the next AGM for additional fees and benefits to meet the shortfall.

10. **Item 5 of the Agenda – Ordinary Resolution 5**  
**Proposed renewal of authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Act**

- (a) The proposed Ordinary Resolution 5, if passed, will grant a mandate ("General Mandate") empowering the Directors of the Company, from the date of the AGM to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement(s) or option(s) or offer(s) ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit and expedient in the interest of the Company up to an amount not exceeding ten percent (10%) of the total number of issued shares capital of the Company. This authority, unless revoked or varied at a general meeting shall continue to be in full force until the conclusion of the next AGM of the Company.
- (b) The General Mandate is a renewal of the previous mandate obtained at the last AGM held on 31 May 2023 which will expire at the conclusion of the forthcoming AGM.
- (c) As at the date of this Notice, the Company did not issue any new ordinary shares based on the previous mandate obtained at the last AGM.
- (d) The General Mandate, if granted will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding current and/or future investment project(s), working capital and/or acquisitions.

## NOTICE OF ANNUAL GENERAL MEETING

- (e) In accordance with Clause 9 of the Company's Constitution, the passing of the Ordinary Resolution 5, the shareholders of the Company shall be taken as agree for the New Shares to be issued to such person(s) as the Directors may deem fit and expedient in the interest of the Company without first offer the New Shares to holders of existing issued shares of the Company prior to issuance of the New Shares.

### 11. **Item 6 of the Agenda – Ordinary Resolution 6**

#### **Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature ("RRPT") ("Proposed Shareholders' Mandate")**

The proposed Ordinary Resolution 6, if passed, will approve RRPT which are necessary for the GCB Group's day-to-day operations to be entered into by the Company and its subsidiaries with the respective related parties from the forthcoming AGM to the next AGM; subject to the condition that the transactions are entered into on terms which are not more favorable to the related parties involved than generally available to the public and are not detrimental to the minority shareholders of the Company. Further details on the Proposed Shareholders' Mandate are provided in the Circular to Shareholders dated 26 April 2024.

### 12. **Item 7 of the Agenda – Ordinary Resolution 7**

#### **Proposed renewal of authority for the Company to purchase its own ordinary shares up to ten percent (10%) of its issued share capital**

The proposed Ordinary Resolution 7, if passed, will allow the Directors of the Company to exercise the power of the Company to purchase not more than ten percent (10%) of the total issued share capital of the Company at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This authority, unless revoked or varied by the Company at a general meeting, shall continue to be in full force until the conclusion of the next AGM of the Company.

Further details are set out in the Circular to Shareholders dated 26 April 2024.

### 13. **ANNUAL REPORT**

The Annual Report for the financial year ended 31 December 2023 is now available at the Company's corporate website, [www.gcbcocoa.com](http://www.gcbcocoa.com). Printed copy of the Annual Report shall be provided to the shareholders upon request soonest possible from the date of receipt of the request.

Shareholders who wish to receive the printed Annual Report may email your request to Boardroom Share Registrars Sdn. Bhd. [199601006647 (378993-D)] at [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com).

## **STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING**

### **Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

#### **1. Details of Individuals Standing for Election as Directors**

No individual is seeking election as a Director at the Twentieth Annual General Meeting of the Company.

#### **2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

Please refer to item 10 – Explanatory Notes to the Agenda for Ordinary Resolution 5 on Proposed renewal of authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016.

# ADMINISTRATIVE DETAILS

## Dear Shareholders

### Greeting from GUAN CHONG BERHAD

#### (A) Details of the Twentieth Annual General Meeting (“20<sup>th</sup> AGM”)

Date	: Monday, 27 May 2024
Time	: 11:00 a.m. or any adjournment thereof
Venue	: Praline & Truffle, ibis Styles Johor Iskandar Puteri, 1 Nusa Sentrum Complex, Jalan SiLC 2/9, SiLC Industrial Park, 79200 Iskandar Puteri, Johor

#### (B) Registration

1. Registration will start at 10.00 a.m. on Monday, 27 May 2024.
2. Kindly produce your original MyKad/Passport (for foreigners) to the registration staff at the registration counter for verification. Please ensure to collect your MyKad/Passport thereafter.
3. Upon verification, you are required to sign on the Attendance list prepared by the registration staff.
4. After registration, a polling slip will be issued to the respective shareholders and/or proxy holders and will only be given a wristband as identification in order to vote.
5. No person will be allowed to register on behalf of another person, even with the original MyKad/Passport of that person.
6. The registration counter will handle only the verification of identity and registration.
7. Please vacate the registration area immediately after registration and proceed to the meeting hall.
8. For any clarification or enquiry, please proceed to the Company's Helpdesk at the registration counter.
9. Poll Administrator's Helpdesk will handle the revocation of a proxy's appointment.

