LPI CAPITAL BHD
196201000175 (4688-D)

STRENGTHENING THE PRESENT, SAFEGUARDING WHAT MATTERS.

INTEGRATED ANNUAL REPORT 2023

INSIDE THIS REPORT

COVER RATIONALE

STRENGTHENING THE PRESENT, SAFEGUARDING WHAT MATTERS.

The straight lines, elegantly transitioning into vibrant shades of colour in the central region, symbolise the journey from simplicity and clarity (represented by white) to the rich, diverse aspects of life and financial security (captured by the colours). This transformation mirrors LPI Capital Bhd ("LPI")'s commitment to guiding its stakeholders through the complexities of financial well-being.

This cover signifies LPI's nuanced approach to its mission, recognising the simplicity and complexity of financial security. It communicates that the Company understands the diverse aspects of life's journey and offers a clear, reliable path to strengthen the present and safeguard what truly matters.

VISION

To be the preferred premier insurance solutions provider.

CORPORATE MISSION

Our primary focus is to provide innovative insurance products supported by customer centric service excellence. We aim to provide our insured an easy channel for all their insurance needs.

Our brand is representative of the way we conduct ourselves and the approach to organisational development. We aim to create an environment for our people that is fair, caring and accountable.

Our drive is to create value for our stakeholders, anchored to our vision and corporate mission. We strive for sustainability through financial and technical strength based on recognised and proven standards.

OUR CORE VALUES

Represent the way we conduct ourselves and our responsibilities to our insured, our stakeholders, our people and our community.

L
Aspire to be the **LEADER** in the insurance industry in Malaysia and in the region.

O
Commitment to **OPERATIONAL EXCELLENCE** guided by integrity and professionalism.

N
Creating **NEW AND INNOVATIVE** market-relevant insurance products.

P
PROVIDING a fair, caring and merit based working environment.

A
ADOPTING a proactive and accountable approach to stakeholders.

C
CRAFTING a premier insurance brand identified for good corporate governance and corporate responsibility.

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ABOUT THIS REPORT

ABOUT THIS REPORT

LPI Capital Bhd's ("LPI") 2023 integrated annual report provides a comprehensive overview of the business activities of LPI and its wholly-owned subsidiary Lonpac Insurance Bhd (collectively known as "the LPI Group" or "the Group"). As a company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), this integrated annual report has been prepared in adherence to the regulations outlined by Bursa Securities' Main Market Listing Requirements ("MMLR") and in alignment with the International Integrated Reporting Council's ("IIRC") Integrated Reporting <IR> Framework. This report is also guided by other reporting standards, which will be identified in detail in a subsequent section.

In addition to presenting financial performance data for 2023, this report also highlights the Group's efforts to enhance its sustainability initiatives and governance practices. To that end, the sustainability report has been significantly revised to better harmonise with best practices, guidelines and standards while facilitating improved disclosure. These are discussed in much greater detail in the sustainability section found on page 46 of this report. The Group would like to take this opportunity to reassert its commitment towards providing a more comprehensive and transparent report that assesses and more fully discloses its value creation roles as a leading insurance provider in Malaysia. This report also aims to offer stakeholders a deeper understanding of the Group's processes and prospects moving forward.

REPORTING SCOPE AND BOUNDARY

The scope and boundary of this report are guided by the MMLR and the <IR> Framework to ensure full compliance with local and international disclosure standards. The aim of this report is to provide stakeholders with a comprehensive insight into the LPI Group's activities and future outlook over the short-, medium-, and long-term. This includes discussions on the LPI Group's value creation processes, financial performance during the reviewed year, strategic business direction, initiatives on Environmental, Social, and Governance ("ESG") concerns, and future aims and prospects.

KEY CONCEPTS AND DEFINITIONS

This integrated report is governed by several key concepts, which are defined in the following manner.

Materiality

Materiality is defined as "the principle of identifying and assessing a wide range of sustainability matters and refining them to those that are the most important to the company and its stakeholders."[1] Differently put, materiality is the principle of identifying, evaluating and addressing matters that have material impact on the sustainability of the LPI Group and its stakeholders. Material matters include the legitimate needs and interests of stakeholders, which range from LPI's shareholders to employees of the Group, as well as its regulators and customers. Observing this principle ensures that the information included in this report reflects the impact and outcomes of the Group's value creation activities as they relate to its stakeholders, and the sustainability of those activities. The principle also ensures that the disclosures of this report are limited to relevant outcomes.

[1] Bursa Securities' Sustainability Reporting Guide (3rd Edition).

Sustainable Development

Sustainable development refers to development that meets the needs of the present without compromising the ability of future generations. This is aligned with the United Nations Sustainable Development Goals ("UN SDGs"), which have also been integrated with the 12th Malaysia Plan. Likewise, the LPI Group has integrated the UN SDGs into its Sustainability Blueprint and will work towards four specific UN SDGs. These will be discussed in a later section.

Value Creation

The Group's business activities are aimed at creating value for its stakeholders. These activities consume and exhaust capital inputs during the value creation process, and thus trade-offs must be made when deciding how to best create value. Values can be understood as both financial and non-financial in nature. To ensure that value creation remains sustainable, part of the Group's value creation activities are directed at replenishing capital inputs while others create outcomes for stakeholders. For example, some of the Group's value creation activities are directed at replenishing the financial capital that is necessary for other value creation activities, such as the payment of dividends and salaries, and the marketing and promotion of products and services.

Integrated Thinking

The IIRC defines integrated thinking as "the connectivity and interdependencies between the range of factors that affect an organisation's ability to create value over time" through the following considerations:

- the capitals that the organisation uses or affects, and the critical interdependencies, including trade-offs, between them;
- the capacity of the organisation to respond to key stakeholders' legitimate needs and interests;
- how the organisation tailors its business model and strategy to respond to its external environment and the risks and opportunities it faces; and
- the organisation's activities, performance (financial and other) and outcomes in terms of the capitals – past, present and future.[2]

[2] The International <IR> Framework. Downloaded from https://integratedreporting.org

REPORTING FRAMEWORKS

The preparation of this report has been guided by the following reporting frameworks:

- The International Integrated Reporting <IR> Framework
- The Malaysian Code on Corporate Governance
- Bursa Malaysia Securities Berhad's Main Market Listing Requirements
- Bursa Malaysia Securities Berhad's Sustainability Reporting Guide (3rd Edition)
- Malaysian Companies Act 2016
- The Malaysian Financial Reporting Standards ("MFRS")
- IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards")
- The International Sustainability Standards Board ("ISSB")
- The Global Reporting Initiative ("GRI") Sustainability Standards
- The Sustainable Accounting Standards Board ("SASB")
- The AA1000 AccountAbility Principles

FORWARD LOOKING STATEMENTS

This report contains forward looking statements in discussions of the Group's plans, objectives, expectations, future financial condition, performance, results and estimates of future cash flows and costs. As projections of future conditions, the accuracy of these statements cannot be absolutely guaranteed as they relate to future events and circumstances, including economic and business conditions, market fluctuations, policies and actions of regulatory authorities, actions of competitors, as well as the impact of tax and other legislation and regulations in the operating jurisdictions.

Due to these variables, actual future financial condition, performance, and results may differ materially from the plans, goals and expectations set forth in this integrated report. It is important to note that the Group has no obligation to update the forward looking statements contained in this document or any other forward looking statements should conditions change. Nothing in this report shall constitute an offer to sell or the solicitation of an offer to buy securities.

BOARD APPROVAL

LPI's Board of Directors ("the Board") grants its assurance that all efforts have been made to provide a thorough and comprehensive disclosure of the activities undertaken during the year under review. This report was prepared in line with the guidelines provided by Bursa Securities as well as the <IR> Framework, and the report has been reviewed and endorsed by LPI's Board.

KEY HIGHLIGHTS FOR THE YEAR

FINANCIAL HIGHLIGHTS

Insurance Revenue
RM1.78
billion

Gross Written Premiums
RM1.73
billion

Profit Before Tax
RM394.9
million

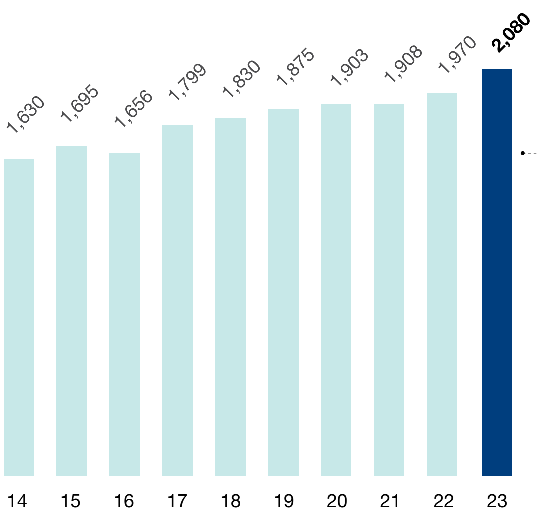
Return On Equity
13.7
%

Return On Assets
6.9
%

Net Dividend Per Share
66.0
sen

NON-FINANCIAL HIGHLIGHTS

Gross Written Premiums Income Per Employee (RM'000)



+5.6%
Over the past 10 years, we have invested heavily into automation and business process management systems to improve efficiency and productivity of our employees.

No. of Employees
832

No. of Policies Issued
2,482
per employee

AWARDS AND RECOGNITION

2021 Asean Corporate Governance Scorecard Award

KEY HIGHLIGHTS FOR THE YEAR

SUSTAINABILITY HIGHLIGHTS

GOVERNANCE

A.M. Best reaffirmed its **Financial Strength Rating of A (Excellent)** and the **Long-Term Issuer Credit Rating of "a" (Excellent)** for Lonpac with a stable outlook for both ratings that reflect Lonpac's very strong balance sheet, strong operating performance, neutral business profile and appropriate enterprise risk management

No incident of bribery or corruption related to the Group reported during the year

No incident of cyber encroachments, substantiated complaints on breaches of customer privacy and loss of confidential data in 2023

No monetary loss by the Group due to legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers

91% of employees received thorough **training on anti-bribery and corruption**

94% of operations that underwent **corruption risk assessments**

SOCIAL

Achieving a customer policy renewal ratio of **81%**

43% of representation of women in Board of Directors

No incident of substantiated complaints concerning human rights violations in 2023

RM761,566 was allocated for its **talent development program,** providing an **average of 20 hours of training** per employee in 2023

96% of spending directed towards **local suppliers**

68% of Group's investment portfolio **consists of sustainable assets**

ENVIRONMENTAL

5.3 tCO_2e Greenhouse Gas Emissions per employee in 2023

Waste of 87.3 tonnes was generated and managed responsibly to minimise environmental impact

Electricity consumption per employee of **3,748 kWh**

Water consumption per employee was managed responsibly at **15.5 m^3**

CORPORATE PROFILE

Founded on 24 May 1962 as the London & Pacific Insurance Company Bhd, LPI Capital Bhd ("LPI") is now an investment holding company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). LPI was registered as a general insurer on 9 April 1963 under the Malaysian Insurance Act 1963 and was listed on the former Second Board of the Malaysian stock exchange on 8 January 1993. It was subsequently transferred to the Main Market of Bursa Securities on 17 January 1997.

LPI's Malaysian and Singaporean insurance interests were transferred to its wholly-owned subsidiary, Lonpac Insurance Bhd ("Lonpac"), as a result of a corporate rationalisation scheme conducted on 1 May 1999. Lonpac continues to be LPI's operational arm for the Group's insurance activities in Malaysia and Singapore. Meanwhile, LPI's insurance activities in Cambodia are undertaken by LPI's 45%-owned Campu Lonpac Insurance PLC.

Lonpac is a leading general insurance provider in the Malaysian market and one of the longest-serving providers, having been a cornerstone of the business for more than 50 years. The Group has expanded its presence to Singapore and Cambodia, which remain value-accretive propositions with significant potential. As a result of its efforts, Lonpac continues to remain relevant in Singapore despite the highly competitive nature of the market while LPI Group continues to build its business in the relatively younger Cambodian market. These strategic markets are expected to continue contributing to the Group's overall performance in the years to come.

CORPORATE PROFILE

OUR VALUE PROPOSITIONS

The LPI Group has established a reputation for reliability and trustworthiness. Its customer-centric approach and long-standing track record of observing the highest levels of corporate ethics and governance have contributed to the Group's standing in the market. The Group's approach to risk, which puts prudence and sustainable growth at the forefront, as well as its emphasis on innovation, has ensured that Lonpac remains a relevant and trusted player in a dynamic Malaysian market. Key propositions for stakeholders include:

Diverse Portfolio of Products and Services

LPI, through Lonpac, offers a comprehensive range of insurance solutions catering to a diverse clientele, spanning from individual policies to the underwriting of large-scale industrial projects. Lonpac is aware of the varying needs and risk appetites of its customers and thus places significant emphasis on ensuring that its roster of products and services are both accessible and affordable and tailored to their unique requirements. To achieve these high standards of performance, Lonpac conducts extensive market research and collaborates with its partners, such as its agents and financial institutions, to develop new insurance solutions for existing and new customer segments.

While specific business segments are prioritised in accordance with the Group's strategy in any specific time frame, LPI Group remains committed to the advancement of all its business segments. Currently, Lonpac provides insurance solutions in the following segments:

Extensive Distribution Network and Reach

The LPI Group has an extensive distribution network supported by a network of agents who have been carefully nurtured and trained to provide comprehensive insurance solutions for all the Group's customer segments. As frontline representatives, the agents play a critical role in helping customers identify and procure the necessary protection for their homes, families and businesses. In addition, they also provide critical customer feedback to the Group's insurance operations to ensure greater alignment with customer needs and expectations.

LPI Group also works together with government and industry partners, including local and foreign insurers and reinsurers, to provide specialised coverage and underwrite large projects. The end result is an expanded underwriting portfolio and reach that has been carefully managed to ensure that risk is evenly and prudently distributed. The Group's risk management is supported by in-house actuarial and research teams, which work together and jointly with partners to accurately price risk and identify new business opportunities, including in emergent areas such as sustainability and climate-related risks.

LPI's reach has been further enhanced by the integration of digital technology. This has effectively strengthened and expanded the Group's distribution and communication capabilities, especially in the mobile and online space, which has become an important ecosystem for all businesses. The added flexibility and control offered by insurance technology ("Insuretech") adds further appeal for the technologically savvy demographic who want to be more directly involved in the management of their insurance portfolio. To support the digital transformation, the Group's information technology ("IT") resources have been upgraded to further establish its digital distribution channel.

At present, the Group's physical distribution channel comprises 21 Lonpac branches throughout Malaysia and one in Singapore. We also have an associated company in Cambodia through Campu Lonpac Insurance PLC.

CORPORATE PROFILE

Prioritising Customer and Stakeholder Support

The LPI Group has consistently placed a high priority on ensuring customer and stakeholder satisfaction since its start more than half a century ago. This commitment to satisfaction is a fundamental pillar of the Group's operational sustainability. To that end, the Group has invested significant efforts in training and equipping staff and representatives to develop enduring and meaningful relationships with customers while delivering top-tier advice and service quality. The insurance industry fundamentally relies on relationships of trust, which are nurtured by the consistent delivery of fair, reliable, and efficient services and solutions over time.

