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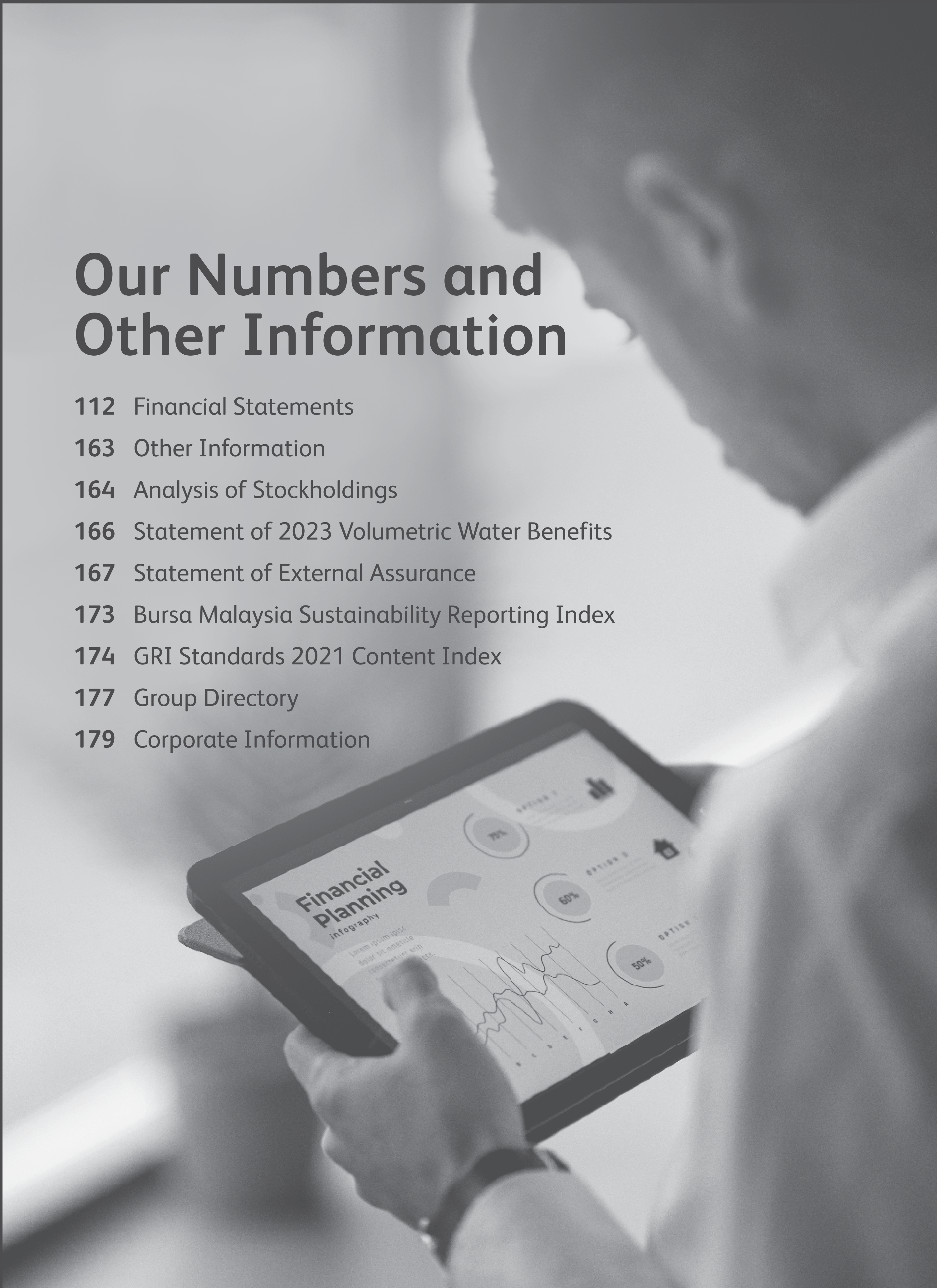

Directors' Report

The directors of **HEINEKEN MALAYSIA BERHAD** 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 the production, packaging, marketing and distribution of beverages, primarily alcoholic, whilst the principal activities of the subsidiaries are as stated in Note 13 to the financial statements.

RESULTS OF OPERATIONS

The results of operations of the Group and of the Company for the financial year are as follows:

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	386,800	371,553

In the opinion of the directors, the results of 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.

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid or proposed by the Company are in respect of the following:

(i) A final ordinary dividend of 98 sen per stock unit under the single tier tax system totalling RM296,056,040 in respect of the financial year ended 31 December 2022 on 20 July 2023; and

(ii) An interim ordinary dividend of 40 sen per stock unit under the single tier tax system totalling RM120,839,200 in respect of the financial year ended 31 December 2023 on 10 November 2023.

The directors now recommend the declaration of a final ordinary dividend of 88 sen per stock unit under the single tier system totalling RM265,846,240 in respect of the financial year ended 31 December 2023 which if approved by the owners of the Company will be payable on 25 July 2024.

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

The Company has not issued any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

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

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts, and had satisfied themselves that no known bad debts to be written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

(a) which would require the writing off of bad debts or render the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company for the succeeding financial year.

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Sri Idris Jala
Roland Bala
Choo Tay Sian, Kenneth
Seng Yi-Ying
Lau Nai Pek
Chua Carmen (appointed on 13 May 2023)
Datin Ngiam Pick Ngoh, Linda (retired on 12 May 2023)
Erin Sakinah Atan (appointed on 14 July 2023)
Raquel Batallones Esguerra (resigned on 14 July 2023)

Directors' Report

DIRECTORS (CONTINUED)

The directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Dominic Joseph Puthucheary
Roland Bala
Renuka A/P V. Indrarajah
Christiaan Johannes Folkerts

DIRECTORS' INTERESTS

None of the directors in office at the end of the financial year held shares or had beneficial interest in the ordinary stock units/shares of the Company or its related corporation during or at the beginning and end of the year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, save for the consultancy services fee paid to a director of the Company during the financial year 2023, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors as disclosed below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

	The Group		The Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Directors:				
Fees	**598**	596	**592**	590
Remuneration	**5,583**	4,854	**5,583**	4,854
Share-based payment	**939**	660	**939**	660
Meeting attendance allowance	**63**	48	**63**	48
Estimated monetary value of benefits-in-kind otherwise than in cash	**428**	569	**428**	569
	7,611	6,727	**7,605**	6,721

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains a directors and officers liability insurance for the purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the directors and officers of the Group. The amount of insurance premium paid during the financial year amounted to RM44,805.

No indemnity was given to or insurance effected for auditors of the Company and of the Group during the financial year.

HOLDING CORPORATIONS

The directors regard GAPL Pte. Ltd. ("GAPL") and Heineken Asia Pacific Pte. Ltd. ("HAPPL"), both corporations incorporated in the Republic of Singapore, as the immediate and intermediate holding corporations.

HAPPL is owned by Heineken N.V., a corporation incorporated in the Netherlands, which in turn is the ultimate holding corporation of the Company.

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors for the financial year ended 31 December is as below:

	The Group		The Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Statutory audit fees	**236**	214	**149**	136
Other services	**40**	40	**40**	40

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

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

DATO' SRI IDRIS JALA

ROLAND BALA

Petaling Jaya, Selangor
27 February 2024

Independent Auditors' Report

to the Members of Heineken Malaysia Berhad (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of **HEINEKEN MALAYSIA BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 31 December 2023, 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 year then ended, and notes to the financial statements, including a summary of material accounting policy information, as set out on pages 119 to 161.

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 year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

BASIS FOR OPINION

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

KEY AUDIT MATTERS

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

Revenue Recognition - Accruals for Promotional Allowances and Volume Rebates

Accounting for promotional allowances and volume rebates impacts the amounts of revenue recognised during the year. The revenue accounting policies are disclosed in Note 3 to the financial statements. Management judgement is required to estimate the value of promotional allowances and volume rebates. This estimate is considered to be a key audit matter relevant to our audit of the financial statements.

Our audit response

Our audit procedures included, amongst others, evaluating controls relating to management's process for determining the value of promotional allowances and volume rebates. In addition, we performed substantive testing and analytical procedures to test the accuracy and completeness of the underlying calculation of the accruals. These procedures included challenging the appropriateness of management's assumptions and estimates, and agreeing input data, including volume sold, pricing and allowance data to the underlying agreements entered into with customers. We also compared the actual promotional discounts and rebates incurred against the accrual made in the prior year.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Independent Auditors' Report

to the Members of Heineken Malaysia Berhad (Incorporated in Malaysia)

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 Chairman's Statement, Five-Year Financial Indicators, Analysis of Group Revenue, Management Discussion and Analysis, Properties owned by the Group and Directors' Report (but does not include the financial statements of the Group and of the Company and our auditors' report thereon) which we obtained prior to the date of this auditors' report and the Analysis of Stockholdings, Corporate Governance Overview Statement, Audit and Risk Management Committee Report, Statement on Risk Management and Internal Control which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information that are expected to be made available to us after the date of this auditors' report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

Independent Auditors' Report

to the Members of Heineken Malaysia Berhad (Incorporated in Malaysia)

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 as disclosed in Note 13 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.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

LAI CAN YIEW
Partner - 02179/11/2024 J
Chartered Accountant

Kuala Lumpur
27 February 2024

Statements of Profit or Loss and Other Comprehensive Income

for the Year Ended 31 December 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue		**2,637,741**	2,855,065	**1,478,397**	1,685,611
Cost of sales		**(1,758,969)**	(1,888,973)	**(1,442,365)**	(1,628,152)
Gross profit		**878,772**	966,092	**36,032**	57,459
Other operating income		**11,391**	19,437	**3,697**	7,229
Distribution, marketing and selling expenses		**(263,951)**	(264,151)	**(898)**	(1,013)
Administrative expenses		**(106,084)**	(121,454)	**(28,785)**	(32,821)
Other operating expenses		**(1,817)**	(3,700)	**(1,735)**	(3,666)
Dividend income		**-**	-	**370,344**	398,832
Results from operating activities		**518,311**	596,224	**378,655**	426,020
Finance income	5	**1,154**	1,193	**1,111**	1,156
Finance costs	6	**(8,585)**	(2,917)	**(8,185)**	(2,744)
Net finance costs		**(7,431)**	(1,724)	**(7,074)**	(1,588)
Profit before tax	7	**510,880**	594,500	**371,581**	424,432
Income tax expense	8	**(124,080)**	(181,676)	**(28)**	(1,438)
Profit/Total comprehensive income for the year attributable to:					
Owners of the Company		**386,800**	412,824	**371,553**	422,994
Basic/Diluted earnings per ordinary stock unit (sen)	9	**128.0**	136.7		

The accompanying Notes form an integral part of the Financial Statements.

Statements of Financial Position

as at 31 December 2023

		Group		Company	
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current Assets					
Property, plant and equipment	10	**576,464**	505,309	**544,959**	472,794
Intangible assets	11	**20,357**	20,530	**18,083**	17,652
Right-of-use assets	12	**18,848**	16,091	**11,665**	13,131
Investment in subsidiaries	13	**-**	-	**14,344**	14,344
Deferred tax assets	14	**1,742**	2,147	**-**	-
Other receivables and prepaid expenses	15	**2,663**	889	**31**	11
Total Non-current Assets		**620,074**	544,966	**589,082**	517,932
Current Assets					
Inventories	16	**120,564**	190,684	**80,309**	80,626
Current tax assets		**29,912**	17,982	**22,383**	17,982
Receivables, deposits and prepaid expenses	15	**433,561**	602,035	**7,938**	166,011
Cash and bank balances		**43,318**	52,554	**38,376**	49,147
Total Current Assets		**627,355**	863,255	**149,006**	313,766
Total Assets		**1,247,429**	1,408,221	**738,088**	831,698
Equity					
Share capital	17	**151,049**	151,049	**151,049**	151,049
Reserves		**307,623**	337,404	**151,103**	196,270
Total Equity Attributable To Owners of The Company		**458,672**	488,453	**302,152**	347,319
Non-current Liabilities					
Lease liabilities	19	**5,021**	3,092	**530**	1,536
Deferred tax liabilities	14	**34,567**	34,208	**35,149**	35,502
Total Non-current Liabilities		**39,588**	37,300	**35,679**	37,038
Current Liabilities					
Borrowings	18	**135,000**	170,000	**135,000**	170,000
Trade and other payables	20	**610,263**	693,387	**264,177**	275,751
Provision for restructuring	21	**-**	288	**-**	288
Lease liabilities	19	**3,906**	2,857	**1,080**	1,302
Current tax liabilities		**-**	15,936	**-**	-
Total Current Liabilities		**749,169**	882,468	**400,257**	447,341
Total Liabilities		**788,757**	919,768	**435,936**	484,379
Total Equity and Liabilities		**1,247,429**	1,408,221	**738,088**	831,698

The accompanying Notes form an integral part of the Financial Statements.

