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FINANCIAL REVIEW

CAPITAL STRUCTURE

We continue to maintain an efficient capital structure that supports our business operations and maximises returns to shareholders while preserving the strength of our balance sheet. As of 31 December 2023, shareholders' funds improved by US$187.1 million to US$20.17 billion. Lower working capital requirements during the year led net loans and borrowings (net of cash, bank deposits and other deposits with financial institutions) to decrease by US$1.09 billion to US$17.65 billion, resulting in an improvement in net debt to equity ratio of 0.88x as at 31 December 2023 (31 December 2022: 0.94x).

Given the nature of our business, the level of financing for our working capital requirements fluctuates in accordance with prices of agricultural commodities and business volume, and a significant proportion of our borrowings are used for such working capital financing. Our working capital comprise very liquid or near cash assets like inventories and trade receivables. Inventories are primarily agricultural commodities with a ready market, while trade receivables have short turnover period and are substantially supported by documentary credit. Taking the above into consideration, our adjusted net debt (excluding liquid working capital) ratio was 0.37x as at 31 December 2023 (31 December 2022: 0.30x). Adjusted net debt to equity ratio was higher mainly as the weakening of regional currencies against the US Dollar led to higher translation losses during the year.

Our investments in property, plant and equipment are funded through cash flows generated from operations while working capital requirements and investments in subsidiaries, joint ventures and associates are predominately funded through loans and borrowings. Capital expenditure for the year was lower at US$2.28 billion (FY2022: US$2.48 billion).

As at 31 December	**2023 US$ million**	2022 US$ million
Shareholders' funds	**20,172.8**	19,985.7
Net loans and borrowings	**17,652.3**	18,746.5
Net debt to equity	**0.88x**	0.94x
Liquid working capital:		
Inventories (excluding consumables)	**11,203.7**	12,620.4
Trade receivables	**6,384.5**	6,549.0
Less: Current liabilities (excluding loans and borrowings)	**(7,414.2)**	(6,507.8)
	10,174.0	12,661.6
Net loans and borrowings (excluding liquid working capital)	**7,478.3**	6,084.9
Adjusted net debt to equity	**0.37x**	0.30x

FINANCIAL REVIEW

CAPITAL MANAGEMENT AND TREASURY POLICIES

Net debt

Our total net debt of US$17.65 billion comprised:

As at 31 December	2023 US$ million	2022 US$ million
Short-term loans and borrowings	**22,242.1**	23,434.5
Long-term loans and borrowings	**8,459.7**	6,994.5
	30,701.8	30,429.0
Cash and bank balances (current & non-current)	**9,234.6**	8,097.5
Other deposits with financial institutions (current)	**3,814.9**	3,585.0
	13,049.5	11,682.5
Net loans and borrowings	**17,652.3**	18,746.5

As prices of most commodities fell compared to prior year, working capital requirements for the Group were lower in FY2023. Correspondingly, net loans and borrowings decreased by US$1.09 billion to US$17.65 billion as of 31 December 2023. About 90% of our short-term loans and borrowings were trade financing lines with minimal refinancing risks as they were backed by trade flows and were self-liquidating. Long-term loans and borrowings comprised of committed loans due from 2025 onwards. The loans and borrowings were predominantly on floating rates.

Majority of our loans and borrowings were denominated in United States Dollar (US$) and Chinese Renminbi (RMB) while the rest are borrowings in the local currencies of the countries where our subsidiaries operate in, mainly denominated in Indonesian Rupiah (IDR) and Australian Dollars (AUD).

Financial risk management

We operate in several countries and are exposed to a variety of financial risks including credit risk, liquidity risk, interest rate risk, foreign currency risk, commodity price risk and market price risk. Risk management is discussed in greater details under “Risk Management” and “Notes to the Financial Statements” sections, and has been summarised as follows:

- **Credit risk.** Majority of our export sales require documentary credits from customers. Our domestic sales are executed on cash terms or where appropriate, credit terms are granted. We conduct thorough credit assessments before granting credit terms and limits to our customers, who are then monitored closely for adherence. The terms and limits are reviewed periodically and revised where necessary, taking into account customers’ credit worthiness and market conditions.

- **Liquidity risk.** We maintain sufficient liquidity by monitoring our cash flow closely and maintaining sufficient credit facilities, including the use of trade financing for our raw material purchases. We also aim to maintain flexibility in funding by having available credit facilities with different banks in various countries.

- **Interest rate risk.** We have minimal exposure to interest rate risk as most of our loans and borrowings are short-term and trade related, with interest cost typically priced into our products and passed on to customers. For long-term borrowings, we may use financial instruments such as interest rate swaps to hedge or minimise the interest rate risk.

- **Foreign currency risk.** Currency risk arises as entities in the Group regularly transact or borrow in currencies other than their respective functional currencies, including US$, RMB, IDR, MYR, INR and AUD. We seek to manage our currency risk by constructing natural hedges where sales and purchases matches in the same currency or through financial instruments, such as foreign currency forward contracts. We are also exposed to currency translation risk arising from our net investments in foreign operations, which are not hedged as these currency positions are considered long-term in nature and the cost of hedging is higher than its benefits.

- **Commodity price risk.** The prices of agricultural commodities can be very volatile, exposing us to commodity price risk as our sale and purchase commitments do not usually match at the end of each business day. We use forward physical and/or derivative contracts to mitigate such risk.

- **Market price risk.** Market price risk is the risk that the fair value or future cash flows of our financial instruments will fluctuate because of changes in market prices (other than commodity price, interest or exchange rates). We are exposed to equity price risk arising from our investment in quoted equity instruments.

CASH FLOW, FUNDING AND LIQUIDITY

Cash flow

For FY2023, the Group generated strong cash inflows from operating activities of US$3.89 billion, resulting in free cash flow of US$1.89 billion. Cash and cash equivalents as of 31 December 2023 increased to US$4.38 billion.

	FY2023 US$ million	FY2022 US$ million
Total cash and bank balances	**9,234.6**	8,097.5
Less: Fixed deposits pledged for bank facilities	**(2,607.2)**	(3,457.4)
Less: Other deposits with more than 3 months maturity	**(2,122.5)**	(1,640.7)
Less: Bank overdrafts	**(124.1)**	(152.7)
Cash and cash equivalents	**4,380.8**	2,846.7
Net cash flows generated from operating activities	**3,885.3**	2,047.7
Net cash flows used in investing activities	**(2,464.4)**	(2,191.2)
Net cash flows generated from financing activities	**113.2**	402.6
Net increase in cash held	**1,534.1**	259.1
Turnover days:		
Inventories	**67**	69
Trade receivables	**29**	30
Trade payables	**13**	13

Note: Turnover days are calculated by averaging the monthly turnover days. Monthly turnover days are computed using revenue and cost of sales for the month.

Other major applications and source of funds in FY2023 were as follows:

- US$2.28 billion was used to fund our capital expenditure for plantations development, property, plant and equipment (FY2022: US$2.48 billion). Major additions of property, plant and equipment during the year included oleochemical, corn processing, flour and rice milling plants in China and Indonesia, construction of new vessels, and development of our central kitchen plants in China.

Cash and cash equivalents were held in US$ and the local currencies of the respective countries where we operate in, most notably in RMB.

FINANCIAL REVIEW

Funding and liquidity

As at 31 December 2023, total short-term debt stood at US$22.24 billion. Our liquid assets comprising cash, bank and structured deposits, marketable securities, receivables and inventories amounted to US$22.43 billion, which included short-term cash and bank balances of US$4.50 billion. In addition, we have committed undrawn credit facilities of US$2.84 billion and approximately US$27.91 billion of uncommitted trade financing and short-term loan facilities available. Therefore, we do not foresee any problem in meeting our maturing short-term debt obligations.

Our capital expenditure for FY2024 is expected to be met mainly by internal resources while China's expansion plans will also be partially funded by the remaining proceeds raised from the listing of YKA back in FY2020. Nevertheless, we will be scaling back on capital expenditure and focus on improving efficiencies of our operations as well as extracting benefits from our past expansions in FY2024.

Operationally, assuming no major fluctuations in the prices of agricultural commodities, our funding requirements coincide with the seasonality of sales. Our seasonal peak sales period is typically in the second half of the year. The additional funding requirements during this period would be met by our healthy liquidity position.

Our covenants with lenders are not restrictive on our ability to utilise additional credit facilities.

SHAREHOLDERS' RETURNS AND SHARE BUY-BACKS

For FY2023, our Board of Directors has proposed a final dividend of 11.0 Singapore cents per share. Together with the interim dividend of 6.0 Singapore cents per share paid on 30 August 2023, total dividend for FY2023 will amount to 17.0 Singapore cents per share (FY2022: 17.0 Singapore cents per share). This will result in a dividend payout ratio of approximately 52% of net profit (FY2022: 33% of net profit).

We have been declaring dividends at our half-year and year-end periods to our shareholders. In considering the level of dividend payments, our Board takes into account various factors including but not limited to the projected levels of capital expenditure and other investment plans; as well as our working capital requirements and general financing condition. The Board believes in a stable and steady growth in dividend per share. Over the years, the amount of dividends declared to our shareholders has been increasing and the total dividend payout ratio declared in FY2023 will be our highest declared since listing.

Currently, we have a share buy-back mandate which will be expiring on 19 April 2024, being the date of the forthcoming Annual General Meeting. Shareholders' approval for the proposed renewal of the mandate will be sought at the Annual General Meeting on the same day. Share purchases would only be made when it is in the best interests of the Company and in appropriate circumstances which will not materially and adversely affect the liquidity and orderly trading of the Company's shares, including the working capital requirements and gearing level of the Group.

During the year, the Company has re-issued approximately 0.3 million treasury shares pursuant to the employee share option plans.

FINANCIAL REVIEW

ACCOUNTING POLICIES

Our financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) "SFRS(I)". The preparation of our financial statements also requires management to exercise judgements and use estimates and assumptions. Significant accounting judgements, estimates and assumptions which are discussed in greater details under "Notes to the Financial Statements" include:

- Assessment for impairment of goodwill and brands which requires an estimate of the expected future cash flows from cash-generating units and a suitable discount rate for present value calculation.
- Provision for income taxes and deferred taxes involves significant judgement as there are transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome is different, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

DIRECTORS' STATEMENT

The Directors are pleased to present their statement to the members together with the audited consolidated financial statements of Wilmar International Limited (the "Company" or "Wilmar") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2023.

OPINION OF THE DIRECTORS

In the opinion of the Directors,

(i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The Directors of the Company in office at the date of this statement are:

KUOK Khoon Hong
PUA Seck Guan
TEO La-Mei
KUOK Khoon Ean
KUOK Khoon Hua
Gregory MORRIS
LIM Siong Guan
Kishore MAHBUBANI
TEO Siong Seng
SOH Gim Teik
CHONG Yoke Sin
CHEUNG Chi Yan, Louis (appointed on 20 April 2023)
Jessica CHEAM (appointed on 20 April 2023)
Juan Ricardo LUCIANO is alternate to Gregory MORRIS
TONG Shao Ming is alternate to KUOK Khoon Hua

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Except as disclosed in this statement, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following Directors, who held office at the end of the financial year, had, according to the Register of Directors' Shareholdings, required to be kept under Section 164 of the Singapore Companies Act 1967 (the "Act"), an interest in shares and share options of the Company and its related corporations as stated below:

	Direct Interest			Deemed Interest		
Name of Director	As at 1.1.2023 or date of appointment (if later)	As at 31.12.2023	As at 21.01.2024	As at 1.1.2023 or date of appointment (if later)	As at 31.12.2023	As at 21.01.2024
The Company						
(Ordinary Shares)						
Kuok Khoon Hong	2,995,000	2,995,000	2,995,000	815,890,735	848,563,935	848,563,935
Pua Seck Guan	–	–	–	1,200,000	1,200,000	1,200,000
Teo La-Mei	1,699,500	1,699,500	1,699,500	–	–	–
Kuok Khoon Ean	900,000	–	–	59,962,479	60,862,479	60,862,479
Kuok Khoon Hua	1,297,021	821,021	821,021	58,884,000	58,884,000	58,884,000
Kishore Mahbubani	–	–	–	510,000	200,000	200,000
Teo Siong Seng	20,000	20,000	20,000	–	–	–
Cheung Chi Yan, Louis	–	–	–	230,000	230,000	230,000
(Share options exercisable at S$3.94 per share)						
Kuok Khoon Hong	1,005,000	1,005,000	1,005,000	–	–	–
Pua Seck Guan	1,000,000	1,000,000	1,000,000	–	–	–
Teo La-Mei	502,500	502,500	502,500	–	–	–
Kuok Khoon Ean	500,000	500,000	500,000	–	–	–
Kuok Khoon Hua	500,000	500,000	500,000	–	–	–
Lim Siong Guan	500,000	500,000	500,000	–	–	–
Kishore Mahbubani	500,000	500,000	500,000	–	–	–
Teo Siong Seng	500,000	500,000	500,000	–	–	–
Soh Gim Teik	300,000	300,000	300,000	–	–	–

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (CONTINUED)

Name of Director	Direct Interest: As at 1.1.2023 or date of appointment (if later)	Direct Interest: As at 31.12.2023	Direct Interest: As at 21.01.2024	Deemed Interest: As at 1.1.2023 or date of appointment (if later)	Deemed Interest: As at 31.12.2023	Deemed Interest: As at 21.01.2024
The Company						
(Share options exercisable at S$3.78 per share)						
Kuok Khoon Hong	1,500,000	1,500,000	1,500,000	–	–	–
Pua Seck Guan	1,000,000	1,000,000	1,000,000	–	–	–
Teo La-Mei	750,000	750,000	750,000	–	–	–
Kuok Khoon Ean	500,000	500,000	500,000	–	–	–
Kuok Khoon Hua	500,000	500,000	500,000	–	–	–
Lim Siong Guan	500,000	500,000	500,000	–	–	–
Kishore Mahbubani	500,000	500,000	500,000	–	–	–
Teo Siong Seng	500,000	500,000	500,000	–	–	–
Soh Gim Teik	500,000	500,000	500,000	–	–	–
Chong Yoke Sin	500,000	500,000	500,000	–	–	–
Subsidiary						
Yihai Kerry Arawana Holdings Co., Ltd						
(Share options exercisable at RMB 36.72 per ordinary A-share)						
Kuok Khoon Hong	300,000	300,000	300,000	–	–	–
Pua Seck Guan	250,000	250,000	250,000	–	–	–
Tong Shao Ming	40,000	40,000	40,000	–	–	–

Except as disclosed in this statement, no Director (including alternate director) who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year or as at the date of appointment (whichever is later) and at the end of the financial year.

SHARE OPTION SCHEMES

Wilmar Executives Share Option Scheme 2019 ("Wilmar ESOS 2019")

The Wilmar ESOS 2019, the rules of which were set out in a circular to shareholders dated 4 April 2019, was approved by shareholders at the Company's EGM held on 24 April 2019. It was adopted to replace the Wilmar Executives Share Option Scheme 2009 ("Wilmar ESOS 2009") which expired on 28 April 2019.

Under the rules of the Wilmar ESOS 2019:

(a) the eligible participants may be granted options to subscribe for ordinary shares in the Company at a price equal to the average of the closing prices of the Company's shares traded on the Singapore Exchange Securities Trading Limited ("SGX-ST") for a period of five consecutive market days immediately preceding the date of the grant of the option ("Market Price") or at a discount to the Market Price up to a maximum of 20%;

DIRECTORS' STATEMENT

SHARE OPTION SCHEMES (CONTINUED)

Wilmar Executives Share Option Scheme 2019 ("Wilmar ESOS 2019") (continued)

(b) the maximum number of ordinary shares (in respect of the options) that may be granted under the Wilmar ESOS 2019, after taking into account (i) the total number of new ordinary shares issued and issuable in respect of all other share-based incentive schemes of the Company; and (ii) the number of treasury shares and subsidiary holdings delivered in respect of options granted under all other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total issued ordinary shares of the Company (excluding treasury shares and subsidiary holdings) on the date immediately preceding the relevant date of grant;

(c) controlling shareholders and associates of controlling shareholders will not be eligible to participate in the Wilmar ESOS 2019; and

(d) there is no restriction on the eligibility of any participant to participate in any other share options or share incentive schemes implemented by the Company or any of its subsidiaries or by any associated company or otherwise.

The Wilmar ESOS 2019 is administered by the Remuneration Committee ("RC"). The members of the RC are Mr Lim Siong Guan (Chairman), Mr Soh Gim Teik and Dr Chong Yoke Sin, all of whom are Independent Directors. The RC is authorised to determine, *inter alia*, the persons to be granted options, the number of options to be granted, whether the options continue to be valid in the event of cessation of employment (as provided under the rules of Wilmar ESOS 2019), the exercise price (including any adjustments thereto) and to recommend modifications to the Wilmar ESOS 2019 (if deemed appropriate).

2020 Grant

On 29 September 2020, the Company granted options to subscribe for a total of 40,380,000 ordinary shares of the Company at S$3.94 per share (at a 10% discount to the Market Price) to Directors of the Company and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2023, the number of outstanding options that were not exercised under this option grant was 37,548,000. The options are valid for a period of five years (including the respective vesting periods) from the date of grant and are exercisable in the following manner:

For Executive Directors and executives

- After 2nd anniversary of the date of grant – 33% of the options granted
- After 3rd anniversary of the date of grant – 33% of the options granted
- After 4th anniversary of the date of grant – 34% of the options granted

For Non-Executive Directors

After 2nd anniversary of the date of grant – 100% of the options granted

SHARE OPTION SCHEMES (CONTINUED)

Wilmar Executives Share Option Scheme 2019 ("Wilmar ESOS 2019") (continued)

2022 Grant

On 1 September 2022, the Company granted options to subscribe for a total of 42,455,000 ordinary shares of the Company at S$3.78 per share (at a 7% discount to the Market Price) to Directors of the Company and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2023, the number of outstanding options that were not exercised under this option grant was 41,560,000. The options are valid for a period of five years (including the respective vesting periods) from the date of grant and are exercisable in the following manner:

For Executive Directors and executives

- After 2nd anniversary of the date of grant – 33% of the options granted
- After 3rd anniversary of the date of grant – 33% of the options granted
- After 4th anniversary of the date of grant – 34% of the options granted

For Non-Executive Directors

After 2nd anniversary of the date of grant – 100% of the options granted

SHARE OPTIONS EXERCISED

Options for a total of 260,400 ordinary shares of the Company were exercised by option holders during the financial year under review pursuant to Wilmar ESOS 2019.

UNISSUED SHARES UNDER OPTION

As at the end of the financial year, unissued ordinary shares of the Company under options were as follows:

Date of Grant	As at 1.1.2023	No. of options granted	No. of options lapsed/ expired	No. of options exercised	As at 31.12.2023	Exercise Price	Exercise Period
Wilmar ESOS 2019							
29.09.2020	14,953,100	–	(219,400)	(260,400)	14,473,300	S$3.94	30.09.2022 to 29.09.2025
29.09.2020	11,604,500	–	(239,200)	–	11,365,300	S$3.94	30.09.2023 to 29.09.2025
29.09.2020	11,956,000	–	(246,600)	–	11,709,400	S$3.94	30.09.2024 to 29.09.2025
Sub-total	38,513,600	–	(705,200)	(260,400)	37,548,000		
01.09.2022	17,025,100	–	(295,300)	–	16,729,800	S$3.78	02.09.2024 to 01.09.2027
01.09.2022	12,525,100	–	(295,300)	–	12,229,800	S$3.78	02.09.2025 to 01.09.2027
01.09.2022	12,904,800	–	(304,400)	–	12,600,400	S$3.78	02.09.2026 to 01.09.2027
Sub-total	42,455,000	–	(895,000)	–	41,560,000		
Grand Total	80,968,600	–	(1,600,200)	(260,400)	79,108,000		

UNISSUED SHARES UNDER OPTION (CONTINUED)

The information on Directors of the Company participating in the Wilmar ESOS 2019 is as follows:

Name of Directors	Aggregate options granted during the financial year	Aggregate options granted since commencement of the option scheme to 31.12.2023	Aggregate options exercised since commencement of the option scheme to 31.12.2023	Aggregate options lapsed/ expired since commencement of the option scheme to 31.12.2023	Aggregate options outstanding as at 31.12.2023
Kuok Khoon Hong	–	3,000,000	495,000	–	2,505,000
Pua Seck Guan	–	2,000,000	–	–	2,000,000
Teo La-Mei	–	1,500,000	247,500	–	1,252,500
Kuok Khoon Ean	–	1,000,000	–	–	1,000,000
Kuok Khoon Hua	–	1,000,000	–	–	1,000,000
Lim Siong Guan	–	1,000,000	–	–	1,000,000
Kishore Mahbubani	–	1,000,000	–	–	1,000,000
Teo Siong Seng	–	1,000,000	–	–	1,000,000
Soh Gim Teik	–	800,000	–	–	800,000
Chong Yoke Sin	–	500,000	–	–	500,000
Kwah Thiam Hock*	–	1,000,000	–	–	1,000,000
Tay Kah Chye*	–	1,000,000	–	–	1,000,000
Total	–	14,800,000	742,500	–	14,057,500

* Mr Kwah Thiam Hock and Mr Tay Kah Chye retired from Wilmar's Board of Directors on 20 April 2023. Their options continue to be valid until the expiry date.

Except as disclosed above, since the commencement of the Wilmar Executives Share Option Scheme 2000, Wilmar ESOS 2009 and Wilmar ESOS 2019 ("Option Schemes") until the end of the financial year under review:

- controlling shareholders and associates of controlling shareholders (as defined in the rules of the ESOS Schemes) will not be eligible to participate in the Option Schemes, save for those controlling shareholders and their associates who are in the employment of the Group and whose participation in the Option Schemes are subject to approval by shareholders of the Company;

- no participant has received 5% or more of the total number of options available under the Option Schemes;

- no options that entitle the holders to participate, by virtue of the options, in any share issue of any other corporation have been granted;

- no options have been granted to Directors and employees of the parent company as the Company does not have a parent company; and

- no options have been granted at a discount except for the options under the 2015 Grant (which expired on 19 June 2020), the 2017 Grant (which expired on 9 September 2022), the 2020 Grant and the 2022 Grant.

DIRECTORS' STATEMENT

SHARE OPTION SCHEME (SUBSIDIARY)

Yihai Kerry Arawana Holdings Co., Ltd

2022 Restricted Share Incentive Plan

On 13 June 2022, Yihai Kerry Arawana Holdings Co., Ltd ("YKA"), an indirect 89.99%-owned subsidiary of the Company which is listed on the Shenzhen Stock Exchange ChiNext Board, implemented the 2022 Restricted Share Incentive Plan ("RSIP").

Under the terms of the RSIP, YKA granted options in 2022 to subscribe for a total of 29,733,000 ordinary A-shares at RMB 36.72 per share (at a 20% discount to RMB 45.90 being the weighted average share price for a period of five consecutive market days immediately prior to the date of grant of options) to some employees and directors. As at 31 December 2023, the number of outstanding options not exercised under this option grant was 28,705,000.

Details and terms of the YKA RSIP have been disclosed in YKA's Shenzhen Stock Exchange ChiNext announcement dated 13 June 2022 and will be disclosed in YKA's Annual Report.

AUDIT COMMITTEE

The Audit Committee ("AC") members at the date of this statement are Mr Soh Gim Teik (Chairman), Mr Lim Siong Guan and Dr Chong Yoke Sin.