The LPI Group places special emphasis on the management of insurance claims as part of its commitment to excellent customer experience, as claims typically arise because of unforeseen peril or misfortunes. As such, the claims process is often initiated during stressful times. Consequently, the Group strives to expedite the claims process whenever possible to minimise disputes and resolve outstanding cases swiftly. The claims process is benchmarked against internal standards, and the number of outstanding claims is assessed quarterly to ensure that staff performance meets service standards. Specific measures are also in place to address claims that remain outstanding beyond predetermined thresholds.

In addition, the Group is focused on enhancing communication channels with customers by expanding and improving the capabilities of communication platforms. Among these are Lonpac's dedicated Customer Service Centre and online touchpoints, which are accessible. These channels serve to relay new information about products and services to customers, as well as to collect customer feedback. Customers are also given access to self-service features through Lonpac's web portal to give them greater control over the management of their policies.

Exclusive customer services offered include:

1. **Lonpac E-Assist:** 24-hour emergency car assistance service facilitating minor roadside repairs, towing services, car rental referral services and hotel accommodation referrals for Lonpac's Private Car Secure, Private Car Secure Plus, Motor ezSecure and Comprehensive Private Car insurance policyholders.
2. **Lonpac Home-Assist:** A referral assistance programme providing home repair and maintenance services for Lonpac's Home Secure Plus, Mortgage Home Secure Plus, Houseowner and Householder policyholders.
3. **Lonpac Travel Assist:** A medical and emergency assistance programme for travellers covered under Lonpac's BizTravel, Travel Secure and Travel ezSecure policies.

LPI's web portal is also an important point of contact for corporate stakeholders, including investors and shareholders. As part of the Group's commitment to transparency and corporate governance, all necessary and relevant information to help stakeholders properly assess the business and capabilities have been made available online. This integrated annual report is also part of that effort to provide relevant financial information to our investors and shareholders.

Prioritising Local Expertise and Development

As one of the largest locally-owned insurers in Malaysia, the Group plays an important role in developing local insurance expertise and ensuring the long-term sustainability of the Malaysian general insurance market. The Group believes that, as a people-centric business, there can be no substitute for individuals who possess an intimate understanding of local culture and business values. Consequently, the Group places a high premium on the recruitment and cultivation of local talent, both as an integral part of its business strategy and as a cornerstone of its commitment to fostering a more sustainable Malaysian general insurance industry.

To achieve this objective, LPI takes a top-down approach, with its leadership setting the precedent for the entire organisation. Members of Management and the Board are appointed from the pool of individuals with strong local knowledge, and this is a deliberate decision made to facilitate stronger working relationships with the Group's stakeholders. Similarly, LPI prioritises the hiring of local talent and earmarks substantial resources for their training and professional development. In doing so, the Group has done its part to secure the future of the Malaysian general insurance sector.

GROUP CORPORATE STRUCTURE

AS AT 31 DECEMBER 2023

LPI CAPITAL BHD

Malaysian Company	Overseas Company
100%	45%
Lonpac Insurance Bhd	**Campu Lonpac Insurance Plc**
Underwriting of General Insurance	*Underwriting of General Insurance*

Notes:
- The companies reflected above are operating subsidiary/ associated companies.
- The full list of companies under the LPI Group is set out in Notes 7 and 8 to the Financial Statements on pages 205 to 206 of this Integrated Annual Report.

NOTE FROM CHAIRMAN

The past year was challenging for the insurance industry with the Malaysian economy affected by various factors, including inflation, sluggish growth, and continued global political turmoil in Europe and the Middle East.

Mr. Tee Choon Yeow
Independent Non-Executive Chairman

This translated into weaker demand for Malaysian exports, which in turn affected Malaysia's domestic growth in 2023. While robust domestic demand continued to provide some buffer against these external challenges, the continued downward trend in external trade will weigh on domestic growth. As prospects for the insurance industry are inextricably tied to the level of economic activity, challenges to growth will have a knock-on impact on insurance demand.

The prospect of a quick recovery, according to the International Monetary Fund ("IMF") in its October 2023 World Economic Outlook, does not look likely. Based on its forecast, world economic growth is expected to slow in 2023 to 3.0% from 3.5% in 2022 and will further decelerate to 2.9% in 2024[1]. The IMF added that the slowdown was due to the impact of policy tightening that had taken place over the last couple of years in a bid to control inflation. The silver lining is that these policy actions have had a positive impact on inflation with the Fund projecting global inflation to moderate from 8.7% in 2022 to 6.9% in 2023, and to 5.8% in 2024.

Bank Negara Malaysia ("BNM") projected in a November 2023 report that it expects full-year growth to reach 4% in 2023 and between 4% and 5% in 2024. Economic expansion will continue to be driven by domestic demand supported by employment and income prospects. Other upside catalysts include growth in tourism, the delivery of catalytic infrastructure projects, and stimulus measures contained under Budget 2024. Inflation is expected to remain stable going forward at between 2.5% and 3%.

[1] https://www.imf.org/en/Publications/WEO/Issues/2023/10/10/world-economic-outlook-october-2023

NOTE FROM CHAIRMAN

Profit Before Tax
RM
394.9
million

Net Return on Equity
13.7
%

Earnings Per Share
78.75
sen

Combined Ratio
76.9
%

Total Dividend Payment
66.00
sen

We expect that the investment landscape will remain volatile in the foreseeable future, and we will remain conservative in our investment decisions to ensure the overall sustainability of our financial performance.

LPI Performance Review

Despite the challenging economic landscape, the Group managed to put in a commendable performance for FY2023 with Profit Before Tax ("PBT") improving 15.6% to RM394.9 million compared against RM341.7 million in the previous year. The improved result was due to higher interest and dividend income from our investment portfolio. There was a robust top-line growth from our insurance activities during the year—in line with the resumption of economic activities—an accompanying increase in the frequency of claims resulted only a slight increase in overall Insurance Service Result. Overall, LPI reported a Net Return on Equity of 13.7% and Earnings Per Share of 78.75 sen for FY2023, representing a year-on-year improvement from 11.4% and 63.31 sen, respectively. Meanwhile, we saw higher contributions from our investment portfolio owing to higher dividend and interest income from our investee companies, coupled with higher Insurance Service Result resulting in an overall net profit of RM313.7 million for LPI in FY2023 (FY2022: RM252.2 million).

We expect that the investment landscape will remain volatile in the foreseeable future, and we will remain conservative in our investment decisions to ensure the overall sustainability of our financial performance. At the same time, we continued to integrate sustainability considerations in our investment decisions, in line with a BNM directive.

The Board notes that the ranking of our market share in the Malaysian general insurance market has dropped two positions, to 6th in 2023 from 4th in 2022, according to the Insurance Services Malaysia Berhad's ("ISM") Statistical Bulletin for the period January to September 2023. The change in market share was due primarily to a consolidation exercise by two insurers, which resulted in the merging of their respective portfolios. Nevertheless, we continued to maintain our leadership position in the key business classes of Fire and Bond. In addition, Lonpac's Combined Ratio of 76.9%, a measure of profitability, continued to beat the industry average of 92.9% for the period of January to September 2023.

After taking into consideration the challenges in the operating environment, our prudential thresholds, and the sustainability of our operations, I am pleased to announce on behalf of the Board that we have declared a second interim single-tier dividend of 40.0 sen for the financial year ended 31 December 2023. This brings our total dividend payment to 66.0 sen for the year.

NOTE FROM CHAIRMAN

Long-term thinking has always been a fundamental part of the Group's identity and is part of the legacy left by our late founder, Tan Sri Dato' Sri Dato' Dr. Teh Hong Piow. We endeavour to maintain and carry on with his legacy and continue to plan and operate with the longer view in mind.

Maintaining Our Focus on Long-Term Sustainability

LPI's business philosophy has always emphasised long-term growth and sustainability over short-term gains and inorganic growth. This has been the key to the longevity of our Group, and we will continue to prioritise sustainability over other considerations. Within the context of the present day, this means that we must manage three key developments that are likely to have a significant impact on our business: continued volatility in the global economy, ongoing liberalisation of the Malaysian general insurance sector, and worsening environmental and climate issues. These developments are risk items for our organisation in that they each have the potential to severely disrupt our business activities and impact our ability to create value for stakeholders. However, they also represent opportunities for us, and careful management of their impact may result in positive outcomes.

For instance, we have seen over the last few years the sudden changes in the operating landscape because of the pandemic, inflation, political turmoil, and trade disruption. These events have affected key metrics for the insurance business—demand for insurance and the number of claims filed, for example—directly affecting our Insurance Service Result. Inflation, as well, has a direct impact on the insurance business as the higher cost of goods translates into higher premiums for customers, which may, in turn, affect the level of protection they enjoy. Our long-term sustainability will depend not only on how well we can manage the impact of these challenges in our technical underwriting but also on how we help our customers manoeuvre through this challenging period. To do so, we must continue to operate within our internally stipulated prudential thresholds and maintain open lines of communication with our customers to ensure they receive sufficient coverage.

With respect to the liberalisation of the general insurance industry, LPI has been supportive of the initiative from the beginning and will continue to adapt our operations to fully comply with the current requirements. We expect liberalisation to continue, and with that comes increased competition and continued moderation of premiums for the Motor and Fire business segments, which remain tariffed-rated. While this will inevitably impact our underwriting operations, there have also been positive results owing to the greater flexibility accorded by liberalisation. Our liberalisation strategy has shown itself to be successful thus far, but we will have to continue enhancing our capabilities to adapt to the new changes that the next phase of liberalisation will bring.

The third factor that we must take into consideration with respect to our long-term sustainability is the issue of environmental and climate change. The increasing frequency and severity of climate-related disasters will have a significant impact on our risk model, as well as on the level of protection enjoyed by our customers. The LPI Group is doing its part to encourage sustainability and is currently developing a plan to provide green coverage, i.e. insurance products for green projects. This is a new area of business, and, while exciting, requires that we approach it after having examined its ramifications and potential impacts on our business. Nevertheless, we believe this is the way forward, and we must proceed with care to ensure that it will be sustainable for us and our stakeholders as part of our long-term plan.

It should also be noted that climate change has significant impact on our reinsurance and on our annual reporting. Specifically, it has become increasingly important for us to enhance sustainability disclosures in line with both local and international best practices. It bears repeating that climate change is not a local issue, and there are growing calls for corporations to step up their sustainability practices. We pride ourselves in having taken sustainability reporting as a key deliverable at LPI, and we ensure that our entire leadership chain is involved in its management. For our report this year, we have revamped our sustainability report to incorporate the latest guidelines issued by our regulators and further enhanced our disclosure of data and information.

Long-term thinking has always been a fundamental part of the Group's identity and is part of the legacy left by our late founder, Tan Sri Dato' Sri Dato' Dr. Teh Hong Piow. We endeavour to maintain and carry on with his legacy and continue to plan and operate with the longer view in mind.

NOTE FROM CHAIRMAN

We will also continue to further digitalise our operations as part of our long-term sustainability strategy.

enhancements to the back-end supporting our technical operations

to provide customer with greater flexibility and options to purchase and manage their insurance policies

Moving Forward

The coming year is expected to remain challenging. Advanced economies are still at risk of falling into recession, while political strife further worsened in the last months of 2023. Although there were initial signs of a global economic recovery, these prospects have been dampened by the ongoing strife in Eastern Europe and in the Middle East. In such circumstances, operating conditions may change at a moment's notice, and thus, the Group remains keenly focused on international and local developments which may affect our prospects.

Our underwriting performance for the coming year will be largely influenced by external developments. Although the number of claims will further normalised in the coming year, external factors such as inflation, the value of the Ringgit, and trade disruption will continue to weigh on performance. For instance, inflationary pressure will affect the value of claims, while trade disruptions will continue to affect our maritime business. Meanwhile, we can also expect to see continued margin compression from the ongoing liberalisation of the Fire and Motor segments of the general insurance industry. The move away from tariffs to risk-based assessments is both a risk and an opportunity for the Group, and we will continue to make the necessary adjustments to manage the risks and make the most of new opportunities.

The more competitive insurance industry has also brought about greater competition for talent, specifically for experienced agents and employees. As our agents represent our single largest distribution network, we must continue to recruit and grow our agency force. The evolving landscape of insurance, characterised by increasing digitalisation and growing demand for diverse skills, has heightened the complexities of recruitment and retention. Additionally, the post-pandemic era has brought about a transformation in the nature of work, which has similarly prompted the need for innovative management approaches. It is therefore imperative that the Group enhances the attractiveness of our employee propositions to effectively compete for top talent in the industry.

Finally, we will also continue to further digitalise our operations as part of our long-term sustainability strategy. This includes enhancements to the back-end supporting our technical operations and also on the customer-facing side to provide them with greater flexibility and options to purchase and manage their insurance policies. We believe that this will make insurance more widely available and thus help address the issue of Malaysians being underinsured.

Acknowledgements

On behalf of the LPI Board, I would like to extend our heartfelt appreciation to the dedicated Management and staff of the LPI Group for their unwavering commitment and hard work this past year. We remain fully confident in the capabilities of our team to navigate us through all obstacles, and we look forward to our continued collaboration in the coming year. The Board would also like to express its gratitude to our network of agents and intermediaries, who have stood by us through thick and thin, serving as steadfast supporters. Your contribution to our cause and ongoing efforts as the crucial link between our customers and us are deeply valued.

Special acknowledgment goes to our loyal customers and shareholders, whose ongoing support has been the bedrock of the LPI Group over the years. The trust we have built is invaluable, and we hope to remain your reliable choice for insurance needs in the future. We also extend our thanks to our regulators and governing authorities, particularly BNM, for their leadership in transforming the insurance industry into a more transparent, accountable, and better-governed sector. Your advice and guidance have been greatly appreciated.

Lastly, I express gratitude to my fellow Board members for their invaluable advice and contributions over the past year. I eagerly anticipate our continued collaboration in the upcoming year.

MANAGEMENT DISCUSSION & ANALYSIS

The Management Discussion & Analysis ("MD&A") has been prepared to provide stakeholders of LPI Capital Bhd ("LPI") and its wholly-owned subsidiary Lonpac Insurance Bhd ("Lonpac") (collectively known as "the LPI Group" or "the Group") with a detailed account of the Group's value creation activities for the financial year ended 31 December 2023 ("FY2023"). This section of the report contains qualitative and quantitative metrics that enable stakeholders to assess and benchmark the Group's overall performance for the year.

As required by the stock exchange regulator Bursa Malaysia, this MD&A provides material financial and non-financial information that should be read together with the Group's financial statements. Information contained in this section includes:

- **A discussion of the Group's operations during the year**
- **The Group's value creation model**
- **The Group's financial condition, identified trends and risks**
- **Other material inflation not contained within the financial statements**

The discussions in this section are focused on the Group's value creation activities, particularly as they relate to identified material issues, as well as on the value outcomes created for stakeholders. The narrative is framed over the short-, medium-, and long-term periods to provide an overview of expectations in the coming years. This is illustrated in the value creation model found on page 39 of this report.