Statements of Changes in Equity

for the Year Ended 31 December 2023

	Note	Share capital RM'000	Capital reserve RM'000	Distributable - Retained earnings RM'000	Total RM'000
Group					
As at 1 January 2022		151,049	470	244,157	395,676
Total comprehensive income for the year		-	-	412,824	412,824
Credit to equity for equity-settled share-based payments		-	177	-	177
Dividends	22	-	-	(320,224)	(320,224)
As at 31 December 2022/1 January 2023		**151,049**	**647**	**336,757**	**488,453**
Total comprehensive income for the year		**-**	**-**	**386,800**	**386,800**
Credit to equity for equity-settled share-based payments		**-**	**314**	**-**	**314**
Dividends	22	**-**	**-**	**(416,895)**	**(416,895)**
As at 31 December 2023		**151,049**	**961**	**306,662**	**458,672**
Company					
As at 1 January 2022		151,049	470	92,915	244,434
Total comprehensive income for the year		-	-	422,994	422,994
Credit to equity for equity-settle share-based payments		-	115	-	115
Dividends	22	-	-	(320,224)	(320,224)
As at 31 December 2022/1 January 2023		**151,049**	**585**	**195,685**	**347,319**
Total comprehensive income for the year		**-**	**-**	**371,553**	**371,553**
Credit to equity for equity-settle share-based payments		**-**	**175**	**-**	**175**
Dividends	22	**-**	**-**	**(416,895)**	**(416,895)**
As at 31 December 2023		**151,049**	**760**	**150,343**	**302,152**

The accompanying Notes form an integral part of the Financial Statements.

Statements of Cash Flows

for the Year Ended 31 December 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
Profit before tax		**510,880**	594,500	**371,581**	424,432
Adjustments for:					
Depreciation of property, plant and equipment	10	**65,343**	69,899	**54,203**	58,168
Amortisation of prepaid contractual promotion expenses		**6,959**	3,209	**-**	-
Amortisation of intangible assets	11	**5,689**	4,675	**5,085**	4,543
Inventories written off		**8,180**	1,664	**3,052**	1,462
Depreciation of right-of-use assets	12	**3,980**	4,197	**1,670**	2,036
Finance costs	6	**8,585**	2,917	**8,185**	2,744
Property, plant and equipment written off	10	**817**	3,117	**816**	3,114
Net unrealised loss/(gain) on foreign exchange		**19**	(143)	**3**	(156)
Loss /(Gain) on disposal of right-of-use assets		**-**	3	**-**	(1)
Gain on disposal of property, plant and equipment		**(254)**	(109)	**(107)**	(24)
Reversal of provision for restructuring	21	**(288)**	(3,360)	**(288)**	(2,325)
Finance income	5	**(1,154)**	(1,193)	**(1,111)**	(1,156)
Dividend income from a subsidiary		**-**	-	**(370,344)**	(398,832)
Impairment loss on trade receivables		**-**	509	**-**	-
Operating Profit Before Working Capital Changes		**608,756**	679,885	**72,745**	94,005
Movement in working capital:					
Decrease /(Increase) in					
Receivables, deposits and prepaid expenses		**159,741**	(189,844)	**158,053**	(101,704)
Inventories		**61,940**	(41,170)	**(2,735)**	(27,757)
(Decrease) /Increase in					
Trade and other payables		**(86,569)**	196,205	**(15,142)**	89,514
Cash Generated From Operations		**743,868**	645,076	**212,921**	54,058
Income tax paid		**(151,182)**	(173,093)	**(4,782)**	(2,058)
Interest paid		**(8,585)**	(2,917)	**(8,185)**	(2,744)
Net Cash From Operating Activities		**584,101**	469,066	**199,954**	49,256

Statements of Cash Flows

for the Year Ended 31 December 2023

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES					
Acquisition of property, plant and equipment	10	**(133,581)**	(170,481)	**(123,444)**	(154,144)
Acquisition of intangible assets	11	**(5,516)**	(9,548)	**(5,516)**	(6,653)
Interest received		**1,154**	1,193	**1,111**	1,156
Proceeds from disposal of property, plant and equipment		**260**	119	**107**	25
Dividend received		**-**	-	**370,344**	398,832
Net Cash (Used In)/From Investing Activities		**(137,683)**	(178,717)	**242,602**	239,216
CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES					
Dividends paid	22	**(416,895)**	(320,224)	**(416,895)**	(320,224)
(Repayment)/Drawdown of revolving credit and trade financing - net		**(35,000)**	9,869	**(35,000)**	9,869
Repayment of lease liabilities	29	**(3,759)**	(3,919)	**(1,432)**	(1,757)
Net Cash Used In Financing Activities		**(455,654)**	(314,274)	**(453,327)**	(312,112)
NET DECREASE IN CASH AND BANK BALANCES		**(9,236)**	(23,925)	**(10,771)**	(23,640)
CASH AND BANK BALANCES AT BEGINNING OF YEAR		**52,554**	76,479	**49,147**	72,787
CASH AND BANK BALANCES AT END OF YEAR		**43,318**	52,554	**38,376**	49,147

The accompanying Notes form an integral part of the Financial Statements.

Notes to the Financial Statements

1. GENERAL INFORMATION

Heineken Malaysia Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The Company is principally engaged in the production, packaging, marketing and distribution of beverages, primarily alcoholic, whilst the principal activities of the subsidiaries are as stated in Note 13.

The registered office and principal place of business of the Company is located at Sungei Way Brewery, Lot 1135, Batu 9, Jalan Klang Lama, 46000 Petaling Jaya, Selangor Darul Ehsan, Malaysia.

The financial statements of the Group and of the Company have been authorised by the Board of Directors for issuance on 27 February 2024.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

Application of Amendments to MFRS

In the current financial year, the Group and the Company adopted all the Standards and Amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") and effective for an annual financial period beginning on or after 1 January 2023:

MFRS 17	*Insurance Contracts*
Amendments to MFRS 4	*Extension of the Temporary Exemption from Applying MFRS 9*
Amendments to MFRS 17	*Insurance Contracts*
Amendments to MFRS 17	*Initial Application of MFRS 9 and MFRS 17 Comparative Information*
Amendments to MFRS 101 and MFRS Practice Statement 2	*Disclosure of Accounting Policies*
Amendments to MFRS 108	*Disclosure of Accounting Estimates*
Amendments to MFRS 112	*International Tax Reform – Pillar Two Model Rules – Other Disclosure Requirements*
Amendments to MFRS 112	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

The adoption of the above standards and amendments to MFRSs did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company.

The Group has adopted amendments to MFRS 101, Presentation of Financial Statements and MFRS Practice Statement 2 - Disclosures of Accounting Policies from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in Note 3.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)

Amendments to MFRSs in issue but not yet effective

At the date of authorisation for issue of these financial statements, the amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

Amendments to MFRS 16	*Lease Liability in a Sale and Leaseback*[1]
Amendments to MFRS 101	*Classification of Liabilities as Current or Non-current*[1]
Amendments to MFRS 101	*Non-current Liabilities with Covenants*[1]
Amendments to MFRS 121	*Lack of Exchangeability*[2]
Amendments to MFRS 7 and MFRS 107	*Supplier Finance Arrangement*[1]
Amendments to MFRS 10 and MFRS 128	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]

[1] Effective for annual periods beginning on or after 1 January 2024, with earlier application permitted.
[2] Effective for annual periods beginning on or after 1 January 2025, with earlier application permitted.
[3] Effective date deferred to a date to be determined and announced by MASB, with earlier application permitted.

The Directors anticipate that the abovementioned Amendments will be adopted in the annual financial statements of the Group and of the Company when they become effective and that the adoption of these Amendments will have no material impact on the financial statements of the Group and of the Company in the period of initial application.

3. MATERIAL ACCOUNTING POLICIES

Statement of Compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis of Accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as disclosed in the summary of material accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group and the Company take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of MFRS 16 and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 or value-in-use in MFRS 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

The principal accounting policies are set out below:

Notes to the Financial Statements

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Basis of Consolidation and Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of subsidiary is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interest having a deficit balance.

All intra-group assets and liabilities, equity income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

<u>Subsidiaries</u>

Investment in subsidiaries, which are eliminated on consolidation, are stated at cost less any accumulated impairment losses, if any, in the Company's financial statements.

Revenue Recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer. A performance obligation is a promise to transfer a distinct goods or services (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- the Group's and the Company's performance does not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Revenue for performance obligation that is not satisfied over time is recognised at a point in time at which the customer obtains control of the promised goods or services.

(i) **Sales of Goods**

Revenue is generated by the sale and delivery of products to customers. Revenue is measured based on the consideration specified in a contract with a customer. The products are mostly own-produced finished goods from the Group's brewing activities, but also contain purchased goods from related companies for resale to customers. The Group and the Company recognise revenue at a point in time when they transfer control over a product or service to a customer and satisfy their performance obligation to a customer. Where applicable, rebates and discounts to customers are accounted as net of revenue according to contract. The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

(ii) **Dividend Income**

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

Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax.

Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is provided for, using the "liability" method, on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the financial statements. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from the initial recognition of an asset or liability in a transaction that affects neither the accounting profit nor taxable profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted by the end of the reporting date. Deferred tax is recognised in profit or loss except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also charged or credited directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority the Group and the Company intend to settle its current tax assets and liabilities on a net basis.

Notes to the Financial Statements

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Group and the Company and the cost can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to profit or loss in the year in which they are incurred.

Returnable bottles and kegs in circulation are recorded within property, plant and equipment and a corresponding liability is recorded in respect of the obligation to repay the customers' deposits. Deposits paid by customers for returnable items are reflected in the consolidated statement of financial position within current liabilities.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

The following annual rates based on the estimated useful lives of the various assets:

Buildings	50 years
Plant and machinery	13 - 20 years
Movable plant	2 - 10 years

Where significant parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately.

At each reporting date, the residual values, useful lives and depreciation method of property, plant and equipment are reviewed, and the effects of any change in estimates are recognised prospectively.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss.

Inventories

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

The cost of inventories is calculated using weighted average method, and includes cost of raw materials, duties where applicable, and other expenses incurred in acquiring inventories and bringing them to their existing location and condition. For finished goods and work-in-progress, cost also includes direct labour and an appropriate proportion of production overheads based on normal operating capacity.

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

Financial Instruments

Financial assets and financial liabilities are recognised in the Group's statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

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

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Assets

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

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

Classification of financial assets

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

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

Amortisation cost and effective interest method

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

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss.

Notes to the Financial Statements

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Assets (continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- The financial instrument has a low risk of default,
- The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 180 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event (see (ii) above);
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Notes to the Financial Statements

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Assets (continued)

Impairment of financial assets (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

If the Group measures the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial Liabilities

Financial liabilities

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

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies set out below.

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Liabilities (continued)

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

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

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship. For those which are designated as a hedging instrument for a hedge of foreign currency risk foreign exchange gains and losses are recognised in other comprehensive income and accumulated in a separate component of equity.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss for financial liabilities that are not part of a designated hedging relationship.

Contingent Liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare case where there is a liability that cannot be recognised because it cannot be measured reliably.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

4. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY

(i) Critical judgements in applying the Group's and the Company's accounting policies

In the process of applying the Group's and the Company's accounting policies, which are described in Note 3 above, management is of the opinion that there are no instances of application of judgement which are expected to have a significant effect on the amounts recognised in the financial statements.

(ii) Key sources of estimation uncertainty

Management believes that there are no key assumptions made 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 of the Group and the Company within the next financial year except as discussed below.

Notes to the Financial Statements

4. CRITICAL JUDGEMENTS AND ESTIMATION UNCERTAINTY (CONTINUED)

(ii) Key sources of estimation uncertainty (continued)

<u>Accruals for promotional discounts and volume rebates</u>

Significant management judgment is required relative to the consideration of the Group's ability to estimate the promotional allowances and volume rebates, which impact revenue recognition. In making the estimates, the Group refers to the terms agreed with the customers and relies on the historical and current sales information to determine the accruals for promotional discounts and rebates as at the end of the reporting period.