The AC performs the functions specified in Section 201B(5) of the Act, the Listing Manual of the SGX-ST, the Singapore Code of Corporate Governance 2018 and the revised Guidebook for Audit Committees in Singapore issued in 2014.

The principal responsibilities of the AC are to assist the Board of Directors (the "Board") in fulfilling its oversight responsibilities. The operations of the AC are regulated by its terms of reference. The Board is of the opinion that the members of the AC have sufficient accounting, financial and management expertise and experience to discharge their duties.

Notwithstanding that the Group has appointed different auditors for certain subsidiaries, joint ventures and associated companies, the Board and the AC are satisfied that such appointments do not compromise the standard and effectiveness of the audit of the Group.

During FY2023, the AC met five times to review, *inter alia*, the scope of work and strategies of both the internal and external auditors, and the results arising therefrom, including their evaluation of the system of internal controls. The AC also reviewed the assistance given by the Company's officers to the auditors. The financial statements of the Group and the Company were reviewed by the AC prior to submission to the Board of the Company for adoption. The AC also met with the internal and external auditors, without the presence of the Company's Management, to discuss issues of concern to them.

The AC has, in accordance with Chapter 9 of the Listing Manual of the SGX-ST, reviewed the requirements for approval and disclosure of interested person transactions ("IPTs"), reviewed the procedures set up by the Group and the Company to identify and report and where necessary, seek approval for IPTs and, with the assistance of the internal auditors, reviewed IPTs.

The AC was satisfied that proper risk management procedures were in place and will consider regularly the need to conduct independent risk management reviews.

The AC, having reviewed all non-audit services provided by Ernst & Young LLP ("EY"), the external auditor of the Group, was satisfied with the independence and objectivity of the external auditor and has nominated EY for re-appointment at the forthcoming Annual General Meeting of the Company.

Further details regarding the AC, including the AC's commentary on key audit matters, are disclosed in the Corporate Governance Report in the Company's Annual Report 2023.

DIRECTORS' STATEMENT

AUDITOR

Ernst & Young LLP has expressed its willingness to accept re-appointment as external auditor.

On behalf of the Board of Directors

Kuok Khoon Hong
Director

Pua Seck Guan
Director

12 March 2024

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WILMAR INTERNATIONAL LIMITED

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Wilmar International Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2023, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Impairment assessment on goodwill and brands

(Refer to Note 15 to the financial statements)

As at 31 December 2023, the Group recorded goodwill and brands of US$5.3 billion, which represents approximately 23% of the Group's net assets. We considered the audit of management's annual goodwill and brands impairment assessment to be a key audit matter because the assessment process involves management exercising significant judgement and making assumptions of future market and economic conditions.

KEY AUDIT MATTERS (CONTINUED)

Impairment assessment on goodwill and brands (continued)

As disclosed in Note 15, the goodwill and brands are allocated to individual cash-generating units ("CGU"). The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections approved by management. The cash flow projections include assumptions of profitability and growth rates. Based on the impairment assessment, management has concluded that the goodwill and brands are not impaired, except for US$5.3 million impairment loss on goodwill recognised as at year end. We checked that the cash flows were based on approved management forecasts, and evaluated management's forecasting process by comparing previous forecasts to actual results. We evaluated the key assumptions used by comparing them to historical data as well as recent trends and market outlook, taking into consideration current market condition. We also evaluated the discount rates used to determine the present value by comparing them to external comparable data. Our internal valuation specialists assisted us in performing some of these procedures. Finally, we reviewed the adequacy of the disclosures made on the goodwill and brands impairment assessment in Note 15.

Accounting for derivative transactions

(Refer to Note 20 and Note 34(a) to the financial statements)
The Group uses derivative financial instruments such as forward currency contracts, options, cross currency interest rates swaps and various commodity futures, options and swap contracts to hedge its risks associated with interest rates, foreign currency and commodity price fluctuations.

As at 31 December 2023, the Group's total derivative financial instruments that were carried at fair value comprised financial assets and financial liabilities of US$1.8 billion (current: US$1.8 billion) and US$1.6 billion (current: US$1.5 billion) respectively.

We considered the audit of this area to be a key audit matter due to the volume of trades entered into. Our audit procedures included, amongst others, understanding the Group's overall commodity trading process and testing management's controls around the origination and maintenance of complete and accurate information relating to the recording of the derivative contracts. For firm commitment contracts, we checked management's process to derive the market prices and recomputed the unrealised gains/losses on the contracts. For the other types of derivatives, we independently obtained statements from banks and other financial institutions to compare against the fair values of the derivatives recorded, and to verify the existence, ownership and completeness of the derivatives. We also compared the carrying values of the derivatives against the statements obtained and involved our internal valuation specialists in assessing the reasonableness of the fair values of derivatives.

We also assessed the adequacy of the related disclosures in the Notes 20 and 34(a) to the financial statements.

Legal proceedings in China

(Refer to Note 42 to the financial statements)
In January 2024, Yihai (Guangzhou) Oils & Grains Industries Co., Ltd. ("Guangzhou Yihai"), a subsidiary of the Group in China, received a criminal indictment from the People's Procuratorate of Huaibei City alleging that:

(1) Guangzhou Yihai and its former general manager colluded with third parties to commit contract fraud; and

(2) the former general manager illegally accepted bribes from a third party from 2008 to 2014 (the "Case").

The Group had considered the opinions of its external legal counsel and believes that the allegation against Guangzhou Yihai is not justified. As at the date of the financial statements, the court proceedings in respect of the Case are ongoing and management has determined that they cannot reasonably predict the eventual outcome of the Case. Accordingly, no provision has been recognised as at year end. We identified this as a key audit matter because the outcome of the Case may have significant financial or other implications to the Group.

KEY AUDIT MATTERS (CONTINUED)

Legal proceedings in China (continued)

We, together with the component auditor, made inquiries of relevant personnel within the Group and evaluated the Group's approach to assessing the risks arising from the Case and impact to the financial statements. A discussion was held with the Group's external legal counsel and internal audit team to understand the scope, approach and status of the Case. We read the opinions from the external legal counsel and corroborated them with management's representations and also discussed the matter with the Audit Committee. We reviewed the adequacy of disclosures in Note 42 to the financial statements.

OTHER INFORMATION

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements 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, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 SSAs 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 SSAs, 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, 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

- 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 internal control.

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

- Conclude on the appropriateness of management's 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, 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 consolidated financial statements. 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, related safeguards.

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 current period and are therefore the key audit matters. We describe these matters in our auditor's 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 our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Lim Tze Yuen.

Ernst & Young LLP
Public Accountants and Chartered Accountants

Singapore
12 March 2024

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	2023 US$'000	2022 US$'000
Revenue	4	**67,155,262**	73,398,976
Cost of sales	5	**(61,882,127)**	(66,852,672)
Gross profit		**5,273,135**	6,546,304
Other items of income			
Net loss arising from changes in fair value of biological assets	14	**(2,803)**	(14,157)
Finance income	6	**503,157**	423,736
Other operating income	7	**570,306**	478,982
Other items of expense			
Selling and distribution expenses		**(2,107,051)**	(2,363,258)
Administrative expenses		**(1,149,927)**	(1,116,846)
Other operating expenses	7	**(160,964)**	(234,049)
Finance costs	8	**(1,251,526)**	(872,084)
Non-operating items	9	**(37,873)**	(5,866)
Share of results of joint ventures		**105,740**	51,932
Share of results of associates		**214,060**	221,864
Profit before tax	10	**1,956,254**	3,116,558
Income tax expense	11	**(298,080)**	(547,213)
Profit after tax		**1,658,174**	2,569,345
Attributable to:			
Owners of the Company		**1,524,829**	2,402,478
Non-controlling interests		**133,345**	166,867
		1,658,174	2,569,345
Earnings per share attributable to owners of the Company (US cents per share)			
- Basic	12	**24.4**	38.3
- Diluted	12	**24.4**	38.3

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2023 US$'000	2022 US$'000
Profit after tax	**1,658,174**	2,569,345
Other comprehensive income:		
Items that will not be reclassified subsequently to consolidated income statement		
Fair value change on investment securities at fair value through other comprehensive income	**3,792**	(27,568)
Gain/(loss) on disposal of investment securities at fair value through other comprehensive income	**1,960**	(8,895)
Revaluation of property, plant and equipment upon transfer to investment properties	**–**	1,970
(Loss)/gain on remeasurements of defined benefit plans	**(5,865)**	3,312
	(113)	(31,181)
Items that may be reclassified subsequently to consolidated income statement		
Foreign currency translation	**(565,832)**	(1,583,654)
Fair value change on cash flow hedges	**(28,851)**	22,158
Fair value change on forward elements of forward contracts	**36,628**	(80,275)
	(558,055)	(1,641,771)
Other comprehensive income, net of tax	**(558,168)**	(1,672,952)
Total comprehensive income for the year	**1,100,006**	896,393
Attributable to:		
Owners of the Company	**1,018,937**	965,453
Non-controlling interests	**81,069**	(69,060)
	1,100,006	896,393

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023	2022	**2023**	2022
		US$'000	US$'000	**US$'000**	US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	**15,766,141**	14,814,301	**114,858**	120,555
Investment properties	13	**248,304**	82,757	**–**	–
Bearer plants	14	**543,934**	601,518	**–**	–
Intangible assets	15	**5,284,193**	5,403,170	**–**	–
Investment in subsidiaries	16	**–**	–	**11,879,695**	11,859,238
Investment in joint ventures	17	**494,177**	370,001	**–**	–
Investment in associates	17	**2,973,915**	3,244,865	**13,677**	13,677
Investment securities	18	**439,718**	301,999	**–**	–
Deferred tax assets	19	**357,157**	284,921	**3,566**	–
Derivative financial instruments	20	**62,266**	27,587	**–**	–
Other financial assets	21	**126,514**	193,395	**102,992**	281,627
Other non-financial assets	21	**59,848**	69,192	**–**	–
Other bank deposits	24	**1,078,833**	2,375,854	**–**	–
		27,435,000	27,769,560	**12,114,788**	12,275,097
Current assets					
Inventories	22	**11,801,743**	13,230,073	**–**	–
Trade receivables	23	**6,384,490**	6,549,012	**–**	–
Other financial assets	21	**4,648,624**	4,534,665	**5,995,110**	5,778,438
Other non-financial assets	21	**1,343,908**	1,659,511	**8,785**	5,454
Derivative financial instruments	20	**1,758,718**	574,562	**–**	–
Investment securities	18	**280,485**	362,921	**–**	–
Other bank deposits	24	**3,650,893**	2,722,249	**–**	–
Cash and bank balances	24	**4,504,831**	2,999,417	**1,598**	1,448
		34,373,692	32,632,410	**6,005,493**	5,785,340
TOTAL ASSETS		**61,808,692**	60,401,970	**18,120,281**	18,060,437
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables	25	**2,894,223**	2,351,947	**–**	–
Other financial liabilities	26	**2,259,542**	2,416,629	**5,345,310**	5,631,541
Other non-financial liabilities	26	**558,257**	765,132	**–**	–
Derivative financial instruments	20	**1,545,228**	718,229	**32**	30
Loans and borrowings	27	**22,242,101**	23,434,545	**–**	–
Income tax payables		**156,916**	255,861	**–**	–
		29,656,267	29,942,343	**5,345,342**	5,631,571
NET CURRENT ASSETS		**4,717,425**	2,690,067	**660,151**	153,769

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

AS AT 31 DECEMBER 2023

	Note	Group		Company	
		2023	2022	**2023**	2022
		US$'000	US$'000	**US$'000**	US$'000
Non-current liabilities					
Other financial liabilities	26	**217,529**	229,055	**3,140,163**	2,125,000
Other non-financial liabilities	26	**282,157**	223,168	**–**	–
Derivative financial instruments	20	**11,375**	24,698	**–**	–
Loans and borrowings	27	**8,459,699**	6,994,456	**70,666**	75,919
Deferred tax liabilities	19	**429,848**	387,682	**–**	–
		9,400,608	7,859,059	**3,210,829**	2,200,919
TOTAL LIABILITIES		**39,056,875**	37,801,402	**8,556,171**	7,832,490
NET ASSETS		**22,751,817**	22,600,568	**9,564,110**	10,227,947
Equity attributable to owners of the Company					
Share capital	28	**8,458,995**	8,458,995	**8,895,134**	8,895,134
Treasury shares	28	**(475,372)**	(475,882)	**(475,372)**	(475,882)
Retained earnings		**13,915,892**	13,244,811	**917,173**	1,591,114
Other reserves	29	**(1,726,677)**	(1,242,188)	**227,175**	217,581
		20,172,838	19,985,736	**9,564,110**	10,227,947
Non-controlling interests		**2,578,979**	2,614,832	**–**	–
TOTAL EQUITY		**22,751,817**	22,600,568	**9,564,110**	10,227,947
TOTAL EQUITY AND LIABILITIES		**61,808,692**	60,401,970	**18,120,281**	18,060,437

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company						
	Share capital US$'000	Treasury shares US$'000	Retained earnings US$'000	Other reserves US$'000	Equity attributable to owners of the Company, total US$'000	Non-controlling interests US$'000	Equity total US$'000
2023							
GROUP							
Opening balance at 1 January 2023	8,458,995	(475,882)	13,244,811	(1,242,188)	19,985,736	2,614,832	22,600,568
Profit for the year	–	–	1,524,829	–	1,524,829	133,345	1,658,174
Other comprehensive income	–	–	1,960	(507,852)	(505,892)	(52,276)	(558,168)
Total comprehensive income for the year	–	–	1,526,789	(507,852)	1,018,937	81,069	1,100,006
Grant of equity-settled share options	–	–	–	26,942	26,942	3,164	30,106
Share capital contributed by non-controlling shareholders	–	–	–	–	–	5,715	5,715
Reissuance of treasury shares pursuant to exercise of share options	–	510	–	258	768	–	768
Dividends on ordinary shares	–	–	(794,976)	–	(794,976)	–	(794,976)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	(52,642)	(52,642)
Net transfer to other reserves	–	–	(60,732)	60,732	–	–	–
Total contributions by and distributions to owners	–	510	(855,708)	87,932	(767,266)	(43,763)	(811,029)
Acquisition of subsidiaries	–	–	–	–	–	12,451	12,451
Acquisition of additional interest in subsidiaries	–	–	–	(64,587)	(64,587)	(85,541)	(150,128)
Disposal/liquidation of subsidiaries	–	–	–	18	18	(69)	(51)
Total changes in ownership interests in subsidiaries	–	–	–	(64,569)	(64,569)	(73,159)	(137,728)
Closing balance at 31 December 2023	**8,458,995**	**(475,372)**	**13,915,892**	**(1,726,677)**	**20,172,838**	**2,578,979**	**22,751,817**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company						
	Share capital US$'000	Treasury shares US$'000	Retained earnings US$'000	Other reserves US$'000	Equity attributable to owners of the Company, total US$'000	Non-controlling interests US$'000	Equity total US$'000
2022							
GROUP							
Opening balance at 1 January 2022	8,458,995	(304,886)	11,726,821	42,945	19,923,875	2,678,454	22,602,329
Profit for the year	–	–	2,402,478	–	2,402,478	166,867	2,569,345
Other comprehensive income	–	–	(3,249)	(1,433,776)	(1,437,025)	(235,927)	(1,672,952)
Total comprehensive income for the year	–	–	2,399,229	(1,433,776)	965,453	(69,060)	896,393
Grant of equity-settled share options	–	–	–	18,479	18,479	1,272	19,751
Share capital contributed by non-controlling shareholders	–	–	–	–	–	32,613	32,613
Acquisition of treasury shares	–	(199,548)	–	–	(199,548)	–	(199,548)
Reissuance of treasury shares pursuant to exercise of share options	–	28,552	–	5,115	33,667	–	33,667
Dividends on ordinary shares	–	–	(755,435)	–	(755,435)	–	(755,435)
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	(47,801)	(47,801)
Net transfer to other reserves	–	–	(125,804)	125,804	–	–	–
Total contributions by and distributions to owners	–	(170,996)	(881,239)	149,398	(902,837)	(13,916)	(916,753)
Acquisition of additional interest in subsidiaries	–	–	–	(429)	(429)	(2,516)	(2,945)
Disposal of subsidiaries	–	–	–	(422)	(422)	(4,566)	(4,988)
Dilution of interest in subsidiaries	–	–	–	96	96	26,436	26,532
Total changes in ownership interests in subsidiaries	–	–	–	(755)	(755)	19,354	18,599
Closing balance at 31 December 2022	8,458,995	(475,882)	13,244,811	(1,242,188)	19,985,736	2,614,832	22,600,568

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Attributable to owners of the Company				
	Share capital US$'000	**Treasury shares** US$'000	**Retained earnings** US$'000	**Other reserves** US$'000	**Equity attributable to owners of the Company, total** US$'000
2023					
COMPANY					
Opening balance at 1 January 2023	8,895,134	(475,882)	1,591,114	217,581	10,227,947
Profit for the year	–	–	121,035	–	121,035
Total comprehensive income for the year	–	–	121,035	–	121,035
Grant of equity-settled share options	–	–	–	9,336	9,336
Reissuance of treasury shares pursuant to exercise of share options	–	510	–	258	768
Dividends on ordinary shares	–	–	(794,976)	–	(794,976)
Total transactions with owners in their capacity as owners	–	510	(794,976)	9,594	(784,872)
Closing balance at 31 December 2023	**8,895,134**	**(475,372)**	**917,173**	**227,175**	**9,564,110**
2022					
COMPANY					
Opening balance at 1 January 2022	8,895,134	(304,886)	696,726	205,428	9,492,402
Profit for the year	–	–	1,649,823	–	1,649,823
Total comprehensive income for the year	–	–	1,649,823	–	1,649,823
Grant of equity-settled share options	–	–	–	7,038	7,038
Acquisition of treasury shares	–	(199,548)	–	–	(199,548)
Reissuance of treasury shares pursuant to exercise of share options	–	28,552	–	5,115	33,667
Dividends on ordinary shares	–	–	(755,435)	–	(755,435)
Total transactions with owners in their capacity as owners	–	(170,996)	(755,435)	12,153	(914,278)
Closing balance at 31 December 2022	8,895,134	(475,882)	1,591,114	217,581	10,227,947

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2023 US$'000	2022 US$'000
Cash flows from operating activities		
Profit before tax	**1,956,254**	3,116,558
Adjustments for:		
Net loss arising from changes in fair value of biological assets	**2,803**	14,157
Depreciation of bearer plants	**57,717**	58,229
Depreciation of property, plant and equipment	**1,159,595**	1,092,837
Fair value gain on investment properties	**(50)**	(940)
Gain on disposal of joint ventures	**–**	(180,589)
Gain on disposal of associates	**(241,280)**	(11,942)
Fair value gain arising from changes of interest in a joint venture resulting in change of control	**–**	(386)
Amortisation of intangible assets	**2,177**	2,348
Gain on bargain purchase from business combination	**–**	(3,226)
Loss/(gain) on disposal of property, plant and equipment	**6,860**	(21,615)
Gain on disposal of biological assets	**(87)**	(144)
Gain on disposal/liquidation of subsidiaries	**(1,412)**	(8,357)
Gain on disposal of investment securities at fair value through profit or loss	**(5,043)**	(1,198)
Impairment loss on goodwill	**5,327**	–
Grant of share options to employees	**30,106**	19,751
Net fair value (gain)/loss on derivative financial instruments	**(403,709)**	165,966
Net fair value loss on investment securities at fair value through profit or loss	**33,718**	15,864
Foreign exchange differences arising from translation	**(62,991)**	(457,245)
Investment income from investment securities	**(49,081)**	(39,181)
Interest expense	**1,285,183**	887,294
Interest income	**(503,157)**	(423,736)
Share of results of joint ventures	**(105,740)**	(51,932)
Share of results of associates	**(214,060)**	(221,864)
Operating cash flows before working capital changes	**2,953,130**	3,950,649
Changes in working capital:		
Decrease/(increase) in inventories	**1,517,031**	(1,402,431)
Decrease in trade receivables and other assets	**495,214**	430,539
Increase in trade payables and other liabilities	**182,073**	193,737
Cash flows generated from operations	**5,147,448**	3,172,494
Interest paid	**(1,209,360)**	(799,628)
Interest received	**446,553**	360,085
Income taxes paid	**(499,336)**	(685,284)
Net cash flows generated from operating activities	**3,885,305**	2,047,667

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	2023 US$'000	2022 US$'000
Cash flows from investing activities		
Net cash flow on acquisition of subsidiaries	**(46,849)**	(85,764)
Decrease/(increase) in plasma investments	**10,673**	(5,313)
Decrease/(increase) in investment securities at fair value through profit or loss	**53,659**	(51,289)
Increase in other non-financial assets	**–**	(520)
Payments for property, plant and equipment	**(2,235,135)**	(2,441,373)
Payments for bearer plants	**(46,120)**	(41,426)
Increase in investment securities at fair value through other comprehensive income	**(70,042)**	(35,078)
Investment income from investment securities	**49,081**	39,181
Payments for investment in joint ventures	**(39,179)**	(3,262)
Payments for investment in associates	**(95,809)**	(49,047)
Payments for intangible assets	**(28)**	(237)
Dividends received from joint ventures	**217**	22,423
Dividends received from associates	**125,089**	71,259
Proceeds from disposal of property, plant and equipment	**48,152**	85,108
Proceeds from disposal of bearer plants	**1,338**	1,151
Proceeds from disposal of joint ventures	**–**	1,389
Proceeds from disposal of/dilution of interest/capital reduction in associates	**584,560**	23,656
Net cash flow from disposal/liquidation of subsidiaries	**3,911**	13,300
Decrease in net amount due from related parties	**20,161**	13,915
Decrease/(increase) in net amount due from joint ventures	**35,693**	(37,851)
Increase in net amount due from associates	**(37,678)**	(42,190)
Increase in other financial receivables	**(227,785)**	(75,364)
(Increase)/decrease in other deposits with maturity more than 3 months	**(481,831)**	382,516
Net cash flow from acquisition of additional interest in subsidiaries	**(116,553)**	(2,945)
Proceeds from dilution of interest in subsidiaries	**–**	26,532
Net cash flows used in investing activities	**(2,464,475)**	(2,191,229)
Cash flows from financing activities		
Increase/(decrease) in advances from non-controlling shareholders	**7,180**	(33,458)
Proceeds from loans and borrowings	**128,029**	620,932
Decrease in fixed deposits pledged with financial institutions for bank facilities	**878,673**	782,696
Interest paid	**(59,520)**	(31,046)
Shares buy-back held as treasury shares	**–**	(199,548)
Dividends paid by the Company	**(794,976)**	(755,435)
Dividends paid to non-controlling shareholders of subsidiaries	**(52,642)**	(47,801)
Proceeds from reissuance of treasury shares pursuant to exercise of share options	**768**	33,667
Proceeds from issuance of shares by subsidiaries to non-controlling shareholders	**5,715**	32,613
Net cash flows generated from financing activities	**113,227**	402,620
Net increase in cash and cash equivalents	**1,534,057**	259,058
Cash and cash equivalents at the beginning of the year	**2,846,701**	2,587,643
Cash and cash equivalents at the end of the year	**4,380,758**	2,846,701

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1. CORPORATE INFORMATION

Wilmar International Limited (the "Company") is a limited liability company, incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office and principal place of business of the Company is located at 28 Biopolis Road, Wilmar International, Singapore 138568.