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS PERFORMANCE BENCHMARKS

Market position based on Gross Direct Premiums (Motor & Non-Motor) – General Insurance collected for the period January – September 2023: **Ranked 6th**

Insurance classes where Lonpac ranked in the **Top 3** for the January – September 2023 period:

Class	Rank
Fire	1
Bonds	1
Medical and Health	2
Workmen's Compensation & Employers' Liability	2
Offshore Oil-related	2
Liabilities	3

Lonpac's Combined Ratio:
77.6% for the period January – September 2023 as compared to the industry average of 92.9%

Lonpac's Management Expenses Ratio:
20.6% for the period January – September 2023 as compared to the industry average of 24.1%

The following table provides an overview of the gross written premiums contributions by our various classes of business for FY2023.

Class	2023 RM'000	Restated 2022 RM'000	Variance RM'000	Variance %	Contribution 2023 %
Fire	**689,099**	659,381	29,718	4.5	**39.8**
Motor	**409,731**	371,452	38,279	10.3	**23.7**
Marine, Aviation and Transit	**106,174**	97,889	8,285	8.5	**6.1**
Miscellaneous	**525,656**	500,233	25,423	5.1	**30.4**
Total	**1,730,660**	1,628,955	101,705	6.2	**100.0**

MANAGEMENT DISCUSSION & ANALYSIS

TEN-YEAR GROUP FINANCIAL SUMMARY

	Year Ended 31 December									
		Restated								
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Operating Results (RM'000)										
Operating Revenue	**1,905,416**	1,634,865	1,717,734	1,621,592	1,602,701	1,513,663	1,470,631	1,378,892	1,284,586	1,169,693
Insurance Revenue/ Gross Earned Premiums	**1,781,921**[N1]	1,534,698[N1]	1,612,042[N1]	1,531,064[N1]	1,496,220[N1]	1,413,894[N1]	1,380,627[N1]	1,290,021[N1]	1,205,365[N1]	1,098,799[N1]
Gross Written Premiums	**1,730,660**	1,628,955	1,561,037	1,550,625	1,524,368	1,469,377	1,421,339	1,278,339	1,250,799	1,149,162
Profit Before Tax	**394,933**	341,696	437,316	433,565	414,719	405,965	403,749	518,925[N2]	393,066	341,949
Profit Attributable To Owners Of The Company	**313,726**	252,220	344,679	336,728	322,361	314,049	313,794	437,223	320,989	283,016
Key Statements Of Financial Position Data (RM'000)										
Total Assets	**4,569,018**	4,849,620	4,894,804	4,519,706	4,045,890	4,240,553	3,814,615	3,656,113	3,625,348	3,377,206
Total Liabilities	**2,285,504**	2,641,024	2,753,782	2,444,238	2,073,991	2,083,768	1,893,704	1,818,797	1,886,747	1,724,336
Share Capital	**398,383**	398,383	398,383	398,383	398,383	398,383	338,244	331,986	331,986	221,324
Total Equity	**2,283,514**	2,208,596	2,141,022	2,075,468	1,971,899	2,156,785	1,920,911	1,837,316	1,738,601	1,652,870
Productivity Ratio										
No. of Employees	**832**	827	818	815	813	803	790	772	738	705
Gross Written Premiums Income per Employee (RM'000)	**2,080**	1,970	1,908	1,903	1,875	1,830	1,799	1,656	1,695	1,630
No. of Policies Issued per Employee	**2,482**	2,371	2,241	2,608	2,531	2,554	2,399	2,315	2,616	2,331
No. of Claims Settled per Claims Staff	**1,441**	1,340	1,282	1,344	1,534	1,462	1,395	1,340	1,197	1,176

Note:

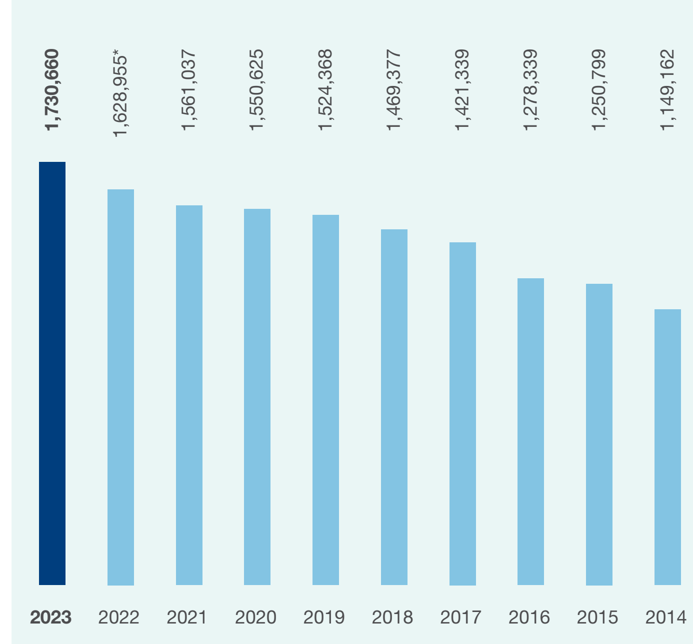
- N1 - The figures for 2022 and 2023 presented above are insurance revenue whereas 2021 and prior are gross earned premiums.
- N2 - The Group profit before tax for 2016 would be RM368.5 million if it was adjusted to exclude the one-off realised gains of RM150.4 million arising from the disposal of long-term equity investment.

The figures for 2022 and 2023 presented above are based on MFRS 17 whereas 2021 and prior are based on MFRS 4.

MANAGEMENT DISCUSSION & ANALYSIS

PRODUCTION AND PROFITABILITY

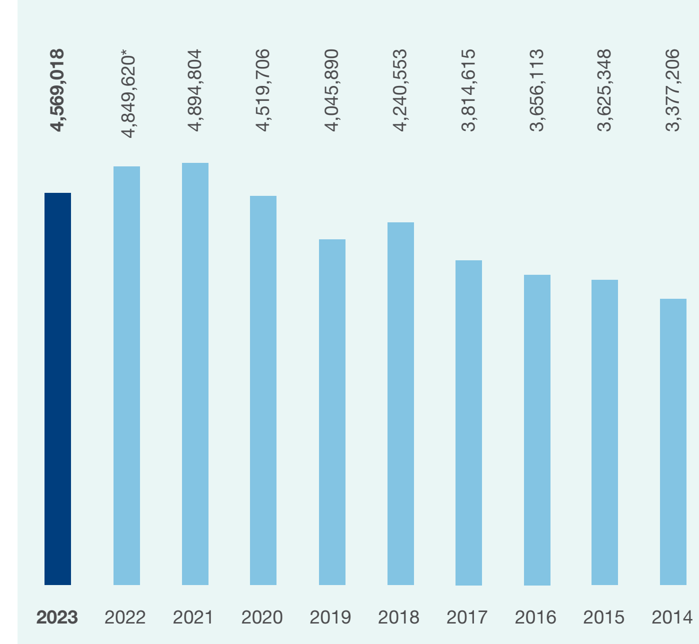
Gross Written Premiums (RM'000)



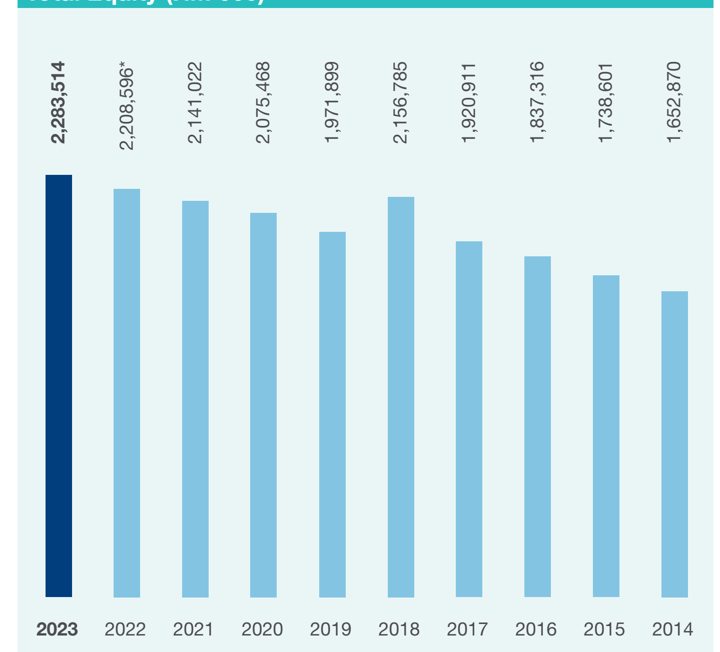
Profit Before Tax (RM'000)

STRONG FINANCIAL POSITION GROWTH

Total Assets (RM'000)



Total Equity (RM'000)



* Restated.

The figures for 2022 and 2023 presented above are based on MFRS 17 whereas 2021 and prior are based on MFRS 4.

MANAGEMENT DISCUSSION & ANALYSIS

TEN-YEAR GROUP FINANCIAL SUMMARY

	Year Ended 31 December									
		Restated								
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
SHARE INFORMATION AND VALUATION										
Share Information										
Per share (sen)										
Basic Earnings	**78.8**	63.3	86.5	84.5	80.9	78.8	78.8[N3]	109.7[N3, N4]	80.6[N3]	71.0[N3]
Net Dividend	**66.00**	60.00	74.00	72.00	70.00	68.00	72.00	80.00	70.00	75.00
Net Tangible Assets	**572.31**	553.02	535.32	518.73	492.34	541.38	578.61	553.43	523.70	746.81
Share Price as at 31 December (RM)	**11.96**	12.64	14.06	13.72	15.10	15.74	18.16	16.38	16.08	18.06
Market Capitalisation (RM'000)	**4,764,661**	5,035,561	5,601,265	5,465,815	6,015,583	6,270,548	6,028,866	5,437,931	5,338,335	3,997,111
Share Valuation										
Net Dividend Yield (%)	**4.9**	4.4	5.5	4.6	4.0	3.8	4.5	5.6	4.1	5.0
Dividend Payout Ratio (%)	**83.8**	94.8	85.5	85.2	86.5	86.3	76.2	60.7	72.4	58.6
Price to Earnings Multiple (times)	**15.2**	20.0	16.3	16.2	18.7	20.0	19.2	12.4	16.6	21.1
Price to Book Multiple (times)	**2.1**	2.3	2.6	2.6	3.1	2.9	3.1	3.0	3.1	2.4
FINANCIAL RATIOS (%)										
Profitability Ratios										
Return on Equity	**13.7**	11.4	16.1	16.2	16.3	14.6	16.3	23.8	18.5	17.1
Return on Assets	**6.9**	5.2	7.0	7.5	8.0	7.4	8.2	12.0	8.9	8.4
Net Claims Incurred	**45.0**	43.2	36.5	41.2	43.9	40.9	38.5	38.3	41.0	44.0

Note:

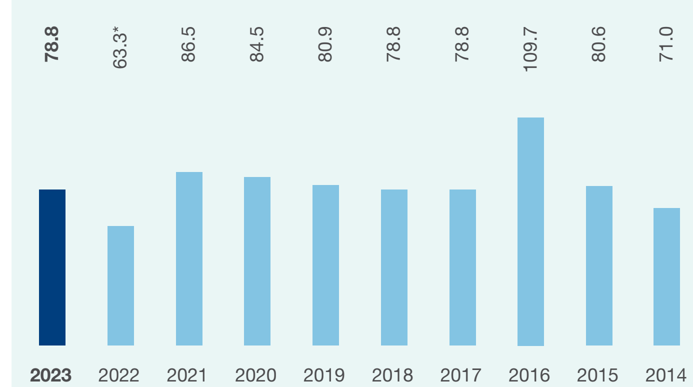
- N3 - The Basic Earnings Per Ordinary Share from 2014 - 2017 were restated to take into consideration the effects of bonus issues during the year 2015 and 2018.
- N4 - The Group's earnings per share for 2016 would be 72.0 sen if it was adjusted to exclude the one-off realised gains of RM150.4 million arising from the disposal of long-term equity investment.

The figures for 2022 and 2023 presented above are based on MFRS 17 whereas 2021 and prior are based on MFRS 4.

MANAGEMENT DISCUSSION & ANALYSIS

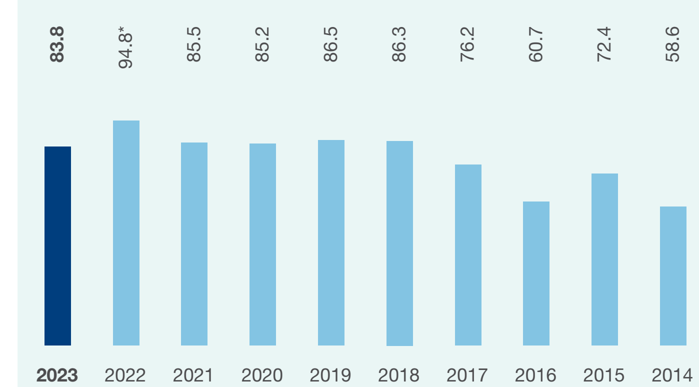
ENHANCING SHAREHOLDER VALUE

Earnings Per Share (Sen)

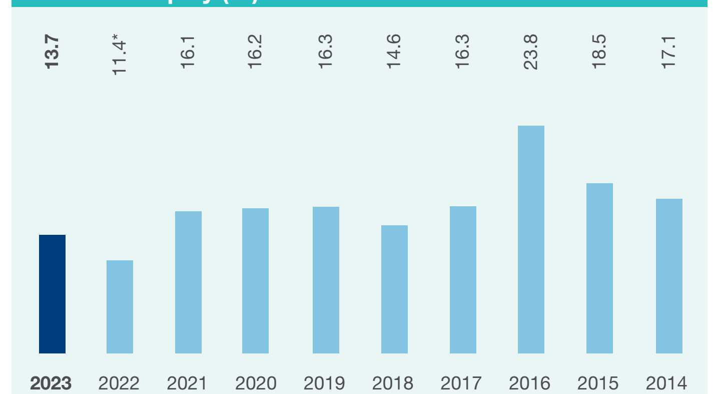


The Basic Earnings Per Ordinary Share from 2014 - 2017 were restated to take into consideration the effects of bonus issues during the year 2015 and 2018.