<u>Recognition of deferred tax assets</u>

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. This involves judgement regarding the future financial performance of the Group in which the deferred tax assets have been recognised.

<u>Allowance for obsolete and slow moving inventories</u>

The Group and the Company review the inventory age listing on a periodic basis. This review involves comparison of the carrying value of the aged inventory items with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow moving items. In addition, the Group and the Company conduct physical counts on inventories on a periodic basis in order to determine whether an allowance is required to be made.

<u>Returnable packaging deposits</u>

The Group collects deposits from customers on returnable packaging materials such as bottles, kegs, crates and cylinders. Management estimates the returnable packaging materials being circulated in the market and the expected return from customers. The estimate is based on circulation time and losses of returnable packaging materials in the market.

<u>Contingent liabilities</u>

Contingent liabilities are recognised when a possible obligation pending on whether some uncertain future events occurs, or a present obligation but payment is not probable or the amount cannot be measured reliably. Significant management estimate is required to determine likelihood of the obligations to be realised by the Group.

5. FINANCE INCOME

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Interest income received from deposits placed with licensed banks	**1,154**	1,192	**1,111**	1,155
Interest income received from staff loans	**-**	1	**-**	1
Recognised in profit or loss	**1,154**	1,193	**1,111**	1,156

Notes to the Financial Statements

6. FINANCE COSTS

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Interest expenses of financial liabilities that are not at fair value through profit or loss:				
Revolving credit and trade financing	**8,086**	2,589	**8,086**	2,589
Factoring	**160**	-	**-**	-
Lease liabilities	**339**	328	**99**	155
Recognised in profit or loss	**8,585**	2,917	**8,185**	2,744

7. PROFIT BEFORE TAX

Profit before tax is arrived at after the following:

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
After charging:				
Personnel expenses (including key management personnel):				
Wages, salaries and others	**100,802**	107,598	**33,151**	35,695
Contributions to state plans	**15,106**	16,942	**4,479**	5,202
Depreciation of property, plant and equipment (Note 10)	**65,343**	69,899	**54,203**	58,168
Amortisation of prepaid contractual promotion expenses	**6,959**	3,209	**-**	-
Amortisation of intangible assets (Note 11)	**5,689**	4,675	**5,085**	4,543
Inventories written off	**8,180**	1,664	**3,052**	1,462
Depreciation of right-of-use assets (Note 12)	**3,980**	4,197	**1,670**	2,036
Rental expense on buildings	**7,483**	7,563	**802**	299
Property, plant and equipment written off	**817**	3,117	**816**	3,114
Loss on disposal of right-of-use assets	**-**	3	**-**	-
Hire of equipment	**2,700**	2,238	**1,012**	683
Net unrealised loss on foreign exchange	**19**	-	**3**	-
Auditors' remuneration:				
Statutory audit	**236**	214	**149**	136
Other services	**40**	40	**40**	40
Impairment loss on trade receivables [Note 28.4(a)]	**-**	509	**-**	-
And after crediting:				
Dividend income from unquoted subsidiary	**-**	-	**370,344**	398,832
Net realised gain on foreign exchange	**1,451**	2,402	**1,510**	2,245
Reversal of provision for restructuring (Note 21)	**288**	3,360	**288**	2,325
Gain on disposal of property, plant and equipment	**254**	109	**107**	24
Gain on disposal of right-of-use assets	**-**	-	**-**	1
Net unrealised gain on foreign exchange	**-**	143	**-**	156

Notes to the Financial Statements

8. INCOME TAX EXPENSE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Estimated tax payable:				
Current year	**122,867**	178,566	**231**	395
Under/(Over) provision in prior years	**449**	(2,526)	**150**	(1,164)
	123,316	176,040	**381**	(769)
Deferred tax (Note 14):				
Current year	**1,115**	4,159	**686**	2,180
(Over)/Under provision in prior years	**(351)**	1,477	**(1,039)**	27
	764	5,636	**(353)**	2,207
	124,080	181,676	**28**	1,438

A reconciliation of income tax expense applicable to profit before tax at the applicable statutory income tax rate to the income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax	**510,880**	594,500	**371,581**	424,432
Tax at statutory tax rate of 24% (2022: 24%)	**122,611**	142,680	**89,179**	101,864
Prosperity tax	**-**	43,084	**-**	-
Tax effects of:				
Expenses not deductible for tax purposes	**1,618**	804	**903**	274
Recognition of deferred tax arising from reinvestment allowances	**(247)**	(3,843)	**(247)**	(3,843)
Under/(Over) provision in prior years:				
Current tax	**449**	(2,526)	**150**	(1,164)
Deferred tax	**(351)**	1,477	**(1,039)**	27
Tax exempt dividend	**-**	-	**(88,918)**	(95,720)
	124,080	181,676	**28**	1,438

9. EARNINGS PER ORDINARY STOCK UNIT

Basic earnings per ordinary stock unit

The calculation of basic earnings per ordinary stock unit at 31 December 2023 was based on the profit attributable to the holders of ordinary stock units of RM386,800,000 (2022: RM412,824,000) and the number of ordinary stock units outstanding of 302,098,000 (2022: 302,098,000).

	Group 2023 RM'000	Group 2022 RM'000
Issued ordinary stock unit ('000)	**302,098**	302,098
Basic earnings per ordinary stock unit (sen)	**128.0**	136.7

There were no diluted earnings per ordinary stock unit for the Group as at 31 December 2023.

10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in-progress RM'000	Total RM'000
Cost						
At 1 January 2022	4,037	106,137	451,921	321,379	92,885	976,359
Additions	-	90	3,700	59,110	127,031	189,931
Write offs	-	-	(815)	(22,004)	-	(22,819)
Disposals	-	-	(783)	(719)	-	(1,502)
Reclassifications	-	569	44,508	19,176	(64,253)	-
At 31 December 2022/ 1 January 2023	**4,037**	**106,796**	**498,531**	**376,942**	**155,663**	**1,141,969**
Additions	**-**	**149**	**4,282**	**51,331**	**81,559**	**137,321**
Write offs	**-**	**(35)**	**(10,115)**	**(18,251)**	**-**	**(28,401)**
Disposals	**-**	**-**	**(84)**	**(2,723)**	**-**	**(2,807)**
Reclassifications	**-**	**739**	**111,046**	**5,366**	**(117,151)**	**-**
At 31 December 2023	**4,037**	**107,649**	**603,660**	**412,665**	**120,071**	**1,248,082**

Notes to the Financial Statements

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated Depreciation						
At 1 January 2022	-	64,200	316,084	207,671	-	587,955
Charge for the year	-	3,628	16,720	49,551	-	69,899
Write offs	-	-	(815)	(18,887)	-	(19,702)
Disposals	-	-	(783)	(709)	-	(1,492)
At 31 December 2022/ 1 January 2023	**-**	**67,828**	**331,206**	**237,626**	**-**	**636,660**
Charge for the year	**-**	**2,746**	**20,704**	**41,893**	**-**	**65,343**
Write offs	**-**	**(35)**	**(9,863)**	**(17,686)**	**-**	**(27,584)**
Disposals	**-**	**-**	**(84)**	**(2,717)**	**-**	**(2,801)**
At 31 December 2023	**-**	**70,539**	**341,963**	**259,116**	**-**	**671,618**
Carrying amounts						
At 31 December 2023	**4,037**	**37,110**	**261,697**	**153,549**	**120,071**	**576,464**
At 31 December 2022	4,037	38,968	167,325	139,316	155,663	505,309

Company	Buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in-progress RM'000	Total RM'000
Cost					
At 1 January 2022	97,726	451,921	246,667	89,472	885,786
Additions	90	3,700	49,796	120,008	173,594
Write offs	-	(815)	(21,446)	-	(22,261)
Disposals	-	(783)	(386)	-	(1,169)
Reclassifications	569	44,508	9,254	(54,331)	-
At 31 December 2022/1 January 2023	**98,385**	**498,531**	**283,885**	**155,149**	**1,035,950**
Additions	**149**	**4,282**	**48,767**	**73,986**	**127,184**
Write offs	**(35)**	**(10,115)**	**(17,208)**	**-**	**(27,358)**
Disposals	**-**	**(84)**	**(1,441)**	**-**	**(1,525)**
Reclassifications	**482**	**111,046**	**3,046**	**(114,574)**	**-**
At 31 December 2023	**98,981**	**603,660**	**317,049**	**114,561**	**1,134,251**

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Buildings RM'000	Plant and machinery RM'000	Movable plant RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated Depreciation					
At 1 January 2022	57,532	316,084	151,687	-	525,303
Charge for the year	3,010	16,720	38,438	-	58,168
Write offs	-	(815)	(18,332)	-	(19,147)
Disposals	-	(783)	(385)	-	(1,168)
At 31 December 2022/1 January 2023	**60,542**	**331,206**	**171,408**	**-**	**563,156**
Charge for the year	**2,208**	**20,704**	**31,291**	**-**	**54,203**
Write offs	**(35)**	**(9,863)**	**(16,644)**	**-**	**(26,542)**
Disposals	**-**	**(84)**	**(1,441)**	**-**	**(1,525)**
At 31 December 2023	**62,715**	**341,963**	**184,614**	**-**	**589,292**
Carrying amounts					
At 31 December 2023	**36,266**	**261,697**	**132,435**	**114,561**	**544,959**
At 31 December 2022	37,843	167,325	112,477	155,149	472,794

During the financial year, the Group and the Company acquired property, plant and equipment as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash payments	**133,581**	170,481	**123,444**	154,144
Other payables	**3,740**	19,450	**3,740**	19,450
Total additions	**137,321**	189,931	**127,184**	173,594

Notes to the Financial Statements

11. INTANGIBLE ASSETS

Group	Computer software RM'000	Capital work-in-progress RM'000	Total RM'000
Cost			
At 1 January 2022	92,221	4,839	97,060
Additions	2,989	6,559	9,548
Reclassifications	5,468	(5,468)	-
At 31 December 2022/1 January 2023	**100,678**	**5,930**	**106,608**
Additions	**55**	**5,461**	**5,516**
Write offs	**(2,392)**	**-**	**(2,392)**
Reclassifications	**9,242**	**(9,242)**	**-**
At 31 December 2023	**107,583**	**2,149**	**109,732**
Amortisation			
At 1 January 2022	81,403	-	81,403
Amortisation for the year	4,675	-	4,675
At 31 December 2022/1 January 2023	**86,078**	**-**	**86,078**
Amortisation for the year	**5,689**	**-**	**5,689**
Write offs	**(2,392)**	**-**	**(2,392)**
At 31 December 2023	**89,375**	**-**	**89,375**
Carrying Amounts			
At 31 December 2023	**18,208**	**2,149**	**20,357**
At 31 December 2022	14,600	5,930	20,530

Company	Computer software RM'000	Capital work-in-progress RM'000	Total RM'000
Cost			
At 1 January 2022	91,871	4,840	96,711
Additions	94	6,559	6,653
Reclassifications	5,468	(5,468)	-
At 31 December 2022/1 January 2023	**97,433**	**5,931**	**103,364**
Additions	**55**	**5,461**	**5,516**
Write offs	**(2,392)**	**-**	**(2,392)**
Reclassifications	**9,242**	**(9,242)**	**-**
At 31 December 2023	**104,338**	**2,150**	**106,488**

11. INTANGIBLE ASSETS (CONTINUED)

Company	Computer software RM'000	Capital work-in-progress RM'000	Total RM'000
Amortisation			
At 1 January 2022	81,169	-	81,169
Amortisation for the year	4,543	-	4,543
At 31 December 2022/1 January 2023	**85,712**	**-**	**85,712**
Amortisation for the year	**5,085**	**-**	**5,085**
Write offs	**(2,392)**	**-**	**(2,392)**
At 31 December 2023	**88,405**	**-**	**88,405**
Carrying amounts			
At 31 December 2023	**15,933**	**2,150**	**18,083**
At 31 December 2022	11,721	5,931	17,652

12. RIGHT-OF-USE ASSETS

Group	Long term leasehold land RM'000	Building RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2022	11,426	5,245	11,673	28,344
Additions	-	1,122	737	1,859
Disposals	-	(838)	(1,959)	(2,797)
At 31 December 2022/1 January 2023	**11,426**	**5,529**	**10,451**	**27,406**
Additions	**-**	**1,461**	**5,276**	**6,737**
Disposals	**-**	**(2,964)**	**(115)**	**(3,079)**
At 31 December 2023	**11,426**	**4,026**	**15,612**	**31,064**
Accumulated Depreciation				
At 1 January 2022	765	4,164	4,696	9,625
Depreciation for the year	255	1,457	2,485	4,197
Disposals	-	(722)	(1,785)	(2,507)
At 31 December 2022/1 January 2023	**1,020**	**4,899**	**5,396**	**11,315**
Depreciation for the year	**255**	**1,126**	**2,599**	**3,980**
Disposals	**-**	**(2,964)**	**(115)**	**(3,079)**
At 31 December 2023	**1,275**	**3,061**	**7,880**	**12,216**
Carrying Amounts				
At 31 December 2023	**10,151**	**965**	**7,732**	**18,848**
At 31 December 2022	10,406	630	5,055	16,091