The principal activities of the Company are those of investment holding and the provision of management services to its subsidiaries, joint ventures and associates. The principal activities of the significant subsidiaries are disclosed in Note 39 to the financial statements.

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below. The financial statements are presented in US Dollars ("USD" or "US$"), which is also the Company's functional currency, except when otherwise indicated. All values in the tables are rounded to the nearest thousand (US$'000) except when otherwise indicated.

2.2 Changes in accounting policies

Adoption of new and revised SFRS(I)

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the amendments to SFRS(I)s that are effective for annual financial periods beginning on or after 1 January 2023. The adoption of these amendments did not have any material effect on the financial performance or position of the Group and the Company.

International Tax Reform—Pillar Two Model Rules – Amendments to SFRS(I)1-12

The Amendments to SFRS(I)1-12: International tax reform – Pillar Two Model Rules have been introduced in response to the jurisdictional adoption of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD") and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the financial statements better understand the Group's exposure to Pillar Two income taxes arising from that legislation.

The mandatory temporary exception is effective immediately and applies retrospectively.

The Group is within the scope of the OECD Pillar Two model rules. In the Singapore 2023 Budget Statement, the Singapore government has announced that the country would implement the Global Anti-Base Erosion ("GloBE") rules including a domestic top-up tax ("DTT") from 1 January 2025. Since the Pillar Two legislation has not been enacted in Singapore, the jurisdiction in which Wilmar International Limited is incorporated, and was not effective at the reporting date, the Group has no related current tax exposure.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.2 Changes in accounting policies (continued)

Adoption of new and revised SFRS(I) (continued)

International Tax Reform—Pillar Two Model Rules – Amendments to SFRS(I)1-12 (continued)

Under the legislation, the group is liable to pay a top-up tax for the difference between the GloBE effective tax rate for each jurisdiction and the 15% minimum rate.

Due to uncertainties surrounding when and how each jurisdiction will enact the legislations, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimatable. The Group is currently engaged with tax specialists to assist them with applying the legislation.

2.3 Standards issued but not yet effective

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1 Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to SFRS(I) 1-1 Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 7 Supplier finance arrangements	1 January 2024
Amendments to SFRS(I) 16 Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-21 Lack of Exchangeability	1 January 2025
Amendments to SFRS(I) 10 and SFRS(I) 1-28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The directors expect that the adoption of the new and amendments to the standards above will have no material impact on the financial statements in the year of initial application.

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.4 Basis of consolidation and business combinations (continued)

(b) Business combinations

With the exception of business combinations involving entities under common control, acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or a liability, will be recognised in the income statement.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in the income statement.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another SFRS(I).

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.14(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in the income statement on the acquisition date.

Business combinations involving entities under common control are accounted for by applying the pooling-of-interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities. No additional goodwill is recognised as a result of the combination. Any difference between the consideration paid and the share capital of the acquired entity is reflected within equity as equity transaction reserve. The income statement reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity as equity transaction reserve and attributed to owners of the Company.

2.6 Foreign currency

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to the income statement of the Group on disposal of the foreign operation.

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their income statements are translated at the average exchange rates for the reporting period. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the income statement.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in the income statement. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to the income statement.

2.7 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investment in subsidiaries is accounted for at cost less impairment losses.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.8 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

a) Joint operations

The Group recognises in relation to its interest in a joint operation:

(a) Its assets, including its share of any assets held jointly;
(b) Its liabilities, including its share of any liabilities incurred jointly;
(c) Its revenue from the sale of its share of the output arising from the joint operation;
(d) Its share of the revenue from the sale of the output by the joint operation; and
(e) Its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

b) Joint ventures

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.9.

2.9 Associates and joint ventures

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group's investments in associates and joint ventures are accounted for using the equity method. On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of net fair value of the associate's or joint venture's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is recognised as income as part of the Group's share of results of the associate or joint venture in the period in which the investment is acquired.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.9 Associates and joint ventures (continued)

Under the equity method, the investments in associates and joint ventures are measured in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The Group's profit or loss reflects its share of the associates' or joint ventures' profit or loss after tax and non-controlling interests in the subsidiaries of associates or joint ventures. Distributions received from associates or joint ventures reduce the carrying amount of the investments. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associates or joint ventures are eliminated to the extent of the interest in the associates or joint ventures.

When the Group's share of losses in an associate or joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses once its interest in the associate or joint venture is reduced to zero, unless it has incurred obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in the income statement.

The most recent available audited financial statements of the associated companies or joint ventures are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence or joint control over the associate or joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in the income statement.

If the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the Group reclassifies to the income statement the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to the income statement on the disposal of the related assets or liabilities.

In the Company's separate financial statements, investments in associates and joint ventures are carried at cost less accumulated impairment loss.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing parts of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, all items of property, plant and equipment, except for freehold land, are measured at cost less accumulated depreciation and accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Buildings	–	3 to 80 years
Plant and machineries	–	2 to 60 years
Furniture, fittings and office equipment	–	2 to 20 years
Vessels	–	5 to 30 years
Motor vehicles, trucks and aircraft	–	4 to 20 years

The cost of construction-in-progress represents all costs, including borrowing costs, incurred on the construction of the assets. The accumulated costs will be reclassified to the appropriate property, plant and equipment account when the construction is completed. No depreciation is provided on construction-in-progress as these assets are not yet available for use.

Interest on borrowings to finance the construction of property, plant and equipment is capitalised during the period of time that is required to complete and prepare each asset for its intended use. All other borrowing costs are expensed.

Repair and maintenance costs are taken to the income statement during the financial period in which they are incurred. The cost of major renovations and restorations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group, and is depreciated over the remaining useful life of the asset.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.11 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised either when they have been disposed of (i.e., at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the income statement upon derecognition. In determining the amount of consideration from the derecognition of investment property, the Group considers the effects of variable consideration, existence of a significant financing component, non-cash consideration, and consideration payable to the buyer (if any).

Transfers

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the property is remeasured to fair value. Any gain arising on remeasurement is recognised in the income statement to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the asset revaluation reserve in equity. Any loss is immediately recognised in the income statement.

2.12 Bearer plants and biological assets

Bearer plants are living plants used in the production or supply of agricultural produce, are expected to bear produce for more than one period, and have a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Bearer plants mainly include mature and immature oil palm plantations. Immature plantations are stated at acquisition cost which includes costs incurred for field preparation, planting, fertilising and maintenance, capitalisation of borrowing costs incurred on loans used to finance the developments of immature plantations and an allocation of other indirect costs based on planted hectares. Mature plantations are stated at acquisition cost less accumulated depreciation and impairment. Mature plantations are depreciated on a straight line basis and over its estimated useful life of 20-25 years, upon commencement of commercial production.

In general, oil palms are considered mature 30 to 36 months after field planting.

Interest on borrowings to finance the acquisition and construction of bearer plants is capitalised during the period of time that is required to complete and prepare the bearer plants for its intended use. All other borrowing costs are expensed.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.12 Bearer plants and biological assets (continued)

The carrying values of bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits.

A bearer plant is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the bearer plant is included in the income statement in the year the bearer plant is derecognised.

Produce that grows on mature plantations are measured at fair value less estimated point-of-sale costs. Point-of-sale costs include all costs that would be necessary to sell the produce.

2.13 Plasma investments

Costs incurred during the development phase up to the conversion of the plasma plantation are capitalised as plasma investments. The development of the plasma oil palm plantations is financed by plasma loans, which were received by the plasma farmers (represented by "Cooperatives"), plus additional funding by the Group, should bank financing not be adequate to finance the development costs. Accumulated development costs are presented net of plasma loans and are presented as "Plasma investments".

When the carrying amount of the plasma investments is higher than its estimated recoverable amount, it is written down immediately to its recoverable amount. The difference between the accumulated development costs of plasma plantations and their conversion value is charged to the income statement.

2.14 Intangible assets

(a) Goodwill

Goodwill acquired in a business combination is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.14 Intangible assets (continued)

(a) Goodwill (continued)

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that cash-generating unit (or group of cash-generating units) is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit (or group of cash-generating units) retained.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development assets, are not capitalised and expenditure is reflected in the income statement in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over their estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least once at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable, if not the change in useful lives from indefinite to finite is made on a prospective basis.

Gains or losses arising from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

(i) Brands

The brands were acquired in business combinations. The useful lives of the brands are estimated to be indefinite because based on the current market share of the brands, management believes there is no foreseeable limit to the period over which the brands are expected to generate net cash inflows for the Group.

(ii) Trademarks & licenses and others

Trademarks & licenses and others acquired are initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to the income statement using the straight-line method over 3 to 20 years.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.15 Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in income statement.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in income statement when the assets are derecognised or impaired, and through amortisation process.

(ii) Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to income statement as a reclassification adjustment when the financial asset is derecognised.

(iii) Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the income statement in the period in which it arises.

Equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in FVOCI. Dividends from such investments are to be recognised in the income statement when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in FVOCI, changes in fair value are recognised in the income statement.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.15 Financial assets (continued)

Subsequent measurement (continued)

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in the income statement.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired or the Group has transferred its right to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in OCI for debt instruments is recognised in the income statement.

2.16 Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.17 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the income statement except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and have a short maturity of generally within three months when acquired. These also include bank overdrafts that form an integral part of the Group's cash management. The accounting policy for this category of financial assets is stated in Note 2.15, under amortised cost.

2.19 Inventories

(a) Physical inventories, futures and other forward contracts

Physical inventories of palm based products, oilseeds and grains products, consumer products, sugar and other agricultural commodities are valued at the lower of cost and spot prices prevailing at the end of the reporting period. Cost is determined using the weighted average method.

The Group has committed purchases and sales contracts for palm oil and other agricultural commodities that are entered into as part of its merchandising and processing activities. The prices and physical delivery of the sales and purchases are fixed in the contracts. For committed purchases and sales contracts that are entered into for own use, the contracts are not recognised in the financial statements until physical deliveries take place. For committed purchases and sales contracts that are entered into as part of the merchandising activities, the fair value arising from the contracts are recognised in the financial statements until physical deliveries take place.

The Group also enters into non-physical delivery forward contracts and commodity derivatives to manage the price risk of its physical inventory and to hedge against fluctuations in commodity prices. Commodity derivatives include futures, options and swap contracts on palm oil and palm based products, soybeans and other non-palm products.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.19 Inventories (continued)

(a) Physical inventories, futures and other forward contracts (continued)

Gains or losses arising from matched forward and derivative contracts are recognised immediately in the income statement. Any difference arising from the fair value assessment will be recognised in the financial statements. Unrealised losses arising from the valuations are set off against unrealised gains on an aggregated basis.

The outstanding forward and derivative contracts are valued at their fair value at the end of the reporting period against quoted market prices. Where the quoted market prices are not available, the fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar. The notional principal amounts of the outstanding forward and futures contracts are off-balance sheet items.

(b) Other inventories

Other inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price less the costs of completion and selling expenses.

2.20 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in income statement when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in income statement.

2.21 Borrowings

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least twelve months after the end of the reporting period.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.22 Borrowing costs

Borrowing costs are recognised in the income statement as incurred except to the extent that they are capitalised. Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of the qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the assets are ready for their intended use or sale. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.23 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.24 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Employee share option plans

Employees of the Group receive remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled share-based payment transactions with employees is measured by reference to the fair value of the options at the date on which the options are granted which takes into account market conditions and non-vesting conditions. This cost is recognised in the income statement, with a corresponding increase in the employee share option reserve, over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of options that will ultimately vest. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.24 Employee benefits (continued)

(b) Employee share option plans (continued)

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market condition or non-vesting condition, which are treated as vested irrespective of whether or not the market condition or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in the income statement upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share options. When the options are exercised, the employee share option reserve is transferred to share capital if new ordinary shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares.

(c) Provision for employee service entitlements

For companies in Indonesia, the Group recognises long-term employee benefits liabilities in order to meet and cover the minimum benefits required to be paid to qualified employees under Government Regulation No. 35/2021 and Job Creation Act No. 11/2020. The liabilities are estimated from actuarial calculations using the "Projected Unit Credit Method". For short-term employee benefits which are due for payment within twelve months after the reporting period, the Group recognises the liabilities when services have been rendered by the employees.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:
- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in the income statement. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in the income statement.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income as general reserve in the period in which they arise. Remeasurements are recognised in general reserve within equity and are not reclassified to the income statement in subsequent periods.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.24 Employee benefits (continued)

(c) Provision for employee service entitlements (continued)

In April 2022, DSAK IAI (Institute of Indonesia Chartered Accountants' Accounting Standard Board) issued an explanatory material through a press release regarding attribution of benefits to periods of service in accordance with PSAK 24: Imbalan Kerja which was adopted from IAS 19 Employee Benefits. The explanatory material conveyed the information that the fact pattern of the pension program based on the Labour Law currently enacted in Indonesia is similar to those responded and concluded in the IFRS Interpretation Committee (IFRIC) Agenda Decision Attributing Benefit to Periods of Service (IAS 19).

2.25 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing obligations to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Land and land rights	–	3 to 99 years
Buildings	–	2 to 25 years
Plant and machineries	–	2 to 30 years
Furniture, fittings and office equipment	–	2 to 5 years
Vessels	–	4 to 10 years
Motor vehicles, trucks and aircraft	–	2 to 10 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.25 Leases (continued)

ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as rental income in the period in which they are earned.

2.26 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.26 Revenue (continued)

(a) Sale of goods

Revenue from sales arising from the physical delivery of palm based products, oilseeds and grains products, consumer products, sugar and other agricultural commodities is recognised when goods are delivered to the customer and all criteria for acceptance have been satisfied.

(b) Ship charter income

Revenue from time charters of vessels is recognised on a time apportionment basis.

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

2.27 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in the income statement except when they relate to items recognised outside the income statement, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred income tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, where the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.27 Taxes (continued)

(b) Deferred tax (continued)

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each end of the reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period.

Deferred income tax relating to items recognised outside the income statement is recognised outside the income statement. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or recognised in the income statement.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.27 Taxes (continued)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.28 Derivative financial instruments and hedging activities

The Group uses derivative financial instruments such as forward currency contracts, cross currency interest rates swaps, forward freight agreements and various commodities futures, options and swap contracts to hedge its risks associated with interest rates, foreign currency, freight charges and commodity price fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently re-measured at fair value.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are taken directly to the income statement.

The fair value of forward contracts is determined by reference to current forward prices for contracts with similar maturity profiles. The fair value of forward freight agreements, futures, options and swap contracts is determined by reference to available market information and option valuation methodology. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. Where the quoted market prices are not available, the fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar.

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedged item or transaction, the hedging instrument, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's (or transaction's) cash flows attributable to or fair values of the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows or fair value, and are assessed on an ongoing basis to determine that they have been highly effective throughout the financial reporting periods for which they are designated.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.28 Derivative financial instruments and hedging activities (continued)

Hedges which meet the criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of the hedging instrument is recognised in the income statement. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in the income statement.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised initially in other comprehensive income and accumulated under the hedging reserve, while the ineffective portion is recognised immediately in the income statement.

Amounts recognised in other comprehensive income are transferred to the income statement when the hedged transaction affects the income statement, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in equity remains in equity until the forecast transaction or firm commitment affects the income statement.

Forward elements of forward contracts

When forward contracts are used to hedge forecast transactions, the Group designates only the spot element of the forward contracts as the hedging instrument.

The Group elects for each hedge designation, whether the change in the fair value of the forward elements of forward contracts that relate to the hedge item are recognised directly in income statement, or in other comprehensive income with the cumulative change in fair value accumulated in equity being subsequently recognised:

- as initial cost or carrying amount of the asset or liability if the hedged item subsequently results in the recognition of a non-financial asset or a non-financial liability, or a firm commitment for a non-financial asset or a non-financial liability for which fair value hedge accounting is applied; or

- as a reclassification adjustment to the income statement when the hedged expected future cash flows affect the income statement.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.29 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.30 Share capital and treasury shares

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

The Company's own ordinary shares, which are reacquired by the Company and held as treasury shares, are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, reissuance or cancellation of treasury shares. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity ("General Reserves") as gain or loss on reissuance of treasury shares.

2.31 Contingencies

A contingent liability is:

(a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) A present obligation that arises from past events but is not recognised because:
   (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
   (ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.32 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to the income statement over the expected useful life of the relevant asset by equal annual instalments. Where the grant relates to an expense item, it is recognised in the income statement over the period necessary to match them on a systematic basis to the costs it is intended to compensate. Grants related to income are presented as a credit under other operating income.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

2.33 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) The entity is controlled or jointly controlled by a person identified in (a); or
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed below.

(a) Impairment of goodwill and brands

The Group determines whether goodwill and brands are impaired on an annual basis. This requires an estimation of the value in use of the cash-generating unit (or group of cash-generating units) to which the goodwill and brands are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit (or group of cash-generating units) and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amounts of the Group's goodwill and brands as at 31 December 2023 were approximately US$3,725,174,000 (2022: US$3,832,204,000) and US$1,551,919,000 (2022: US$1,552,361,000) respectively.

3. SIGNIFICANT ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

Key sources of estimation uncertainty (continued)

(b) Income and deferred taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax payable, deferred tax assets and deferred tax liabilities as at 31 December 2023 were approximately US$156,916,000 (2022: US$255,861,000), US$357,157,000 (2022: US$284,921,000) and US$429,848,000 (2022: US$387,682,000) respectively. The carrying amount of the Company's deferred tax assets as at 31 December 2023 was approximately US$3,566,000 (2022: US$Nil).

4. REVENUE

	Group	
	2023	2022
	US$'000	US$'000
Sales of agricultural commodities and consumable products	**66,415,984**	72,614,664
Ship charter income	**423,637**	478,758
Others	**315,641**	305,554
	67,155,262	73,398,976

5. COST OF SALES

	Group	
	2023	2022
	US$'000	US$'000
Cost of inventories recognised as expense - physical deliveries	**54,844,587**	57,645,052
Labour, freight and other overhead expenses	**7,985,712**	8,533,543
Net fair value (gain)/loss on derivative financial instruments	**(948,172)**	674,077
	61,882,127	66,852,672

6. FINANCE INCOME

	Group	
	2023	2022
	US$'000	US$'000
Finance income:		
– From associates	**2,529**	5,762
– From bank balances	**77,536**	55,002
– From fixed deposits	**290,844**	226,593
– From joint ventures	**5,947**	2,364
– From other deposits with financial institutions	**107,180**	116,522
– From other sources	**10,103**	10,821
– From related parties	**1,488**	2,741
– Late interest charges pertaining to trade receivables	**7,530**	3,931
	503,157	423,736

7. OTHER OPERATING INCOME OTHER OPERATING EXPENSES

The following items have been included in arriving at other operating income/(expenses):

	Group	
	2023	2022
	US$'000	US$'000
Amortisation of intangible assets	**(2,177)**	(2,348)
Bad debts written off (non-trade)	**(2,784)**	(358)
Compensation income	**73,532**	11,623
Energy/power/steam income	**36,834**	57,221
Net fair value (loss)/gain on derivative financial instruments	**(7,969)**	327
Foreign exchange gain/(loss), excluding net foreign exchange loss on shareholders' loans to subsidiaries	**10,111**	(102,693)
Gain on disposal of joint ventures	**–**	180,589
Gain on disposal of associates	**241,280**	11,942
Gain on disposal/liquidation of subsidiaries	**1,412**	8,357
Government grants/incentive income	**54,786**	50,030
Grant of share options to employees	**(30,106)**	(19,751)
Inventories written off	**(4,458)**	(173)
(Loss)/gain on disposal of property, plant and equipment	**(6,860)**	21,615
Processing fee income/tolling income	**1,927**	1,077
Rental and storage income	**24,763**	18,248
Scrap sales	**13,427**	27,486
Service fees/management fees/commission income	**28,943**	4,621
Write back of allowance for expected credit losses	**5,845**	1,386

The Group has received government grants of different nature during the reporting periods, among them are grants in relation to the investment and development of plants and machineries, technical skill transformation and value added tax/business tax/corporate income tax subsidy for qualifying enterprise.

Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the balance sheets. There are no unfulfilled conditions or contingencies relating to these grants.

8. FINANCE COSTS

	Group	
	2023	2022
	US$'000	US$'000
Interest expense:		
– Loans and borrowings	**1,201,454**	799,425
– Loans from associates	**583**	324
– Loans from joint ventures	**1,795**	897
– Loans from related parties	**76**	38
– Amortisation of forward elements of forward currency contracts	**42,531**	46,530
– Lease liabilities	**11,033**	10,319
– Others	**19,917**	30,387
	1,277,389	887,920
Less: Amounts capitalised		
– Bearer plants	**(299)**	(202)
– Property, plant and equipment	**(25,564)**	(15,634)
	1,251,526	872,084

9. NON-OPERATING ITEMS

	Group	
	2023	2022
	US$'000	US$'000
Net foreign exchange loss on shareholders' loans to subsidiaries	**(19,345)**	(16,111)
Finance costs on bank borrowings for acquisition of Wilmar Sugar Australia Limited & its subsidiaries	**(33,657)**	(15,210)
Gain on disposal of investment securities at FVPL	**5,043**	1,198
Investment income from investment securities	**49,081**	39,181
Net fair value loss on investment securities at FVPL	**(33,718)**	(15,864)
Impairment loss on goodwill	**(5,327)**	–
Fair value gain on investment properties	**50**	940
	(37,873)	(5,866)

10. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group	
	2023	2022
	US$'000	US$'000
Audit fees paid to:		
– Auditor of the Company	**656**	579
– Other auditors	**7,592**	7,202
Non-audit fees paid to:		
– Auditor of the Company	**81**	7
– Other auditors	**1,443**	1,213
Depreciation of property, plant and equipment	**1,149,304**	1,078,837
Depreciation of bearer plants	**59,338**	59,918
Less: Amounts capitalised as part of costs of bearer plants	**(1,621)**	(1,689)
Add: Impairment loss of property, plant and equipment	**10,291**	14,000
Depreciation and impairment loss of property, plant and equipment and bearer plants - net	**1,217,312**	1,151,066
Employee benefits expense	**2,188,493**	2,143,241

11. INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2023 and 31 December 2022 are:

	Group	
	2023	2022
	US$'000	US$'000
Consolidated income statement		
Current income tax		
Current year	**337,934**	625,671
Over provision in respect of previous years	**(2,350)**	(30,887)
Withholding tax expenses	**28,827**	21,695
	364,411	616,479
Deferred income tax		
Origination and reversal of temporary differences	**(65,974)**	(74,318)
(Over)/under provision in respect of previous years	**(357)**	5,052
Income tax expense recognised in the consolidated income statement	**298,080**	547,213
Deferred income tax related to other comprehensive income:		
Net tax charges/(credit) in fair value of derivative financial instruments designated as cash flow hedges and others	**8,383**	(20,928)

(b) Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the financial years ended 31 December 2023 and 31 December 2022 are as follows:

	Group	
	2023	2022
	US$'000	US$'000
Accounting profit before income tax	**1,956,254**	3,116,558
Tax calculated at tax rate of 17% (2022: 17%)	**332,563**	529,815
Adjustments:		
Effect of different tax rates in other countries	**72,616**	185,520
Effect of tax incentives	**(109,370)**	(75,033)
Effect of changes in tax rates on deferred tax recognised previously	**373**	(457)
Income not subject to taxation	**(90,688)**	(97,561)
Non-deductible expenses	**119,322**	97,716
Deferred tax assets not recognised	**39,700**	21,027
Over provision in respect of previous years	**(2,707)**	(25,835)
Share of results of joint ventures and associates	**(54,366)**	(46,809)
Utilisation of previously unrecognised tax losses/capital allowances	**(37,040)**	(61,719)
Withholding tax expenses	**28,827**	21,695
Others	**(1,150)**	(1,146)
Income tax expense recognised in the consolidated income statement	**298,080**	547,213

12. EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding (exclude treasury shares outstanding) during the financial year.