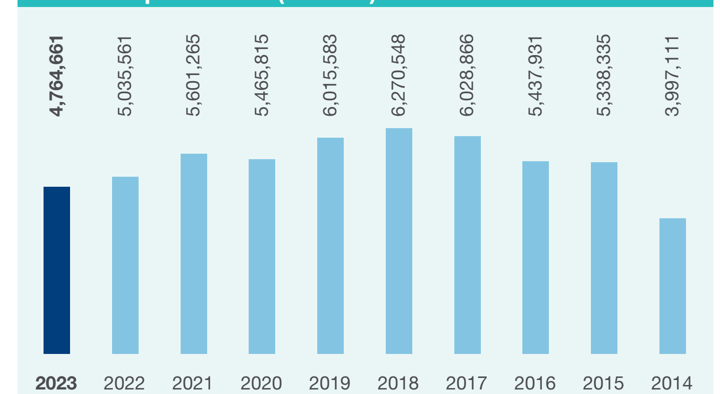
Dividend Payout Ratio (%)



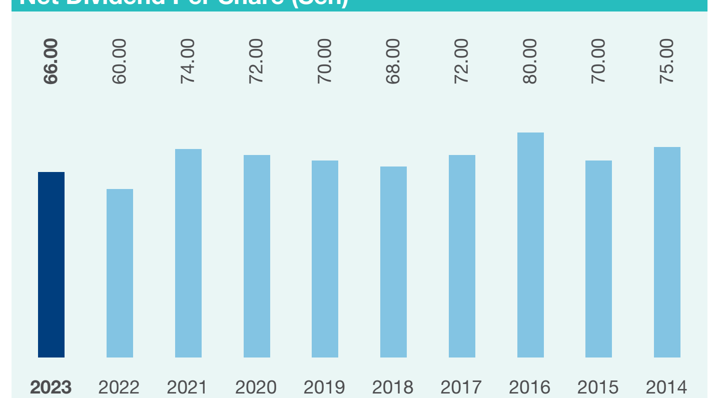
Return On Equity (%)



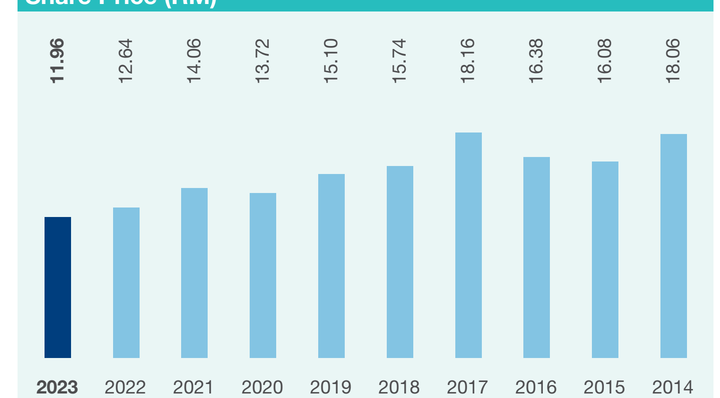
Market Capitalisation (RM'000)



Net Dividend Per Share (Sen)



Share Price (RM)

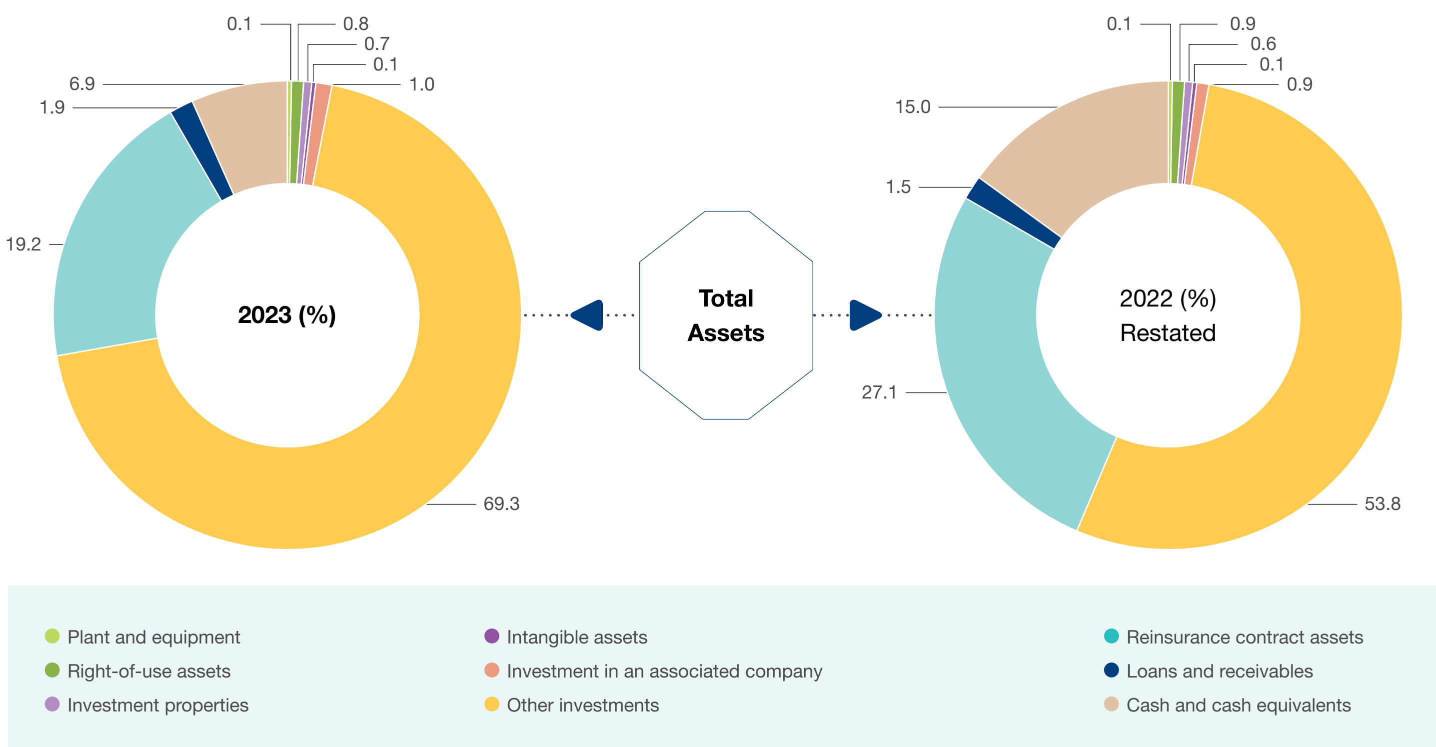


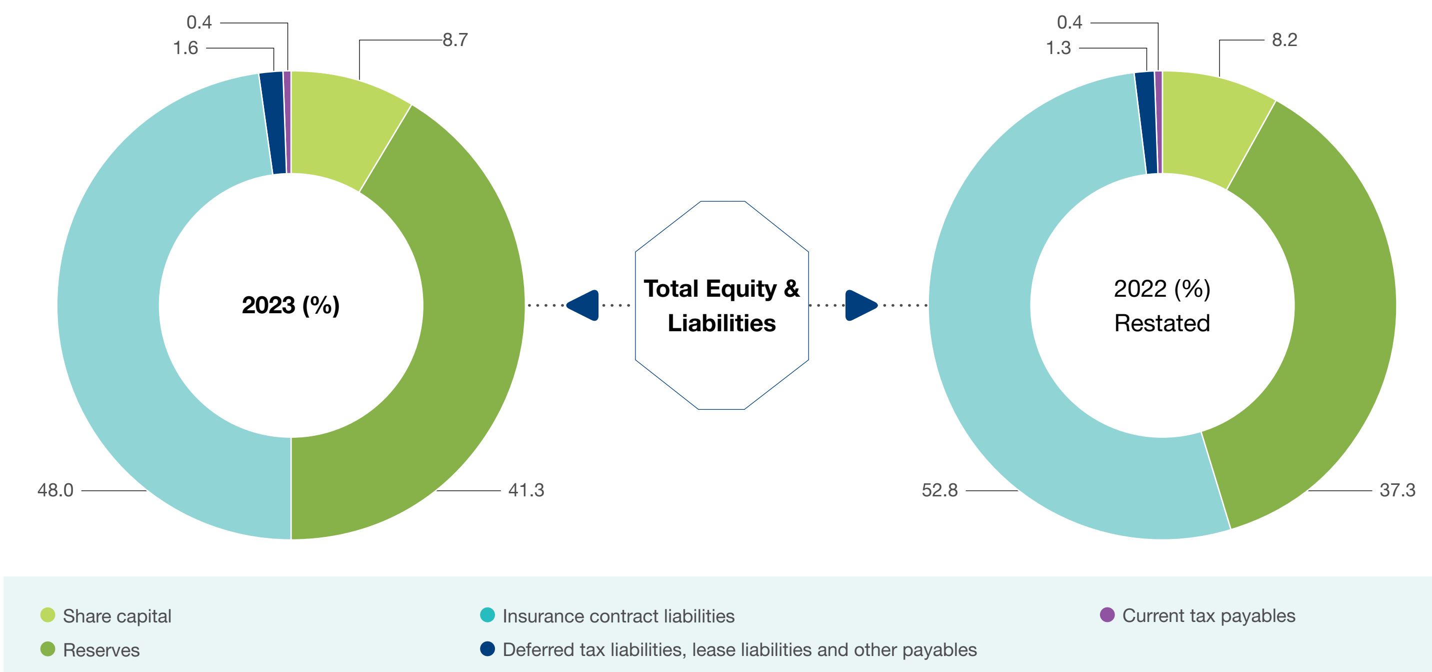
* Restated.

The figures for 2022 and 2023 presented above are based on MFRS 17 whereas 2021 and prior are based on MFRS 4.

MANAGEMENT DISCUSSION & ANALYSIS

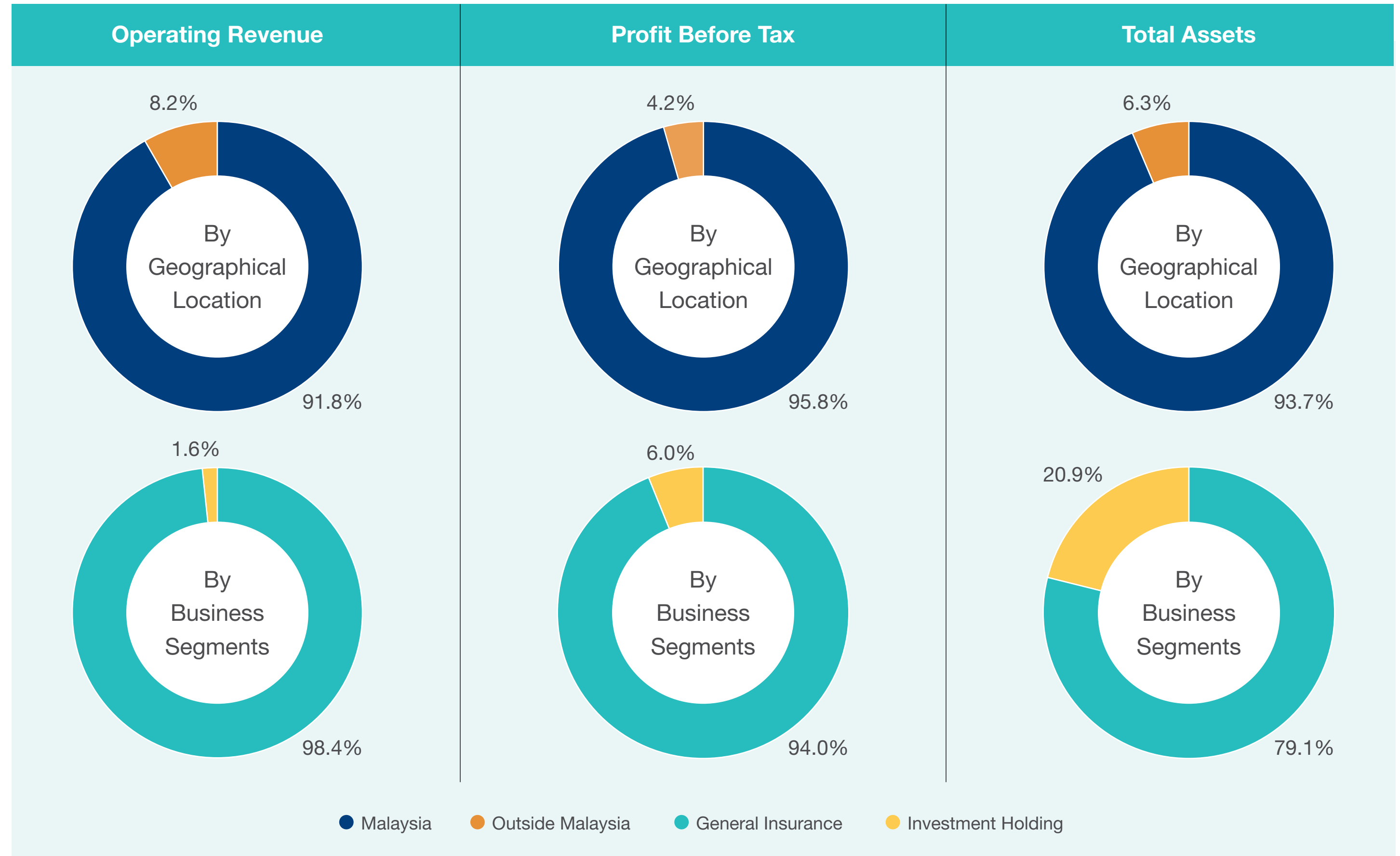
SIMPLIFIED GROUP STATEMENTS OF FINANCIAL POSITION

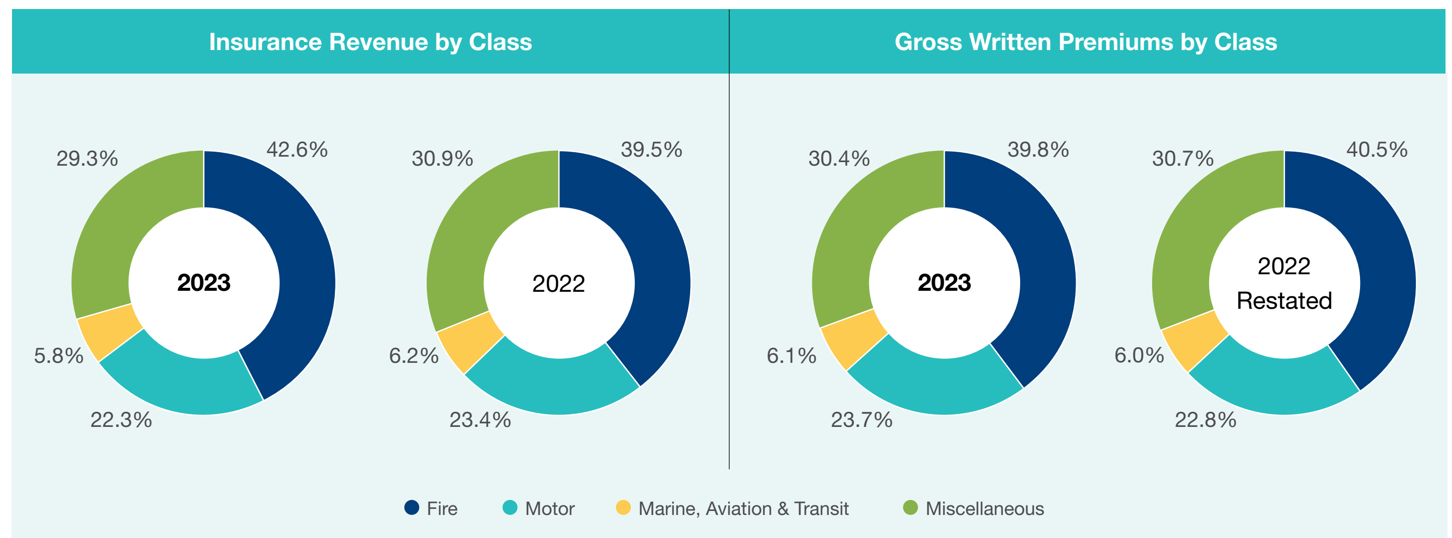




MANAGEMENT DISCUSSION & ANALYSIS

SEGMENTAL ANALYSIS FOR THE YEAR ENDED 31 DECEMBER 2023





MANAGEMENT DISCUSSION & ANALYSIS

GROUP QUARTERLY PERFORMANCE

	2023				
RM'000	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2023
Financial Performance					
Operating revenue	463,300	462,363	498,400	481,353	1,905,416
Insurance revenue	430,864	439,592	454,372	457,093	1,781,921
Profit before tax	91,390	80,782	119,569	103,192	394,933
Profit attributable to owners of the Company	73,834	63,944	97,368	78,580	313,726
Earnings per share (sen)*	18.53	16.05	24.45	19.72	78.75
Net dividends per share (sen)	-	26.00	-	40.00	66.00

	Restated 2022				
RM'000	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year 2022
Financial Performance					
Operating revenue	416,092	404,215	434,046	380,512	1,634,865
Insurance revenue	387,441	392,210	402,836	352,211	1,534,698
Profit before tax	81,468	69,979	107,562	82,687	341,696
Profit attributable to owners of the Company	64,900	53,522	79,184	54,614	252,220
Earnings per share (sen)*	16.29	13.44	19.87	13.71	63.31
Net dividends per share (sen)	-	25.00	-	35.00	60.00

Note:

* Quarterly earnings per ordinary share is based on the weighted average number of ordinary shares in issue during the quarter whereas the year-to-date earnings per ordinary share is based on the weighted average number of ordinary shares in issue during the year.