Notes to the Financial Statements

12. RIGHT-OF-USE ASSETS (CONTINUED)

Company	Long term leasehold land RM'000	Building RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2022	11,426	1,823	4,884	18,133
Additions	-	356	737	1,093
Disposals	-	-	(624)	(624)
At 31 December 2022/1 January 2023	**11,426**	**2,179**	**4,997**	**18,602**
Additions	**-**	**59**	**145**	**204**
Disposals	**-**	**(2,238)**	**-**	**(2,238)**
At 31 December 2023	**11,426**	**-**	**5,142**	**16,568**
Accumulated Depreciation				
At 1 January 2022	765	1,472	1,658	3,895
Depreciation for the year	255	557	1,224	2,036
Disposals	-	-	(460)	(460)
At 31 December 2022/1 January 2023	**1,020**	**2,029**	**2,422**	**5,471**
Depreciation for the year	**255**	**209**	**1,206**	**1,670**
Disposals	**-**	**(2,238)**	**-**	**(2,238)**
At 31 December 2023	**1,275**	**-**	**3,628**	**4,903**
Carrying Amounts				
At 31 December 2023	**10,151**	**-**	**1,514**	**11,665**
At 31 December 2022	10,406	150	2,575	13,131

13. INVESTMENT IN SUBSIDIARIES

	Company	
	2023 RM'000	2022 RM'000
Unquoted shares, at cost	**14,344**	14,344

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the subsidiaries are as follows:

Name of entity	Country of incorporation	Proportion of ownership interest and voting power 2023 %	2022 %	Principal activities
Heineken Marketing Malaysia Sdn. Bhd.	Malaysia	**100**	100	Marketing and distribution of beverages primarily alcoholic in Malaysia
Ramaha Corporation (M) Sdn. Bhd.*	Malaysia	**100**	100	Property holding and land development
Heineken East Malaysia Sdn. Bhd.*	Malaysia	**100**	100	Dormant

* Elected to be exempted from audit under Practice Directive No.3/2017 issued by the Companies Commission of Malaysia.

14. DEFERRED TAX ASSETS/(LIABILITIES)

The deferred tax amounts, determined after appropriate offsetting, are as follows:

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Deferred tax assets	**1,742**	2,147	**-**	-
Deferred tax liabilities	**(34,567)**	(34,208)	**(35,149)**	(35,502)
	(32,825)	(32,061)	**(35,149)**	(35,502)
Assets				
Inventories	**2,338**	2,994	**1,335**	786
Receivables, deposits and prepaid expenses	**491**	490	**-**	-
Trade and other payables	**3,382**	4,371	**2,429**	3,561
Unused reinvestment allowances	**4,533**	3,568	**4,533**	3,568
Unused capital allowances	**10,547**	-	**10,547**	-
Lease liabilities	**2,142**	1,420	**386**	673
Tax assets	**23,433**	12,843	**19,230**	8,588
Set off of tax	**(21,691)**	(10,696)	**(19,230)**	(8,588)
	1,742	2,147	**-**	-

Notes to the Financial Statements

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

The deferred tax amounts, determined after appropriate offsetting, are as follows: (continued)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Liabilities				
Property, plant and equipment	**(54,169)**	(43,540)	**(54,014)**	(43,436)
Right-of-use assets	**(2,089)**	(1,364)	**(365)**	(654)
Tax liabilities	**(56,258)**	(44,904)	**(54,379)**	(44,090)
Set off of tax	**21,691**	10,696	**19,230**	8,588
	(34,567)	(34,208)	**(35,149)**	(35,502)
Net				
Property, plant and equipment	**(54,169)**	(43,540)	**(54,014)**	(43,436)
Inventories	**2,338**	2,994	**1,335**	786
Receivables, deposits and prepaid expenses	**491**	490	**-**	-
Trade and other payables	**3,382**	4,371	**2,429**	3,561
Unused reinvestment allowances	**4,533**	3,568	**4,533**	3,568
Unused capital allowances	**10,547**	-	**10,547**	-
Right-of-use assets and lease liabilities	**53**	56	**21**	19
Tax liabilities	**(32,825)**	(32,061)	**(35,149)**	(35,502)

Movement in temporary differences during the year:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At beginning of year	**(32,061)**	(26,425)	**(35,502)**	(33,295)
Recognised in profit or loss (Note 8):				
Property, plant and equipment	**(10,629)**	(9,384)	**(10,578)**	(8,601)
Inventories	**(656)**	(510)	**549**	278
Receivables, deposits and prepaid expenses	**1**	122	**-**	-
Trade and other payables	**(986)**	1,414	**(1,132)**	2,542
Unused reinvestment allowances	**965**	3,568	**965**	3,568
Unused capital allowances	**10,547**	-	**10,547**	-
Right-of-use assets and lease liabilities	**(6)**	(846)	**2**	6
	(764)	(5,636)	**353**	(2,207)
At end of year	**(32,825)**	(32,061)	**(35,149)**	(35,502)

15. RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current				
Other receivables	55	56	31	11
Prepaid expenses	2,608	833	-	-
	2,663	889	31	11
Current				
Trade				
Trade receivables	424,351	583,836	-	-
Less: Impairment losses [Note 28.4(a)]	(2,041)	(2,041)	-	-
	422,310	581,795	-	-
Amount due from a subsidiary	-	-	-	149,847
	422,310	581,795	-	149,847
Non-trade				
Amount due from intermediate holding corporation	5	2	-	-
Amount due from related parties	633	1,934	214	681
Amount due from a subsidiary	-	-	4,043	4,043
Deposits	4,009	4,630	2,821	2,865
Other receivables	1,119	6,891	536	6,333
Prepaid expenses	5,485	6,783	324	2,242
	11,251	20,240	7,938	16,164
	433,561	602,035	7,938	166,011

(a) **Trade receivables**

Included in trade receivables is a portfolio of receivables which are subject to factoring arrangement. Under this arrangement, the Group will transfer the relevant trade receivables to a bank in exchange for cash with no recourse to the Group subsequent to the transfer.

(b) **Amounts due from related parties, intermediate holding corporation and subsidiaries**

The trade amounts due from a subsidiary is subject to normal trade terms.

The non-trade amounts due from intermediate holding corporation, related parties and a subsidiary are unsecured, interest-free and repayable on demand.

(c) **Other receivables**

Included in other receivables are staff loans of the Group and of the Company amounting to RM95,000 (2022: RM98,000) and RM50,000 (2022: RM32,000) respectively of which RM55,000 (2022: RM56,000) and RM31,000 (2022: RM11,000) are repayable after the next 12 months for the Group and the Company respectively.

Notes to the Financial Statements

15. RECEIVABLES, DEPOSITS AND PREPAID EXPENSES (CONTINUED)

(d) Prepaid expenses

Included in prepayments of the Group are upfront payments for contracts with on-trade retailers of RM7,769,235 (2022: RM5,319,138) of which RM2,608,448 (2022: RM833,245) are to be amortised over a period of more than 12 months but not exceeding 36 months. The upfront payments are made to the on-trade retailers to carry out promotional activities over the period specified in the contract. The amount is amortised to profit or loss based on actual volumes sold by the on-trade retailers as stipulated in the contract.

16. INVENTORIES

	Group		Company	
	2023 RM'000	**2022 RM'000**	**2023 RM'000**	**2022 RM'000**
Raw materials	**35,712**	43,027	**35,712**	43,027
Work-in-progress	**12,975**	9,192	**12,975**	9,192
Finished goods	**47,730**	113,741	**13,127**	7,531
Packaging materials	**10,684**	12,450	**10,684**	12,450
Engineering stores and spares	**13,463**	12,274	**7,811**	8,426
	120,564	190,684	**80,309**	80,626
Recognised in profit or loss:				
Inventories recognised as cost of sales	**1,507,363**	1,646,083	**1,302,552**	1,497,863

The Group and the Company have written off inventories of RM8,180,000 (2022: RM1,664,000) and RM3,052,000 (2022: RM1,462,000) respectively. The inventories written off arose mainly from global delay in sea freight shipment on imported brands.

17. SHARE CAPITAL

	Group and Company			
	Number of shares		Amount	
	2023 ('000)	**2022 ('000)**	**2023 RM'000**	**2022 RM'000**
Issued and fully paid up shares with no par value classified as equity instrument:				
Ordinary stock units	**302,098**	302,098	**151,049**	151,049

The holders of ordinary stock units are entitled to receive dividends as declared from time to time, and are entitled to one vote per ordinary stock unit at meetings of the Company.

18. BORROWINGS

	Group and Company	
	2023 RM'000	2022 RM'000
Current		
Revolving credit and trade financing (unsecured)	**135,000**	170,000

Revolving credit and trade financing as at 31 December 2023 consist of the following:

	Tenure (weeks)	Interest rate (per annum)	Maturity date	Nominal value (RM'000)
Revolving credit	4	3.54%	4 January 2024	45,000
Trade financing	9	3.80%	5 February 2024	90,000

Revolving credit and trade financing as at 31 December 2022 consist of the following:

	Tenure (weeks)	Interest rate (per annum)	Maturity date	Nominal value (RM'000)
Revolving credit	7	3.14%	13 January 2023	50,000
Revolving credit	8	3.16%	26 January 2023	20,000
Revolving credit	8	3.16%	26 January 2023	60,000
Trade financing	14	2.96%	20 January 2023	40,000

The principal and interest are repayable in full upon maturity.

19. LEASE LIABILITIES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-current	**5,021**	3,092	**530**	1,536
Current	**3,906**	2,857	**1,080**	1,302
	8,927	5,949	**1,610**	2,838
Minimum lease payments:				
Not later than 1 year	**4,328**	3,058	**1,127**	1,397
Later than 1 year but not later than 5 years	**5,537**	3,195	**538**	1,590
	9,865	6,253	**1,665**	2,987
Less: Unexpired finance charges	**(938)**	(304)	**(55)**	(149)
	8,927	5,949	**1,610**	2,838
Present value of lease liabilities:				
Not later than 1 year	**3,906**	2,857	**1,080**	1,302
Later than 1 year but not later than 5 years	**5,021**	3,092	**530**	1,536
	8,927	5,949	**1,610**	2,838

Notes to the Financial Statements

19. LEASE LIABILITIES (CONTINUED)

The Group and the Company discounted the lease liabilities by using the Group's and the Company's incremental borrowing rates of 3.42% - 6.97% (2022: 3.42% - 5.72%).

During the year, the Group and the Company recognised RM10,183,206 (2022: RM9,801,446) and RM1,813,589 (2022: RM981,950) respectively of short-term leases and leases of low value assets on a straight-line basis as expenses.

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade				
Amount due to intermediate holding corporation	**9,817**	11,392	**619**	686
Amount due to related parties	**20,265**	14,387	**16,356**	10,426
Trade payables	**175,583**	210,247	**114,259**	102,027
	205,665	236,026	**131,234**	113,139
Non-trade				
Amount due to intermediate holding corporation	**213**	87	**213**	87
Amount due to related parties	**5,176**	8,027	**5,176**	7,820
Amount due to a subsidiary	**-**	-	**36,887**	100
Returnable packaging deposits	**31,674**	35,580	**355**	-
Other payables	**56,941**	117,625	**52,918**	112,680
Derivative financial liabilities	**-**	4	**-**	-
Accrued expenses	**310,594**	296,038	**37,394**	41,925
	404,598	457,361	**132,943**	162,612
	610,263	693,387	**264,177**	275,751

(a) **Amount due to related parties, intermediate holding corporation and a subsidiary**

The trade amount due to related parties and intermediate holding corporation are subject to normal trade terms.

The non-trade amounts due to related parties, intermediate holding corporation and a subsidiary are unsecured, interest-free and repayable on demand.

(b) **Trade payables**

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 90 to 150 days (2022: 90 to 150 days).

(c) **Other payables**

Included in others payables are amount due to suppliers for acquisition of property, plant, and equipment, sales tax payable and payroll.