	Group	
	2023	2022
Profit for the year attributable to owners of the Company (US$'000)	**1,524,829**	2,402,478
Weighted average number of ordinary shares ('000)	**6,242,686**	6,272,414
Basic earnings per share (US cents per share)	**24.4**	38.3

(b) Diluted earnings per share

Diluted earnings per share amounts are calculated by dividing net profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	Group	
	2023	2022
Profit for the year attributable to owners of the Company (US$'000)	**1,524,829**	2,402,478
Weighted average number of ordinary shares ('000)	**6,242,686**	6,272,414
Effects of dilution		
– Grant of equity-settled share options ('000)	**–**	2,508
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	**6,242,686**	6,274,922
Diluted earnings per share (US cents per share)	**24.4**	38.3

There are 79,108,000 share options (2022: 42,255,000) granted to employees (including directors) under existing employee share option plans that have not been included in the calculation of diluted earnings per share during the financial year because they are anti-dilutive.

13. PROPERTY, PLANT AND EQUIPMENT RIGHT-OF-USE ASSETS INVESTMENT PROPERTIES

Property, plant and equipment

	Land and land rights US$'000	Buildings US$'000	Plant and machineries US$'000	Furniture, fittings and office equipment US$'000	Vessels US$'000	Motor vehicles, trucks and aircraft US$'000	Construction in-progress US$'000	Total US$'000
Group								
Costs								
At 1 January 2022	153,578	5,134,049	10,500,751	388,976	921,207	318,536	2,404,091	19,821,188
Acquisition of subsidiaries	–	34,070	75,543	383	–	736	15,498	126,230
Disposal of subsidiaries	–	(484)	(1,475)	(40)	–	(40)	–	(2,039)
Additions	–	34,934	39,401	21,016	41,225	19,146	2,226,735	2,382,457
Disposals	–	(37,400)	(62,493)	(9,854)	(40,157)	(8,389)	–	(158,293)
Transfers	125	594,056	986,109	32,331	–	4,903	(1,617,524)	–
Transfer to investment properties	–	(32,936)	(1,623)	–	–	–	–	(34,559)
Transfer to right-of-use assets	–	–	–	–	–	–	(18,188)	(18,188)
Reclassifications	–	(652)	1,024	(372)	–	4	(4)	–
Currency translation differences	(11,066)	(357,813)	(768,850)	(34,682)	(12)	(15,141)	(188,712)	(1,376,276)
At 31 December 2022, and 1 January 2023	**142,637**	**5,367,824**	**10,768,387**	**397,758**	**922,263**	**319,755**	**2,821,896**	**20,740,520**
Acquisition of subsidiaries	**6,077**	**86,887**	**89,823**	**14,847**	**–**	**1,924**	**1,281**	**200,839**
Disposal of subsidiaries	**–**	**–**	**(10,500)**	**(1,380)**	**–**	**(203)**	**(963)**	**(13,046)**
Additions	**–**	**8,354**	**28,849**	**15,165**	**64,289**	**19,519**	**2,126,994**	**2,263,170**
Disposals	**–**	**(14,745)**	**(101,310)**	**(9,545)**	**–**	**(10,616)**	**(200)**	**(136,416)**
Transfers	**179**	**722,508**	**1,233,390**	**51,572**	**134,073**	**6,704**	**(2,148,426)**	**–**
Transfer to investment properties	**–**	**(12,276)**	**–**	**–**	**–**	**–**	**(143,532)**	**(155,808)**
Transfer to right-of-use assets	**–**	**–**	**–**	**–**	**–**	**–**	**(43,851)**	**(43,851)**
Reclassifications	**(11)**	**(2,339)**	**(1,560)**	**4,311**	**(59)**	**(311)**	**(31)**	**–**
Currency translation differences	**(293)**	**(105,436)**	**(178,569)**	**(11,071)**	**(39)**	**(10,277)**	**(47,077)**	**(352,762)**
At 31 December 2023	**148,589**	**6,050,777**	**11,828,510**	**461,657**	**1,120,527**	**326,495**	**2,566,091**	**22,502,646**

13. PROPERTY, PLANT AND EQUIPMENT RIGHT-OF-USE ASSETS INVESTMENT PROPERTIES (CONTINUED)

Property, plant and equipment (continued)

	Land and land rights US$'000	Buildings US$'000	Plant and machineries US$'000	Furniture, fittings and office equipment US$'000	Vessels US$'000	Motor vehicles, trucks and aircraft US$'000	Construction in-progress US$'000	Total US$'000
Group								
Accumulated depreciation and impairment loss								
At 1 January 2022	11,666	1,422,453	5,065,270	274,481	323,112	187,404	–	7,284,386
Disposal of subsidiaries	–	(438)	(1,444)	(21)	–	(40)	–	(1,943)
Depreciation charge for the year	–	202,200	635,390	39,400	66,892	25,320	–	969,202
Disposals	–	(9,339)	(40,003)	(9,563)	(15,696)	(7,378)	–	(81,979)
Impairment loss	–	8,029	6,709	(738)	–	–	–	14,000
Reclassifications	–	(486)	1,676	(1,164)	–	(26)	–	–
Currency translation differences	–	(109,618)	(416,057)	(25,283)	(1)	(11,003)	–	(561,962)
At 31 December 2022, and 1 January 2023	**11,666**	**1,512,801**	**5,251,541**	**277,112**	**374,307**	**194,277**	**–**	**7,621,704**
Disposal of subsidiaries	**–**	**–**	**(693)**	**(187)**	**–**	**(62)**	**–**	**(942)**
Depreciation charge for the year	**–**	**220,138**	**668,507**	**43,041**	**77,311**	**25,523**	**–**	**1,034,520**
Disposals	**–**	**(4,426)**	**(62,378)**	**(8,718)**	**–**	**(9,749)**	**–**	**(85,271)**
Impairment loss	**–**	**129**	**10,025**	**–**	**–**	**3**	**–**	**10,157**
Reclassifications	**–**	**(364)**	**(2,015)**	**2,435**	**–**	**(56)**	**–**	**–**
Currency translation differences	**–**	**(34,684)**	**(96,133)**	**(6,719)**	**(33)**	**(7,369)**	**–**	**(144,938)**
At 31 December 2023	**11,666**	**1,693,594**	**5,768,854**	**306,964**	**451,585**	**202,567**	**–**	**8,435,230**
Net carrying amount								
At 31 December 2022	130,971	3,855,023	5,516,846	120,646	547,956	125,478	2,821,896	13,118,816
At 31 December 2023	**136,923**	**4,357,183**	**6,059,656**	**154,693**	**668,942**	**123,928**	**2,566,091**	**14,067,416**

13. PROPERTY, PLANT AND EQUIPMENT RIGHT-OF-USE ASSETS INVESTMENT PROPERTIES (CONTINUED)

Property, plant and equipment (continued)

	Buildings US$'000	Furniture, fittings and office equipment US$'000	Motor vehicles US$'000	Construction in-progress US$'000	Total US$'000
Company					
Costs					
At 1 January 2022	72,867	15,658	475	7,810	96,810
Additions	1,092	2,596	579	2,406	6,673
Disposals	–	(613)	(475)	–	(1,088)
Transfers	2,778	1,315	–	(4,093)	–
At 31 December 2022 and 1 January 2023	**76,737**	**18,956**	**579**	**6,123**	**102,395**
Additions	**294**	**800**	**–**	**–**	**1,094**
Disposals	**–**	**(422)**	**–**	**–**	**(422)**
Transfers	**–**	**3,723**	**–**	**(3,723)**	**–**
Reclassifications	**(645)**	**645**	**–**	**–**	**–**
At 31 December 2023	**76,386**	**23,702**	**579**	**2,400**	**103,067**
Accumulated depreciation					
At 1 January 2022	767	10,503	246	–	11,516
Depreciation charge for the year	1,576	2,754	61	–	4,391
Disposals	–	(611)	(254)	–	(865)
At 31 December 2022 and 1 January 2023	**2,343**	**12,646**	**53**	**–**	**15,042**
Depreciation charge for the year	**1,633**	**3,698**	**58**	**–**	**5,389**
Disposals	**–**	**(322)**	**–**	**–**	**(322)**
Reclassifications	**(31)**	**31**	**–**	**–**	**–**
At 31 December 2023	**3,945**	**16,053**	**111**	**–**	**20,109**
Net carrying amount					
At 31 December 2022	74,394	6,310	526	6,123	87,353
At 31 December 2023	**72,441**	**7,649**	**468**	**2,400**	**82,958**

Capitalisation of borrowing costs

The Group's property, plant and equipment include borrowing costs arising from bank term loans borrowed specifically for the purpose of the construction of plants and machineries. During the financial year, the borrowing costs capitalised as cost of plant and machineries amounted to approximately US$25,564,000 (2022: US$15,634,000).

Assets pledged as security

Certain property, plant and equipment of the Group amounting to approximately US$53,577,000 (2022: US$10,665,000) are pledged as security for bank borrowings.

13. PROPERTY, PLANT AND EQUIPMENT RIGHT-OF-USE ASSETS INVESTMENT PROPERTIES (CONTINUED)

Right-of-use assets

	Land and land rights US$'000	Buildings US$'000	Plant and machineries US$'000	Furniture, fittings and office equipment US$'000	Vessels US$'000	Motor vehicles, trucks and aircraft US$'000	Total US$'000
Group							
Costs							
At 1 January 2022	1,544,484	178,296	38,984	18,972	82,464	28,797	1,891,997
Acquisition of subsidiaries	41,175	8,768	–	–	–	–	49,943
Disposal of subsidiaries	(1,515)	–	–	–	–	–	(1,515)
Additions	174,057	29,340	4,916	886	–	11,275	220,474
Disposals	(11,035)	(16,277)	(4)	(59)	(272)	(1,888)	(29,535)
Transfer from property, plant and equipment	18,188	–	–	–	–	–	18,188
Transfer to investment properties	(8,411)	–	–	–	–	–	(8,411)
Currency translation differences	(112,478)	(17,780)	(7,784)	(1,224)	–	(1,447)	(140,713)
At 31 December 2022 and 1 January 2023	**1,644,465**	**182,347**	**36,112**	**18,575**	**82,192**	**36,737**	**2,000,428**
Acquisition of subsidiaries	**12,503**	**28**	**47**	**–**	**–**	**–**	**12,578**
Additions	**36,183**	**23,126**	**1,698**	**133**	**40,896**	**7,955**	**109,991**
Disposals	**(3,168)**	**(5,267)**	**(2,023)**	**(437)**	**–**	**(3,554)**	**(14,449)**
Transfer from property, plant and equipment	**43,851**	**–**	**–**	**–**	**–**	**–**	**43,851**
Transfer to investment properties	**(10,526)**	**–**	**–**	**–**	**–**	**–**	**(10,526)**
Reclassifications	**6**	**(6)**	**839**	**(839)**	**–**	**–**	**–**
Currency translation differences	**(40,597)**	**(506)**	**(309)**	**55**	**–**	**(350)**	**(41,707)**
At 31 December 2023	**1,682,717**	**199,722**	**36,364**	**17,487**	**123,088**	**40,788**	**2,100,166**
Accumulated depreciation and impairment loss							
At 1 January 2022	107,482	66,533	11,386	3,942	33,076	13,947	236,366
Disposal of subsidiaries	(123)	–	–	–	–	–	(123)
Depreciation charge for the year	46,782	32,883	5,390	1,279	16,039	7,262	109,635
Disposals	(1,545)	(9,271)	(4)	(54)	–	(1,853)	(12,727)
Currency translation differences	(19,552)	(4,588)	(2,997)	(260)	–	(811)	(28,208)
At 31 December 2022 and 1 January 2023	**133,044**	**85,557**	**13,775**	**4,907**	**49,115**	**18,545**	**304,943**
Depreciation charge for the year	**46,662**	**31,375**	**5,420**	**1,183**	**21,477**	**8,667**	**114,784**
Disposals	**(292)**	**(4,354)**	**(2,018)**	**(437)**	**–**	**(3,481)**	**(10,582)**
Impairment loss	**134**	**–**	**–**	**–**	**–**	**–**	**134**
Reclassifications	**(96)**	**96**	**–**	**–**	**–**	**–**	**–**
Currency translation differences	**(7,228)**	**(595)**	**(63)**	**61**	**–**	**(13)**	**(7,838)**
At 31 December 2023	**172,224**	**112,079**	**17,114**	**5,714**	**70,592**	**23,718**	**401,441**
Net carrying amount							
At 31 December 2022	1,511,421	96,790	22,337	13,668	33,077	18,192	1,695,485
At 31 December 2023	**1,510,493**	**87,643**	**19,250**	**11,773**	**52,496**	**17,070**	**1,698,725**

13. PROPERTY, PLANT AND EQUIPMENT RIGHT-OF-USE ASSETS INVESTMENT PROPERTIES (CONTINUED)

Right-of-use assets (continued)

	Land and land rights US$'000	Total US$'000
Company		
Costs		
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	**35,155**	**35,155**
Accumulated depreciation		
At 1 January 2022	651	651
Depreciation charge for the year	1,302	1,302
At 31 December 2022 and 1 January 2023	**1,953**	**1,953**
Depreciation charge for the year	**1,302**	**1,302**
At 31 December 2023	**3,255**	**3,255**
Net carrying amount		
At 31 December 2022	33,202	33,202
At 31 December 2023	**31,900**	**31,900**

	Group		Company	
	2023 US$'000	2022 US$'000	**2023 US$'000**	2022 US$'000
Net carrying amount				
Property, plant and equipment	**14,067,416**	13,118,816	**82,958**	87,353
Right-of-use assets	**1,698,725**	1,695,485	**31,900**	33,202
Total	**15,766,141**	14,814,301	**114,858**	120,555

13. PROPERTY, PLANT AND EQUIPMENT RIGHT-OF-USE ASSETS INVESTMENT PROPERTIES (CONTINUED)

Investment properties

	Group	
	2023	2022
	US$'000	US$'000
Balance sheet		
At 1 January	**82,757**	38,286
Transfer from property, plant and equipment	**155,808**	34,559
Transfer from right-of-use assets	**10,526**	8,411
Additions	**600**	743
Net gain from fair value adjustment recognised in asset revaluation reserve	**–**	2,627
Net gain from changes in fair value recognised in the consolidated income statement	**50**	940
Currency translation differences	**(1,437)**	(2,809)
At 31 December	**248,304**	82,757
Consolidated income statement		
Rental income from investment properties		
- Minimum lease payments	**1,098**	1,578
	1,098	1,578
Direct operating expenses arising from:		
- Rental generating properties	**198**	458
	198	458

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2023. The valuations were performed by Beijing Zhuoxin Dahua Appraisal Co., Ltd., an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the properties being valued.

The investment properties held by the Group as at 31 December 2023 are as follows:

Description and location	Existing use	Tenure	Unexpired lease term
8/25/26/33 Hua Neng Union Tower, Shanghai, China	Office	Leasehold	20 years
No.12 Machong West Xingang Road, Machong Town, Dongguan, Guangdong, China	Land and Industrial Plant	Leasehold	41 years
East 200 meters, Jiaotong Avenue and Zhoushan Road intersection, Gang District, Zhoukou, Henan, China	Land and Industrial Plant	Leasehold	48 years
De'gan Industrial Zone, Jiang Jin district, Chongqing, China	Land and Industrial Plant	Leasehold	47 years
Sanjia Village, Siwei Village, Chongxian Street, Yuhang District, Hangzhou City, Zhejiang, China	Land and Industrial Plant	Leasehold	38 years
Food Industrial Park of Xingping City, Xianyang City, Shaanxi Province, China	Land and Industrial Plant	Leasehold	46 years
Economic and Technological Development Zone, Langfang, Hebei Province, China	Land and Industrial Plant	Leasehold	46 years

14. BEARER PLANTS BIOLOGICAL ASSETS

Bearer plants	Group 2023 US$'000	Group 2022 US$'000
Group		
Costs		
At 1 January	**1,277,507**	1,266,182
Additions	**40,586**	35,753
Disposals	**(1,251)**	(1,036)
Capitalisation of finance costs	**299**	202
Capitalisation of depreciation	**1,621**	1,689
Capitalisation of employee benefits	**5,534**	5,673
Written off	**(19,694)**	(6,703)
Currency translation differences	**(51,546)**	(24,253)
At 31 December	**1,253,056**	1,277,507
Accumulated depreciation and impairment loss		
At 1 January	**675,989**	628,064
Depreciation charge for the year	**59,338**	59,918
Disposals	**–**	(29)
Written off	**(15,890)**	(5,517)
Currency translation differences	**(10,315)**	(6,447)
At 31 December	**709,122**	675,989
Net carrying amount		
At 31 December	**543,934**	601,518

Biological assets (Note 21)	Group 2023 US$'000	Group 2022 US$'000
At 1 January	**50,996**	66,012
Fair value loss on biological assets	**(2,803)**	(14,157)
Currency translation differences	**(2,735)**	(859)
At 31 December	**45,458**	50,996

(a) Analysis of oil palm production

During the financial year, the Group harvested approximately 4,450,000 metric tonnes (2022: 4,434,000 metric tonnes) of fresh fruit bunches ("FFB"), which had a fair value less estimated point-of-sale costs of approximately US$663,152,000 (2022: US$829,929,000). The fair value of FFB was determined with reference to their monthly average market prices during the year.

14. BEARER PLANTS

BIOLOGICAL ASSETS (CONTINUED)

(b) Analysis of bearer plants

At the end of the financial year, the Group's total planted area and related value of mature and immature plantations are as follows:-

	Group	
Area	**2023 Hectares**	2022 Hectares
Planted area:		
– Mature	**219,290** (1)	218,409 (1)
– Immature	**18,273**	20,561
	237,563	238,970

	Group	
Net carrying amount	**2023 US$'000**	2022 US$'000
Planted area:		
– Mature	**462,760** (1)	513,428 (1)
– Immature	**81,174**	88,090
	543,934	601,518

(1) Mature planted areas include sugar cane plantations.

(c) The finance costs capitalised is actual interest incurred on the bank borrowings used to finance the development of oil palm plantations.

(d) The fair value of biological assets has been determined based on the market price and the estimated yield of FFB, net of maintenance and harvesting costs, overhead costs and estimated cost to sell. The estimated yield is dependent on the age of the oil palm trees, the location of the plantations, soil type and infrastructure. The market price of the FFB is largely dependent on the prevailing market prices of crude palm oil and palm kernel. Point-of-sale costs include all costs that would be necessary to sell the assets.

The following table shows the key unobservable inputs used in the valuation models:

Key unobservable inputs	**Inter-relationship between key unobservable inputs and fair value measurement**
FFB average selling price of US$77 to US$158 (2022: US$84 to US$159) per metric tonne	The estimated fair value increases as the estimated selling price of FFB increases.
Average yield (annual) is 21.0 (2022: 21.0) metric tonne per hectare	The estimated fair value increases as the estimated average yield increases.

15. INTANGIBLE ASSETS

	Goodwill US$'000	Trademarks & licenses and others US$'000	Brands US$'000	Total US$'000
Group				
Cost				
At 1 January 2022	3,929,064	35,998	1,552,461	5,517,523
Additions	–	347	–	347
Acquisition of subsidiaries	52,320	–	–	52,320
Currency translation differences	(46,583)	(3,140)	(100)	(49,823)
At 31 December 2022 and 1 January 2023	**3,934,801**	**33,205**	**1,552,361**	**5,520,367**
Additions	**–**	**318**	**–**	**318**
Acquisition of subsidiaries	**16,011**	**–**	**–**	**16,011**
Reclassifications	**9,164**	**(9,164)**	**–**	**–**
Disposal of subsidiaries	**(1,259)**	**–**	**–**	**(1,259)**
Disposals	**–**	**(4,866)**	**–**	**(4,866)**
Currency translation differences	**(125,302)**	**(590)**	**(442)**	**(126,334)**
At 31 December 2023	**3,833,415**	**18,903**	**1,551,919**	**5,404,237**
Accumulated amortisation and impairment loss				
At 1 January 2022	109,917	13,722	–	123,639
Amortisation during the year	–	2,348	–	2,348
Currency translation differences	(7,320)	(1,470)	–	(8,790)
At 31 December 2022 and 1 January 2023	**102,597**	**14,600**	**–**	**117,197**
Amortisation during the year	**–**	**2,177**	**–**	**2,177**
Impairment loss	**5,327**	**–**	**–**	**5,327**
Disposals	**–**	**(4,866)**	**–**	**(4,866)**
Currency translation differences	**317**	**(108)**	**–**	**209**
At 31 December 2023	**108,241**	**11,803**	**–**	**120,044**
Net carrying amount				
At 31 December 2022	3,832,204	18,605	1,552,361	5,403,170
At 31 December 2023	**3,725,174**	**7,100**	**1,551,919**	**5,284,193**

Amortisation expense

The amortisation of trademarks & licenses and others is included in other operating expenses in the consolidated income statement.

Brands

Brands include 'Arawana', 'CSR', 'Madhur' and various brand names held under the Group's subsidiaries. As explained in Note 2.14(b)(i), the useful lives of the brands are estimated to be indefinite.

15. INTANGIBLE ASSETS (CONTINUED)

Impairment testing of goodwill and brands

Goodwill arising from business combinations and brands have been allocated to individual cash-generating units ("CGU") which are also the reportable operating segments for impairment testing.

The carrying amounts of goodwill and brands allocated to each CGU are as follows:

	Food Products US$'000	Feed and Industrial Products US$'000	Plantation and Sugar Milling US$'000	Others US$'000	Total US$'000
2023					
Goodwill	**902,307**	**1,077,401**	**1,730,536**	**14,930**	**3,725,174**
Brands	**1,544,157**	**7,762**	**–**	**–**	**1,551,919**
2022					
Goodwill	912,529	1,111,527	1,791,202	16,946	3,832,204
Brands	1,544,345	8,016	–	–	1,552,361

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five to ten years period for Food Products, Feed and Industrial Products and Sugar Milling segments. For Palm Oil Plantation, management has used cash flow projections based on the age of the plantations. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year to ten-year period are as follows:-

	Food Products		Feed and Industrial Products		Plantation and Sugar Milling	
	2023	2022	**2023**	2022	**2023**	2022
	%	%	**%**	%	**%**	%
Terminal growth rates	**1.5 - 3.0**	1.5 - 3.4	**2.2 - 3.0**	2.3 - 3.0	**1.5 - 2.0**	1.5 - 2.0
Pre-tax discount rates	**9.1 - 18.1**	6.7 - 19.2	**11.0 - 13.6**	11.0 - 13.8	**9.1 - 12.1**	9.2 - 12.0

These assumptions were used for the analysis of each CGU within the business segment. Management determined budgeted profit margin based on past performance and its expectations of the market development. The pre-tax discount rate reflected specific risks relating to the relevant segments. The forecasted growth rates were based on published industry research and did not exceed the long-term average growth rate for the industries relevant to the CGU.