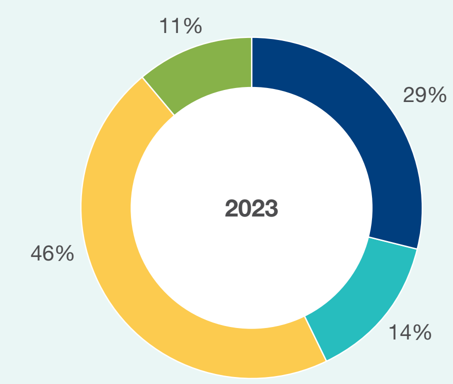
MANAGEMENT DISCUSSION & ANALYSIS

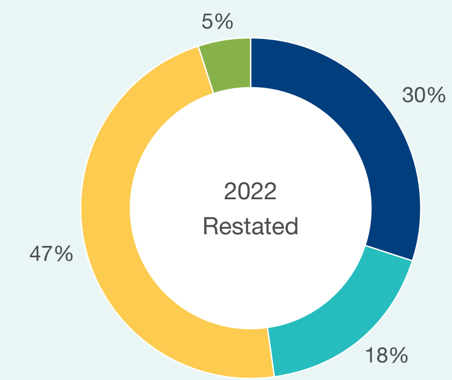
STATEMENT OF VALUE ADDED

Value added is a measure of wealth created by the Group through various business activities. The Statement of Value Added shows the total wealth created and how it was distributed to stakeholders, including the Government, as well as reinvestment for the replacement of assets and further expansion of the business of the Group.

Value Added	2023 RM'000	Restated 2022 RM'000
Insurance service result before staff costs, depreciation and amortisation	457,063	438,748
Net financial result	116,838	74,511
Other income	3,935	1,365
Other operating expenses excluding staff costs, depreciation and amortisation	(6,849)	(7,178)
Other finance costs	(1,150)	(1,253)
Share of profit after tax of equity accounted associated company	1,819	808
Value added available for distribution	571,656	507,001

Distribution of Value Added	2023 RM'000	Restated 2022 RM'000
To employees:		
Staff costs	164,217	151,484
To the Government:		
Tax expense	81,207	89,476
To providers of capital:		
Dividends paid to shareholders	262,933	239,030
To reinvest in the Group:		
Depreciation and amortisation	12,506	13,821
Retained earnings	50,793	13,190
Total distributed	571,656	507,001





Employees Government Providers of capital Reinvestment in the Group

MANAGEMENT DISCUSSION & ANALYSIS

CAPITAL MANAGEMENT

The administration of the Group's capital holdings adheres to the LPI's Group Capital Management Plan ("CMP"). This document complies with prevailing regulatory mandates and our operational framework, which factors in the Group's business, business objectives, and anticipated future operating conditions. The CMP delineates measures and policies guiding the utilisation of capital. Specifically, the CMP encompasses:

- A comprehensive list of capital events triggered by specific developments or when the Group's capital levels reach designated thresholds.
- An evaluation of risks and threats to the Group during such capital events and the corresponding remedial actions. These responses are proportionate to the severity of the capital event or breach of capital.

The CMP aims to restore or maintain normalised levels of capital sufficient to secure operational continuity. As a financial institution, the management of capital is vital to the overall sustainability of the Group and ensures that it has sufficient resources to meet all financial obligations and regulatory requirements.

As at 31 December 2023, the Group's Capital Adequacy Ratio ("CAR") exceeded the supervisory CAR of 130% set by Bank Negara Malaysia ("BNM") and the Group's Individual Target Capital Level. The adequacy of capital levels was validated by A.M. Best Asia-Pacific Limited ("A.M. Best"), a credit rating agency specialising in the insurance sector. A.M. Best, in its report dated 29 November 2023, affirmed the Financial Strength Rating of A (Excellent) and the Long-Term Issuer Credit Rating of "a" (Excellent) of the Group's insurance arm, Lonpac. The outlook of these Credit Ratings is stable.

The agency noted that the ratings reflect Lonpac's balance sheet strength, which it assesses as very strong, as well as its strong operating performance, neutral business profile and appropriate enterprise risk management. A.M. Best added that Lonpac's risk-adjusted capitalisation was at its strongest level at the end of 2022 and was expected to remain at this level over the near to medium term. Finally, the agency said it expected Lonpac to maintain its strong operating performance over the medium term in spite of the challenges posed by claims normalisation, reinsurance market hardening, as well as the ongoing phased liberalisation of motor and fire insurance pricing in Malaysia, which may constrain underwriting margins.

STRESS TESTING

The Group systematically conducts stress testing in accordance with the guidelines outlined in BNM's Policy Document on Stress Testing. The exercise identifies threats stemming from adverse financial or capital events that may arise due to the existing operational landscape, the Group's risk profile, and its ongoing business activities. The stress test has, in recent years, specifically taken into account the potential impact of another pandemic event following the severity of the outcomes of the COVID-19 pandemic.

The stress testing exercise is designed to be comprehensive, rigorous, and forward-looking, and aimed at refining the Group's processes and staff preparedness for worst-case scenarios. Both Senior Management and the Board of Directors actively engage in the stress test and are responsible for reviewing its parameters and outcomes. The insights gained from this review are utilised to identify and manage existing and potential risks to the Group's capital base and financial well-being, as well as to formulate new methodologies for mitigating the impact of these risk factors.

The 2023 stress testing exercise concluded that the Group possesses ample capital to meet its business needs and serve as a safeguard against potential underwriting volatility.

MANAGEMENT DISCUSSION & ANALYSIS

OUR PERFORMANCE IN 2023

The Group's performance for the year under review was influenced by three main factors: the normalisation of the level of economic activity, external economic developments and continuing liberalisation of the Malaysian general insurance industry. The combination of these factors during the year affected the overall performance of the LPI Group both positively and negatively, even as the Group's overall performance showed an improvement over the last financial year.

In line with expectations, the level of economic activity in Malaysia continued to normalise in 2023, as reflected in the country's Gross Domestic Product ("GDP") growth. Demand for insurance increased correspondingly, with total gross written premiums rising 7.7% for the first nine months of 2023[1]. Likewise, total gross written premiums for Lonpac rose 6.2% to RM1.73 billion (FY2022: RM1.63 billion) during the year, slightly lower than the industry average growth of 7.7%. However, this was accompanied by an increase in the frequency of claims, particularly in the industrial and commercial segments of our business, which adversely impacted Lonpac's underwriting result. Claims Incurred Ratio moderated to 45.0% from 43.2% in 2022 owing to the increased frequency of claims, resulting only a slight increase in Insurance Service Result of RM293.7 million, as compared to RM286.1 million in FY2022. Consequently, Lonpac's Combined Ratio deteriorated to 76.9% from 75.2% the previous year; however, this is still better than the industry's average Combined Ratio of 92.9% as of 30 September 2023.

Lonpac's underwriting result was also impacted by the deterioration in the performance of certain segments of its business over the last two years. These segments require reassessment going forward. Additionally, reinsurance rates have increased during the same time frame owing to the increased frequency of insured losses and the hardening of the global reinsurance market. This has been further exacerbated by rising interest rates that have seen liquidity re-directed to safer investment assets, such as US Treasury Bills. As a result, reinsurance costs have gone up owing to the limited capacity in the market, and this will likely persist until there is a loosening of monetary policy.

Economic factors affecting the Group's performance for the year include inflation, interest rates and disruptions to global trade. As a trade-dependent nation, the disruption to global trade due to ongoing political turmoil had an adverse impact on Malaysia's economic growth, which has a direct impact on the level of demand for insurance. Likewise, the higher rate of inflation impacted the replacement cost of claims, which, in turn, impacted profitability. This was offset by higher returns from our investments, which benefited from higher dividend and interest income.

The ongoing liberalisation of the Malaysian general insurance sector also resulted in some margin compression owing to greater competition in the market, although the greater flexibility accorded by liberalisation translated into gains in the Motor business. While there were a number of mergers and acquisitions during the year, which saw the consolidation of several insurance providers in the country, this is expected to ease in 2024 with the insurance landscape settling into its new shape. Despite the increased competition, the Group remains confident that it is able to defend its market share moving forward.

Total investment income increased 23.3% to RM123.5 million in FY2023 from RM100.2 million the previous year. Higher interest rates coupled with better dividend payments from investee companies led to higher interest and dividend incomes, respectively. The Group also recorded a fair value gain of RM25.8 million on its investments, as compared against a fair value loss of RM8.3 million in FY2022. While this was a positive development in FY2023, we are mindful that the investment landscape remains volatile and may change without notice.

These factors, taken together, contributed to a higher Profit Before Tax ("PBT") of RM394.9 million, up 15.6% from RM341.7 million the previous year. The Group's total assets, including cash in hand, balances and deposits with banks, came up to RM4,569.0 million as at 31 December 2023. As these assets mainly consist of short-term instruments used to meet short-term commitments, the Group believes there is little risk that they will experience a significant change in value in the coming year. There were no significant changes to the capital structure and resources of the Group in 2023.

[1] Insurance Services Malaysia Berhad's ("ISM") Statistical Bulletin for the period January to September 2023.

MANAGEMENT DISCUSSION & ANALYSIS

FUTURE PROSPECTS

The short-term prospects for the LPI Group remain uncertain due to the unpredictability of macroeconomic conditions. Although the domestic economy is anticipated to display resilience in 2024, with BNM forecasting a GDP growth range of 4.0-5.0% fueled by an increase in domestic demand, this projection is dependent on external developments. Specifically, this growth outlook is subject to downside risks stemming from weak external demand. Regarding inflation, despite its stabilisation in 2023, BNM has noted that its inflation outlook is highly contingent on changes in domestic policies related to subsidies and price controls, as well as global shifts in commodity prices and financial market dynamics.

Claims are expected to stabilise further in 2024 in tandem with the local market adjusting to the new operating environment and conditions imposed by both economic conditions and the progressive liberalisation of the general insurance industry. LPI remains confident that the Group's select approach to underwriting, relationships of trust with customers and robust balance sheet are sufficient to weather challenges posed by the macroeconomic climate and the greater level of competitive pressure. There is also sufficient flexibility in the Group's financial standing to take advantage of new opportunities, such as the implementation of large-scale infrastructure projects, should they arise during the year.

In terms of the Group's operations, continued focus will be placed on the implementation of Lonpac's digital transformation. The aim of the transformation is to enhance efficiency by automating processes where possible and improving customer service through the addition of new functionalities in both back-end and front-end systems. There are also plans underway to integrate new tech, such as artificial intelligence and machine learning, to enhance Lonpac's technical underwriting ability and customer satisfaction levels.

Additionally, the Group is embarking on a plan to launch green products, i.e. insurance products for environmentally friendly and sustainability-focused assets. The first phase of execution will see the development of insurance products for green loans issued by banks. As there is a complex value chain involved in underwriting and replacing green products, the Underwriting Division is proceeding carefully to understand the way that customers' needs and sustainability issues can be best met. For example, the new green insurance products may include provisions such as providing cover for eco-friendly building materials (solar panels, energy-efficient appliances, etc.) and the cost of green re-certification. Additionally, Lonpac plans to offer coverage for electric vehicles ("EV") as well, but more data is necessary to understand EV risks and their specific needs fully. As the EV market is expected to pick up quickly moving forward, it has become a key part of the business plan to prepare for the EV market segment.

OUR GENERAL INSURANCE OPERATIONS

The Group's general insurance operations are its primary business activity. Over time, LPI has built a dedicated customer following and a reliable and efficient operational infrastructure to support all parts of the insurance value chain. The Group's business model, characterised by a customer-centric approach and prudent underwriting practices, is focused on building long-term sustainable value for all stakeholders. The following sections discuss the performance of key areas for FY2023.

Underwriting

The underwriting function is the backbone of the insurance business and is directly responsible for the profitability of the Group's insurance activities. In addition, the ability to efficiently underwrite a variety of risks and tailor customer-specific solutions are key traits that differentiate Lonpac from its competitors. The role of Lonpac's Underwriting Division includes:

- Ensuring that all risk acceptances adhere to Lonpac's underwriting guidelines to ensure a healthy combined ratio for the financial year.
- Collaborating with the Compliance Department to ensure policies comply with all regulatory and internal guidelines.
- Working together with other Lonpac business units to develop new or enhance existing products.
- Developing products and services that are aligned with the Group's business objectives, sustainability plans and green strategies.
- Collaborating with the sales teams to support service deliverables while maintaining the quality of risks underwritten.
- Ensuring Treaty reinsurance programmes are finalised in a timely manner to enable the underwriting of risks and policies with large sums insured.

MANAGEMENT DISCUSSION & ANALYSIS

OUR GENERAL INSURANCE OPERATIONS

The primary indicator assessing Lonpac's underwriting efficiency is the Net Claims Incurred Ratio, which increased to 45.0% from the previous year's 43.2%. This shift is attributed to the normalisation of claims and ongoing inflationary pressures. Nevertheless, Lonpac's performance remains superior to the industry average of 58.2% reported for the January to September 2023 period. Meanwhile, Lonpac's Combined Ratio stood at 77.6% for the initial nine months of 2023, outperforming the industry average of 92.9%.

Lonpac's underwriting function was impacted by the continued re-normalisation of economic activity in FY2023. While there was robust growth in gross written premiums, the number of claims had also correspondingly increased. Inflationary pressure continued to weigh on underwriting as rising prices affected replacement costs for underwritten assets. In addition, pricing was also affected by competitive pressure due to the phased liberalisation of the Fire and Motor class of business, although the added flexibility accorded to de-tariffication helped the Group better manage risk in the Motor area of business.