(d) **Accrued expenses**

Included in accrued expenses of the Group are accruals for promotional expenses of RM246,686,000 (2022: RM220,085,000).

20. TRADE AND OTHER PAYABLES (CONTINUED)

(e) Derivative financial liabilities

The Group's and Company's derivatives comprise solely foreign exchange forward contracts incepted to hedge its currency exposures arising from short term borrowings in United States Dollar ("USD"). In the previous financial year, foreign exchange forward contracts were entered into with licensed banks. The foreign exchange forward contracts generally had a maturity period between 1 to 2 months.

Details of the Group's and Company's derivative financial instruments are outlined below:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Fair value of remeasured foreign forward exchange contracts	**-**	4	**-**	-

21. PROVISION FOR RESTRUCTURING

On 28 October 2020, Heineken N.V., the ultimate holding corporation, announced a review of the effectiveness and efficiency of the organisations at Head Office, regional offices and each of its local operations as a part of its strategic review. Subsequently on 16 December 2020, the Group and the Company announced the restructuring exercise to the employees.

The provision relates to redundancy costs incurred. The Group and the Company have completed the restructuring exercise in the financial year 2023.

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At beginning of year	**288**	3,648	**288**	2,613
Reversal of provision	**(288)**	(3,360)	**(288)**	(2,325)
At end of year	**-**	288	**-**	288

22. DIVIDENDS

Dividends recognised by the Group and the Company are:

	Sen per stock unit	Total amount RM'000	Date of payment
31 December 2023			
Interim 2023 ordinary	**40**	**120,839**	**10 November 2023**
Final 2022 ordinary	**98**	**296,056**	**20 July 2023**
Total amount		**416,895**	
31 December 2022			
Interim 2022 ordinary	40.0	120,839	11 November 2022
Final 2021 ordinary	66.0	199,385	28 July 2022
Total amount		320,224	

Notes to the Financial Statements

22. DIVIDENDS (CONTINUED)

The Directors now recommend the declaration of a final ordinary dividend of 88 sen per stock unit under the single tier tax system totalling RM265,846,240 in respect of the financial year ended 31 December 2023 which, if approved by the owners of the Company, will be payable on 25 July 2024.

23. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include the directors of the Company and subsidiaries and certain members of senior management of the Group and the Company. Their compensation are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors:				
Fees	**598**	596	**592**	590
Remuneration	**5,583**	4,854	**5,583**	4,854
Share-based payment	**939**	660	**939**	660
Meeting attendance allowance	**63**	48	**63**	48
Estimated monetary value ofbenefits-in-kind otherwise than in cash	**428**	569	**428**	569
	7,611	6,727	**7,605**	6,721
Other key management personnel:				
Short term employee benefits	**10,173**	9,113	**6,492**	5,779
Share-based payment	**801**	592	**602**	350
	18,585	16,432	**14,699**	12,850

Other key management personnel comprise persons other than the directors of Group entities, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

24. OPERATING SEGMENTS

The Group's business is focussed only in malt liquor brewing including production, packaging, marketing and distribution of its products, principally in Malaysia. In the current financial year, less than 1% of the total sales is exported, mainly to Asian countries. As such, only one reportable segment analysis is prepared. The Managing Director of the Company (the chief operating decision maker) reviews internal management reports at least on a monthly basis.

Performance is measured based on segment profit, as included in the internal management reports that are reviewed by the Managing Director of the Company. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments relative to other entities that operate within this industry.

Segment assets and liabilities

Segment assets and liabilities information is neither included in the internal management reports nor provided regularly to the Managing Director of the Company. Hence, no disclosure is made on segment assets and liabilities.

24. OPERATING SEGMENTS (CONTINUED)

Segment capital expenditure

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

	Group	
	2023 RM'000	2022 RM'000
Total additions to property, plant and equipment, right-of-use assets and intangible assets	**149,574**	201,338

Segment profit

	Group	
	2023 RM'000	2022 RM'000
Included in the measure of segment profits are:		
Revenue from external customers	**2,637,741**	2,855,065
Depreciation and amortisation	**(75,012)**	(78,771)
Not included in the measure of segment profit but provided to the Managing Director of the Company:		
Net finance costs	**(7,431)**	(1,724)

Reconciliation of reportable segment revenue, profit and other material items.

	Group	
	2023 RM'000	2022 RM'000
Net finance costs		
Finance income	**1,154**	1,193
Finance costs	**(8,585)**	(2,917)
Consolidated net finance costs	**(7,431)**	(1,724)

No reconciliation is performed for reportable segment profit, revenue, depreciation and amortisation to consolidated figures as there are no differences.

25. CAPITAL COMMITMENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Capital expenditure commitments				
Property, plant and equipment:				
Authorised and contracted for within one year	**20,445**	29,420	**20,324**	28,806

Notes to the Financial Statements

26. CONTINGENT LIABILITY – UNSECURED

(i) On 13 April 2021, the Company and its wholly-owned subsidiary, Heineken Marketing Malaysia Sdn. Bhd ("Companies"), had received a Writ of Summons dated 2 April 2021 and Statement of Claim dated 29 March 2021 filed by Thirteen Wings Sdn Bhd, Ashwin Kumar Kandiah (trading under Sivam Kandiah Enterprise, Ashwin Kandiah Enterprise and Skan Ventures), Astrike Sdn Bhd, Axcend Sdn Bhd, Turbo Booze Sdn Bhd and Hops Sdn Bhd ("Plaintiffs") under Kuala Lumpur High Court Civil Suit No. WA-22NCVC-221-04/2021 ("Suit") in respect of a dispute regarding the purchase and supply of the Company's products. The Plaintiffs are claiming among others that the Companies had failed to honour an alleged contract and are seeking for, among others, specific performance of an alleged contract, in the alternative, damages for breach of contract in the liquidated sum of RM26,520,000; and various consequential orders and declarations relating to various contract terms. The Companies had disputed the claims and filed their defence accordingly on 20 May 2021.

(ii) On 6 December 2021, the Companies received another Writ of Summons and Statement of Claim filed by the Plaintiffs under Kuala Lumpur High Court Civil Suit No. WA-22NCVC-781-12/2021 ("Claim"). The Claim is related to the Suit filed in April 2021 as they arose from the same series of transactions, dealings and disputes between the Plaintiffs and the Companies. The Plaintiffs claimed that the Companies have breached the contract between the Plaintiffs and Heineken Marketing Malaysia Sdn Bhd relating to the company's products ("Contract") and they are claiming, among others, the liquidated sum of RM58,225,545. As the Claim and the Suit are inter-related, the Plaintiffs have pleaded that they will be applying to have the Claim and the Suit consolidated and/or heard together.

The directors are of the opinion that they have a strong defence against the Suit, which is frivolous and vexatious and the Claim, which is unwarranted, premature and vexatious. Correspondingly, the Companies had on 10 January 2022 filed their defence and counterclaim against the Plaintiffs in respect of Plaintiffs' breaches of the Contract and are claiming, among others, a sum of RM36,984,914. The Suits will be heard on 18 to 20 November 2024.

27. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the directors of the Group, and certain members of senior management of the Group.

The Group has related party relationships with its holding corporations, related corporations, subsidiaries and key management personnel.

The directors regard GAPL Pte. Ltd. ("GAPL") and Heineken Asia Pacific Pte. Ltd. ("HAPPL"), both corporations incorporated in the Republic of Singapore, as the immediate and intermediate holding corporations.

HAPPL is owned by Heineken N.V., a corporation incorporated in the Netherlands, which in turn is the ultimate holding corporation of the Company.

Significant related party transactions

Significant related party transactions of the Group and the Company other than those disclosed elsewhere in the financial statements are shown below. The balances related to the below transactions are shown in Notes 15 and 20.

27. RELATED PARTIES (CONTINUED)

Significant related party transactions (continued)

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Intermediate holding corporation				
Heineken Asia Pacific Pte. Ltd.				
Royalties paid and payable	**(39,963)**	(41,033)	**-**	-
Subsidiary				
Heineken Marketing Malaysia Sdn. Bhd.				
Dividend income	**-**	-	**370,344**	398,832
Sale of products	**-**	-	**1,478,352**	1,685,611
Management service fee received and receivable	**-**	-	**50,533**	54,469
Related corporations				
Related corporations of Heineken N.V.				
Sales of products	**44**	-	**44**	-
Purchase of goods	**(28,099)**	(28,191)	**(28,099)**	(28,191)
Royalties paid and payable	**(13,059)**	(12,263)	**-**	-
Marketing and technical fees paid and payable	**(39,119)**	(39,642)	**(36,084)**	(36,643)

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as results from operating activities divided by total equity attributable to owners of the Company. The Board of Directors also monitors the level of dividends to owners of the Company.

The Group monitors and maintains a balanced level of total equity to ensure the Group has adequate capital to support its future development and the payment of dividends to owners of the Company. There was no change in the Group's approach to capital management during the financial year.

Under the requirements of Bursa Malaysia Practice Note 17, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25 percent of the share capital and such shareholders' equity is not less than RM40 million. The Company has complied with this requirement.

28.1 Significant Accounting Policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the basis of measurement and the bases for recognition of income and expenses) for each class of financial asset, financial liability and equity instrument are disclosed in Note 3.

Notes to the Financial Statements

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

28.2 Categories of Financial Instruments

Group	2023 RM'000	2022 RM'000
Financial assets		
At amortised cost:		
Receivables and deposits	**428,131**	595,308
Cash and bank balances	**43,318**	52,554
Financial liabilities		
At fair value:		
Trade and other payables - derivative financial liabilities	**-**	4
At amortised cost:		
Trade and other payables - others	**610,263**	693,383
Provision for restructuring	**-**	288
Borrowings	**135,000**	170,000
Lease liabilities	**8,927**	5,949
Company		
Financial assets		
At amortised cost:		
Receivables and deposits	**7,645**	163,780
Cash and bank balances	**38,376**	49,147
Financial liabilities		
At amortised cost:		
Trade and other payables - others	**264,177**	275,751
Provision for restructuring	**-**	288
Borrowings	**135,000**	170,000
Lease liabilities	**1,610**	2,838

28.3 Financial Risk Management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

28.4 Credit Risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its trade receivables. The Company's exposure to credit risk arises principally from trade amount subsidiaries and advances to subsidiaries.

(a) Receivables

Risk management objectives, policies and processes for managing the risk

Management has credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group requires collateral to be pledged by most of its customers to cover a percentage of the credit limit granted to them.

The Group has factoring arrangement in place and will transfer the relevant trade receivables to a bank in exchange for cash with no recourse to the Group subsequent to the transfer.

New customers are subject to the credit evaluation process and existing customers' risk profiles are reviewed regularly with a view to setting appropriate terms of trade and credit limits. Where appropriate, further transactions are suspended and legal actions are taken to attempt recoveries and mitigate losses. Financial guarantees from certain customers may be obtained.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk from receivables is represented by the carrying amounts in the statement of financial position.

The Group has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. Due to the nature of the industry, a significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor credit quality of the receivables. Any receivables having significant balances past due, which are deemed to have higher credit risk, are monitored individually.

The Group has credit policies in place and the exposure to credit risk is monitored on an ongoing basis. Under these policies all customers requiring credit are reviewed and new customers are analysed individually for creditworthiness before payment and delivery terms and conditions are offered. This review can include external ratings, where available, and in some cases bank references. Credit limits are determined for each customer and are reviewed regularly.

The Group has a policy in place in respect of compliance with Anti-Money Laundering Laws. The Group considers it important to know with whom business is done and from whom payments are received.

The Group establishes allowances on trade receivables using an expected credit losses model. These allowances cover specific loss components that relate to individual exposures, and a collective loss component established for groups of similar customers. The collective loss allowance is determined based on historical data of payment statistics and updated periodically to incorporate forward looking information.

At the end of the reporting period, the Group has a concentration of credit risk in the form of trade debtors from 3 (2022: 3) main customers, representing approximately 53% (2022: 44%) of the Group's trade receivables.