Impairment loss recognised

During the financial year, an impairment loss on goodwill of approximately US$5,327,000 (2022: US$Nil) was recognised in the consolidated income statement under 'non-operating items'. The impairment was recognised in the Food Products segment.

16. INVESTMENT IN SUBSIDIARIES

	Company	
	2023	2022
	US$'000	US$'000
Unquoted equity shares, at cost	**11,879,695**	11,859,238

Details of the list of significant subsidiaries are included in Note 39.

Acquisition of subsidiaries

The major subsidiaries acquired during the financial year are as follows:

Name of subsidiaries acquired	**Equity interest acquired %**	**Consideration US$'000**	**Month of acquisition**
Delmar Pte. Ltd. ^	28 +	733	Jun 2023
PT Pundi Kencana ^	100	37,172	Aug 2023
Anamika Sugar Mills Private Limited ^	100	28,347	Oct 2023

\+ Rounded to the nearest whole %

^ In accordance with SFRS(I) 3, management is required to identify the fair value of the identifiable assets, liabilities and contingent liabilities at the date of acquisition. The final allocation of the purchase price to the identifiable assets, liabilities and contingent liabilities assumed in the business combination is currently being determined and has not been completed as at 31 December 2023.

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition of subsidiaries (continued)

The fair values of the identifiable assets and liabilities of the abovementioned subsidiaries acquired and the effect thereof as at the respective dates of acquisition were as follows:

	Fair value recognised on acquisition US$'000
Property, plant and equipment	213,417
Inventories	110,672
Trade receivables and other assets	80,492
Cash and cash equivalents	19,424
	424,005
Trade and other payables (including provision for employee gratuity)	142,237
Loans and borrowings	147,664
Deferred tax liabilities	17,242
	307,143
Net identifiable assets	116,862
Less: Non-controlling interests measured at the non-controlling interest's proportionate share of net identifiable assets	(12,451)
Identifiable net assets acquired	104,411
Less: Transfer from investment in joint ventures	(106)
Less: Transfer from investment in associates	(54,043)
	50,262
Goodwill arising from business combination	16,011
Total consideration for acquisition	**66,273**

Total cost of business combination

The total cost of the business combination is as follows:

	Cashflow on acquisition US$'000
The effects of acquisition on cash flow are as follows:	
Consideration settled in cash	66,273
Less: Cash and cash equivalents of subsidiaries acquired	(19,424)
Net cash outflow on acquisition	**46,849**

Impact of acquisitions on consolidated income statement

From the respective dates of acquisition, the acquirees have contributed additional revenue and net profit of approximately US$187,528,000 and US$2,421,000 respectively for the financial year ended 31 December 2023. If the combinations had taken place at the beginning of the financial year, the Group's revenue would have been approximately US$67,505,979,000 and net profit would have been approximately US$1,527,377,000.

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition of non-controlling interests

The Group acquired additional interest in certain subsidiaries during the financial year. The major non-controlling interests acquired are as follows:

Acquirer	Acquiree	Additional interest %	Proportion of ownership interest after additional acquisition %	Consideration US$'000	Book value US$'000	Premium/ (discount) arising from acquisition US$'000	Month of acquisition
Yihai Kerry Arawana Holdings Co., Ltd	Yihai Kerry (Lanzhou) Oils & Grains Industries Co., Ltd	15 +	97 +	6,505	5,135	1,370	Jan 2023
Siteki Investments Pte Ltd	Calofic Corporation	24	100	91,842	47,254	44,588	Mar 2023
Yihai Kerry Arawana Holdings Co., Ltd	Yihai Kitchen (Shenyang) Food Technology Co., Ltd (formerly known as Yihai Kitchen Guanghui (Shenyang) Food Technology Co., Ltd)	49	100	1,467	876	591	Apr 2023
Yihai Kerry Arawana Holdings Co., Ltd	Yihai Kitchen (Shaanxi) Food Technology Co., Ltd (formerly known as Yihai Kitchen Guanghui (Shaanxi) Food Technology Co., Ltd)	49	100	2,795	1,048	1,747	Apr 2023
Yihai Kerry Arawana Holdings Co., Ltd	Yihai Kerry (Huizhou) Packaging Technology Co., Ltd (formerly known as Huizhou Altech Packaging Co., Ltd)	40	100	3,228	3,245	(17)	Jun 2023
Yihai Kerry Arawana Holdings Co., Ltd	Yihai Kerry (Jiangxi) Technology Co., Ltd (formerly known as Jiangxi YZ Bleaching Clay Technology Co., Ltd)	30	100	5,293	4,851	442	Jul 2023
Yihai Kerry Arawana Holdings Co., Ltd	Shanxi Arawana Liangfen Vinegar Co., Ltd	27 +	100	2,828	(64)	2,892	Oct 2023
Yihai Kerry Arawana Holdings Co., Ltd	Wuan Chuang Arawana (Taizhou) Foods Industries Co., Ltd	20	90	5,199	(2,451)	7,650	Dec 2023

\+ Rounded to the nearest whole %

16. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Disposal/liquidation of subsidiaries

The Group disposed of and liquidated certain subsidiaries during the financial year. The major subsidiaries disposed /liquidated are as follows:

Name of subsidiaries disposed/liquidated	Equity interest disposed/ liquidated %	Sales/ liquidation proceeds US$'000	Month of disposal/ liquidation
Wilmar Investments (Mauritius) Limited	100	4,171	Jan 2023
Yihai Kerry (Langfang) Trading Co., Ltd	100	4,348	Mar 2023
Yihai Kerry (Maoming) Energy Co., Ltd	100	2,822	Jun 2023
Yuexiu Yihai Kitchen (Zhoukou) Food Technology Co., Ltd (formerly known as Yihai Kitchen (Zhoukou) Food Technology Co., Ltd)	51	1,234	Dec 2023
ZhiCan Yihai Kitchen (Chongqing) Food Co., Ltd (formerly known as Yihai Kitchen (Chongqing) Food Co., Ltd)	70	1,373	Dec 2023

The carrying amounts of assets and liabilities of the subsidiaries disposed/liquidated and the effect thereof as at the respective dates of disposal/liquidation were as follows:

	Cashflow on disposal US$'000
Property, plant and equipment	12,104
Trade receivables and other assets	36,951
Inventories	660
Cash and cash equivalents	13,803
	63,518
Trade and other payables	47,494
Net carrying amounts of assets disposed	16,024
Less: Transfer to investment in a joint venture	(1,059)
Less: Transfer to investment in an associate	(271)
Less: Non-controlling interest	(69)
Net assets disposed	14,625
Net assets disposed	14,625
Add: Equity transaction reserve realised upon liquidation of subsidiaries	18
Add: Foreign currency translation reserve realised upon disposal/liquidation of subsidiaries	400
Add: Goodwill disposed	1,259
Gain on disposal/liquidation	1,412
Sales/liquidation proceeds, net	17,714
Less: Cash and cash equivalents of subsidiaries disposed/liquidated	(13,803)
Net cash inflow on disposal/liquidation of subsidiaries	**3,911**

17. INVESTMENT IN JOINT VENTURES INVESTMENT IN ASSOCIATES

The Group's investment in joint ventures is summarised below:

	Group	
	2023	2022
	US$'000	US$'000
Olenex Holdings B.V.	**147,842**	81,301
Vietnam Agribusiness Holdings Pte. Ltd.	**117,797**	92,374
Other joint ventures	**228,538**	196,326
Investment in joint ventures	**494,177**	370,001

Details of the list of significant joint ventures are included in Note 40.

The summarised financial information of material joint ventures are as follows:

	Olenex Holdings B.V.		Vietnam Agribusiness Holdings Pte. Ltd.	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Assets and liabilities:				
Current assets	**540,966**	762,116	**220,480**	212,483
Non-current assets	**286,867**	236,813	**101,052**	51,018
Total assets	**827,833**	998,929	**321,532**	263,501
Current liabilities	**495,517**	770,883	**96,086**	108,899
Non-current liabilities	**95,769**	97,964	**20,000**	–
Total liabilities	**591,286**	868,847	**116,086**	108,899
Shareholders' equity	**236,547**	130,082	**205,446**	154,600
Proportion of the Group's ownership interest	**63% +**	63% +	**50%**	50%
Group's share	**147,842**	81,301	**102,723**	77,300
Goodwill on acquisition	**–**	–	**15,074**	15,074
Carrying amount of the investment	**147,842**	81,301	**117,797**	92,374
Revenue	**3,519,619**	4,161,697	**779,967**	900,042
Profit for the year	**94,145**	28,470	**50,846**	36,596
Other comprehensive income	**5,390**	(19,346)	**–**	–
Total comprehensive income	**99,535**	9,124	**50,846**	36,596

\+ Rounded to the nearest whole %

17. INVESTMENT IN JOINT VENTURES INVESTMENT IN ASSOCIATES (CONTINUED)

The summarised financial information of material joint ventures are as follows (continued):

	Olenex Holdings B.V.		Vietnam Agribusiness Holdings Pte. Ltd.	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Cash and cash equivalents	**3,825**	3,813	**55,988**	93,467
Depreciation and amortisation	**13,187**	13,171	**4,511**	5,787
Finance expense - net	**20,126**	5,683	**44**	48
Income tax expense	**11,755**	5,305	**10,956**	10,798

The activities of Olenex Holdings B.V. and Vietnam Agribusiness Holdings Pte. Ltd. are strategic to the Group's activities. No dividends were received from Olenex Holdings B.V. and Vietnam Agribusiness Holdings Pte. Ltd. during the financial year ended 31 December 2023 (2022: US$Nil).

Aggregate information about the Group's shares in joint ventures that are not individually material are as follows:

	Group	
	2023	2022
	US$'000	US$'000
Share of the joint ventures' profit for the year	**21,477**	15,840
Share of the joint ventures' total comprehensive income	**21,477**	15,840

The Group's investment in associates is summarised below:

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd	**594,666**	594,754	**–**	–
Adani Wilmar Limited	**437,105**	432,623	**–**	–
Other associates	**1,942,144**	2,217,488	**13,677**	13,677
Investment in associates	**2,973,915**	3,244,865	**13,677**	13,677
Fair value of investment in associates for which there are published price quotations (Level 1 in the fair value hierarchy)	**2,536,247**	4,897,948	**14,076**	17,345

Details of the list of significant associates are included in Note 40.

17. INVESTMENT IN JOINT VENTURES

INVESTMENT IN ASSOCIATES (CONTINUED)

The summarised financial information of material associates are as follows:

	COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd		Adani Wilmar Limited	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Assets and liabilities:				
Current assets	**1,063,387**	814,311	**1,636,104**	1,786,725
Non-current assets	**324,317**	341,021	**831,737**	753,205
Total assets	**1,387,704**	1,155,332	**2,467,841**	2,539,930
Current liabilities	**736,021**	504,006	**1,378,440**	1,462,989
Non-current liabilities	**1,742**	900	**132,771**	130,531
Total liabilities	**737,763**	504,906	**1,511,211**	1,593,520
Shareholders' equity	**636,071**	636,271	**956,361**	945,406
Proportion of the Group's ownership interest	**44%**	44%	**44%** +	44% +
Group's share	**279,871**	279,959	**420,177**	415,695
Goodwill on acquisition	**314,795**	314,795	**16,928**	16,928
Carrying amount of the investment	**594,666**	594,754	**437,105**	432,623
Revenue	**3,286,084**	3,529,209	**6,545,819**	5,304,964
Profit for the year	**14,364**	45,166	**16,353**	72,779
Total comprehensive income	**14,364**	45,166	**15,637**	70,937

\+ Rounded to the nearest whole %

The activities of COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd and Adani Wilmar Limited are strategic to the Group's activities. No dividend was received from COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd during the financial year ended 31 December 2023 (2022: US$3,747,000). No dividend was received from Adani Wilmar Limited during the financial year ended 31 December 2023 (2022: US$Nil).

Aggregate information about the Group's shares in associates that are not individually material are as follows:

	Group	
	2023	2022
	US$'000	US$'000
Share of the associates' profit for the year	**200,217**	169,990
Share of the associates' total comprehensive income	**200,217**	169,990

18. INVESTMENT SECURITIES

	Group	
	2023	2022
	US$'000	US$'000
At fair value through other comprehensive income		
Non-current:		
Quoted equity instruments *	**279,713**	187,306
Unquoted equity instruments	**89,632**	35,644
Investment funds	**70,373**	79,049
	439,718	301,999
At fair value through profit or loss		
Current:		
Quoted equity instruments	**280,485**	362,921
	280,485	362,921

* Included in the quoted equity instruments is an investment in shares quoted on National Stock Exchange of Australia. As the sale and purchase of this investment is restricted, the valuation is determined using discounted cash flow projections.

Investments in equity instruments designated at fair value through other comprehensive income

The fair value of each of the investments in equity instruments designated at fair value through other comprehensive income at the end of the reporting period are as follows:

	Group	
	2023	2022
	US$'000	US$'000
At fair value through other comprehensive income		
Preference shares issued by financial institutions in China	**140,410**	130,785
Primavera Capital (Cayman) Fund I L.P.	**7,255**	6,934
Sugar Terminals Limited	**33,115**	32,998
PRE 13 Pte. Ltd.	**64,121**	–
Others	**194,817**	131,282
	439,718	301,999

The Group has elected to measure these investment securities at FVOCI due to the Group's intention to hold these equity instruments for long-term appreciation.

During the year, the Group recognised investment income of US$49,081,000 (2022: US$39,181,000) from its investment securities.

19. DEFERRED TAX

	Group			
	Balance sheet		Consolidated income statement	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Deferred tax assets				
Provisions	**122,727**	121,030	**(2,374)**	(6,460)
Unutilised tax losses	**298,088**	201,926	**(94,117)**	(113,566)
Timing differences for tax purposes	**143,764**	164,148	**4,258**	(9,194)
Fair value adjustments on derivatives classified as cash flow hedges	**25,338**	36,078	**–**	–
Other items	**2,347**	9,940	**1,965**	(908)
	592,264	533,122		
Less: Deferred tax liabilities				
Timing differences for tax purposes	**478,572**	459,927	**6,925**	58,182
Fair value adjustments on acquisition of subsidiaries	**52,509**	52,660	**(38)**	(1,796)
Fair value adjustments on derivatives classified as cash flow hedges	**21,420**	25,544	**–**	–
Fair value adjustments on biological assets	**10,168**	11,412	**(1,247)**	(3,463)
Undistributed earnings	**85,945**	83,830	**2,115**	5,096
Other items	**16,341**	2,510	**16,182**	2,843
	664,955	635,883		
	(72,691)	(102,761)		
Deferred income tax credit			**(66,331)**	(69,266)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority. The following amounts, determined after appropriate offsetting, were shown in the statements of financial position:

	Group	
	2023	2022
	US$'000	US$'000
Deferred tax assets	**357,157**	284,921
Deferred tax liabilities	**(429,848)**	(387,682)
	(72,691)	(102,761)

Unrecognised tax losses

At the balance sheet date, the Group has tax losses of approximately US$430,737,000 (2022: US$429,548,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to the uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

19. DEFERRED TAX (CONTINUED)

Unrecognised temporary differences relating to investment in subsidiaries

At the balance sheet date, no deferred tax liability (2022: US$Nil) has been recognised for taxes that would be payable on certain of the Group's subsidiaries' undistributed earnings as the Group has determined that undistributed earnings of its subsidiaries will not be distributed in the foreseeable future.

Such temporary differences for which no deferred tax liability has been recognised aggregate to approximately US$7,622,583,000 (2022: US$7,431,340,000). The deferred tax liability is estimated to be approximately US$647,438,000 (2022: US$628,089,000).

20. DERIVATIVE FINANCIAL INSTRUMENTS

	Group					
	2023			2022		
	Contract/ Notional amount US$'000	**Assets US$'000**	**Liabilities US$'000**	Contract/ Notional amount US$'000	Assets US$'000	Liabilities US$'000
Forward currency contracts, options and cross currency interest rate swaps	**15,075,715**	**162,117**	**152,774**	15,152,195	179,261	223,690
Futures, options and swap contracts	**12,047,416**	**1,484,568**	**927,637**	11,535,000	272,638	441,036
Fair value of firm commitment contracts	**7,363,240**	**174,299**	**476,192**	5,794,515	150,250	78,201
Total derivative financial instruments		**1,820,984**	**1,556,603**		602,149	742,927
Less: Current portion		**(1,758,718)**	**(1,545,228)**		(574,562)	(718,229)
Non-current portion		**62,266**	**11,375**		27,587	24,698

	Company					
	2023			2022		
	Contract/ Notional amount US$'000	**Assets US$'000**	**Liabilities US$'000**	Contract/ Notional amount US$'000	Assets US$'000	Liabilities US$'000
Current						
Forward currency contracts, options and cross currency interest rate swaps	**12,444**	**–**	**32**	10,098	–	30

The Group classifies derivative financial instruments as financial assets/liabilities at fair value through profit or loss. The Group does not apply hedge accounting, except for those designated as hedges of commodity products and foreign exchange risk.

Certain derivative transactions that are not transacted on an exchange, are entered into under International Swaps and Derivatives Association (ISDA) Master Netting Agreements and Long Form Confirmations. In general, the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions.

20. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

Cash flow hedges

The Group enters into various commodities futures, options, swap and forward currency contracts in order to hedge the financial risks related to the purchases and sales of commodity products. The Group has applied cash flow hedge accounting to these derivatives as they are considered to be highly effective hedging instruments. A net fair value gain of approximately US$3,850,000 (2022: gain of approximately US$26,763,000), with related deferred tax charge of approximately US$2,230,000 (2022: tax charge of approximately US$10,339,000) is included in the hedging reserve in respect of these contracts.

The cash flows arising from these derivatives are expected to occur and enter into the determination of profit or loss during the next three financial years as follows: US$1,089,000, US$1,913,000 and US$848,000 (2022: US$25,083,000, US$30,000 and US$1,650,000).

Fair value changes to the forward elements of forward currency contracts not designated as hedging instruments are accounted for as cost of hedging. A net fair value loss of approximately US$39,914,000 (2022: loss of approximately US$69,152,000), with related deferred tax credit of approximately US$13,354,000 (2022: tax credit of approximately US$26,551,000), is included in the cost of hedging reserve in respect of these contracts.

Fair value hedges

The Group enters into commodities future contracts to hedge the financial risk related to the carrying value of commodity products. A net fair value gain of approximately US$21,266,000 (2022: gain of approximately US$44,010,000) is recognised in the consolidated income statement and offset with a similar loss on the inventory. The Group also enters into forward currency contracts to hedge the financial risk related to cash deposits and borrowings. A net fair value gain of approximately US$43,718,000 (2022: gain of approximately US$139,435,000) is recognised in the consolidated income statement and offset with a similar loss on cash deposits and borrowings.

21. OTHER FINANCIAL ASSETS OTHER NON-FINANCIAL ASSETS

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Non-current:				
Loans to non-controlling shareholders of subsidiaries	**29,434**	28,828	**–**	–
Other non-trade receivables	**32,983**	85,691	**–**	–
Amounts due from subsidiaries - non-trade	**–**	–	**59,146**	231,689
Amounts due from joint ventures - non-trade	**30,216**	50,450	**43,846**	49,938
Amounts due from associates - non-trade	**13,716**	14,118	**–**	–
Amounts due from related parties - non-trade	**20,165**	14,308	**–**	–
Other financial assets	**126,514**	193,395	**102,992**	281,627
Current:				
Deposits	**68,218**	126,996	**179**	175
Loans to non-controlling shareholders of subsidiaries	**26,117**	26,412	**–**	–
Other non-trade receivables	**533,406**	427,833	**931**	14,768
Other deposits with financial institutions	**3,814,951**	3,584,932	**–**	–
Amounts due from subsidiaries - non-trade	**–**	–	**5,986,041**	5,760,400
Amounts due from joint ventures - non-trade	**92,927**	98,784	**629**	417
Amounts due from associates - non-trade	**112,995**	242,140	**7,330**	2,678
Amounts due from related parties - non-trade	**10**	27,568	**–**	–
Other financial assets	**4,648,624**	4,534,665	**5,995,110**	5,778,438
Non-current:				
Prepayments	**53,878**	52,755	**–**	–
Plasma investments	**5,970**	16,437	**–**	–
Other non-financial assets	**59,848**	69,192	**–**	–
Current:				
Prepayments and other non-financial assets	**209,632**	239,137	**8,785**	5,454
Biological assets (Note 14)	**45,458**	50,996	**–**	–
Tax recoverables	**221,868**	178,529	**–**	–
Advances for property, plant and equipment	**254,068**	341,962	**–**	–
Advances to suppliers	**612,882**	848,887	**–**	–
Other non-financial assets	**1,343,908**	1,659,511	**8,785**	5,454

Amounts due from subsidiaries, joint ventures, associates and related parties (non-current)

Other than the non-current non-trade receivables from joint ventures, associates and related parties which bear interest rates ranging from 2.5% to 6.6% (2022: 2.5% to 5.8%) per annum, the remaining amounts are non-interest bearing, unsecured and have no fixed terms of repayment. These balances are not expected to be repaid within the next twelve months and are expected to be settled in cash.

As at 31 December 2023, the Company has provided impairment for amounts due from subsidiaries amounting to approximately US$6,914,000 (2022: US$6,914,000).

21. OTHER FINANCIAL ASSETS OTHER NON-FINANCIAL ASSETS (CONTINUED)

Amounts due from subsidiaries, joint ventures, associates and related parties (current)

The current non-trade receivables from subsidiaries, joint ventures, associates and related parties are unsecured, non-interest bearing and repayable on demand except for amounts due from joint ventures and associates of approximately US$81,958,000 (2022: US$14,709,000) and US$23,320,000 (2022: US$109,472,000) respectively, which bear interest ranging from 3.6% to 8.5% (2022: 2.3% to 8.5%) per annum. These balances are expected to be settled in cash.

As at 31 December 2023, the Company has provided impairment for amounts due from subsidiaries amounting to approximately US$81,959,000 (2022: US$81,959,000).

Loans to non-controlling shareholders of subsidiaries

The current loans to non-controlling shareholders of subsidiaries are non-interest bearing and have no fixed repayment dates except for loans amounting to US$25,487,000 (2022: US$25,665,000), which bear interest ranging from 2.0% to 12.5% (2022: 2.6% to 11.8%) per annum and are expected to be settled in cash.

The non-current loans to non-controlling shareholders of subsidiaries bear interest at 2.0% (2022: 2.0%) per annum and are expected to be settled in cash.

Other deposits with financial institutions

Other deposits with financial institutions are deposits placed with banks with high credit ratings and no history of default. The interest rates range from 1.5% to 4.3% (2022: 2.6% to 4.5%) per annum.

The Group has pledged other deposits with financial institutions amounting to approximately US$311,792,000 (2022: US$483,917,000) as security for bank borrowings.