Lonpac continued to enhance its underwriting capabilities in FY2023 in line with the Group's strategic objectives, particularly in the area of digitalising processes. Key achievements include:

- Linking all standard and non-variable policy documents via QR code or website link as part of Lonpac's e-policy initiative. This initiative effectively created savings of about 60% of annual policy printing costs.
- Upgrade of Master Policy Certificate Issuance on Contractors' All Risks, Public Liability and Workmen Compensation policies where issuance of the policy is done through the e-Insurance system with preset terms and approval system. This auto acceptance and approval system aims to save costs on more than 60% of project risk cases via the agency channels.
- Daily submission of risk declaration by a broker in softcopy was arranged and launched in November 2023, replacing the previous manual submission, which was done monthly or bi-weekly. The completion of this initiative will replace all manual policy processing.
- Implementation of the new e-GIS core system. The implementation of Phase 1, covering the Fire class of business, was successfully launched in October 2023.

Strategic Objectives

Going forward, the Underwriting Division will continue to further develop its IT capabilities to develop greater efficiencies and increase automation. One key implementation would be the end-to-end automation of risk assessment and approval, which would see the automated assessment and approval of policies for business channels transacting personal insurance products as well as simple-risk corporate policies.

Additionally, the Underwriting Division will also be executing several initiatives to upskill its human capital. This includes the implementation of a staff exchange programme, which will expose employees to roles across the entire insurance operation and therefore better prepare them for new assignments in the case of shortages or as part of the Group's succession planning. This will also provide employees with new opportunities should they find better fits for their skill sets.

Further supporting its human capital development initiative, the Underwriting Division will be creating a knowledge centre, which will be furnished with all information pertaining to Lonpac's underwriting processes and policies. The centre aims to streamline the level of knowledge and expertise among underwriting staff and function as a resource centre for other staff who may need to consult on underwriting policies in performing their own function. The centre will contain information on workflows, processes, risk guidance, ratings, etc., for all classes of business.

Lastly, as underwriting plays a key role in ensuring regulatory compliance, the Division is focused on delivering continuous improvement in the areas of anti-money laundering and counter financing of terrorism ("AML/CFT"), sustainability and customer care.

OUR GENERAL INSURANCE OPERATIONS

Claims

The Claims Department plays an essential role in Lonpac's value creation cycle. It is responsible for the handling and processing of claims from customers who have experienced loss or damage to their assets covered by insurance. The Department's principal responsibility is to ensure that customers are fairly compensated for their losses in a timely and efficient manner. The roles of the Claims Department include:

- **Maintaining the financial integrity of the company:** The Claims Department preserves the company's financial integrity by ensuring that claims are paid fairly and efficiently. This is significant as excessive claims payments can erode profitability and jeopardise financial stability.
- **Maintaining customer satisfaction:** The Claims Department plays a critical role in maintaining customer satisfaction through the delivery of a positive claims experience. This is important to help Lonpac retain existing customers and secure new ones.
- **Identifying and mitigating risks:** The Claims Department helps identify and mitigate existing and emerging risks through the identification of patterns and trends from the analysis of claims data. This is then shared with the Group to update and enhance risk management strategies and improve underwriting procedures.
- **Regulatory compliance:** The claims process is subject to regulatory requirements and reporting standards. Failing to ensure compliance could incur legal and financial penalties, which may, in turn, affect the company's reputation and jeopardise its long-term sustainability. The Claims Department, therefore, plays an important role in ensuring that all claims comply with existing regulations.
- **Cost control:** The Claims Department is focused on ensuring that all claims are legitimate and appropriate, cutting down administrative costs, and streamlining the claims process to optimise financial outcomes.

The number of claims settled per claims staff during the year is the primary indicator of the Claims Department's productivity. In comparison to 1,340 claims settled per claims staff member in 2022, our productivity performance levels had increased by 7.5% to 1,441 claims settled per claims staff.

Statistics of claims registered and settled in 2023 are as follows:

	No. of Claims Registered		No. of Claims Settled	
Class	**2023**	**2022**	**2023**	**2022**
Fire	**5,787**	8,711	**3,860**	6,325
Motor	**29,385**	26,609	**17,152**	15,215
Health & Personal Accident	**12,362**	10,806	**10,531**	8,265
Others	**5,786**	7,336	**2,972**	4,764
Total	**53,320**	53,462	**34,515**	34,569

OUR GENERAL INSURANCE OPERATIONS

Strategic Objectives

The Claims Department has embarked on a system integration project in line with the Group's digitalisation strategy. The objective is to reduce costs by accelerating the processing of claims through automation, which will, in turn, reduce the workload and effort required of claims staff, reduce transcription errors, and simplify the claims processing flow.

Functions that span organisational boundaries will be integrated to empower claims personnel, improve customer experience, accelerate service speed, and expedite claims settlements. In short, there has been a rethinking of customer touchpoints involved in the claims journey, which is made possible by the digitalisation of claims processes. Organisational benefits stemming from this move include:

- **Providing a quick and efficient claims process:** Customers want their claims to be handled quickly and efficiently. The delivery of a speedy and effective claims procedure demonstrates the Group's commitment to customers, particularly during challenging times. This, in turn, enhances customer satisfaction, boosts customer retention and helps secure new business.
- **Offering outstanding customer service:** The claims process can be stressful to customers. It is thus critical that customers receive the highest level of service and accurate and transparent information regarding their claims, which can be better facilitated through the use of technology.

As part of that strategy, the Claims Department implemented a number of initiatives in 2023, including:

- **System Integration with Merimen Online Sdn Bhd:** The systems integration between Lonpac's core system and Merimen will simplify the claims process flow, reduce transcribing errors, and require less manual effort.
- **Client Portal:** The launching of the Client Portal enables customers to notify a claim, and upload and download documents. They will also be able to check on status updates and important updates with regard to their claim to ensure that they have up-to-date information.
- **Push notification SMS & email:** To keep clients informed when the claims and repair process progresses to the next stage, the current push notification by email and SMS has been enhanced enabling more frequent and timely updates on the progress of their claims as well as the status of their vehicle repairs.
- **Automation of sanction checking process:** In accordance with the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001, the sanction checking of the Ultimate Beneficial Owner and Politically Exposed Person process has been automated to ensure compliance before any claims payout. The sanction checks are also required by our treaty reinsurers.
- **ISM-Fraud Intelligence System 2.0:** The ISM-Fraud Intelligence System 2.0 provides users with a faster, more comprehensive and friendlier user interface to detect potential fraud through data science and analytics. With the launching of this new system, the Claims Department is better equipped to identify fraudulent claims and reduce claims costs.

MANAGEMENT DISCUSSION & ANALYSIS

OUR GENERAL INSURANCE OPERATIONS

Other strategic goals moving forward include:

Short-term

Process Efficiency: Implementing a new claims management integration system to streamline operations and boost efficiency.

Employee Training: Ongoing claims training programme to enhance the skill and technical knowledge of claims handlers to better manage claims quickly and efficiently.

Launch of a Mobile Claims App: A mobile claims app will enable customers to file and track their claims from the convenience of their mobile devices.

Medium-term

Regulatory Compliance: Ensure continuous compliance with evolving regulations.

Customer Engagement: Implement data-driven strategies to enhance customer engagement, offering value-added services, educational resources, and personalised interactions to build strong customer relationships.

Long-term

Sustainability: Integrate Environmental, Social, and Governance ("ESG") principles into claims operations, in alignment with the company's sustainability goals and enhancing brand reputation.

Artificial Intelligence ("AI") and Machine Learning ("ML"): Leveraging AI and ML technology to automate tasks, improve decision-making, and provide more personalised customer service.

Customer-Centric Ecosystem: Create a customer-centric ecosystem by integrating seamless claims services.

BUILDING SUSTAINABLE PARTNERSHIPS

The sustained success of the Group relies significantly on the performance of its business partners, who play important supporting and enabling roles in the insurance value creation chain. Among the Group's partners are the network of agents who serve as Lonpac's customer-facing representatives, broking and global partners, and financial institutions that serve as distribution channels for bancassurance products. These are important stakeholders who both enable and benefit from the Group's value creation activities.

Agents

Lonpac's network of agents is the largest distribution channel of its insurance products, accounting for RM797.8 million in gross written premiums ("GWP") in 2023, up from RM740.6 million the previous year. In most cases, agents are the first point of contact between Lonpac and its customers, and also customers' point of contact when filing claims or when they need to change their insurance coverage. Agents, therefore, are those who have the closest relationship of trust with customers and are best placed to understand their needs.

As Lonpac's representatives, agents are also equipped with the information necessary regarding insurance products and services, and are responsible for communicating Lonpac's value proposition to customers. They are therefore extensively trained and nurtured, and equipped with the tools and skills necessary to do their job. Lonpac's agents are managed by the Agency Department, which is responsible for recruiting and retaining agents.

Demand for skilled agents has risen in recent years because of the entry of large foreign players, which has raised the competitiveness of the general insurance market. In addition, the liberalisation of the Fire and Motor segments of business has further intensified competition, adding additional pressure on agents when securing new customers. Agent retention has therefore become an important factor in establishing a productive and secure distribution platform.

Lonpac's Agency Department has three main objectives:

- **Maintaining a dedicated and technically knowledgeable marketing, sales and support team to assist the agents and their customers.**
- **Providing a reliable and efficient IT back-end to support and enhance agent productivity in their sales and promotional activities.**
- **Developing a structured training and development programme for agents in the field.**

Meanwhile, the Agency Department has also continued to digitalise its systems as part of the Group's digital transformation plan to better empower agents and increase productivity. Initiatives are also being implemented to better entrench Lonpac within the network of intermediaries, e.g. building closer relationships with brokers and financial advisors.

MANAGEMENT DISCUSSION & ANALYSIS

BUILDING SUSTAINABLE PARTNERSHIPS

Financial Institution Partners

Lonpac's collaboration with Financial Institution ("FI") partners is a crucial distribution channel that extends its reach to new prospects and customers through the bancassurance channel. The primary focus with Public Bank Berhad ("PBB"), the Group's main FI partner, involves developing insurance solutions, particularly in fire coverage for residential, commercial, and industrial properties. Additionally, customised solutions are designed to meet customers' specific needs.

Identifying new collaborations and cross-selling of non-property-related products is an ongoing exercise with PBB. Through the analysis of their customer database, Lonpac identifies receptive customer segments for specific insurance products, and subsequently works together with PBB to deliver targeted solutions. In 2023, GWP contributions from the FI Department reached RM360.4 million.

One area of specific interest is the development of green insurance products for PBB customers. The number of green loans has been on an upward trend, with these loans being utilised towards environmentally friendly projects, e.g. loans for the construction of solar panels. To protect the interest of both the bank and the customer, Lonpac will develop a product that will provide specific coverage for these assets as well as the costs of re-certifying these assets. Additionally, the development of a green-specific insurance product will provide green investors with greater clarity on the Group's efforts to bolster its green offerings.

Brokers

Lonpac's Broking Department manages its relationship with brokers, offering competitive lead terms for large underwriting projects across various risks. In the past, Lonpac has worked together with brokers on diverse projects, including mixed property developments, infrastructure, and industrial risks, such as steel mills and independent power plants. One of the key functions of the Broking Department is to identify and establish new partnerships with brokers to include them in Lonpac's Broking partner stable.

The Broking Department is also tasked with identifying new opportunities in the large-risk segment, and continuously monitors the announcement of upcoming infrastructure projects. To this end, Lonpac is an active participant of the Large and Specialised Risks Scheme (LSR Scheme), which facilitates collaboration with international and local brokers to provide favourable cover on a direct or co-insurance basis. The Broking Department also plays a vital role in in-house product development, acting as a liaison between our development team and brokers.

Global Partners

Lonpac has formed collaborations with an array of international partners to develop specialised multinational programs tailored for the Malaysian market. Using Lonpac's presence in both Singapore and Cambodia, the Group aims to broaden its regional influence and attract new global insurers into its stable of partners, and subsequently share skills and expertise to expand capacities, particularly in new emerging risks.

The Global Partnership Department comprises a dedicated and technically proficient support team to develop and build international collaborations. This collaboration leverages opportunities arising from the local insurance market, such as the imminent liberalisation of the general insurance sector, which in turn facilitates the development of products customised to our mutual clients.

Looking ahead, the Global Partnership Department will focus on expanding its panel of global partners, particularly those from countries with substantial direct investments in Malaysia.

MANAGEMENT DISCUSSION & ANALYSIS

DIGITAL TRANSFORMATION

The Group is actively implementing a number of digital transformation initiatives to integrate technology into its operations. This involves harnessing automation to optimise processes. Significant investment in technology infrastructure has been made to keep pace with the rapidly evolving technological landscape, ensuring competitiveness and enabling the delivery of the highest quality of service to customers. The recent pandemic has underscored the importance of having a robust backup plan, and the need to facilitate efficient and reliable remote work for enhanced business continuity.

This digital transformation is also guided by evolving stakeholder expectations. Stakeholders, including customers, now expect greater control and accessibility to their insurance portfolios through online channels. This includes the ability to purchase policies and modify coverage terms over the internet. Recognising these needs, measures have been implemented to facilitate the online management of insurance portfolios and policies, aligning our services with the preferences of our technologically adept stakeholders.

Meanwhile, we continue to make regular enhancements to the Group's IT infrastructure and systems backends in the following areas.

PROJECTS	PURPOSE/ OBJECTIVE
System Upgrades	**Business Intelligence ("BI") System Upgrade** The BI System underwent an upgrade to the latest version, introducing significant improvements to the user interface. Enhancements included redesigned menus, repositioned buttons and an overall refreshed design to enhance user experience.
	Upgrade of Windows Server Operating System Lonpac has initiated a project to upgrade its server systems to upgrade overall systems security and enhance cybersecurity protection.
	Upgrade of Web Application Servers Lonpac has embarked on a project to upgrade the application and integration software platform, which is used to host its business-critical e-Insurance web application. This effectively puts in place the highest level of security and performance and also provides a more efficient and effective approach to systems integration with other third-party systems.
Infrastructure Upgrades/ Enhancements	**Internet Link Balancer Upgrade** The Internet Link Balancer that manages and optimises the Company's internet connection was upgraded to improve network reliability. This enhancement significantly improves internal internet connectivity experience to better support business operations.
	Branches Wide Area Network ("WAN") Link Balancer Upgrade The branches' WAN link balancer was upgraded to the latest replacement model, and this upgrade has significantly improved the performance, reliability, and network connectivity between Lonpac's head office and branches.