Notes to the Financial Statements

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

28.4 Credit Risk (continued)

(a) Receivables (continued)

Exposure to credit risk, credit quality and collateral (continued)

The carrying amounts of collateral for trade receivables as at the end of reporting period were:

	Group Carrying amounts 2023 RM'000	Group Carrying amounts 2022 RM'000
Type of collateral		
Bank guarantees	**65,270**	63,770
Properties charged	**51,067**	51,067
Quoted shares pledged	**1,554**	1,554
	117,891	116,391

Impairment losses

The Group applies the MFRS 9 simplified approach to measuring expected credit losses ("ECL") which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. Generally, trade receivables will pay within 60 days.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due more than 180 days will be considered as credit impaired. The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at the end of the reporting period which are grouped together as they are expected to have similar risk nature:

		Trade receivables - days past due			
2023 Group	**Not past due RM'000**	**1 - 30 days RM'000**	**31 - 180 days RM'000**	**More than 180 days RM'000**	**Total RM'000**
Expected credit loss rate	**0%**	**0%**	**0%**	**100%**	
Estimated total gross carrying amount at default	**404,929**	**16,683**	**698**	**2,041**	**424,351**
Lifetime ECL				**(2,041)**	**(2,041)**
					422,310

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

28.4 Credit Risk (continued)

(a) Receivables (continued)

Impairment losses (continued)

2022 Group	Not past due RM'000	Trade receivables - days past due 1 - 30 days RM'000	31 - 180 days RM'000	More than 180 days RM'000	Total RM'000
Expected credit loss rate	0%	0%	0%	47%	
Estimated total gross carrying amount at default	553,125	21,875	4,494	4,342	583,836
Lifetime ECL				(2,041)	(2,041)
					581,795

The movements in the allowance for impairment losses of receivables during the financial year were:

	Group 2023 RM'000	2022 RM'000
At beginning of year	**2,041**	1,532
Impairment loss recognised (Note 7)	**-**	509
At end of year	**2,041**	2,041

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

(b) Amount due from subsidiaries, intermediate holding corporation and related parties

Risk management objectives, policies and processes for managing the risk

The Group and the Company undertake trade and non-trade transactions with the intermediate holding corporation and related parties. The Company also provides unsecured advances to subsidiaries. The Group and the Company monitor their results regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Advances are only provided to subsidiaries which are wholly owned by the Company.

Impairment losses

As at the end of the reporting period, there was no indication that the intercompany balances are not recoverable.

Notes to the Financial Statements

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

28.5 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

(a) **Foreign currency risk**

The Group is exposed to foreign currency risk through normal trading activities on sales and purchases that are denominated in currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Singapore Dollar ("SGD"), Euro Dollar ("EURO") and Great Britain Pound ("GBP").

Risk management objectives, policies and processes for managing the risk

The Group uses forward exchange contracts to hedge its foreign currency risk. The outstanding forward exchange contracts as at the end of reporting period are disclosed in Note 20(e).

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the respective functional currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Denominated in			
Group	**USD RM'000**	**SGD RM'000**	**EURO RM'000**	**GBP RM'000**
2023				
Trade payables	**(3,391)**	**(6,424)**	**(28,702)**	**-**
2022				
Trade payables	(3,055)	(7,986)	(17,842)	-

A foreign currency risk arising from Group's operations is not material, sensitivity analysis is not presented.

(b) **Interest rate risk**

The Group's fixed rate borrowings are exposed to a risk of change in their fair values due to changes in interest rates. Short term receivables and payables are not significantly exposed to interest rate risk.

Risk management objectives, policies and processes for managing the risk

The Group does not have a formal policy in place for managing the risk arising from interest rate. The fluctuation of interest rate is however monitored closely by the Group.

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

28.5 Market Risk (continued)

(b) Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of reporting period was:

	Group and Company	
	2023 RM'000	2022 RM'000
Fixed rate instruments		
Borrowings	135,000	170,000

Interest rate risk sensitivity analysis

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of reporting period would not affect profit or loss.

28.6 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its trade and other payables and borrowings.

The Group maintains a level of cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due. It is not expected that the cash flows included in the maturity analysis could occur significant earlier, on at significant different amounts.

Maturity analysis

The table below summaries the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Carrying amount RM'000	Contractual interest	Contractual cash flows RM'000	Under 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000
As at 31 December 2023						
Borrowings						
- Revolving credit and trade financing	135,000	3.54% to 3.80%	135,693	135,693	-	-
Trade and other payables	610,263	-	610,263	610,263	-	-
Lease liabilities	8,927	3.42% to 6.97%	9,865	4,328	2,371	3,166
	754,190		755,821	750,284	2,371	3,166

Notes to the Financial Statements

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

28.6 Liquidity risk (continued)

Maturity analysis (continued)

The table below summaries the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments: (continued)

Group	Carrying amount RM'000	Contractual interest	Contractual cash flows RM'000	Under 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000
As at 31 December 2022						
Borrowings						
- Revolving credit and trade financing	170,000	2.96% to 3.16%	170,510	170,510	-	-
Trade and other payables	693,387	-	693,387	693,387	-	-
Provision for restructuring	288	-	288	288	-	-
Lease liabilities	5,949	3.42% to 5.72%	6,253	3,058	2,289	906
	869,624		870,438	867,243	2,289	906

Company	Carrying amount RM'000	Contractual interest	Contractual cash flows RM'000	Under 1 year RM'000	Between 1 and 2 years RM'000	Between 2 and 5 years RM'000
As at 31 December 2023						
Borrowings						
- Revolving credit and trade financing	**135,000**	**3.54% to 3.80%**	**135,693**	**135,693**	**-**	**-**
Trade and other payables	**264,177**	**-**	**264,177**	**264,177**	**-**	**-**
Provision for restructuring	**-**	**-**	**-**	**-**	**-**	**-**
Lease liabilities	**1,610**	**3.42% to 6.97%**	**1,665**	**1,127**	**538**	**-**
	400,787		**401,535**	**400,997**	**538**	**-**
As at 31 December 2022						
Borrowings						
- Revolving credit and trade financing	170,000	2.96% to 3.16%	170,510	170,510	-	-
Trade and other payables	275,751	-	275,751	275,751	-	-
Provision for restructuring	288	-	288	288	-	-
Lease liabilities	2,838	3.42% to 5.72%	2,987	1,397	1,052	538
	448,877		449,536	447,946	1,052	538

28. FINANCIAL INSTRUMENTS AND CAPITAL RISK MANAGEMENT (CONTINUED)

28.7 Fair values

The carrying amounts of cash and bank balances, short term receivables and payables, short term borrowings and lease liabilities reasonably approximate their fair values due to the relatively short term nature of these financial instruments or exposed to floating interest rates.

The fair value of the Group's foreign exchange forward contracts at the end of the reporting period as disclosed in Note 20(d) is determined by reference to the differences between the contract rates and quoted forward exchange rates of contract with similar quantum and maturity profile at the end of the reporting period. The fair value is categorised as Level 2 in the fair value hierarchy and classified as financial liabilities at fair value through profit or loss.

29. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details the reconciliation of the opening and closing amounts in the statements of financial position for each liability for which cash flows have been, or would be, classified as financing activities in the statements of cash flows:

	Note	As at 1.1.2023 RM'000	Non-cash changes Addition RM'000	Cash Flows Drawdown RM'000	Cash Flows Repayment RM'000	As at 31.12.2023 RM'000
Group						
Borrowings	18	**170,000**	**-**	**2,252,000**	**(2,287,000)**	**135,000**
Lease liabilities	19	**5,949**	**6,737**	**-**	**(3,759)**	**8,927**
Company						
Borrowings	18	**170,000**	**-**	**2,252,000**	**(2,287,000)**	**135,000**
Lease liabilities	19	**2,838**	**204**	**-**	**(1,432)**	**1,610**

	Note	As at 1.1.2022 RM'000	Non-cash changes Addition RM'000	Cash Flows Drawdown RM'000	Cash Flows Repayment RM'000	As at 31.12.2022 RM'000
Group						
Borrowings	18	160,131	-	1,040,000	(1,030,131)	170,000
Lease liabilities	19	8,298	1,570	-	(3,919)	5,949
Company						
Borrowings	18	160,131	-	1,040,000	(1,030,131)	170,000
Lease liabilities	19	3,668	927	-	(1,757)	2,838

Statement by Directors

The directors of **HEINEKEN MALAYSIA BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

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

DATO' SRI IDRIS JALA

ROLAND BALA

Petaling Jaya, Selangor
27 February 2024

Declaration by the Officer Primarily Responsible for the Financial Management of the Company

I, **CHRISTIAAN JOHANNES FOLKERTS**, the officer primarily responsible for the financial management of **HEINEKEN MALAYSIA BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, 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.

CHRISTIAAN JOHANNES FOLKERTS

Subscribed and solemnly declared by the abovenamed **CHRISTIAAN JOHANNES FOLKERTS** at **PETALING JAYA, SELANGOR** this 27th day of February 2024.

Before me,

PESURUHJAYA SUMPAH MALAYSIA
B459
GUNALAN A/L MUNUSAMY
1.1.2022 - 31.12.2024
NO. 13 (TINGKAT 1), JALAN 52/10, PJ NEW TOWN, 45200 PETALING JAYA, SELANGOR

COMMISSIONER FOR OATHS

Other Information

PROPERTIES OWNED BY THE GROUP

Address	Land area (acres)	Existing use	Tenure	Approximate age of building (years)	Audited Net Carrying Amount as of 31 December 2023 RM'000	Date of Acquisition/ Revaluation*
Lot 1135, Batu 9 Jalan Klang Lama 46000 Petaling Jaya Selangor	20.84	Office building & factory	Leasehold expiring 23 September 2063	57	44,972	30 September 1984*
120, Air Keroh Industrial Estate 75450 Melaka	1.07	Office building & store	Leasehold expiring 13 January 2080	41	231	30 September 1984*
Lot 123, Semambu Industrial Site 25350 Kuantan Pahang	0.52	Office building & store	Leasehold expiring 5 March 2046	41	160	30 September 1984*
Lot 1136, Batu 9 Jalan Klang Lama 46000 Petaling Jaya Selangor	2.88	Storage	Freehold	Not applicable	4,037	31 December 1991
					49,400	

* The revaluation of properties was carried out primarily for the purpose of bonus issue in 1984.

UTILISATION OF PROCEEDS

There was no corporate proposal undertaken by Heineken Malaysia Berhad to raise proceeds during the financial year ended 31 December 2023.

MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into in the ordinary course of business) entered into by Heineken Malaysia Berhad and/or its subsidiaries involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2023 or entered into since the end of the previous financial year.

CONFLICT OF INTEREST/CONVICTION OF OFFENCES/SANCTIONS/PENALTIES

None of the members of the Board and the Management Team has any:

- family relationship with any Director and/or major shareholder of Heineken Malaysia Berhad.
- conflict of interest in any business arrangement involving Heineken Malaysia Berhad.
- convictions for any offences, other than traffic offences, within the past 5 years.
- public sanction or penalty imposed by the relevant regulatory bodies during the financial year ended 31 December 2023.

Analysis of Stockholdings

As of 8 March 2024

Share Capital : RM151,049,000
Number of Issued Shares : 302,098,000 ordinary stock units
Class of Shares : Ordinary stock unit
Voting Rights : One vote per ordinary stock unit

Size of Holdings	No. of Stockholders	%	No. of Stock Units	%
1 – 99	1,059	7.99	7,640	0.00
100 – 1,000	6,671	50.34	3,934,083	1.30
1,001 – 10,000	4,427	33.41	16,244,176	5.38
10,001 – 100,000	925	6.98	26,331,198	8.72
100,001 – 15,104,899	169	1.27	101,511,003	33.60
15,104,900 and above	1	0.01	154,069,900	51.00
TOTAL	**13,252**	**100.00**	**302,098,000**	**100.00**

SUBSTANTIAL STOCKHOLDERS AS PER REGISTER OF SUBSTANTIAL STOCKHOLDERS

Name	Direct No. of Stock Units	%	Indirect No. of Stock Units	%
GAPL Pte Ltd	154,069,900	51.00	-	-

DIRECTORS' INTEREST

According to the Register of Directors' Shareholdings, none of the Directors (including the spouses or children of the Directors who themselves are not Directors of the Company) holding office as of 8 March 2024 had any interest in the ordinary stock units of the Company or its related corporations.