22. INVENTORIES

	Group	
	2023	2022
	US$'000	US$'000
Balance sheet		
At cost:		
Raw materials	**3,388,624**	3,920,618
Consumables	**594,295**	608,066
Finished goods	**3,715,118**	4,657,716
Goods in transit	**1,199,489**	1,063,883
	8,897,526	10,250,283
At net realisable value:		
Raw materials	**1,309,255**	1,122,458
Consumables	**3,732**	1,648
Finished goods	**1,591,230**	1,855,684
	2,904,217	2,979,790
	11,801,743	13,230,073
Consolidated income statement		
Inventories recognised as an expense in cost of sales	**54,844,587**	57,645,052
Inclusive of the following charge:		
- (Write back)/provision for net realisable value	**(28,436)**	82,836

23. TRADE RECEIVABLES

	Group	
	2023	2022
	US$'000	US$'000
Trade receivables	**4,931,953**	5,073,081
Notes receivables	**135,104**	111,749
Value added tax recoverable	**931,502**	797,178
Amounts due from joint ventures - trade	**71,439**	56,583
Amounts due from associates - trade	**278,401**	367,208
Amounts due from related parties - trade	**74,154**	179,376
	6,422,553	6,585,175
Less: Allowance for expected credit losses	**(38,063)**	(36,163)
	6,384,490	6,549,012

Trade receivables, including amounts due from joint ventures, associates and related parties, are non-interest bearing and the average turnover is 29 days (2022: 30 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition. Notes receivables are non-interest bearing and have a maturity period ranging from 1 to 180 days for the financial years ended 31 December 2023 and 31 December 2022.

The Group has pledged trade receivables amounting to approximately US$3,226,000 (2022: US$5,633,000) as security for bank borrowings.

Trade receivables that are impaired

The Group's trade receivables that are impaired at the balance sheet date and the movement of the allowance for expected credit losses of trade receivables are as follows:

Movement in allowance account:

	Group	
	2023	2022
	US$'000	US$'000
At 1 January	**(36,163)**	(33,255)
Additional allowance during the year	**(7,764)**	(5,637)
Acquisition of subsidiaries	**(453)**	(815)
Bad debts written off against allowance	**5,636**	2,273
Currency translation differences	**681**	1,271
At 31 December	**(38,063)**	(36,163)

Financial assets carried at amortised cost

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Trade receivables	**6,384,490**	6,549,012	**–**	–
Other financial assets – current	**4,648,624**	4,534,665	**5,995,110**	5,778,438
Other financial assets – non-current	**126,514**	193,395	**102,992**	281,627
Cash and bank balances – current	**4,504,831**	2,999,417	**1,598**	1,448
Other bank deposits – current	**3,650,893**	2,722,249	**–**	–
Other bank deposits – non-current	**1,078,833**	2,375,854	**–**	–
Total financial assets carried at amortised cost	**20,394,185**	19,374,592	**6,099,700**	6,061,513

24. OTHER BANK DEPOSITS
CASH AND BANK BALANCES

	Group	
	2023	2022
	US$'000	US$'000
Non-current:		
Fixed deposits pledged with financial institutions for bank facilities	**862,539**	2,124,720
Other deposits with maturity more than 12 months	**216,294**	251,134
	1,078,833	2,375,854
Current:		
Fixed deposits pledged with financial institutions for bank facilities	**1,744,630**	1,332,656
Other deposits with maturity more than 3 months	**1,906,263**	1,389,593
	3,650,893	2,722,249
	4,729,726	5,098,103

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Cash at banks and on hand	**3,130,268**	2,436,674	**1,598**	1,448
Short-term and other deposits	**1,374,563**	562,743	**–**	–
Cash and bank balances	**4,504,831**	2,999,417	**1,598**	1,448

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the cash requirements of the Group and the Company, and earn interests at the respective short-term deposit rates. The average effective interest rate of the Group is 3.5% (2022: 2.7%) per annum.

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Other bank deposits	**4,729,726**	5,098,103	**–**	–
Cash and bank balances	**4,504,831**	2,999,417	**1,598**	1,448
Total cash and bank balances	**9,234,557**	8,097,520	**1,598**	1,448

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the balance sheet date:

	Group	
	2023	2022
	US$'000	US$'000
Cash and bank balances	**4,504,831**	2,999,417
Bank overdrafts (Note 27)	**(124,073)**	(152,716)
Cash and cash equivalents	**4,380,758**	2,846,701

25. TRADE PAYABLES

	Group	
	2023	2022
	US$'000	US$'000
Trade payables	**2,758,467**	2,215,659
Value added tax payable	**23,718**	62,669
Amounts due to joint ventures - trade	**44,693**	17,277
Amounts due to associates - trade	**65,559**	50,380
Amounts due to related parties - trade	**1,786**	5,962
	2,894,223	2,351,947

Trade payables, including amounts due to joint ventures, associates and related parties, are non-interest bearing and the average turnover is 13 days (2022: 13 days).

Financial liabilities carried at amortised cost

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Trade payables	**2,894,223**	2,351,947	**–**	–
Other financial liabilities - current	**2,259,542**	2,416,629	**5,345,310**	5,631,541
Other financial liabilities - non-current	**217,529**	229,055	**3,140,163**	2,125,000
Loans and borrowings	**30,701,800**	30,429,001	**70,666**	75,919
Total financial liabilities carried at amortised cost	**36,073,094**	35,426,632	**8,556,139**	7,832,460

26. OTHER FINANCIAL LIABILITIES OTHER NON-FINANCIAL LIABILITIES

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Current:				
Advances from non-controlling shareholders of subsidiaries	**38,606**	16,054	**–**	–
Accrued operating expenses	**1,206,297**	1,381,796	**21,493**	23,496
Amounts due to subsidiaries – non-trade	**–**	–	**5,321,692**	5,606,369
Amounts due to joint ventures – non-trade	**61,365**	51,018	**–**	–
Amounts due to associates – non-trade	**13,187**	15,784	**–**	–
Amounts due to related parties – non-trade	**4**	1,545	**–**	89
Deposits from third parties	**197,277**	200,727	**12**	12
Payable for property, plant and equipment	**350,296**	340,123	**–**	–
Other tax payables	**23,688**	29,515	**–**	–
Lease liabilities (Note 32)	**67,301**	60,667	**–**	–
Other payables	**301,521**	319,400	**2,113**	1,575
Other financial liabilities	**2,259,542**	2,416,629	**5,345,310**	5,631,541
Non-current:				
Advances from non-controlling shareholders of subsidiaries	**28,016**	40,604	**–**	–
Amounts due to subsidiaries – non-trade	**–**	–	**3,140,163**	2,125,000
Amounts due to joint ventures – non-trade	**5,302**	5,302	**–**	–
Amounts due to associates – non-trade	**949**	6,320	**–**	–
Lease liabilities (Note 32)	**174,893**	169,048	**–**	–
Other payables	**8,369**	7,781	**–**	–
Other financial liabilities	**217,529**	229,055	**3,140,163**	2,125,000
Current:				
Advances from customers and others	**558,257**	765,132	**–**	–
Other non-financial liabilities	**558,257**	765,132	**–**	–
Non-current:				
Provision for employee gratuity	**119,481**	96,822	**–**	–
Deferred income - government grants	**162,676**	126,346	**–**	–
Other non-financial liabilities	**282,157**	223,168	**–**	–

The current amounts due to subsidiaries by the Company and the current amounts due to associates, joint ventures and related parties by the Group are unsecured, non-interest bearing and repayable on demand except for amounts due to associates of approximately US$1,008,000 (2022: US$1,026,000) and amounts due to joint ventures of approximately US$50,323,000 (2022: US$39,488,000), which bear interest ranging from 2.4% to 6.8% (2022: 2.6% to 5.8%) per annum. These balances are expected to be settled in cash.

The advances from non-controlling shareholders are unsecured and non-interest bearing except for amounts of approximately US$33,570,000 (2022: US$14,708,000), which bear interest rate at 2.8% to 8.7% (2022: 2.8% to 7.0%) per annum. These balances are expected to be settled in cash.

There are no unfulfilled conditions or contingencies attached to the deferred government grants.

27. LOANS AND BORROWINGS

	Note	Maturity	Weighted average interest rate		Group		Company	
			2023	2022	**2023**	2022	**2023**	2022
			%	%	**US$'000**	US$'000	**US$'000**	US$'000
Current:								
Bank term loans	(a)	**2024**	**3**	5	**2,020,526**	3,545,491	**–**	–
Short-term/pre-shipment loans	(a)	**2024**	**4**	4	**12,570,618**	11,233,571	**–**	–
Trust receipts/bill discounts	(a)	**2024**	**2**	2	**7,455,233**	8,135,221	**–**	–
Bank overdrafts	(b)	**2024**	**13**	12	**124,073**	152,716	**–**	–
Short/Medium Term Notes	(c)	**2024**	**3**	2	**70,293**	359,993	**–**	–
Redeemable non-convertible debentures	(d)	**2024**	**11**	12	**1,358**	7,553	**–**	–
					22,242,101	23,434,545	**–**	–
Non-current:								
Bank term loans	(a)	**2025-2031**	**6**	4	**8,367,283**	6,829,608	**–**	–
Medium Term Notes	(c)	**2027**	**1**	2	**70,666**	147,805	**70,666**	75,919
Redeemable non-convertible debentures	(d)	**2032**	**11**	12	**21,750**	17,043	**–**	–
					8,459,699	6,994,456	**70,666**	75,919
Total loans and borrowings					**30,701,800**	30,429,001	**70,666**	75,919

The terms and conditions and securities for interest bearing loans and borrowings are as follows:

(a) Bank term loans/short-term/pre-shipment loans/trust receipts/bill discounts

A portion of the Group's loans is secured by a pledge over property, plant and equipment, fixed deposits, trade receivables, inventories, other deposits with financial institutions and corporate guarantees from the Company and certain subsidiaries.

(b) Bank overdrafts

Certain bank overdrafts are secured by corporate guarantees from the Company.

(c) Short/Medium Term Notes

On 18 May 2022, the Company issued a 5-year Medium Term Note of Japanese Yen 10 billion at a fixed rate of 0.72% per annum.

On 29 November 2021, a subsidiary issued a 3-year Medium Term Note of Chinese Renminbi 500 million at a fixed rate of 3.14% per annum.

(d) Redeemable non-convertible debentures

The redeemable non-convertible debentures ("NCD") are secured by certain assets of a subsidiary. The NCD issued to Life Insurance Corporation of India ("LIC") have been restructured during the year and are repayable between 12 to 39 structured quarterly instalments, bearing effective interest rates between 11.0% to 11.7% per annum.

(e) The bank facilities, up to a limit of approximately US$16,375,189,000 (2022: US$15,922,271,000), are guaranteed by the Company and certain subsidiaries.

(f) The Group has bank loans and other bank deposits amounting to approximately US$2,830,973,000 (2022: US$2,856,721,000), disclosed off-balance sheet as of 31 December 2023 as the Group has transferred substantially all the risks and rewards of the cash flows arising from the deposits and have also legally been released from the responsibility for the loans.

28. SHARE CAPITAL TREASURY SHARES

(a) Share capital

	Group		Company	
	Number of shares '000	US$'000	Number of shares '000	US$'000
Issued and fully paid				
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	**6,403,402**	**8,458,995**	**6,403,402**	**8,895,134**

The holders of ordinary shares, except for treasury shares, are entitled to receive dividends as and when declared by the Company. All ordinary shares, except for treasury shares, carry one vote per share without restrictions. The ordinary shares have no par value.

The Company has granted options to both directors and executives of the Group to subscribe for the Company's ordinary shares.

(b) Treasury shares

	Group and Company	
	Number of shares '000	US$'000
At 1 January 2022	(108,230)	(304,886)
Acquired during the financial year	(67,608)	(199,548)
Reissued pursuant to employee share option plans:		
– For cash on exercise of employee share options	14,910	33,667
– Transferred from employee share option reserve	–	6,039
– Transferred to general reserve on reissuance of treasury shares	–	(11,154)
	14,910	28,552
At 31 December 2022 and 1 January 2023	**(160,928)**	**(475,882)**
Reissued pursuant to employee share option plans:		
– For cash on exercise of employee share options	**260**	**768**
– Transferred from employee share option reserve	**–**	**115**
– Transferred to general reserve on reissuance of treasury shares	**–**	**(373)**
	260	**510**
At 31 December 2023	**(160,668)**	**(475,372)**

Treasury shares relate to ordinary shares of the Company that are held by the Company.

No shares (2022: 67,608,000) were acquired during the financial year.

Options for a total of 260,000 ordinary shares (2022: 14,910,000) were exercised during the financial year pursuant to Wilmar ESOS 2009 and Wilmar ESOS 2019.

29. OTHER RESERVES

(a) Composition

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Capital reserve	**145,383**	145,383	**145,379**	145,379
Merger reserve	**(1,929,314)**	(1,929,314)	**–**	–
Foreign currency translation reserve	**(1,145,959)**	(636,795)	**–**	–
General reserve	**859,848**	805,426	**43,413**	43,040
Equity transaction reserve	**323,892**	388,461	**–**	–
Hedging reserve	**3,850**	26,763	**–**	–
Employee share option reserve	**67,430**	40,603	**38,383**	29,162
Fair value reserve	**(19,180)**	(20,850)	**–**	–
Asset revaluation reserve	**7,287**	7,287	**–**	–
Cost of hedging reserve	**(39,914)**	(69,152)	**–**	–
Total other reserves	**(1,726,677)**	(1,242,188)	**227,175**	217,581

(b) Movements

(i) Capital reserve

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
At 1 January and 31 December	**145,383**	145,383	**145,379**	145,379

Capital reserve includes both ordinary shares granted to employees and the equity component of convertible bonds.

Capital reserve arising from granting of ordinary shares to employees represents the difference between the market price and the settlement price on ordinary shares which were transferred from Wilmar Holdings Pte Ltd ("WHPL"), former holding company of the Company, to employees of Wilmar group of companies as a reward for their service with the Group.

Equity component of convertible bonds represents the residual amount included in shareholders' equity in capital reserve.

(ii) Merger reserve

	Group	
	2023	2022
	US$'000	US$'000
At 1 January and 31 December	**(1,929,314)**	(1,929,314)

Merger reserve represents the difference between the consideration paid and the share capital of the subsidiaries under the acquisition of all WHPL interests in its subsidiaries and associated companies, save for its interests in the Company, and shares owned by Archer Daniels Midland Asia-Pacific Limited ("ADM") and/or its affiliated companies ("ADM Group") in companies where ADM Group holds shares with WHPL, together with non-controlling interests held by WHPL in certain subsidiaries of the Company ("IPT Assets"). The above transaction was accounted for using the pooling-of-interest method in 2007.

29. OTHER RESERVES (CONTINUED)

(b) Movements (continued)

(iii) Foreign currency translation reserve

	Group	
	2023	2022
	US$'000	US$'000
At 1 January	**(636,795)**	733,637
Currency translation differences of foreign operations	**(509,564)**	(1,370,722)
Disposal/liquidation of subsidiaries	**400**	290
At 31 December	**(1,145,959)**	(636,795)

(iv) General reserve

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
At 1 January	**805,426**	646,199	**43,040**	31,886
Transferred from retained earnings	**59,802**	145,157	**–**	–
Disposal of subsidiaries	**–**	(422)	**–**	–
Gain on reissuance of treasury shares	**373**	11,154	**373**	11,154
(Loss)/gain on remeasurements of defined benefit plan	**(5,753)**	3,338	**–**	–
At 31 December	**859,848**	805,426	**43,413**	43,040

(a) In accordance with the Group's China subsidiaries' Articles of Association, appropriations from profit after tax should be made to the Reserve Fund, Employee Bonus and Welfare Fund and the Enterprise Expansion Fund, after offsetting accumulated losses from prior years, and before profit distributions to the investors. The percentage to be appropriated to the Reserve Fund, Employee Bonus and Welfare Fund and the Enterprise Expansion Fund are determined by the Board of Directors of the China subsidiaries. For the other China subsidiaries, the entities are required to appropriate not less than 10% of the profit after tax to the statutory capital reserve, as long as the statutory capital reserve is below 50% of registered capital.

(b) In accordance with "The Law of Republic of Indonesia" No. 40/2007 concerning Limited Liability Companies, a company must allocate a portion of its net profits in each year as reserves. Allocation of net profit shall be made until the reserves have aggregated at least 20% of the issued capital and paid up capital.

(c) Gain or loss on remeasurements of defined benefit plan arises from remeasurements of defined benefit plan. Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income as general reserve in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to consolidated income statement in subsequent periods.

29. OTHER RESERVES (CONTINUED)

(b) Movements (continued)

(v) Equity transaction reserve

	Group	
	2023	2022
	US$'000	US$'000
At 1 January	**388,461**	388,767
Liquidation of subsidiaries	**18**	–
Share of changes in equity transaction reserve of an associate	**–**	27
Acquisition of additional interest in subsidiaries	**(64,587)**	(429)
Dilution of interest in subsidiaries	**–**	96
At 31 December	**323,892**	388,461

(vi) Hedging reserve

	Group	
	2023	2022
	US$'000	US$'000
At 1 January	**26,763**	1,149
Fair value adjustment on cash flow hedges	**(26,110)**	(34,948)
Recognised in the consolidated income statement on derivatives contracts realised	**3,197**	60,562
At 31 December	**3,850**	26,763

Hedging reserve represents the cumulative fair value changes, net of tax, of the derivatives contracts designated as cash flow hedges.

(vii) Employee share option reserve

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
At 1 January	**40,603**	28,163	**29,162**	28,163
Grant of equity-settled share options	**26,942**	18,479	**9,336**	7,038
Reissuance of treasury shares pursuant to exercise of equity-settled share options	**(115)**	(6,039)	**(115)**	(6,039)
At 31 December	**67,430**	40,603	**38,383**	29,162

Employee share option reserve represents the equity-settled share options granted to employees (including directors) (Note 31). The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

29. OTHER RESERVES (CONTINUED)

(b) Movements (continued)

(viii) Fair value reserve

	Group	
	2023	2022
	US$'000	US$'000
At 1 January	**(20,850)**	29,822
Fair value adjustment on investment securities at FVOCI	**2,271**	(31,145)
Transferred to retained earnings	**(601)**	(19,527)
At 31 December	**(19,180)**	(20,850)

Fair value reserve represents the cumulative fair value changes, net of tax, of investment securities at FVOCI until they are disposed or impaired.

(ix) Asset revaluation reserve

	Group	
	2023	2022
	US$'000	US$'000
At 1 January	**7,287**	5,514
Surplus on revaluation of investment properties, net of tax	**–**	1,773
At 31 December	**7,287**	7,287

(x) Cost of hedging reserve

	Group	
	2023	2022
	US$'000	US$'000
At 1 January	**(69,152)**	(6,375)
Fair value adjustment on forward elements of forward contracts	**29,238**	(62,777)
At 31 December	**(39,914)**	(69,152)

30. PROVISION FOR EMPLOYEE GRATUITY

The estimated liabilities for employee gratuity based on the actuarial report have been determined using the following assumptions:

	Group	
	2023	2022
Discount rate	**6.75% per annum**	7.3% per annum
– Short term	**7% per annum**	4% per annum
– Long term	**7% per annum**	7% per annum
Retirement age	**57 years of age**	57 years of age
Mortality rate	**TMI 2019**	TMI 2019
Method	**Projected unit credit**	Projected unit credit

30. PROVISION FOR EMPLOYEE GRATUITY (CONTINUED)

The details of the employee gratuity expense recognised in the consolidated income statement are as follows:

	Group	
	2023	2022
	US$'000	US$'000
Current service costs	**12,441**	10,504
Adjustment of new entrant employees/transfers	**123**	364
Interest costs	**6,603**	5,923
Past service costs	**707**	1,669
	19,874	18,460

The provision for employee gratuity recognised in the balance sheet represent the present value of the defined benefit obligation. The movement in provision for employee gratuity is as follows:

	Group	
	2023	2022
	US$'000	US$'000
At 1 January	**96,822**	98,369
Acquisition of subsidiaries	**2,497**	–
Provision made for the year	**19,874**	18,460
Payments during the year	**(8,734)**	(6,236)
Currency translation differences	**1,596**	(9,482)
Remeasurements of defined benefit plan during the year	**7,426**	(4,289)
At 31 December	**119,481**	96,822

31. EMPLOYEE BENEFITS

	Group	
	2023	2022
	US$'000	US$'000
Employee benefits expense (including directors):		
Salaries and bonuses	**1,739,817**	1,711,022
Defined contribution plans	**228,478**	223,509
Share-based payments	**30,106**	19,751
Other short-term benefits	**175,548**	175,955
Other long-term benefits	**20,078**	18,677
	2,194,027	2,148,914
Less: Amount capitalised as bearer plants	**(5,534)**	(5,673)
	2,188,493	2,143,241

31. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes

Wilmar Executives Share Option Scheme 2019 ("Wilmar ESOS 2019")

The Wilmar ESOS 2019, the rules of which were set out in a circular to shareholders dated 4 April 2019, was approved by shareholders at the Company's EGM held on 24 April 2019. It was adopted to replace the Wilmar ESOS 2009 which expired on 28 April 2019.

Under the rules of the Wilmar ESOS 2019:

(a) the eligible participants may be granted options to subscribe for ordinary shares in the Company at a price equal to the average of the closing prices of the Company's shares traded on the Singapore Exchange Securities Trading Limited ("SGX-ST") for a period of five consecutive market days immediately preceding the date of the grant of the option ("Market Price") or at a discount to the Market Price up to a maximum of 20%;

(b) the maximum number of ordinary shares (in respect of the options) that may be granted under the Wilmar ESOS 2019, after taking into account (i) the total number of new ordinary shares issued and issuable in respect of all other share-based incentive schemes of the Company; and (ii) the number of treasury shares and subsidiary holdings delivered in respect of options granted under all other share-based incentive schemes of the Company (if any), shall not exceed 15% of the total issued ordinary shares of the Company (excluding treasury shares and subsidiary holdings) on the date immediately preceding the relevant date of grant;

(c) controlling shareholders and associates of controlling shareholders will not be eligible to participate in the Wilmar ESOS 2019; and

(d) there is no restriction on the eligibility of any participant to participate in any other share options or share incentive schemes implemented by the Company or any of its subsidiaries or by any associated company or otherwise.

The Wilmar ESOS 2019 is administered by the RC. The members of the RC are Mr Lim Siong Guan (Chairman), Mr Soh Gim Teik and Dr Chong Yoke Sin, all of whom are Independent Directors. The RC is authorised to determine, inter alia, the persons to be granted options, the number of options to be granted, whether the options continue to be valid in the event of cessation of employment (as provided under the rules of Wilmar ESOS 2019), the exercise price (including any adjustments thereto) and to recommend modifications to the Wilmar ESOS 2019 (if deemed appropriate).

31. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

Wilmar Executives Share Option Scheme 2019 ("Wilmar ESOS 2019") (continued)

2020 Grant

On 29 September 2020, the Company granted options to subscribe for a total of 40,380,000 ordinary shares of the Company at S$3.94 per share (at a 10% discount to the Market Price) to Directors of the Company and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2023, the number of outstanding options that were not exercised under this option grant was 37,548,000. The options are valid for a period of five years (including the respective vesting periods) from the date of grant and are exercisable in the following manner:

For Executive Directors and executives

- After 2nd anniversary of the date of grant – 33% of the options granted
- After 3rd anniversary of the date of grant – 33% of the options granted
- After 4th anniversary of the date of grant – 34% of the options granted

For Non-Executive Directors

After 2nd anniversary of the date of grant – 100% of the options granted

2022 Grant

On 1 September 2022, the Company granted options to subscribe for a total of 42,455,000 ordinary shares of the Company at S$3.78 per share (at a 7% discount to the Market Price) to Directors of the Company and executives of the Group. No options were granted to controlling shareholders (and their associates) of the Company. As at 31 December 2023, the number of outstanding options that were not exercised under this option grant was 41,560,000. The options are valid for a period of five years (including the respective vesting periods) from the date of grant and are exercisable in the following manner:

For Executive Directors and executives

- After 2nd anniversary of the date of grant – 33% of the options granted
- After 3rd anniversary of the date of grant – 33% of the options granted
- After 4th anniversary of the date of grant – 34% of the options granted

For Non-Executive Directors

After 2nd anniversary of the date of grant – 100% of the options granted

31. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

Date of grant	Opening balance	Options granted	Options lapsed/ expired	Options exercised	Closing balance	Exercise price	Exercise period
2023							
Wilmar ESOS 2019							
29.09.2020	**14,953,100**	**–**	**(219,400)**	**(260,400)**	**14,473,300**	**S$3.94**	**30.09.2022 to 29.09.2025**
29.09.2020	**11,604,500**	**–**	**(239,200)**	**–**	**11,365,300**	**S$3.94**	**30.09.2023 to 29.09.2025**
29.09.2020	**11,956,000**	**–**	**(246,600)**	**–**	**11,709,400**	**S$3.94**	**30.09.2024 to 29.09.2025**
	38,513,600	**–**	**(705,200)**	**(260,400)**	**37,548,000**		
01.09.2022	**17,025,100**	**–**	**(295,300)**	**–**	**16,729,800**	**S$3.78**	**02.09.2024 to 01.09.2027**
01.09.2022	**12,525,100**	**–**	**(295,300)**	**–**	**12,229,800**	**S$3.78**	**02.09.2025 to 01.09.2027**
01.09.2022	**12,904,800**	**–**	**(304,400)**	**–**	**12,600,400**	**S$3.78**	**02.09.2026 to 01.09.2027**
	42,455,000	**–**	**(895,000)**	**–**	**41,560,000**		
Grand Total	**80,968,600**	**–**	**(1,600,200)**	**(260,400)**	**79,108,000**		
2022							
Wilmar ESOS 2009							
08.09.2017	4,256,700	–	–	(4,256,700)	–	S$3.04	09.09.2019 to 08.09.2022
08.09.2017	2,990,400	–	–	(2,990,400)	–	S$3.04	09.09.2020 to 08.09.2022
08.09.2017	6,711,300	–	–	(6,711,300)	–	S$3.04	09.09.2021 to 08.09.2022
	13,958,400	–	–	(13,958,400)	–		
Wilmar ESOS 2019							
29.09.2020	16,000,200	–	(95,700)	(951,400)	14,953,100	S$3.94	30.09.2022 to 29.09.2025
29.09.2020	11,700,200	–	(95,700)	–	11,604,500	S$3.94	30.09.2023 to 29.09.2025
29.09.2020	12,054,600	–	(98,600)	–	11,956,000	S$3.94	30.09.2024 to 29.09.2025
	39,755,000	–	(290,000)	(951,400)	38,513,600		
01.09.2022	–	17,025,100	–	–	17,025,100	S$3.78	02.09.2024 to 01.09.2027
01.09.2022	–	12,525,100	–	–	12,525,100	S$3.78	02.09.2025 to 01.09.2027
01.09.2022	–	12,904,800	–	–	12,904,800	S$3.78	02.09.2026 to 01.09.2027
	–	42,455,000	–	–	42,455,000		
Grand Total	53,713,400	42,455,000	(290,000)	(14,909,800)	80,968,600		

No options (2022: 42,455,000 ordinary shares) were granted during the financial year ended 31 December 2023.

Options for a total of 260,400 ordinary shares (2022: 14,909,800 ordinary shares) were exercised by option holders during the financial year under review pursuant to Wilmar ESOS 2019 (2022: Wilmar ESOS 2009 and Wilmar ESOS 2019).

The weighted average share price at the date of exercise of the options during the financial year was S$4.13 (2022: S$4.33).

The range of exercise prices for options outstanding at the end of the financial year were from S$3.78 to S$3.94 (2022: S$3.78 to S$3.94). The weighted average contractual life for these options was 2.8 years (2022: 3.8 years).

31. EMPLOYEE BENEFITS (CONTINUED)

Share option schemes (continued)

The fair values of the options are estimated at the respective grant dates using trinomial option pricing in the Bloomberg Option Valuation Module, taking into account the terms and conditions upon which the options were granted. The inputs to the models used are as follows:

Grant year	**2023**	2022
Dividend (S$ per share)	**No issuance**	0.18
Expected volatility	**No issuance**	0.20
Risk-free interest rate (% p.a.)	**No issuance**	3.49
Expected life of option (years)	**No issuance**	5.00
Weighted average share price at date of grant (S$)	**No issuance**	3.84

SHARE OPTION SCHEME (SUBSIDIARY)

Yihai Kerry Arawana Holdings Co., Ltd

2022 Restricted Share Incentive Plan

On 13 June 2022, Yihai Kerry Arawana Holdings Co., Ltd ("YKA"), an indirect 89.99%-owned subsidiary of the Company which is listed on the Shenzhen Stock Exchange ChiNext Board, implemented the 2022 Restricted Share Incentive Plan ("RSIP").

Under the terms of the RSIP, YKA granted options in 2022 to subscribe for a total of 29,733,000 ordinary A-shares at RMB 36.72 per share (at a 20% discount to RMB 45.90 being the weighted average share price for a period of five consecutive market days immediately prior to the date of grant of options) to some employees and directors. As at 31 December 2023, the number of outstanding options not exercised under this option grant was 28,705,000.

Details and terms of the YKA RSIP have been disclosed in YKA's Shenzhen Stock Exchange ChiNext announcement dated 13 June 2022 and will be disclosed in YKA's Annual Report.

The fair values of the options are estimated at the respective grant dates using Black-Scholes model, taking into account the terms and conditions upon which the options were granted. The inputs to the models used are as follows:

Grant year	**2023**	2022
Expected volatility	**No issuance**	0.22
Risk-free interest rate (% p.a.)	**No issuance**	2.53
Expected life of option (years)	**No issuance**	5.00
Weighted average share price at date of grant (RMB)	**No issuance**	46.28

32. LEASES

COMMITMENTS AND CONTINGENCIES

The Group has entered into commercial leases on certain premises and equipment. The Group also has certain leases with lease terms of 12 months or less and leases with low value, which the Group applied the recognition exemptions for these leases.

Lease liabilities

	Group	
	2023	2022
	US$'000	US$'000
At 1 January	**229,715**	264,494
Currency translation differences	**(463)**	(13,709)
Acquisition of subsidiaries	**3**	3,763
Additions	**85,161**	55,464
Accretion of interest	**11,033**	10,319
Payments	**(81,742)**	(79,628)
Disposals	**(1,513)**	(10,988)
At 31 December	**242,194**	229,715
Lease liabilities - current	**67,301**	60,667
Lease liabilities - non-current	**174,893**	169,048
	242,194	229,715

Amounts recognised in consolidated income statement

	Group	
	2023	2022
	US$'000	US$'000
Depreciation of right-of-use assets	**114,784**	109,635
Interest expense on lease liabilities	**11,033**	10,319
Expense relating to short-term leases	**141,174**	143,402
Expense relating to leases of low-value assets	**1,041**	1,387
Total amounts recognised in consolidated income statement	**268,032**	264,743

32. LEASES

COMMITMENTS AND CONTINGENCIES (CONTINUED)

Commitments and contingencies

(a) Capital commitments

Capital expenditure contracted for as at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2023	2022
	US$'000	US$'000
Capital commitments in respect of property, plant and equipment	**1,427,998**	2,136,461

(b) Commitments for sales and purchases contracts

The Group has the following committed sales and purchases contracts that are entered into for the use of the Group. The contractual or underlying principal amounts of the committed contracts with fixed pricing terms that were outstanding as at 31 December are as follows:

	Group	
	2023	2022
	US$'000	US$'000
Committed contracts		
Purchases	**6,778,954**	6,821,789
Sales	**8,340,839**	9,069,026

(c) Corporate guarantees

The following are the corporate guarantees for the credit facilities extended by banks to:

	Group		Company	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Subsidiaries	**–**	–	**15,218,143**	13,994,877
Joint ventures	**8,371**	8,371	**8,371**	8,371
Associates	**182,990**	268,467	**182,990**	268,467
	191,361	276,838	**15,409,504**	14,271,715

33. RELATED PARTY DISCLOSURES

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial year:

	Group	
	2023	2022
	US$'000	US$'000
Related parties		
Dividend income	**17,300**	8,897
Dividend paid	**843**	1,365
Freight charges	**52,252**	136,317
Interest expense	**76**	38
Interest income	**1,488**	2,741
Other income	**2,463**	4,031
Other expense	**3,396**	5,625
Purchase of goods	**1,198,946**	1,216,005
Sale of goods	**578,884**	692,882
Ship charter income	**7,911**	11,392
Joint ventures		
Dividend income	**217**	22,423
Freight charges	**4,895**	4,393
Interest expense	**1,795**	897
Interest income	**5,947**	2,364
Other income	**20,055**	18,240
Other expense	**14,174**	16,810
Purchase of goods	**849,115**	1,006,828
Sale of goods	**571,467**	636,365
Ship charter income	**11,031**	16,502
Associates		
Dividend income	**125,089**	71,259
Freight charges	**56**	1,314
Interest expense	**583**	324
Interest income	**2,529**	5,762
Other income	**23,540**	24,778
Other expense	**31,453**	25,395
Purchase of goods	**1,097,952**	1,530,595
Sale of goods	**2,260,506**	2,953,468
Ship charter income	**34,055**	65,644

33. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Compensation of key management personnel

	Group	
	2023	2022
	US$'000	US$'000
Defined contribution plans	**157**	154
Salaries and bonuses	**43,184**	38,368
Short-term employee benefits (including grant of share options)	**3,590**	2,882
	46,931	41,404
Comprise amounts paid to:		
Directors of the Company	**16,948**	16,184
Other key management personnel	**29,983**	25,220
	46,931	41,404

34. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value of assets and liabilities that are carried at fair value

The following table shows an analysis of assets and liabilities carried at fair value by level of fair value hierarchy:

	Group			
2023	**Quoted prices in active markets for identical instruments (Level 1) US$'000**	**Significant other observable inputs (Level 2) US$'000**	**Significant unobservable inputs (Level 3) US$'000**	**Total US$'000**
Assets measured at fair value				
Financial assets:				
Investment securities at FVOCI	**104,104**	**212,867**	**122,747**	**439,718**
Investment securities at FVPL	**280,485**	**–**	**–**	**280,485**
Derivatives:				
– Forward currency contracts, options and cross currency interest rate swaps	**–**	**162,117**	**–**	**162,117**
– Futures, options, swap contracts, and firm commitment contracts	**1,428,857**	**230,010**	**–**	**1,658,867**
At 31 December 2023	**1,813,446**	**604,994**	**122,747**	**2,541,187**
Non-financial assets:				
Biological assets	**–**	**–**	**45,458**	**45,458**
Investment properties	**–**	**–**	**248,304**	**248,304**
At 31 December 2023	**–**	**–**	**293,762**	**293,762**
Liabilities measured at fair value				
Financial liabilities:				
Derivatives:				
– Forward currency contracts, options and cross currency interest rate swaps	**–**	**152,774**	**–**	**152,774**
– Futures, options, swap contracts, and firm commitment contracts	**907,875**	**495,954**	**–**	**1,403,829**
At 31 December 2023	**907,875**	**648,728**	**–**	**1,556,603**

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(a) Fair value of assets and liabilities that are carried at fair value (continued)

	Group			
2022	Quoted prices in active markets for identical instruments (Level 1) US$'000	Significant other observable inputs (Level 2) US$'000	Significant unobservable inputs (Level 3) US$'000	Total US$'000
Assets measured at fair value				
Financial assets:				
Investment securities at FVOCI	23,620	209,737	68,642	301,999
Investment securities at FVPL	362,921	–	–	362,921
Derivatives:				
– Forward currency contracts, options and cross currency interest rate swaps	–	179,261	–	179,261
– Futures, options, swap contracts, and firm commitment contracts	222,897	199,991	–	422,888
At 31 December 2022	609,438	588,989	68,642	1,267,069
Non-financial assets:				
Biological assets	–	–	50,996	50,996
Investment properties	–	–	82,757	82,757
At 31 December 2022	–	–	133,753	133,753
Liabilities measured at fair value				
Financial liabilities:				
Derivatives:				
– Forward currency contracts, options and cross currency interest rate swaps	–	223,690	–	223,690
– Futures, options, swap contracts, and firm commitment contracts	378,469	140,768	–	519,237
At 31 December 2022	378,469	364,458	–	742,927

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

– Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,

– Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and

– Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(a) Fair value of assets and liabilities that are carried at fair value (continued)

Methods and assumptions used to determine fair values

The methods and assumptions used by management to determine fair values of assets and liabilities other than those whose carrying amounts reasonably approximate their fair values, as mentioned in Note 34(b), are as follows:

Assets and liabilities	Methods and assumptions
• Quoted equity instruments	Other than the quoted equity instruments disclosed in Level 3, fair value is determined directly by reference to their published market bid price at the balance sheet date.
• Investment funds	The fair value is determined by reference to valuation provided by non-related fund managers using adjusted net asset value method.
• Unquoted equity instruments	The fair value is derived using valuation methods which includes earnings multiple approach and discounted cash flows.
• Forward currency contracts	Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.
• Futures, options and swap contracts, and firm commitment contracts	Where available, quoted market prices are used as a measure of fair values for the outstanding contracts. Where the quoted market prices are not available, the fair values are based on management's best estimate and are arrived at by reference to the market prices of another contract that is substantially similar.
• Biological assets	Fair value of biological assets has been determined based on the market price and the estimated yield of FFB, net of maintenance and harvesting costs, overhead costs and estimated cost to sell. Please refer to Note 14(d) for more details.
• Investment properties	The fair value of investment property is based on current and estimated future rental income generated from comparable properties. Please refer to Note 13 for more details.

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(a) Fair value of assets and liabilities that are carried at fair value (continued)

Movements in Level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all assets and liabilities measured at fair value based on significant unobservable inputs (Level 3).

	Group			
	Investment securities US$'000	Biological assets US$'000	Investment properties US$'000	Total US$'000
At 1 January 2022	66,686	66,012	38,286	170,984
Total (loss)/gain recognised in the consolidated income statement:				
– Net loss arising from changes in fair value of biological assets	–	(14,157)	–	(14,157)
– Net gain arising from changes in fair value of investment properties	–	–	940	940
Additions	135	–	743	878
Transfer from property, plant and equipment and right-of-use assets	–	–	42,970	42,970
Transfer from level 2	7,926	–	–	7,926
Total (loss)/gain recognised in other comprehensive income:				
– Net (loss)/gain arising from changes in fair value	(2,471)	–	2,627	156
– Foreign currency translation	(3,634)	(859)	(2,809)	(7,302)
At 31 December 2022	68,642	50,996	82,757	202,395
At 1 January 2023	**68,642**	**50,996**	**82,757**	**202,395**
Total (loss)/gain recognised in the consolidated income statement:				
– Net loss arising from changes in fair value of biological assets	**–**	**(2,803)**	**–**	**(2,803)**
– Net gain arising from changes in fair value of investment properties	**–**	**–**	**50**	**50**
Additions	**65,002**	**–**	**600**	**65,602**
Disposals	**(7,458)**	**–**	**–**	**(7,458)**
Transfer from property, plant and equipment and right-of-use assets	**–**	**–**	**166,334**	**166,334**
Transfer to investment in associates	**(5,333)**	**–**	**–**	**(5,333)**
Total gain/(loss) recognised in other comprehensive income:				
– Net gain arising from changes in fair value	**1,825**	**–**	**–**	**1,825**
– Foreign currency translation	**69**	**(2,735)**	**(1,437)**	**(4,103)**
At 31 December 2023	**122,747**	**45,458**	**248,304**	**416,509**

There has been transfer of investment securities from Level 2 to Level 3 for the financial year ended 31 December 2022 as offer received to sell the securities has been withdrawn.

There has been no transfer from Level 1 and Level 2 to Level 3 for the financial year ended 31 December 2023.

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(a) Fair value of assets and liabilities that are carried at fair value (continued)

Impact of changes to key assumptions Level 3 fair value measurement of financial instruments

The following table shows the impact on Level 3 fair value measurement of financial instruments by using reasonably possible alternative assumptions:

	Group			
	2023 US$'000		2022 US$'000	
	Carrying amount	**Effect of reasonably possible alternative assumptions**	Carrying amount	Effect of reasonably possible alternative assumptions
Investment securities				
– Quoted equity instruments	**33,115**	**(i)**	32,998	(i)
– Unquoted equity instruments	**89,632**	**(ii)**	35,644	(ii)

(i) The fair value of the quoted equity instruments is estimated using a discounted cash flow model, which includes some assumptions that are not supported by observable market data, including future estimated dividend income.

(ii) The estimated fair value of unquoted equity instruments was determined based on valuation methods including the earnings multiple approach and discounted cash flow model.

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Trade receivables and payables, current other financial assets and liabilities, current and non-current loans and borrowings at floating rate, other bank deposits and cash and bank balances

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

34. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value are as follows:

	Group			
	2023 US$'000		2022 US$'000	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Other financial assets	**126,514**	**#**	193,395	#
Financial liabilities:				
Other financial liabilities	**217,529**	**#**	229,055	#

	Company			
	2023 US$'000		2022 US$'000	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets:				
Other financial assets	**102,992**	**#**	281,627	#
Financial liabilities:				
Other financial liabilities	**3,140,163**	**#**	2,125,000	#

Fair value information has not been disclosed for these financial instruments because fair value cannot be measured reliably.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's business whilst managing its credit, liquidity, interest rate, foreign currency, commodity price and market price risk. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group uses relevant financial instruments to hedge the risks of such commercial exposure. Such financial instruments are not held for trade or speculative purposes. These market risk management activities are governed by its risk management system. There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks for the financial years ended 31 December 2023 and 31 December 2022.

To ensure a sound system of internal controls, the Board has established a risk management framework for the Group. Wilmar's risk governance structure comprises three levels:

- The Risk Management Committee at the Board level;
- The Executive Risk Committee; and
- Risk management by the respective operating units.

The Board level Risk Management Committee is responsible for

- overseeing the Executive Risk Committee;
- reviewing the overall risk management guidelines/framework;
- reviewing and recommending risk limits; and
- assessing the adequacy and effectiveness of the risk management policies and systems.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

The Executive Risk Committee comprises Senior Executives and its responsibilities include, amongst others, the monitoring and improvement of the overall effectiveness of the risk management system and the review of positions and limits to manage overall risk exposure.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. For other financial assets (including investment securities, cash and deposits and derivatives), the Group minimises credit risk by dealing with high credit rating counterparties. For trade receivables, the Group adopts the policy of dealing with customers of appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For other financial assets, the Group adopts the policy of dealing only with high credit rating counterparties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an on-going basis with the result that the Group's exposure to bad debts is not significant.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. Financial assets are written off when there is no reasonable expectation of recovery. Where financial assets are written off, the Group continues to engage enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognised in the consolidated income statement.

Exposure to credit risk

At the balance sheet date, the Group's maximum exposure to credit risk is represented by the carrying amount of each class of assets recognised in the balance sheets, including derivatives with positive fair values.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and segment profile of its trade receivables on an on-going basis. The credit risk concentration profile of the Group's trade receivables (net of allowance for expected credit losses) at the balance sheet date is as follows:

	Group			
	2023		2022	
	US$'000	**%**	US$'000	%
By country:				
People's Republic of China	**2,024,738**	**32**	2,035,184	31
South East Asia	**1,479,964**	**23**	1,540,850	23
Europe	**341,935**	**5**	448,469	7
Africa	**402,284**	**6**	527,701	8
Australia/New Zealand	**366,281**	**6**	330,542	5
India	**108,094**	**2**	177,383	3
Others	**1,661,194**	**26**	1,488,883	23
	6,384,490	**100**	6,549,012	100

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Credit risk (continued)

	Group			
	2023		2022	
	US$'000	**%**	US$'000	%
By segment:				
Food Products	**2,052,095**	**32**	2,007,127	31
Feed and Industrial Products	**4,026,393**	**63**	4,067,776	62
Plantation and Sugar Milling	**246,986**	**4**	414,680	6
Others	**59,016**	**1**	59,429	1
	6,384,490	**100**	6,549,012	100

Financial assets that are neither past due nor impaired

Trade receivables and other financial assets that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and cash equivalents, investment securities at FVOCI/FVPL and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are impaired

Information regarding financial assets that are impaired is disclosed in Note 23.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group maintains sufficient liquidity by closely monitoring its cash flow. Due to the dynamic nature of its underlying business, the Group adopts prudent liquidity risk management policies in maintaining sufficient credit facilities, including the use of trade finance for the Group's raw material purchases. The Group also aims at maintaining flexibility in funding by keeping credit facilities available with different banks.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the balance sheet date based on contractual undiscounted amounts.

	2023 US$'000				2022 US$'000			
	Less than 1 year	**1 to 5 years**	**Over 5 years**	**Total**	Less than 1 year	1 to 5 years	Over 5 years	Total
Group								
Financial assets:								
Investment securities at FVOCI	**–**	**439,718**	**–**	**439,718**	–	301,999	–	301,999
Investment securities at FVPL	**280,485**	**–**	**–**	**280,485**	362,921	–	–	362,921
Trade receivables and other financial assets	**11,091,119**	**128,885**	**–**	**11,220,004**	11,253,460	196,738	–	11,450,198
Derivative financial instruments	**1,758,718**	**62,266**	**–**	**1,820,984**	574,562	27,587	–	602,149
Total cash and bank balances	**8,210,168**	**1,124,350**	**–**	**9,334,518**	5,771,180	2,507,091	–	8,278,271
Total undiscounted financial assets	**21,340,490**	**1,755,219**	**–**	**23,095,709**	17,962,123	3,033,415	–	20,995,538

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Liquidity risk (continued)

	2023 US$'000				2022 US$'000			
	Less than 1 year	1 to 5 years	Over 5 years	Total	Less than 1 year	1 to 5 years	Over 5 years	Total
Group								
Financial liabilities:								
Trade payables and other financial liabilities	5,167,822	192,432	78,100	5,438,354	4,776,481	191,343	96,645	5,064,469
Derivative financial instruments	1,545,228	11,375	–	1,556,603	718,229	24,698	–	742,927
Loans and borrowings	22,420,130	9,802,370	85,671	32,308,171	23,672,477	7,851,145	7,546	31,531,168
Total undiscounted financial liabilities	29,133,180	10,006,177	163,771	39,303,128	29,167,187	8,067,186	104,191	37,338,564
Total net undiscounted financial liabilities	(7,792,690)	(8,250,958)	(163,771)	(16,207,419)	(11,205,064)	(5,033,771)	(104,191)	(16,343,026)

	2023 US$'000				2022 US$'000			
	Less than 1 year	1 to 5 years	Over 5 years	Total	Less than 1 year	1 to 5 years	Over 5 years	Total
Company								
Financial assets:								
Other financial assets	5,995,112	102,992	–	6,098,104	5,779,102	281,628	–	6,060,730
Total cash and bank balances	1,598	–	–	1,598	1,448	–	–	1,448
Total undiscounted financial assets	5,996,710	102,992	–	6,099,702	5,780,550	281,628	–	6,062,178
Financial liabilities:								
Other financial liabilities	5,674,408	3,449,842	–	9,124,250	5,944,158	2,337,734	–	8,281,892
Derivative financial instruments	32	–	–	32	30	–	–	30
Loans and borrowings	–	70,666	–	70,666	–	75,919	–	75,919
Total undiscounted financial liabilities	5,674,440	3,520,508	–	9,194,948	5,944,188	2,413,653	–	8,357,841
Total net undiscounted financial assets/ (liabilities)	322,270	(3,417,516)	–	(3,095,246)	(163,638)	(2,132,025)	–	(2,295,663)

The table below shows the contractual expiry by maturity of the Group's and Company's contingent liabilities and commitments. The maximum amount of the financial guarantee contracts are allocated to the earliest period in which the guarantee could be called.