#### (C) Entitlement to Participate in the AGM

Only members whose names appear on the Record of Depositors as at 20 May 2024 shall be entitled to attend the 20<sup>th</sup> AGM or appoint proxy(ies)/corporate representative(s)/attorney to attend and to vote in his/her stead. A proxy must be 18 years and above and need not be a member of the Company.

#### (D) Proxy

1. A member entitled to attend and vote is entitled to appoint proxy/proxies, to attend and vote instead of him/her. If you are unable to attend the meeting and wish to appoint a proxy to vote on your behalf, please submit your Form of Proxy in accordance with the notes and instructions printed therein.
2. You may submit your Form of Proxy to the office of the Share Registrar of our Company, Boardroom Share Registrars Sdn. Bhd. (“BSR”) or by email to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) or by fax +603-7890 4670. We do not acknowledge receipt of the form(s) of proxy.
3. The proxy appointment may also be lodged electronically via Boardroom Smart Investor Portal (“BSIP”) at <https://investor.boardroomlimited.com> or email to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) which is free and available to all shareholders. For further information, kindly refer to Table 1 below for proxy appointment via BSIP.

## ADMINISTRATIVE DETAILS

**Table 1 – Proxy Appointment via Boardroom Smart Investor Portal (“BSIP”)**

<p><b>Step 1 – Register Online with Boardroom Smart Investor Portal</b></p> <p><b>(For first time registration only)</b></p>	<p><i>Note: If you have already signed up with Boardroom Smart Investor Portal, you are not required to register again. You may proceed to Step 2.</i></p> <ul style="list-style-type: none"> <li>• Access the website <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a></li> <li>• Click <b>“Register”</b> to sign up as a user.</li> <li>• Please select the correct account type i.e. sign up as <b>“Shareholder”</b> or <b>“Corporate Holder”</b>.</li> <li>• Complete registration with all the required information. Upload and attach a softcopy of your Identity Card (NRIC) (front and back) or Passport. Click <b>“Register”</b>.</li> <li>• For Corporate Holder, kindly upload the authorisation letter as well, Click <b>“Sign Up”</b>.</li> <li>• You will receive an email from BSIP Online for email address verification. Click on <b>“Verify Email Address”</b> from the email received to continue with the registration.</li> <li>• Once your email address is verified, you will be re-direct to BSIP Online for verification of mobile number.</li> <li>• Click on <b>“Request OTP Code”</b> and an OTP code will be sent to the registered mobile number. You will need to enter the OTP Code and click <b>“Enter”</b> to complete the process.</li> <li>• Once your mobile number is verified, registration of your new BSIP account will be pending for final verification.</li> <li>• An email will be sent to you to inform the approval of your BSIP account within one (1) business day. Subsequently, you can login at <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a> with the email address and password filled up by you during the registration to proceed.</li> </ul>
<p><b>Step 2 – Appointment of Proxy</b></p>	<ul style="list-style-type: none"> <li>• Login to <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a> using your user ID and password from Step 1 above.</li> <li>• Click <b>“Meeting Event(s)”</b> and select from list of companies <b>“GUAN CHONG BERHAD 20<sup>TH</sup> ANNUAL GENERAL MEETING”</b> and click <b>“Enter”</b>.</li> <li>• Click <b>“Submit eProxy Form”</b>.</li> <li>• Select the company you would like to represent (if you represent more than one company, for Corporate Shareholder).</li> <li>• Enter your CDS Account Number and number of Securities held.</li> <li>• Select your proxy — either the Chairman of the meeting or individual named proxy(ies) and enter the required particulars of your proxy(ies).</li> <li>• Read and accept the General Terms and Conditions and click <b>“Next”</b>.</li> <li>• Enter the required particulars of your proxy(ies).</li> <li>• Indicate your voting instructions — <b>“FOR”</b> or <b>“AGAINST”</b> or <b>“ABSTAIN”</b>. If you wish to have your proxy(ies) to act upon his/her discretion, please indicate <b>“DISCRETIONARY”</b>.</li> <li>• Click <b>“Apply”</b>. Download or print the eProxy Form as acknowledgement.</li> </ul> <p><i>Note for Corporate Shareholders: if you are representing more than one (1) company, kindly click the home button and select “Edit Profile” in order to add Company.</i></p> <p><b>Corporate Shareholders (via email)</b></p> <ul style="list-style-type: none"> <li>• Write in to <a href="mailto:bsr.helpdesk@boardroomlimited.com">bsr.helpdesk@boardroomlimited.com</a> by providing the name of Member, CDS Account Number accompanied with the Certificate of Appointment of Corporate Representative or Form of Proxy (as the case may be) to submit the request latest by <b>25 May 2024 at 11:00 a.m.</b></li> <li>• Please provide a copy of Corporate Representative’s or Proxy’s Identity Card (front and back) or Passport as well as his/her email address.</li> </ul>