30 LARGEST STOCKHOLDERS AS PER RECORD OF DEPOSITORS

	Name	No. of Stock Units	%
1.	GAPL Pte Ltd	154,069,900	51.00
2.	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)	7,082,880	2.34
3.	Cartaban Nominees (Asing) Sdn Bhd - The Bank of New York Mellon for Virtus KAR International Small-Mid Cap Fund	5,931,800	1.96
4.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Hong Leong Value Fund	4,112,600	1.36
5.	Citigroup Nominees (Tempatan) Sdn Bhd - Exempt AN for AIA Bhd	4,099,500	1.36
6.	UOB Kay Hian Nominees (Asing) Sdn Bhd - Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)	3,841,059	1.27
7.	CIMB Group Nominees (Asing) Sdn Bhd - Exempt AN for DBS Bank Ltd (SFS)	2,857,700	0.95
8.	Tai Tak Estates Sdn Bhd	2,156,000	0.71
9.	Key Development Sdn Berhad	2,037,000	0.67
10.	Cartaban Nominees (Asing) Sdn Bhd - The Bank of New York Mellon for Virtus KAR Emerging Markets Small-CAP Fund	2,002,400	0.66

Analysis of Stockholdings

As of 8 March 2024

30 LARGEST STOCKHOLDERS AS PER RECORD OF DEPOSITORS (CONTINUED)

	Name	No. of Stock Units	%
11.	ChinChoo Investment Sdn Berhad	1,865,000	0.62
12.	Cartaban Nominees (Tempatan) Sdn Bhd - PAMB for Prulink Equity Fund	1,786,500	0.59
13.	Ho Han Seng	1,600,000	0.53
14.	Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund JNDP for JNL Multi-Manager Emerging Markets Equity Fund	1,592,800	0.53
15.	Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund KG33 for Invesco EQV Asia Pacific Equity Fund	1,574,800	0.52
16.	Cartaban Nominees (Asing) Sdn Bhd - The Bank of New York Mellon for Florida Retirement System	1,497,800	0.50
17.	Cartaban Nominees (Asing) Sdn Bhd - Exempt An for State Street Bank & Trust Company (West CLT OD67)	1,488,400	0.49
18.	Hong Leong Assurance Berhad - As Beneficial Owner (Life PAR)	1,404,700	0.46
19.	Kam Loong Mining Sdn Bhd	1,320,000	0.44
20.	Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund KG67 for Invesco EQV International Small Company Fund	1,319,400	0.44
21.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad - Deutsche Trustees Malaysia Berhad for Hong Leong Balanced Fund	1,300,000	0.43
22.	Gan Teng Siew Realty Sdn Berhad	1,277,000	0.42
23.	Cartaban Nominees (Tempatan) Sdn Bhd - Prudential Assurance Malaysia Berhad for Prulink Strategic Fund	1,261,800	0.42
24.	Cartaban Nominees (Asing) Sdn Bhd - BBH (Lux) SCA for Fidelity Funds Asean	1,259,400	0.42
25.	Cartaban Nominees (Asing) Sdn Bhd - SSBT Fund DU5J for Caisse De Depot ET Placement DU Quebec	1,228,300	0.41
26.	Cartaban Nominees (Asing) Sdn Bhd - The Bank of New York Mellon for Public Employees Retirement System of Ohio	1,213,676	0.40
27.	Citigroup Nominees (Asing) Sdn Bhd - CBLDN for PohJola Bank PLC (Client AC-EUR)	1,212,100	0.40
28.	HLB Nominees (Asing) Sdn Bhd - Tan Eng Chin Holdings (Pte.) Limited (CUST.SIN 40555)	1,150,000	0.38
29.	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (PAR 3)	1,143,300	0.38
30.	Citigroup Nominees (Tempatan) Sdn Bhd - Great Eastern Life Assurance (Malaysia) Berhad (PAR 1 ACB Fund)	1,076,400	0.36
	TOTAL	**215,762,215**	**71.42**

LimnoTech
Water Environment | Scientists Engineers

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Ann Arbor, MI 48108
734.332.1200
www.limno.com

Statement of Confirmation of 2023 Volumetric Water Benefits of Water Stewardship Projects Implemented by HEINEKEN Malaysia

LimnoTech conducted an independent third-party quantification of volumetric water benefits of project activities implemented by HEINEKEN Malaysia to achieve its water balancing goal.

Industry standard methodologies, consistent with the Volumetric Water Benefit Accounting (VWBA) framework published by the World Resources Institute were applied to quantify the water balance benefits of these water stewardship projects.

The 2023 volumetric water benefits were confirmed for 4 different project activities as shown below.

Project	Benefit (HL)
Sungei Way River Rehabilitation	3,890,000
Rainwater Harvesting System (25)	56,440
Peatland Reforestation (3 hectares)	127,500
Clay Dyke Implementation	1,361,020
TOTAL	**5,434,960**

The 2023 water balancing target for HEINEKEN Malaysia is 2,433,276 HL. Therefore, the 2023 water balance achievement is **223%** of the target**.**

Sincerely,
LimnoTech

Pranesh Selvendiran
Sr. Project Engineer

March 7, 2024

Limited Assurance Statement

Relating to Heineken Malaysia Berhad's Sustainability Statement (ESG Review) in the Group's Annual Report 2023

Terms of Engagement

The engagement of **Rapid Genesis Sdn. Bhd.** as commissioned by Heineken Malaysia Berhad is to provide an independent, limited assurance engagement on the following selected *key performance indicators (KPIs)*, referred to thereafter as "Selected Information", as described below, that have been prepared in accordance with HEINEKEN Malaysia's reporting criteria that accompanies the sustainability information on the relevant pages of the Report (the accompanying HEINEKEN reporting criteria) and presented in the Group's "*Sustainability Statement (ESG Review)*". This engagement was conduct by a multidisciplinary team including social, environmental and governance specialists with relevant experience in sustainability reporting.

Governance			
Material Matters	**GRI Standards**	**Sub-Topic**	**Selected KPIs**
Regulatory Compliance	GRI2: General Disclosures		Sustainability Statement 2023
Ethical Business Conduct	GRI 205: Anti-corruption	Anti-Corruption	□ Anti-Corruption & Bribery Training □ Composition of the highest governance body
Data Privacy & Cybersecurity	GRI 418: Customer Privacy	Data Privacy	Data Privacy & Security
Risk Management	GRI 201: Economic Performance	Economic Performance	Economic Performance
Environment			
Climate Resilience & Energy Efficiency	GRI 302: Energy GRI 305: Emissions	Scope 1, 2 & 3 emissions	□ Scope 1: Natural Gas □ Scope 2: Electricity □ Scope 3: - Employee commute - Business travel (Land) - Business travel (Air)
		Energy Consumption	Total energy usage

Water Stewardship	GRI 303: Water & Effluent	Water Consumption	☐ Total Water Usage ☐ Water Efficiency ☐ Water Circularity ☐ Total Wastewater Discharged ☐ Water Balancing
Waste & Effluent Management	GRI 306: Waste	Organic & Inorganic Waste	☐ Total Waste Generated ☐ Organic & Inorganic Waste Management
Resource Use	GRI 301: Materials	Material Return Rate	Material Return Rate
Social Sustainability			
Diversity	GRI 405: Diversity & Equal Opportunity	Workforce Diversity	☐ Workforce Breakdown ☐ Workforce Diversity by Race ☐ Employees that are contractors of temporary staff ☐ Employee Engagement ☐ Speak Up
Employee Health, Safety & Wellbeing	GRI 403: Occupational Health & Safety	Safety & Health	☐ Training on Health & Safety Standards ☐ Additional Health & Training programmes for FY2023
Human Rights & Labour Standards	GRI 401: Employment GRI 404: Training & Education	Human Rights & Labour Standards	☐ Total number of Employee new hires by employee category, age & gender ☐ Total number of employee turnover by employee category ☐ Length of service ☐ Human Rights Violation ☐ Parental Leave

Human Capital Development	GRI 404: Training & Education	Training & Development	☐ Total training spend ☐ Total Hours of Training by employee category ☐ Average Hours of training per employee ☐ Employee Training & Development Programmes in FY2023 ☐ Graduate & Internship Programmes ☐ Short Term Assignment
Community Investment & Development	GRI 201: Economic Performance GRI 413: Local Communities	Community	☐ SPARK Foundation ☐ Education – English Enrichment Training Programmes (EETP) ☐ Environment – W.A.T.E.R Project ☐ HEINEKEN Cares ☐ Big Day Out ☐ Other Support (Floor, Fire, Virus) ☐ GRAB code investment ☐ Tiger CECC
Supply Chain Management	GRI 204: Procurement	Supply Chain	☐ Supply Chain Performance ☐ Green Fridges ☐ Supplier Code ☐ Supplier Screening ☐ Supplier Assessment
Responsible Consumption			
Product Safety, Quality & Hygiene	GRI 416: Customer Health & Safety	Responsible Drinking	Responsible Drinking
Responsible Marketing & Consumption	GRI 417: Marketing & Labelling	Responsible Drinking	Product Responsibility

We have not performed any modification, work, conclusion or any other information to be included in the ESG Review for the current year or for the previous periods unless stated otherwise.

Scope of Coverage

The scope of work engaged covers the verification and validation of Selected Information within the organisation's boundary:

- Organisational boundary: Heineken Malaysia Bhd and Heineken Marketing Malaysia Sdn. Bhd.
- Control approach: Operational Control and Finance Control
- Period: 1 January 2023 to 31 December 2023

Reporting Criteria

The Reporting Criteria used by HEINEKEN Malaysia include:

- Bursa Malaysia Main Market Listing Requirements on Sustainability Reporting
- Bursa Malaysia's Sustainability Reporting Guide (3rd Edition)
- The Global Reporting Initiative ("GRI") Sustainability Reporting Standards 2021

Management's Responsibility

Heineken Malaysia management is responsible for:

- Selection, preparation and presentation of the selected KPIs in accordance with HEINEKEN Malaysia's reporting criteria;
- Identification of stakeholders and stakeholder requirements, material issues, commitments with respect to sustainability performance;
- The design, implementation and maintenance of internal control relevant to the preparation of the Report that is free from material mistreatment, whether due to fraud of error;
- Determining the appropriateness of the measurement and reporting criteria in view of the intended users of the "Selected Information" and for ensuring that those criteria are publicly available to the Report users.

Our Independence and Quality Control

We have complied with the independence and all other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the selected KPIs based on the procedures we have performed and the evidence we have obtained. The engagement was conducted in accordance with the ISO 14064-3:2019 standard for Greenhouse gases "Part 3: Specification with guidance for the verification and validation of greenhouse gas statements" for the Environment component and International Standard for Assurance Engagement (ISAE) 3000: "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board for both Social and Governance component. We at our level best comply with ethical requirements and plan and perform the verification to obtain a limited assurance conclusion based on the work undertaken and evidence provided.

A limited assurance engagement undertaken in accordance with ISAE 3000 (Revised) involves assessing the suitability in the circumstances of HEINEKEN Malaysia's use of its reporting criteria as the basis of preparation for the selected KPIs, assessing the risks of material misstatement of the selected KPIs whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the selected KPIs. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks. The procedures we performed were based on our professional judgement and included inquiries, observation of processes followed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Assurance Activities

The main objective is to examine whether the "Selected Information" is reported as complete and accurate. Our verification strategy used a combined data and controls testing approach. Works as below are carried out but not limited to:

- Review of 2023 Annual Report data reporting and sampling of operational records to confirm traceability and accuracy of source data;
- Re-calculation of energy and water consumption, GHG emissions and waste generation;
- Examination of recycling and waste activities;
- Review of water project details and water balancing reports;
- Performed interview with key sustainability personnel to obtain an understanding of HEINEKEN Malaysia's business, internal control environment and information systems relevant to the sustainability reporting process;
- Inspected documentation to corroborate the statements of management and senior executives;
- Evaluated the reasonableness and appropriateness of significant estimates and judgments made by the directors in the preparation of the selected KPIs;
- Tested the processes and systems to generate, collate, aggregate, monitor and report the selected KPIs; and
- Inspected supporting documentation on a sample basis and performed analytical procedures to evaluate the data generation and reporting processes against the reporting criteria, including evaluation on whether the selected KPIs presented in the Report are consistent with our overall knowledge and experience of sustainability management and performance.

Limited Assurance Conclusion

Based on our examination of the data, inventory and evidence provided by HEINEKEN Malaysia, nothing has come to our attention that causes us to believe that the "Selected Information" for the year ended 2023 are not prepared, in all material respects, in accordance with the aforementioned Reporting Criteria.

Other Matters

In the context of external assurance review 2024, no other assurance procedures were performed on the previous sustainability report. The information relating to the prior reporting periods has not been subject to assurance procedures. Our report does not include any other disclosures (other than "*Selected Information"*) in HEINEKEN's Sustainability Report 2023 (SR 2023). The maintenance and integrity of HEINEKEN Malaysia's website is the responsibility of HEINEKEN Malaysia management. Our procedures did not involve consideration of these matters and, accordingly, we accept no responsibility for any changes to either the information in the Report or our independent limited assurance report that may have occurred since the initial date of its presentation on HEINEKEN Malaysia website.