	2023 US$'000				2022 US$'000			
	Less than 1 year	1 to 5 years	Over 5 years	Total	Less than 1 year	1 to 5 years	Over 5 years	Total
Group								
Financial guarantees	98,800	92,561	–	191,361	198,800	78,038	–	276,838
Company								
Financial guarantees	4,777,419	10,573,030	59,055	15,409,504	6,213,042	7,858,673	200,000	14,271,715

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from their loans and borrowings, interest-bearing loans given to joint ventures, associates, related parties and non-controlling shareholders of subsidiaries and deposits with financial institutions.

At the balance sheet date, if the interest rates had been 50 (2022: 50) basis points lower/higher with all other variables including tax rate held constant, the Group's profit before tax will be higher/lower by approximately US$53,447,000 (2022: US$58,097,000), as a result of lower/higher interest expense on these net borrowings. As most of the Group's borrowings are short-term and trade related, any interest rate costs are typically priced into the respective trade transactions. Accordingly, the Group has minimum interest rate exposure risk.

(d) Foreign currency risk

The Group operates in several countries with dominant operations in Singapore, People's Republic of China, Indonesia, Malaysia, Australia, Europe, Ghana, Nigeria, Vietnam, India and others. Entities in the Group regularly transact in currencies other than their respective functional currencies ("foreign currencies") such as the United States Dollar (USD), Chinese Renminbi (RMB), Malaysian Ringgit (MYR), Indonesian Rupiah (IDR), Indian Rupee (INR) and Australian Dollar (AUD).

Currency risk arises when transactions are denominated in foreign currencies. The Group seeks to manage its foreign currency exposure by constructing natural hedges when it matches sales and purchases in any single currency or through financial instruments, such as foreign currency forward exchange contracts. To manage the currency risk, individual entities within the Group consult with Group Treasury to enter into currency forwards, either in their respective countries or with Group Treasury itself. Group Treasury in turn manages the overall currency exposure mainly through currency forwards.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia, Indonesia, People's Republic of China, Australia, Europe, Ghana, Nigeria, Vietnam, India and others. The Group's net investments in these countries are not hedged as currency positions in these foreign currencies are considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

A 5% (2022: 5%) strengthening of the United States dollar against the following currencies at the balance sheet date would have increased/(decreased) profit before tax and equity by the amounts shown below. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Group			
	Profit before tax		**Equity (Hedging reserve including cost of hedging)**	
	2023	2022	**2023**	2022
	US$'000	US$'000	**US$'000**	US$'000
Chinese Renminbi	**15,054**	23,348	**–**	–
Malaysian Ringgit	**(36,394)**	(11,425)	**12,065**	(17,155)
Indonesian Rupiah	**22,870**	38,333	**1,036**	(17,463)
Others	**(8,411)**	(23,625)	**(5,897)**	7,310

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(e) Commodity price risk

The prices of agricultural commodities are subject to wide fluctuations due to unpredictable factors such as weather, government policies, changes in global demand resulting from population growth and changes in standards of living, and global production of similar and competitive crops. During its ordinary course of business, the value of the Group's open sales and purchases commitments and inventory of raw material changes continuously in line with movements in the prices of the underlying commodities. To the extent that its open sales and purchases commitments do not match at the end of each business day, the Group is subjected to price fluctuations in the commodities market.

While the Group is exposed to fluctuations in agricultural commodities prices, its policy is to minimise its risks arising from such fluctuations by hedging its sales either through direct purchases of a similar commodity or through futures contracts on the commodity exchanges. The prices on the commodity exchanges are generally quoted up to twelve months forward.

In the course of hedging its sales either through direct purchases or through futures, options and swap contracts, the Group may also be exposed to the inherent risk associated with trading activities conducted by its personnel. The Group has in place a risk management system to manage such risk exposure.

At the balance sheet date, a 1% (2022: 1%) increase/decrease of the commodities price indices, with all other variables held constant, would have (decreased)/increased profit before tax and equity by the amounts as shown below:

	Group	
	2023	2022
	US$'000	US$'000
Effect of increase in commodities price indices on		
Profit before tax	**(21,051)**	(22,036)
Equity (hedging reserve)	**(3,699)**	(4,578)
Effect of decrease in commodities price indices on		
Profit before tax	**21,051**	22,036
Equity (hedging reserve)	**3,699**	4,578

(f) Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than commodity price, interest or exchange rates). The Group is exposed to equity price risk arising from its investment in equity instruments. These instruments are classified as investment securities at FVPL or investment securities at FVOCI.

Sensitivity analysis for equity price risk

At the balance sheet date, if the market price had been 5% (2022: 5%) higher/lower with all other variables held constant, the Group's profit before tax would have been approximately US$14,025,000 (2022: US$18,146,000) higher/lower, arising as a result of higher/lower fair value gains of investment securities, and the Group's other reserves in equity would have been approximately US$21,986,000 (2022: US$15,100,000) higher/lower, arising as a result of an increase/decrease in the fair value of the investment securities.

36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new ordinary shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

The Group monitors capital using net gearing ratio and adjusted net gearing ratio.

(a) Net gearing ratio

Net gearing ratio is net debt to equity, which equals net debt divided by total capital. The Group includes within net debt, loans and borrowings less total cash and bank balances and other deposits with financial institutions. Capital includes equity attributable to owners of the Company, i.e. shareholders' funds.

	Group	
	2023	2022
	US$'000	US$'000
Shareholders' funds	**20,172,838**	19,985,736
Loans and borrowings	**30,701,800**	30,429,001
Less: Cash and bank balances	**(9,234,557)**	(8,097,520)
Less: Other deposits with financial institutions - current	**(3,814,951)**	(3,584,932)
Net debt	**17,652,292**	18,746,549
Net gearing ratio (times)	**0.88**	0.94

(b) Adjusted net gearing ratio

Adjusted net gearing ratio is adjusted net debt to equity, which equals adjusted net debt divided by total capital. The Group includes within adjusted net debt, net debt less liquid working capital. Liquid working capital includes inventories (excluding consumables) and trade receivables, less current liabilities (excluding loans and borrowings). Capital includes equity attributable to owners of the Company, i.e. shareholders' funds.

	Group	
	2023	2022
	US$'000	US$'000
Shareholders' funds	**20,172,838**	19,985,736
Liquid working capital:		
Inventories (excluding consumables)	**11,203,716**	12,620,359
Trade receivables	**6,384,490**	6,549,012
Less: Current liabilities (excluding loans and borrowings)	**(7,414,166)**	(6,507,798)
Total liquid working capital	**10,174,040**	12,661,573
Adjusted net debt	**7,478,252**	6,084,976
Adjusted net gearing ratio (times)	**0.37**	0.30

37. SEGMENT INFORMATION

Reporting format

For management purposes, the Group is organised into reporting segments based on the types of products and services, and has four reportable operating segments as follows:

Food Products

This segment comprises the processing, branding and distribution of a wide range of edible food products including vegetable oils, sugar, flour, rice, noodles, specialty fats, snacks, bakery and dairy products, ready-to-eat meals and central kitchen products. These food products are sold in either consumer and medium packaging or in bulk.

Feed and Industrial Products

This segment comprises the processing, merchandising and distribution of products, which includes animal feeds, non-edible palm and lauric products, agricultural commodities, oleochemicals, gas oil and biodiesel.

Plantation and Sugar Milling

This segment comprises oil palm plantation and sugar milling activities, which includes the cultivation and milling of palm oil and sugarcane.

Others

This segment includes logistics and jetty port services and investment activities.

Except as indicated above, no operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain aspects, is measured differently from operating profit or loss in the consolidated financial statements. Group income taxes are managed on a group basis and are not allocated to operating segments.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income tax, deferred tax assets and liabilities, tax recoverables, certain loans and borrowings, and share-based payments.

Inter-segment sales took place on terms agreed between the various business segments. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

37. SEGMENT INFORMATION (CONTINUED)

2023

	Food Products US$'000	Feed and Industrial Products US$'000	Plantation and Sugar Milling US$'000	Others US$'000	Eliminations US$'000	Per Consolidated Financial Statements US$'000
Revenue:						
Sales to external customers	27,744,759	37,449,644	1,772,722	188,137	–	67,155,262
Inter-segment	581,695	3,919,586	2,207,903	253,491	(6,962,675)	–
Total revenue	28,326,454	41,369,230	3,980,625	441,628	(6,962,675)	67,155,262
Results:						
Segment results	294,935	926,699	500,149	(55,223)	–	1,666,560
Share of results of joint ventures	25,033	80,371	(57)	393	–	105,740
Share of results of associates	153,962	10,373	36,886	12,839	–	214,060
Unallocated expenses						(30,106)
Profit before tax						1,956,254
Income tax expense						(298,080)
Profit for the year						1,658,174
Assets and Liabilities:						
Segment assets	22,505,950	24,344,313	6,052,362	10,773,245	(5,914,295)	57,761,575
Investment in joint ventures	194,097	287,986	2,245	9,849	–	494,177
Investment in associates	1,407,448	842,038	332,393	392,036	–	2,973,915
Unallocated assets						579,025
Total assets						61,808,692
Segment liabilities	15,847,387	15,216,303	1,668,422	11,511,335	(5,914,295)	38,329,152
Unallocated liabilities						727,723
Total liabilities						39,056,875
Other segment information:						
Additions to non-current assets	1,387,962	861,082	266,894	128,155	–	2,644,093
Depreciation, impairment and amortisation	484,794	474,248	199,090	61,357	–	1,219,489
Finance income	312,205	223,656	45,613	256,189	(334,506)	503,157
Finance costs	(585,983)	(633,346)	(132,930)	(267,430)	334,506	(1,285,183) #

Including non-operating finance costs amounting to approximately US$33,657,000 on bank borrowings for acquisition of Wilmar Sugar Australia Limited & its subsidiaries

37. SEGMENT INFORMATION (CONTINUED)

2022

	Food Products US$'000	Feed and Industrial Products US$'000	Plantation and Sugar Milling US$'000	Others US$'000	Eliminations US$'000	Per Consolidated Financial Statements US$'000
Revenue:						
Sales to external customers	30,643,103	40,291,729	2,312,989	151,155	–	73,398,976
Inter-segment	873,273	4,253,869	2,424,320	221,345	(7,772,807)	–
Total revenue	31,516,376	44,545,598	4,737,309	372,500	(7,772,807)	73,398,976
Results:						
Segment results	730,123	1,559,446	569,320	3,624	–	2,862,513
Share of results of joint ventures	11,068	39,957	(9)	916	–	51,932
Share of results of associates	53,347	73,133	79,629	15,755	–	221,864
Unallocated expenses						(19,751)
Profit before tax						3,116,558
Income tax expense						(547,213)
Profit for the year						2,569,345
Assets and Liabilities:						
Segment assets	21,822,652	22,497,012	7,382,014	10,860,026	(6,238,050)	56,323,654
Investment in joint ventures	166,264	198,416	804	4,517	–	370,001
Investment in associates	1,312,311	947,213	655,569	329,772	–	3,244,865
Unallocated assets						463,450
Total assets						60,401,970
Segment liabilities	15,250,932	13,499,669	3,007,932	11,129,578	(6,238,050)	36,650,061
Unallocated liabilities						1,151,341
Total liabilities						37,801,402
Other segment information:						
Additions to non-current assets	1,611,143	872,609	195,147	189,368	–	2,868,267
Depreciation, impairment and amortisation	420,049	448,355	232,924	52,086	–	1,153,414
Finance income	261,582	167,148	26,516	242,646	(274,156)	423,736
Finance costs	(388,604)	(532,648)	(50,843)	(189,355)	274,156	(887,294) #

\# Including non-operating finance costs amounting to approximately US$15,210,000 on bank borrowings for acquisition of Wilmar Sugar Australia Limited & its subsidiaries

37. SEGMENT INFORMATION (CONTINUED)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B The following item is deducted from segment results to arrive at "profit before tax" presented in the consolidated income statement:

	2023 **US$'000**	2022 US$'000
Share-based payments (executive share options)	**(30,106)**	(19,751)

C Additions to non-current assets consist of additions to property, plant and equipment, right-of-use assets, intangible assets and bearer plants.

D The following items are added to segment assets to arrive at "total assets" reported in the balance sheet:

	2023 **US$'000**	2022 US$'000
Deferred tax assets	**357,157**	284,921
Tax recoverables	**221,868**	178,529
	579,025	463,450

E The following items are added to segment liabilities to arrive at "total liabilities" reported in the balance sheet:

	2023 **US$'000**	2022 US$'000
Deferred tax liabilities	**429,848**	387,682
Tax payables	**156,916**	255,861
Short/Medium Term Notes	**140,959**	507,798
	727,723	1,151,341

Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		**Non-current assets**	
	2023 **US$ million**	2022 US$ million	**2023** **US$ million**	2022 US$ million
People's Republic of China	**34,983**	37,602	**12,839**	13,427
South East Asia	**13,074**	14,210	**8,279**	8,269
India	**1,924**	2,119	**1,180**	1,145
Europe	**2,362**	2,924	**625**	363
Australia/New Zealand	**2,761**	2,749	**2,086**	2,067
Africa	**4,569**	5,543	**972**	1,342
Others	**7,482**	8,252	**595**	542
	67,155	73,399	**26,576**	27,155

Non-current assets information presented above consists of property, plant and equipment, right-of-use assets, investment properties, investment in joint ventures and associates, plasma investments, bearer plants, intangible assets, other financial assets, other non-financial assets and other bank deposits as presented in the balance sheet.

38. DIVIDENDS

	Group and Company	
	2023	2022
	US$'000	US$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Final tax-exempt (one-tier) dividend for 2022: S$0.11 (2021: S$0.105) per share	**514,091**	482,426
– Interim tax-exempt (one-tier) dividend for 2023: S$0.060 (2022: S$0.060) per share	**280,885**	273,009
	794,976	755,435
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
– Final tax-exempt (one-tier) dividend for 2023: S$0.11 (2022: S$0.11) per share	**512,654**	521,240

39. SUBSIDIARIES OF THE GROUP

The following is the list of the significant subsidiaries of the Group.

Name of subsidiaries	Place of incorporation	Principal activities	Proportion of ownership interest	
			2023	2022
			%	%
Calofic Corporation [3]	Vietnam	Manufacture and sale of vegetable oils and related products	**100**	76
PGEO Group Sdn Bhd [2] & its subsidiaries	Malaysia	Investment holding, processing, manufacturing and sale of edible oils, specialty fats, oleochemicals and related products, and manufacturing and trading of fertilisers and vegetarian food	**100**	100
Wilmar Plantations Sdn. Bhd. [2] & its subsidiaries	Malaysia	Investment holding and provision of agricultural and technical advisory services, oil palm cultivation, and operation of palm oil mills	**100**	100
PT Sentratama Niaga Indonesia [2] & its subsidiaries	Indonesia	Management consulting company, investment company, processing, manufacturing and selling of edible oils and its related products and other consumer goods, oil palm cultivation and palm oil milling, manufacturing and selling of fertilisers, industrial estate, manufacturing and selling of biofuel and/or gasoline and related products, rice milling and trading in rice products, warehousing and e-commerce, rice bran oil industry, rice, flour industry, plastic packaging industry, sugar industry and trading	**100**	100

39. SUBSIDIARIES OF THE GROUP (CONTINUED)

The following is the list of the significant subsidiaries of the Group.

Name of subsidiaries	Place of incorporation	Principal activities	Proportion of ownership interest	
			2023	2022
			%	%
Shree Renuka Sugars Limited [(2)] & its subsidiaries	India	Refining of raw sugar, production of sugar and ethanol derived from sugarcane, sale, distribution, trading and/or branding of sugar and ethanol and generation, distribution, sale and trading of electricity/power, design, undertaking and erecting turnkey projects	**62** +	62 +
Wilmar Africa Limited [(3)] & its subsidiary	Ghana	General trading of all kinds of goods and related trade activities, agriculture and plantation, fertiliser manufacturers, agro processing, refinery, specialty fats and oleochemicals, grains and pulses productions, warehousing and distribution	**72** +	72 +
Wilmar Sugar Australia Limited [(2)] & its subsidiaries	Australia	Investment holding, manufacturing and merchandising of raw and refined sugar products, molasses, co-generated electricity, ethanol and its by-products and distribution of oleochemicals and a range of other traded products	**100**	100
Wii Pte. Ltd. [(1)] & its subsidiaries	Singapore	Investment holding, finance and treasury centre	**100**	100
Yihai Kerry Arawana Holdings Co., Ltd [(2)] & its subsidiaries	People's Republic of China	Investment holding, processing, and merchandising of oilseeds, edible oils and grains	**90** +	90 +
Wilmar Europe Holdings B.V. [(4)] & its subsidiaries	The Netherlands	Investment holding, manufacturing, trading, marketing and distribution of edible oils, oleochemicals and biodiesel	**100**	100
Wilmar Ship Holdings Pte. Ltd. [(3)] & its subsidiaries	Singapore	Investment holding, ship-owning, ship chartering, ship brokering and ship management	**100**	100
Wilmar Trading Pte Ltd [(1)]	Singapore	International trading in edible oils and commodities	**100**	100

39. SUBSIDIARIES OF THE GROUP (CONTINUED)

The following is the list of the significant subsidiaries of the Group.

Name of subsidiaries	Place of incorporation	Principal activities	Proportion of ownership interest	
			2023	2022
			%	%
Wilmar GF Singapore Holdings Pte. Ltd. (1) & its subsidiaries	Singapore	Investment holding, manufacturing, marketing and distribution of food ingredients and consumer branded food, beverage and related products and intellectual property holding and management	**100**	100
Wilmar Sugar Pte. Ltd. (1) & its subsidiaries	Singapore	Investment holding, merchandising, importing, exporting, warehousing, distributing and selling of sugar products, and trading of agricultural commodities	**84** +	83 +

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firms of Ernst & Young Global in the respective countries
(3) Audited by other auditors
(4) Not audited as it is not required under local requirements
\+ Rounded to the nearest whole %

40. JOINT VENTURES AND ASSOCIATES OF THE GROUP

The following is the list of the significant joint ventures of the Group.

Name of joint ventures	Place of incorporation	Principal activities	Proportion of ownership interest	
			2023	2022
			%	%
Global Amines Company Pte. Ltd. (1) & its subsidiaries	Singapore	Investment holding and production and sale of fatty amines and selected amines derivatives	**50**	50
Olenex Holdings B.V. (2) & its subsidiaries	The Netherlands	Investment holding and manufacturing, marketing and distribution of edible oils	**63** +	63 +
Vietnam Agribusiness Holdings Pte. Ltd. (3) & its subsidiary	Singapore	Trading, selling, distributing, marketing, processing and investing in agribusiness activities and related products	**50**	50

(1) Audited by Ernst & Young LLP, Singapore
(2) Audited by member firms of Ernst & Young Global in the respective countries
(3) Audited by other auditors
\+ Rounded to the nearest whole %

40. JOINT VENTURES AND ASSOCIATES OF THE GROUP (CONTINUED)

The following is the list of the significant associates of the Group.

Name of associates	Place of incorporation	Principal activities	Proportion of ownership interest 2023 %	Proportion of ownership interest 2022 %
Adani Wilmar Limited [1] [2] & its subsidiaries	India	Manufacturing, refining, processing and trading of edible oils, non-edible oils and various agro based products such as rice, pulses, besan, nuggets, wheat flour and sugar	**44 +**	44 +
Bidco Uganda Limited [2] & its subsidiaries	Uganda	Manufacture and sale of edible vegetable oils, fats, soaps, ghee and related products and oil palm cultivation	**48**	48
Changshu Luhua Edible Oil Co., Ltd [2]	People's Republic of China	Edible oils packaging	**30 +**	30 +
COFCO East Ocean Oils & Grains Industries (Zhangjiagang) Co., Ltd [2] & its subsidiaries	People's Republic of China	Oilseeds crushing, edible oils refining, fractionation and packaging, flour and rice milling, specialty fats processing and warehousing	**44**	44
FFM Berhad [1] & its subsidiaries	Malaysia	Investment holding, flour milling, animal feed manufacturing, grains trading and trading in rice products	**20**	20
Laiyang Luhua Fragrant Peanut Oil Co., Ltd [2]	People's Republic of China	Edible oils packaging	**25 +**	25 +
Perennial Group Private Limited [2] & its subsidiaries	Singapore	Investment holding, real estate investment and development, asset and property management services, healthcare services and hospitality services	**19 +**	20 +
Shandong Luhua Fragrant Peanut Oil Co., Ltd [2]	People's Republic of China	Peanut crushing and edible oils packaging	**25 +**	25 +

40. JOINT VENTURES AND ASSOCIATES OF THE GROUP (CONTINUED)

The following is the list of the significant associates of the Group.

Name of associates	Place of incorporation	Principal activities	Proportion of ownership interest	
			2023	2022
			%	%
Sifca SA [1] [2] & its subsidiaries	Ivory Coast	Investment holding, processing and cultivation of palm oil, sugarcane and natural rubber	**27** +	27 +
Xiang Yang Luhua Fragrant Peanut Oil Co., Ltd [2]	People's Republic of China	Peanut crushing and edible oils packaging	**30** +	30 +
Zhoukou Luhua Fragrant Peanut Oil Co., Ltd [2]	People's Republic of China	Edible oils packaging	**44** +	44 +

(1) Audited by member firms of Ernst & Young Global in the respective countries
(2) Audited by other auditors
\+ Rounded to the nearest whole %

41. COMPARATIVE FIGURES

Certain financial information and disclosures relating to freight costs have been reclassified to cost of sales. Accordingly, the comparative figures have been restated and reclassified to conform with current year's presentation as below:

	Group	
	Previously reported	**As restated**
	US$'000	US$'000
Consolidated income statement		
Cost of sales	(65,922,885)	(66,852,672)
Selling and distribution expenses	(3,293,045)	(2,363,258)

42. CONTINGENT LIABILTIIES

A In January 2024, Yihai (Guangzhou) Oils & Grains Industries Co., Ltd. ("Guangzhou Yihai"), a subsidiary of the Group in China, received a criminal indictment from the People's Procuratorate of Huaibei City alleging that:

(1) Guangzhou Yihai and its former general manager colluded with third parties to commit contract fraud; and

(2) the former general manager illegally accepted bribes from a third party from 2008 to 2014 (the "Case").

The Group had considered the opinions of its external legal counsel and believes that the allegation against Guangzhou Yihai is not justified. As at the date of the financial statements, the court proceedings in respect of the Case are ongoing and management has determined that they cannot reasonably predict the eventual outcome of the Case. Accordingly, no provision has been recognised as at year end.

B The Group operates in various jurisdictions where there could arise inquiries or inspections by authorities on the Group's activities, including compliance with regulations governing import and export of products. The Group is of the view that it is in compliance with the laws and regulations of those jurisdictions.

43. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 12 March 2024.