## ADMINISTRATIVE DETAILS

	<p><b>Authorised Nominee and Exempt Authorised Nominee</b></p> <p><b>Via BSIP</b></p> <ul style="list-style-type: none"> <li>• Login to <a href="https://investor.boardroomlimited.com">https://investor.boardroomlimited.com</a> using your user ID and password from Step 1 above.</li> <li>• Select <b>“GUAN CHONG BERHAD 20<sup>TH</sup> ANNUAL GENERAL MEETING”</b> from the list of Meeting Event(s) and click <b>“Enter”</b>.</li> <li>• Click on <b>“Submit eProxy Form”</b>.</li> <li>• Select the company you would like to represent (if you represent more than one company).</li> <li>• Proceed to download the file format for <b>“Submission of Proxy Form”</b> from BSIP.</li> <li>• Prepare the file for the appointment of proxies by inserting the required data.</li> <li>• Proceed to upload the duly completed proxy appointment file.</li> <li>• Review and confirm your proxy appointment and click <b>“Submit”</b>.</li> <li>• Download or print the eProxy form as acknowledgement.</li> </ul> <p><i>Note: if you are representing more than one (1) company, kindly click the home button and select “Edit Profile” in order to add Company.</i></p> <p><b>Via email</b></p> <ul style="list-style-type: none"> <li>• To submit the request, Authorised Nominee and Exempt Authorised Nominee need to deposit the original hardcopy Form of Proxy to BSR and write in to BSR at <a href="mailto:bsr.helpdesk@boardroomlimited.com">bsr.helpdesk@boardroomlimited.com</a> by providing softcopy of the Form of Proxy, the name of shareholders and CDS Account Number.</li> <li>• Please provide a copy of the proxy holder’s MyKad/Identification Card (front and back) or Passport in JPEG, PNG or PDF format as well as his/her email address.</li> </ul>
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4. If you wish to attend the Meeting yourself, please do not submit any Form of Proxy. You will not be allowed to attend the Meeting together with a proxy appointed by you.
5. If you have submitted your Form of Proxy prior to the meeting and subsequently decided to attend the meeting yourself, please proceed to the Poll Administrator’s Helpdesk to revoke the appointment of your proxy.

### (E) Poll Voting

1. In accordance with Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the voting at the 20<sup>th</sup> AGM will be conducted by poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.
2. The Poll Administrator will be available to brief and/or guide all 20<sup>th</sup> AGM Attendees before the commencement of and during the voting process.
3. Upon completion of the voting session for the 20<sup>th</sup> AGM, the Scrutineers will verify and announce the poll results followed by the Chairman’s declaration of whether the resolutions are duly passed.

## ADMINISTRATIVE DETAILS

### (F) **Annual Report 2023**

1. The Company's Annual Report 2023, Form of Proxy, Corporate Governance Report and Administrative Guide are available on the following websites:
  - <https://www.bursamalaysia.com>
  - <https://www.gbcocoa.com/content/annual-reports>
2. If you wish to request a printed copy of the Annual Report 2023, please complete and send the Requisition Form which can be downloaded from the Company's website at <https://www.gbcocoa.com/content/annual-reports> and email the same to the Share Registrar or login to Boardroom Smart Investor Online Portal at <https://investor.boardroomlimited.com> and select "Request Annual Report" under "Investor service" to submit your request.
3. Kindly think of the environment before you decide to print the Annual Report 2023. We would appreciate your support by joining us to promote "Act Green" initiative to achieve environmentally responsible and paperless.

### (G) **Enquiry**

If you have any queries prior to the meeting, please contact the following officers during office hours:

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

[199601006647 (378993-D)]

11<sup>th</sup> Floor, Menara Symphony

No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13,

46200 Petaling Jaya, Selangor

Tel No. : +603-7890 4700 / 4716 / 4704

Fax No. : +603-7890 4670

Email Address : [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com)  
[mohamed.sophiee@boardroomlimited.com](mailto:mohamed.sophiee@boardroomlimited.com)  
[nuratiqah.arif@boardroomlimited.com](mailto:nuratiqah.arif@boardroomlimited.com)

Contact Person : Encik Mohamed Sophiee Ahmad Nawawi  
Cik Nur Atiqah Mohd Arif

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No. of Shares held	
CDS Account No.	