Restriction of Liability

Our work has been undertaken to enable us to express a limited assurance conclusion on the selected KPIs to the management of HEINEKEN Malaysia in accordance with the terms of our engagement, and for no other purpose.

We do not accept or assume liability to any party other than HEINEKEN Malaysia, for our work, for this report, or for the conclusion we have reached.

Rapid Genesis Sdn Bhd

Tang Kok Mun
Lead Consultant
04 April 2024

RAPID GENESIS

Bursa Malaysia Sustainability Reporting Index

The table below contains the common and specific sustainability indicators required by Bursa Malaysia under their Enhanced Sustainability Guide (3rd edition). This content index helps stakeholders navigate the disclosures and information that the Group has reported.

Bursa Malaysia's Common Material Matters	Indicators	Location (Page)
Anti-corruption	Percentage of employees who have received training on anti-corruption by employee category	Corporate Governance & Anti-Corruption (51-52)
	Percentage of operations assessed for corruption-related risks	Corporate Governance & Anti-Corruption (51-52)
	Confirmed incidents of corruption and action taken	Corporate Governance & Anti-Corruption (51-52)
Community/ Society	Total amount invested in the community where the target beneficiaries are external to the listed issuer	Community Investment & Development (79)
	Total number of beneficiaries of the investment in communities	Community Investment & Development (79)
Diversity	Percentage of employees by gender and age group, for each employee category	Diversity (71-72)
	Percentage of directors by gender and age group	Diversity (71)
Energy management	Total energy consumption	Climate Resilience and Energy Management (57)
Health and safety	Number of work-related fatalities	Employee Health, Safety & Wellbeing (74)
	Lost time incident rate	Employee Health, Safety & Wellbeing (74)
	Number of employees trained on health and safety standards	Employee Health, Safety & Wellbeing (74)
Labour practices and standards	Total hours of training by employee category	Human Capital Development (78)
	Percentage of employees that are contractors or temporary staff	Human Rights and Labour Standards (75)
	Total number of employee turnover by employee category	Human Rights and Labour Standards (75)
	Number of substantiated complaints concerning human rights violations	Human Rights and Labour Standards (75)
Supply chain management	Proportion of spending on local suppliers	Supply Chain Management (77)
Data privacy and security	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Data Privacy and Cybersecurity (54)
Water	Total volume of water used	Water Efficiency (63)
Waste management	Total waste generated, and a breakdown of the following: (i) total waste diverted from disposal (ii) total waste directed to disposal	Waste and Effluent Management (60-61)
Emissions management	Scope 1 emissions in tonnes of CO_2e	Climate Resilience and Energy Management (58-59)
	Scope 2 emissions in tonnes of CO_2e	Climate Resilience and Energy Management (58-59)
	Scope 3 emissions in tonnes of CO_2e (at least for the categories of business travel and employee commuting)	Climate Resilience and Energy Management (58-59)

GRI Standards 2021 Content Index

GRI CONTENT INDEX

The GRI Standards 2021 Content Index ensures reported ESG information is traceable and increases the transparency of information covered in this report. HEINEKEN Malaysia has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI standards. This content index helps stakeholders navigate the disclosures and information that the Group has reported.

GRI	Disclosure	Location (Page)
GRI 2: General Disclosures 2021	2-1 Organisational details	3
	2-2 Entities included in the organisation's sustainability reporting	36
	2-3 Reporting period, frequency and contact point	36
	2-5 External assurance	36, 166-172
	2-6 Activities, value chain and other business relationships	3, 14-15, 26-34
	2-7 Employees	71-72, 75
	2-8 Workers who are not employees	71, 75
	2-9 Governance structure and composition	39, 93-94
	2-10 Nomination and selection of the highest governance body	94
	2-11 Chair of the highest governance body	93-94
	2-12 Role of the highest governance body in overseeing the management of impacts	39, 89-90
	2-13 Delegation of responsibility for managing impacts	39, 89
	2-14 Role of the highest governance body in sustainability reporting	39
	2-16 Communication of critical concerns	92, 108-109
	2-17 Collective knowledge of the highest governance body	77
	2-18 Evaluation of the performance of the highest governance body	95
	2-19 Remuneration policies	96
	2-20 Process to determine remuneration	96
	2-22 Statement on sustainable development strategy	35-42
	2-23 Policy commitments	41, 51-52
	2-24 Embedding policy commitments	41, 51-52, 91-92
	2-25 Processes to remediate negative impacts	52-54
	2-26 Mechanisms for seeking advice and raising concerns	52, 92
	2-27 Compliance with laws and regulations	52
	2-28 Membership associations	45
	2-29 Approach to stakeholder engagement	43-45
GRI 3: Material Topics 2021	3-1 Process to determine material topics	45-46
	3-2 List of material topics	46
	3-3 Management of material topics	35-88
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	48-50
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	77
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	52
	205-2 Communication and training about anti-corruption policies and procedures	52
	205-3 Confirmed incidents of corruption and actions taken	52

GRI Standards 2021 Content Index

GRI	Disclosure	Location (Page)
GRI 301: Materials 2016	301-1 Materials used by weight or volume	60-62
	301-2 Recycled input materials used	61-62
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	57
	302-2 Energy consumption outside of the organisation	58-59
	302-3 Energy intensity	57
	302-4 Reduction of energy consumption	57
	302-5 Reductions in energy requirements of products and services	56-57
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	62-67
	303-2 Management of water discharge-related impacts	62-67
	303-3 Water withdrawal	63
	303-4 Water discharge	64
	303-5 Water consumption	63
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	58-59
	305-2 Energy indirect (Scope 2) GHG emissions	58-59
	305-3 Other indirect (Scope 3) GHG emissions	58-59
	305-4 GHG emissions intensity	58
	305-5 Reduction of GHG emissions	58-59
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	60
	306-2 Management of significant waste-related impacts	60-62
	306-3 Waste generated	60
	306-4 Waste diverted from disposal	61-62
	306-5 Waste directed to disposal	61-62
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	75
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	75
	401-3 Parental leave	75
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	73-74
	403-2 Hazard identification, risk assessment, and incident investigation	73-74
	403-3 Occupational health services	73-74
	403-4 Worker participation, consultation, and communication on occupational health and safety	73-74
	403-5 Worker training on occupational health and safety	73-74
	403-6 Promotion of worker health	73-74
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	73-74
	403-8 Workers covered by an occupational health and safety management system	73-74
	403-9 Work-related injuries	74
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	78
	404-2 Programmes for upgrading employee skills and transition assistance programmes	77-78
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	71-72
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	72

GRI Standards 2021 Content Index

GRI	Disclosure	Location (Page)
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	74
GRI 408: Child Labour 2016	408-1 Operations and suppliers at significant risk for incidents of child labour	74
GRI 409: Forced or Compulsory Labour 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labour	74
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	78-79
GRI 417: Marketing and Labelling 2016	417-2 Incidents of non-compliance concerning product and service information and labelling	82
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	54

UN GLOBAL COMPACT INDEX

Global Compact Principle	Location (Page)
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights;	Human Rights and Labour Standards (74-75) Supply Chain Management (76)
Principle 2: make sure that they are not complicit in human rights abuses.	Human Rights and Labour Standards (74-75) Supply Chain Management (76)
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Human Rights and Labour Standards (74-75)
Principle 4: the elimination of all forms of forced and compulsory labour;	Human Rights and Labour Standards (74-75) Supply Chain Management (76)
Principle 5: the effective abolition of child labour;	Human Rights and Labour Standards (74-75)
Principle 6: the elimination of discrimination in respect of employment and occupation.	Diversity (69-72) Human Rights and Labour Standards (74-75)
Principle 7: Businesses should support a precautionary approach to environmental challenges; Principle 8: undertake initiatives to promote greater environmental responsibility; and Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Climate Resilience and Energy Management (55-59) Waste and Effluent Management (60-61) Resource Use (62) Towards Healthy Watersheds (62-67)
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Corporate Governance & Anti-Corruption (51-52) Risk Management (52-54)

Group Directory

CORPORATE OFFICE

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REGIONAL SALES OFFICES

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Butterworth, Malaysia
Tel : 1800-88-6633
Email : support.cs.my@heineken.com

IPOH
1A, Jalan Perniagaan Sengat 2
31350 Ipoh
Perak, Malaysia
Tel : 1800-88-6633
Email : support.cs.my@heineken.com

JOHOR BAHRU
No. 22 (Lot 1569) Jalan Dewani
Off Jalan Tampoi
Kawasan Perindustrian Temenggong
81100 Johor Bahru Johor, Malaysia
Tel : 1800-88-6633
Email : support.cs.my@heineken.com

KLANG VALLEY
Sungei Way Brewery, Lot 1135
Batu 9, Jalan Klang Lama
46000 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : 1800-88-6633
Fax : +603 7861 4567
Email : support.cs.my@heineken.com

KOTA KINABALU
Building No. 19B, Lot 21
Sedco Light Industrial Estate
Jalan Kilang, Kolombong
88450 Kota Kinabalu
Sabah, Malaysia
Tel : 1800-88-6633
Email : support.cs.my@heineken.com

KUANTAN
Lot 123, Jalan Industri Semambu 8
Kawasan Perindustrian Semambu
25350 Kuantan
Pahang, Malaysia
Tel : 1800-88-6633
Email : support.cs.my@heineken.com

KUCHING
No.14, Lorong Evergreen 2A,
RH Park Commercial, Batu 9½
Jalan Penrissen
93250 Kuching
Sarawak, Malaysia
Tel : 1800-88-6633
Email : support.cs.my@heineken.com

MALACCA
No. 120, Jalan Usaha 10
Ayer Keroh Industrial Estate
75450 Malacca, Malaysia
Tel : 1800-88-6633
Email : support.cs.my@heineken.com

MENTAKAB
No. 10, Jalan Dagang 3
Taman Perindustrian Temerloh
28400 Mentakab
Pahang, Malaysia
Tel : 1800-88-6633
Email : support.cs.my@heineken.com

MIRI
Lot 1448, Block 17 KBLD
Eastwood Valley
Industrial Park Phase 1
98000 Miri
Sarawak, Malaysia
Tel : 1800-88-6633
Fax : +60 (85)411 897
Email : support.cs.my@heineken.com

SANDAKAN
Lot 32-1F, Jalan Dataran BU 4
Utama Zone 3 Commersil, Batu 6
90000 Sandakan
Sabah, Malaysia
Tel : 1800-88-6633
Fax : +60 (89)274 082
Email : support.cs.my@heineken.com

SIBU
Lot 2983, Block 19
Lorong Then Kung Suk 4
96000 Sibu
Sarawak, Malaysia
Tel : 1800-88-6633
Email : support.cs.my@heineken.com

TAWAU
TB 9988, Lot 4A & 5A
Perdana Square, Mile 3.5
Jalan Apas
91000 Tawau
Sabah, Malaysia
Tel : 1800-88-6633
Email : support.cs.my@heineken.com

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Corporate Information

BOARD OF DIRECTORS

Dato' Sri Idris Jala
Chairman,
Independent Non-Executive Director

Roland Bala
Managing Director,
Non-Independent Executive Director

Lau Nai Pek
Senior Independent Non-Executive Director

Seng Yi-Ying
Non-Independent Non-Executive Director

Choo Tay Sian, Kenneth
Non-Independent Non-Executive Director

Chua Carmen
Independent Non-Executive Director

Erin Sakinah Atan
Non-Independent Non-Executive Director

COMPANY SECRETARY

Ng Sow Hoong
MAICSA 7027552
SSM PC No. 202008000593
Tel : +603 7861 4571
Email : rachel.ng@heineken.com

REGISTERED OFFICE

Sungei Way Brewery, Lot 1135
Batu 9, Jalan Klang Lama
46000 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Tel : +603 7861 4688
Fax : +603 7861 4567
Email : my1-generalenquiry@heineken.com
Website : www.heinekenmalaysia.com

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8 Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Tel : +603 2783 9299
Fax : +603 2783 9222
Email : is.enquiry@my.tricorglobal.com

AUDITORS

Deloitte PLT (AF0080)
Chartered Accountants
Level 16, Menara LGB
1 Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur, Malaysia
Tel : +603 7610 8888
Fax : +603 7726 8986

PRINCIPAL BANKERS

Citibank Berhad
BNP Paribas Malaysia Berhad
HSBC Bank Malaysia Berhad

STOCK EXCHANGE LISTING

Listed on the Main Market of Bursa Malaysia since 1965
Stock name : HEIM
Stock number : 3255