MANAGEMENT DISCUSSION & ANALYSIS

DIGITAL TRANSFORMATION

PROJECTS	PURPOSE/ OBJECTIVE
Other IT Operational Projects	**Data Centre Resilience and Risk Assessment ("DCRA") Network Resilience and Risk Assessment ("NRA")** Lonpac has embarked on a project to engage an external service provider to assess the resiliency of Lonpac's Data Centre and its network infrastructure. In addition to ensuring there is sufficient redundancy capacity with no single point of failure, the independent assessment is aimed at ensuring that a secured and reliable network system is in place and appropriate for the company's cybersecurity risk profile.
	Microsoft Office Upgrade This upgrade was implemented as part of Lonpac's IT security data protection and enhancement initiatives to protect data from unauthorised access. This software upgrade exercise also gives organisation users full access to patches from Microsoft, thereby further improving security.
Security System Upgrades	**Ongoing Security System and Software Upgrades** As part of our commitment to maintaining a robust security infrastructure, Lonpac recently upgraded its intrusion prevention system ("IPS"). This measure ensures that the network continues to receive necessary security patches and safeguards against emerging threats. The upgraded IPS also introduces a range of new features fortifying network defence against malicious activities, such as enhanced threat detection algorithms, advanced anomaly recognition, and real-time response mechanisms. These enhancements enable the proactive identification and neutralisation of risks, thereby safeguarding the network and sensitive data from sophisticated attacks.
Security Assessment and Monitoring	**24x7 Security Monitoring – Security Operation Centre ("SOC")** Lonpac continuously engages a team of certified security analysts as the SOC to monitor and analyse all security event logs. This is a crucial part of fortifying Lonpac's digital defences and ensuring comprehensive protection against evolving cyber threats.
	Annual Pentest, Web Application Assessment and Source Code Review As part of its proactive cybersecurity strategy, Lonpac conducts an annual independent security assessment to gauge cybersecurity defences. This assessment aims to identify potential weaknesses in systems and pre-emptively address any vulnerabilities that could jeopardise data security, integrity, and operational efficiency.

MANAGEMENT DISCUSSION & ANALYSIS

DIGITAL TRANSFORMATION

PROJECTS	PURPOSE/ OBJECTIVE
IT Security Awareness	In an era of unprecedented digital transformation, cybersecurity has emerged as a critical pillar for safeguarding organisational assets. The growing complexity of cyber threats necessitates a robust security awareness program to empower employees with the knowledge and skills required to identify and thwart potential risks. Lonpac remains committed to reinforcing its security posture by continuously evolving its security awareness program. Lonpac's security awareness initiatives, which include hands-on training modules, phishing simulations, and security awareness screensavers, have yielded promising results in terms of increased employee vigilance and a heightened understanding of cybersecurity risks. Simulated phishing exercises were conducted to gauge the organisation's susceptibility to phishing attacks. These exercises also served as a means of assessing the effectiveness of training and identifying potential vulnerabilities, prompting timely remedial actions.
Digitalisation	Enabling Singapore branch intermediaries to enquire about their insured policies' information online and download policy documents (such as Schedule, Invoice and Terms & Conditions).
	Implementing go-green for Liability Golfer product, where insured will receive their policy documents in softcopy in email or SMS for all policies under Golfer product.
	Agency Reimbursement Module - New menu for eligible intermediaries to batch up for printing cost reimbursement submission. - Functionality allowing intermediaries to view/ print/ export to Excel on reimbursement reports.
	To implement a QR code page for all Underwriting classes that link to various static documents (such as Terms & Conditions, Factsheet, etc.) to minimise the number of pages being printed in a policy as part of the go-green initiatives.
New Products/ Development Projects	**Claims Integration with Third Party Service Provider ("TPSP")** Phase 1: - To auto-generate Motor claims based on transactions from TPSP in real-time via web service. - To auto-generate claims adjustments in the TPSP system based on the transactions from Lonpac in real-time via web service. Phase 2: Implemented the following that are processed by batch at recurring intervals: - Non-motor new claims registration and adjustment. - Non-motor documents retrieval from Lonpac to TPSP. Phase 3: - Real-time payment requisition integration via web service from TPSP to Lonpac that will auto-create payment entry in the Lonpac system.
	Small-Medium Enterprise ("SME") Secure Plus via Online Sales Portal ("OSP") To implement a new plan-based Fire packaged product, SME Secure Plus, for selective intermediaries' corporate customers via the OSP Platform, allowing only Classification C1A and straight-through cases.

MANAGEMENT DISCUSSION & ANALYSIS

DIGITAL TRANSFORMATION

PROJECTS	PURPOSE/ OBJECTIVE
New Products/ Development Projects (Cont')	**Green Mortgage Loan** To create new Fire products for green loans by selected intermediaries, with separate limits for eco-friendly electrical products and reimbursement of green building assessment fee benefit: 1. Green Mortgage Fire Secure Plus 2. Green Mortgage Home Secure Plus
	e-GIS Fire e-GIS is an internet-facing web-based application for Lonpac's internal users to perform business transactions, starting with the Fire Underwriting class. It streamlines the processes electronically from quotation to underwriting, reinsurance, payment and policy issuance.
	Singapore branch e-Motor Module To develop a new module for e-Insurance Singapore intermediaries to issue Motor transactions online with integrations to Payment Gateway and TPSP for No Claim Discount retrieval as well as insurance information submission.
Regulatory Requirements	**Extended Sanction Screening** The current sanction screening process is extended to also screen the Ultimate Beneficial Owner ("UBO") and cover the listing of Political Exposed Persons ("PEPs") and externally sanctioned lists based on treaty terms.
	Phased Liberalisation - Motor Claims Reform - TPSP will send the Motor claims status and repair status to Lonpac in order to notify the insured via email or SMS. - This is to comply with the requirements for Phased Liberalisation by BNM to reform Motor claims processes/ notifications.
	Climate Change and Principle-based Taxonomy ("CCPT") Classification To develop a new module as part of BNM's sustainability roadmap to further classify the CCPT for each location of a Fire policy.
ezPortal Enhancement, New Aggregators Onboarding and Online Product	Onboarding of new aggregators "Secarang" in July 2023 and VKA Wealth Planners in December 2023.
	Allowing customers to view Premium Statement for Medical Products in ezPortal in April 2023.
	Adding new product "SME Secure Plus" on the OSP Platform in July 2023.

STRATEGIC CONTEXT

The LPI Group is a leading general insurance provider in Malaysia, providing underwriting for various business segments ranging from personal lines of insurance to large-risk industrial and commercial risks. The local general insurance industry is continuing to recover from pandemic-related disruptions with the level of economic activity and insurance demand normalising. This section of our report discusses our current operating context and our corresponding strategic response.

MARKETS OVERVIEW

The global economy continues to struggle as tightening policies, political turmoil, and lacklustre performance impede growth and economic recovery. The outbreak of war in the Middle East towards the end of 2023 has also added greater uncertainty to the prospects of recovery. The World Bank, in its October outlook, forecasted that global Gross Domestic Product was expected to come in at 3.0% in 2023, moderating from 3.5% in 2022, and will further slow to 2.9% in 2024. The Bank added that this was due primarily to the impact of tightening monetary policy, the continuing property crisis in China and fragmentation from geopolitical tensions. Meanwhile, economic activity has yet to return to pre-pandemic levels in emerging markets, the Bank added, and more climate and geopolitical shocks may cause spikes in food and energy prices.

Malaysia will continue to enjoy some protection from these externalities due to stable domestic demand. The Ministry of Finance said in its Economic Outlook 2024 that the country's manageable inflation, favourable labour market conditions, foreign reserves, current account surplus, high national savings, robust financial sector, and well-developed capital market are expected to sustain the economic momentum. The Malaysian economy is projected to expand by 4.0% in 2023 and between 4-5% in 2024, and will be supported by stimulus measures contained within the 12th Malaysia Plan national development blueprint as well as other public spending targets.

INDUSTRY OVERVIEW

The Malaysian general insurance sector continues to transition into Phase 2 of the Phased Liberalisation of Motor and Fire Tariffs. The goal of Phase 2 is to establish market-based pricing and improved service quality for the Motor and Fire segments of business. Under Phase 2, all conventional and takaful operators are expected to ensure that basic protection remains accessible and affordable and also evolve the general insurance sector by implementing end-to-end digital claims solutions for customers.

Under the new de-tariffed regime, general insurance and takaful companies can price premiums based on risk so as to introduce greater competition and market-driven pricing. In the case of motor insurance, insurance and takaful providers have also been given greater flexibility to offer motor-related products with new features and priced according to the policyholder's driving record. The greater level of competition is expected to raise customer service levels and investment in digital platforms, customer support, and claims processes, as well as introduce new innovations to the Malaysian general insurance industry.

While liberalisation has led to profit margin compression for the industry, there remains significant potential for the general insurance industry given the insurance penetration rate which is below Bank Negara Malaysia's target of 75%. This is substantiated in a GlobalData report, which said that the Malaysian motor insurance industry is set to grow to RM13.4 billion by 2027, with a compound annual growth rate of 9.6% in direct written premiums[1]. The potential profitability of the insurance sector has also spurred a number of mergers and acquisitions in recent years as providers continue to consolidate to take advantage of the new regime. The most notable example is the recent merger of AXA Affin General Insurance with Italy-headquartered Generali Insurance to create one of the largest general insurance providers in the country.

Meanwhile, both vehicle and property sales have recovered in 2023 with total vehicle sales increasing by 12% to 646,840 units for the first 10 months of the year, according to the Malaysian Automotive Association, while property sales more than doubled in the first half of 2023, according to the Real Estate and Housing Developers' Association Malaysia. These are positive developments for the Malaysian general insurance sector, and are expected to catalyse further growth for insurance and takaful operators.

STRATEGIC DIRECTION AND PROSPECTS

The Group's business strategy is divided into three categories focusing on the short- or immediate-term, the medium-term and the long-term. These roughly correspond to the next 12 months, the next two to five years, and finally, the years beyond that. The following provides a discussion of our strategic direction over those time frames.

[1] https://www.insurancebusinessmag.com/asia/news/auto-motor/malaysia-motor-insurance-sector-projected-to-hit-us3-billion-by-2027-454253.aspx

STRATEGIC CONTEXT

THE IMMEDIATE-TERM

Challenges are expected to continue from the normalising operating environment, although the swings are not likely to be as extreme as they have been in the previous two years. As such, there still needs to be careful monitoring of claims and proactive management of the impact of inflation on the Group's finances. From an operational standpoint, the focus will remain on reassessing asset valuations, enhancing efficiencies in claims management, and engaging with policyholders to review the extent of their insurance coverage.

The resumption of economic activity, as seen in the recovery in vehicle and property sales, represents opportunities for market expansion, although this will be done in a prudent manner. Given the competitive nature of the motor segment, Lonpac has remained selective about its risk, which can be seen from the proportion of motor business in its portfolio (22.1% of total portfolio vs industry's average of 43.6% for the first nine months of 2023). However, the greater flexibility accorded by liberalisation has enabled the underwriting team to better price risk, and this has translated into an improved performance of Lonpac's motor portfolio.

Other segments of our portfolio will be influenced by external factors. For example, the government's initiatives to stimulate the economy through development projects open new underwriting opportunities, as will stimulus measures aimed at energising economic activity. On the other hand, continuing trade disruption due to ongoing political turmoil—sanctions against Russian shipments, for example—will affect other business segments. Likewise, the movement of interest rates will influence investment interest income, as will the dividend yield of investee companies.

THE MEDIUM- AND LONG-TERM

The duration of the global economic recovery remains uncertain, with widespread consensus among observers that there will be a slowdown in 2024. Similarly, the potential impact on the domestic economy, given Malaysia's reliance on international trade, is unclear in a worst-case scenario. In light of these uncertainties over the next few years, the Group has taken a conservative approach to ensure balance sheet resilience while retaining enough flexibility to make the most of emerging opportunities.

Lonpac's medium- and long-term strategy leverages its digitalisation strategy to enhance efficiency and reliability further and strengthen its overall technical underwriting capacity. Recruitment and expansion of the agency force will further broaden distribution channels, especially so in an increasingly competitive insurance market. More digital platforms and products will be introduced to further enhance distribution channels and reach out to new customer segments.

Lastly, there are developments on the horizon which will fundamentally change the insurance business. For example, the anticipated proliferation of electric vehicles and demand for greener buildings will introduce new risk profiles that are not currently accounted for by conventional policies. In addition, worsening climate change will also see more frequent and severe climate-related disasters, affecting insurance providers' claims and reinsurance costs.

To that end, it has become increasingly important that more comprehensive preparations be made to account for these emerging risks and the shift in customer expectations. The Group will continue developing its sustainability framework and blueprint, and fostering an organisational culture where sustainability is integral to all value creation activities.

DIGITAL TRANSFORMATION

The Group continues to make strides in its initiative to evolve into a digital business, capitalising on emerging opportunities driven by the increasing prevalence of smart technology in daily life. These online platforms have expanded over time to offer a wider range of products and self-service functionalities, thereby empowering customers with greater control over their insurance coverage. Simultaneously, these platforms enhance the capabilities of our partners and agents, facilitating the acquisition and communication of information to their clients. This trend is anticipated to persist in the foreseeable future.

While digitalisation is a key focus for the Group, equal emphasis is being placed on building the relationships of trust with stakeholders. Thus, while increased accessibility for customers mediated by technology is a positive development, there remain risks associated with a more self-reliant insurance model. Individuals purchasing insurance online may lack the guidance of an experienced advisor, potentially leading to inadequate or inappropriate coverage and a diminished level of customer satisfaction. This may result in misunderstandings, disputes, or situations where individuals find themselves underinsured.

In order to ensure customers receive the highest level of service, Lonpac remains committed to integrating digital technology together with the expertise of human partners and agents. As such, its digital offerings will include a human component that helps customers receive optimal advice and make informed insurance decisions tailored to their needs. Towards this end, the digital transformation will not only be focused on equipment and systems, but also on the training of employees, staff and agents on best practices in optimising the use of technology in customer service.

VALUE CREATION MODEL

The value creation model describes the Group's value creation activities as they relate to its stakeholders. This model describes the way in which capital inputs are deployed and replenished, how values are created, and the stakeholders who benefit from them. The Group's value creation activities comprise the following:

Providing General Insurance Products and Services

The provision of general insurance products and services is the Group's main business activity and is managed by LPI's wholly-owned subsidiary, Lonpac. Engaging in this venture requires the use of all forms of capital available to Lonpac and is directed towards creating value for customers by:

- Offering competitively priced insurance products
- Providing efficient and reliable customer service
- Creating an efficient, fair and reliable claims experience

The sale of insurance products, in turn, generates and replenishes financial capital for the Group in the form of premium revenue. A part of this capital is then allocated to the day-to-day running of the Group, while another is disbursed to customers in the form of claims payouts. Additionally, dividends are distributed to our shareholders from the pool of financial capital generated through these operations.

Sustaining Human Capital

Employees, agents and partners are essential to the Group's value creation activities, and it is essential that it can draw from a sustainable pool of skilled and experienced human capital. This exercise similarly draws from various pools of capital:

- Financial, in the form of wages and salaries
- Human, in the form of recruiters and trainers
- Intellectual, in the form of training programmes and guidelines
- Social, in the form of Lonpac's reputation as a good place to work and develop

Despite the Group having embarked on a digital transformation programme, there can be no substitute for skilled and talented employees, and they remain a critical part of the value creation cycle.

Investing in Research and Development ("R&D") and Infrastructure

R&D and Infrastructure are forms of intellectual and manufactured capital, respectively, consumed to develop new insurance products and services. Investments into R&D ensure that the Group's products and services remain relevant to customer needs, profitable and competitive within the market context. R&D has become increasingly important in the de-tariffed regime and the heightened level of market competition. Insurers are now required to apply their know-how to ensure the profitability of their products and services while remaining attractive compared to the offerings of competitors. Meanwhile, the Group's infrastructure, both physical and digital, supports our activities by functioning as a base of operations and by providing the means to execute transactions. The development of digital infrastructure is an important part of the Group's digital transformation plan.