I/We \_\_\_\_\_ NRIC/Passport/Registration No. \_\_\_\_\_  
(full name in capital letters)

of \_\_\_\_\_  
(full address)

being a member/members of GUAN CHONG BERHAD, hereby appoint \_\_\_\_\_  
\_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_  
(full name in capital letters)

of \_\_\_\_\_  
(full address)

and/or \_\_\_\_\_ NRIC/Passport No. \_\_\_\_\_  
(full name in capital letters)

of \_\_\_\_\_  
(full address)

or failing him/her\*, the CHAIRMAN OF THE MEETING as my/our\* proxy to vote for me/us\* on my/our\* behalf at the Twentieth Annual General Meeting of the Company at Praline & Truffle, ibis Styles Johor Iskandar Puteri, 1 Nusa Sentrum Complex, Jalan SiLC 2/9, SiLC Industrial Park, 79200 Iskandar Puteri, Johor on Monday, 27 May 2024 at 11.00 a.m. and at any adjournment thereof in respect of my/our\* shareholding in the manner indicated below:-

No.	Ordinary Resolution	For	Against
1	Approval of Directors' fees and benefits for the financial year ending 31 December 2024		
2	Re-election of Ang Nyee Nyee as Director		
3	Re-election of Tay Hoe Lian as Director		
4	Re-appointment of Messrs BDO PLT as Auditors		
5	Renewal of authority for Directors to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		
6	Renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature		
7	Renewal of authority for the Company to purchase its own ordinary shares up to ten percent (10%) of its issued share capital		

[Please indicate with a "X" in the spaces provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific instructions, your proxy will vote or abstain as he/she thinks fit]

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

Proxy	No. of Shares	Percentage
1		
2		
Total		100%

\_\_\_\_\_  
Signature of Shareholder or Common Seal

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2024

*Fold this flap for sealing*

Notes:

1. Only depositors whose names appear in the Record of Depositors as at 20 May 2024 shall be regarded as members and be entitled to attend, participate, speak and vote at the Twentieth Annual General Meeting ("AGM").
2. A member shall be entitled to appoint any person as his/her proxy to attend and vote instead of the Member at the AGM. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at AGM shall have the same rights as the Member to speak at AGM.
3. Where a member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
4. Where a Member is an authorised nominee as defined under the Central Depositories Act, it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company. In the event member appoint more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholding to be represented by each proxy.
5. The instrument appointing a proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorised in writing or, if the appointer is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised. The Directors may but shall not be bound to require evidence of the authority of any such attorney or officer. A proxy may but need not be a Member of the Company. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

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AFFIX  
STAMP

The 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

*1<sup>st</sup> fold here*

6. In the event the member(s) duly executes the Form of Proxy but does not name any proxy, such member(s) shall be deemed to have appointed the Chairman of the Meeting as his/her/their proxy, provided always that the rest of the Form of Proxy, other than the particulars of the proxy, have been duly completed by the member(s).
7. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power of attorney, must be deposited at the Share Registrars of the Company situated at 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor or by email to [bsr.helpdesk@boardroomlimited.com](mailto:bsr.helpdesk@boardroomlimited.com) or by fax +603-7890 4670 or lodged electronically via Boardroom Smart Investor Portal ("BSIP") at <https://investor.boardroomlimited.com> not less than forty-eight (48) hours before the time appointed for holding this meeting or any adjournment thereof as Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad requires all resolutions set out in the Notice of AGM to vote by way of poll. For electronic lodgement please refer to the Administrative Guide of AGM.

**Personal Data Privacy**

By submitting the duly executed Form of Proxy, the member and his/her proxy consent to the Company (and/or its agents/service providers) collecting, using and disclosing the personal data therein in accordance with the Personal Data Protection Act 2010 for the purpose of the Twentieth Annual General Meeting and any adjournment thereof.





BERHAD  
**GUANCHONG**  
200401007722 (646226-K)

PLO 273, Jalan Timah 2,  
Kawasan Perindustrian Pasir Gudang,  
81700 Pasir Gudang, Johor Darul Takzim, Malaysia.

Tel : +6 07 254 8888  
Email : info@gcbcocoa.com

[www.gcbcocoa.com](http://www.gcbcocoa.com)