Engaging with Partners

As a publicly recognised entity, the Group relies on public approval for its social license to operate. This involves cultivating social capital through positive interactions with the community and ensuring fair and reliable conduct in the execution of all activities. There is also an educational element inherent in the Group's activities in that they raise awareness about the importance of insurance, thus enhancing the level of financial literacy within the broader community. This is particularly important as recent studies show that the level of insurance awareness, as with the insurance penetration rate, remains low in Malaysia. The Group is also an active participant in trade associations, such as Persatuan Insurans Am Malaysia, where it plays a role in helping steer the Malaysian general insurance industry.

Additionally, the LPI Group operates in a highly regulated industry overseen by various regulators, including Bank Negara Malaysia, Bursa Securities and the Securities Commission Malaysia. As changes in the regulatory regime may have substantial impact on the Group's operations, the Group works proactively to build relationships and participate in steering developments within the regulatory framework.

Taking Part in Climate Action

The insurance industry, as a key player in the financial system, plays a critical role in helping bend the emissions curve towards a net zero future. While insurance activities are not significant carbon emitters, insurers can take steps to encourage consumers, industry and corporate entities to become more carbon aware. To that end, LPI has embarked on a plan to enhance action on climate change by integrating environmentally friendly products into its offerings. In doing so, the Group will be directly supporting efforts to environmentally positive initiatives by providing coverage for green assets and processes to certify them. In addition, there are also plans to provide Electric Vehicle ("EV")-specific coverage in future, although this will require careful study and analysis. This will also become value accretive for the Group over the long-term as there is expectation for greater take-up of EV going forward.

VALUE CREATION MODEL

VALUE CREATION MODEL

The following table provides an overview of the Group's value creation cycle and the outcomes created.

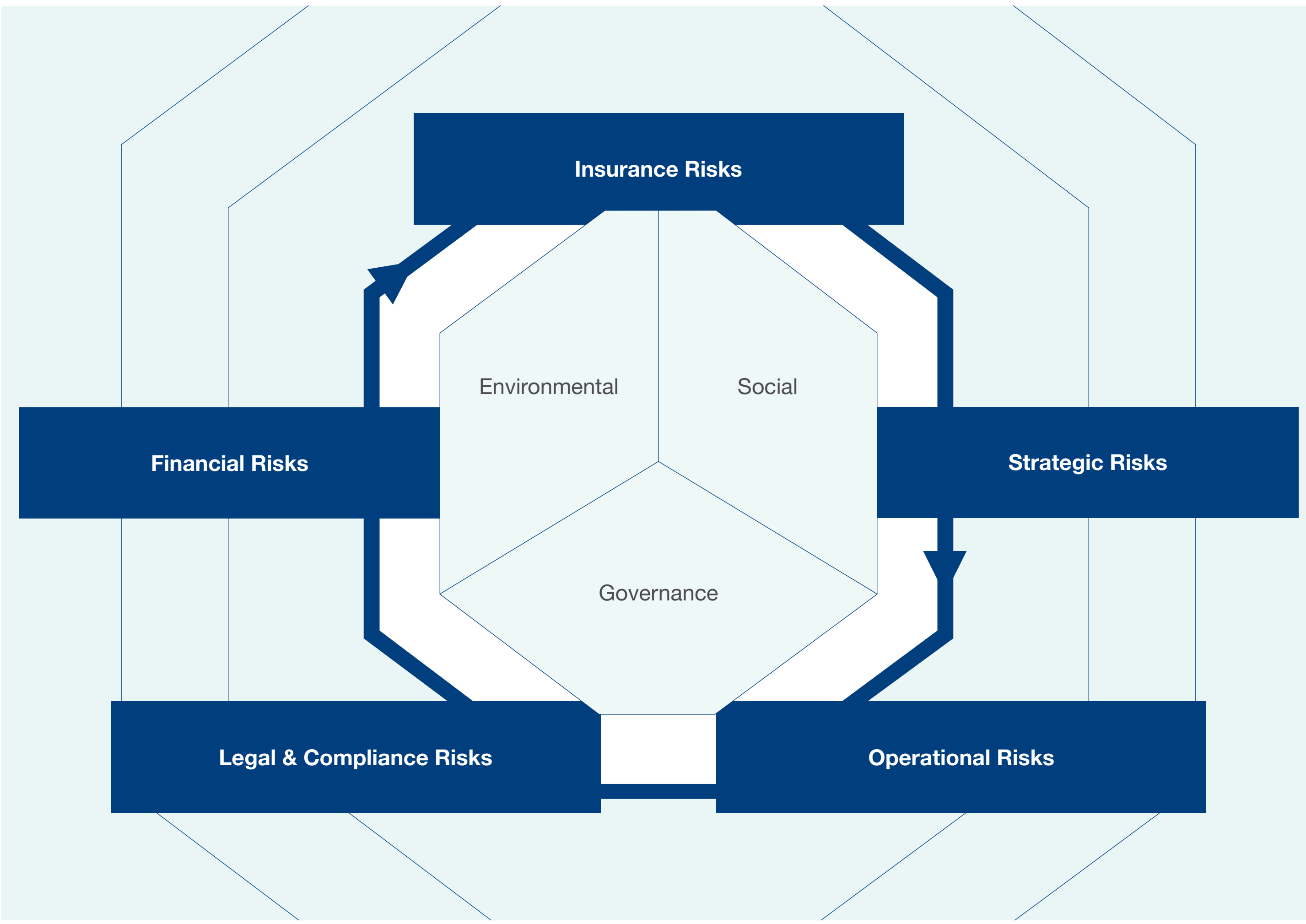
INPUTS / DESCRIPTION	REPLENISHED VIA...	VALUE CREATION ACTIVITY	OUTCOMES
FINANCIAL CAPITAL (F) Funds generated from insurance operations, investments, and borrowings	• Revenue generated from the sale of insurance products and services • Returns from investments	• Payment of salaries, wages and other forms of remuneration • Developing innovative insurance products and services • Payment of legitimate insurance claims • Payment of dividends to shareholders • Funding community activities and environmental programmes as part of our Corporate Social Responsibility ("CSR") programme	• Creating a skilled and experienced pool of human capital in our operations • Providing better and more affordable insurance coverage to the general public and improving social capital • Fulfilling our commitment to provide financial assurance to our customers • Fulfilling our commitment to create financial value for our investors • Create a better society and ecosystem for all
MANUFACTURED CAPITAL (M) Physical, material, and technological infrastructure used in the provision and production of insurance products and services	• Investments into technology and physical infrastructure • Developing new channels for insurance operations	• Providing a base of operations for the everyday running of all our activities • Supporting online transactions and communication between our staff, agents, intermediaries and customers • Supporting day-to-day operations with all necessary technology and automation involved	• A safe and reliable workplace where our stakeholders can work, meet, and carry out activities • Flexible yet conducive operating systems to maintain and enhance relationship capital • The efficient undertaking of all our operations to achieve the economies of scale and contribute to financial capital
INTELLECTUAL CAPITAL (I) Intellectual know-how used for the research and development of new insurance products and services	• Investments into research and development	• Development of insurance products and services • Identifying risks and opportunities to steer business strategy and direction	• Diversify products and services while creating new revenue streams • Ensure that the Group remains competitive by helping us avoid unnecessary risk and making the most of new opportunities
HUMAN CAPITAL (H) Manpower utilised in our insurance operations, including our staff and distributional channel, in particular agents	• Recruitment and training of new personnel and agents via our hiring and training programmes	• Personnel necessary for the undertaking of all our operations, including the development, sales and promotion of insurance products and services • Regular training and development of personnel	• Secure the continuity of our business operations, achieve economies of scale and support our value creation activities • Create a cohort of skilled insurance practitioners for the Group as well as the wider job market
SOCIAL CAPITAL (S) Relationships of trust with our stakeholders Social license to operate within the larger community	• Regular meetings with our stakeholder groups • Transparent disclosure of our activities	• Create open, bi-directional communication channels with our regulators and industry partners • Provide stakeholders with a clear overview of Group operations to inform their decisions, e.g. investment decisions, to seek insurance coverage with us, the status of their claims • Investment into social welfare through our CSR programme	• Enable the Group to help steer the development of the general insurance industry for the benefit of stakeholders • Establishing new relationships and strengthening existing ones with our stakeholders • Strengthen the resilience of community groups by providing them with the resources they need to carry out their mandates
NATURAL CAPITAL (N) Natural inputs that support and enable all our activities	• Activities that support climate action • Activities that seek to reduce our environmental footprint	• Support climate action to help reduce overall emissions and contribute towards a more sustainable environment • Directly reduce the overall impact of our operations on the environment	• Provision of green insurance products, enhancements to sustainability reporting and integrations of sustainability-focused elements into value creation activities to help stakeholders transition into the low carbon economy • Manage resource usage to reduce the Group's impact on the environment and support the national agenda in achieving a net zero target

UNDERSTANDING RISKS

Taking risk is an integral part of insurance, but this is done carefully and within the risk appetite, risk tolerance limit and framework set by the Board of Directors ("Board"). We endeavour to only take risks we understand, have the expertise to manage and where we assess that potential benefits outweigh the risks.

Our risk management framework sets out the approach we take to the identification, assessment, management, monitoring and reporting of risks. Our Board sets risk appetite and regularly reviews performance against the risk tolerance limits.

The risk management process involves a continuing process of ranking business risks and focusing the planning effort on critical risks and sustainability components, in relation to the Group's core business processes.



UNDERSTANDING RISKS

A structured approach is established within the risk management framework which is used to conduct comprehensive risk assessment of every individual risk identified with sustainability element being considered, each with its own unique set of characteristic and operational implications.

Having a good risk management framework is not adequate by itself; its operation depends on a culture where our people act in accordance with our corporate values. We do this by ensuring an appropriate tone from the top with clear management accountability for the risks we face. This tone, reinforced by our code of conduct, influences the behaviour of our employees throughout the Group and drives a consistent consideration of risk as a natural part of decision making.

The Board has carried out a robust assessment of the key risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity. The key risks and uncertainties are described in the table. The Management has put in place actions to mitigate these risks, and controls to maintain risk exposures within acceptable levels defined by the risk tolerance limit. Regular monitoring and reporting of risks enable continuous review and prompt management actions to be taken.

Independent and Governance Departments

Compliance	Enterprise Risk Management & Sustainability	Information Security	Internal Audit

Support Departments

- Administration
- Actuarial
- Branches Strategic Performance
- Claims
- Employees Development
- Human Resource
- Finance
- Information Technology
- Legal
- Pricing
- Product Development
- Secretariat
- Underwriting

Distribution Channels

- Agency
- Branches
- Broking
- Customer Service
- Digital Business
- Financial Institution
- Fubon
- Global Partnership
- Trade Credit

UNDERSTANDING RISKS

UNDERSTANDING RISKS

RISK TYPE	MITIGATION EFFORTS	LINK TO STRATEGY
FINANCIAL RISKS Risk in the asset portfolio due to credit risks, market risks, interest rate risks, foreign currency risks or liquidity risks.	• Diversification of investments and reinsurance placements to avoid concentration risk on single counterparty. • Credit control policies and procedures carried out by the Credit Control Unit. • Investment guidelines to describe the threshold for each type of investment. • Investment in sustainable assets to minimise the climate transition risks. • Independent assessment on financial security of the counterparties before entering into an agreement. • Close monitoring of the financial security of the panel of reinsurers. • Ensuring sufficient liquidity is maintained so that sufficient funding is available to meet our insurance contract and other obligations. • Set up of contingency funding plans. • Cash call from reinsurers to be instituted on major claims.	We set our strategy to thrive in the short-, medium- and long-term. We are committed to maintaining a strong capital adequacy level, in order to maintain the ability to meet the obligations to customers at all times. We continue to ensure prudent and profitable underwriting practices in order to maximise the returns on the resources available within the confines of regulatory requirements. We aim to achieve a sustainable business while maintaining capital stability for our shareholders and customers. We are expanding and enhancing the current distributional channels to reach all segments of society and customer groups within the markets where we operate. We aim to create value for our customers in the long run. Diversified distributional channels with good and professional customer services and innovative products create better buying experiences for our customers. The efficiency of our claims process differentiate us from our competitors. We are committed to constantly improve our claims management process to ensure that we meet the customers' demands as quickly and fairly as possible. We are committed to operational excellence, guided by integrity and professionalism. Together, with our business partners, particularly agents, we are committed to a high level of integrity and professionalism. To support the professional development of our agents, we conduct regular training and development workshops for them. Agent retention is one of our key priorities as good, experienced and trained agents are the key assets of our Group. We are engaging the customers who are in high ESG risk sectors and are significant to our business, by promoting transition plans for our customers (i.e. climate adaptation and resilience). We are committed to reducing paper consumption by promoting the e-policy in manging our GHG emissions.
STRATEGIC RISKS Risk arises from underlying strategies that turns out to be a poor business strategy decision.	• Product Development Department to oversee the design and implementation of new products. • Pricing Department to ensure insurance premium is reasonable by comparing the premiums with other market players. • Comprehensive research is performed before the launch of new products with frequent monitoring of new business production profit performance. • Annual review of reinsurance arrangements. • The Information Technology Steering Committee ensures the effective planning and direction of IT plans and projects. • Digital Business Department to diversify the distribution channel and enhance the Group's customer buying experience. • The Investment team executes Group's investment objectives, which aims to maximise returns consistent within prudent levels of risks. • Sustainability Council and Sustainability Committee to oversee the design and implementation sustainability matters.	
INSURANCE RISKS Risk arising from insurance business (i.e. underwriting & claims).	• Ongoing discussion of Group's specific trends, changes in business environment and claims processes. • Balance of portfolio to ensure spread of risk. • Annual independent review of product pricing. • Annual review of underwriting guidelines. • Monitoring exposures of the flood-prone areas for prudent underwriting practices. • Regular monitoring of claims experience. • Stress-testing to identify potential threats due to exceptional but adverse plausible events.	
OPERATIONAL RISKS Risk arising from inadequate/ failed internal processes, people, systems or unexpected external events & from the damage to the Group's reputation.	• Periodical reviews and monitoring of internal processes are performed to ensure viability and appropriateness with respect to the changing operating environment. • Structured guidelines, access rights, training and organisation of work with random checks and reviews help control the risks of human errors. • Regular back-ups, software/ hardware acquisition policies and benchmark tests are utilised to ensure the quality of internal systems. • Independent third-party security assessments are conducted to ensure the Group's systems and data are protected. • The external operating environment is monitored closely and the Business Resumption Continuity Plan is reviewed periodically. • Regular review of remuneration policy to ensure the employee are treated fairly. • Work from home arrangement with Virtual Private Network facilities for employees, to ensure continuity of operations, while maintaining the data confidentiality. • E-policy documents and recycling practise to reduce the GHG emissions.	
LEGAL AND COMPLIANCE RISKS Risk arising from a breach of the applicable laws and regulations.	• The Board and Management promoting a strong compliance culture. • The Compliance Committee assists and supports the Board in the discharge of the Board's duties and responsibilities in compliance risks. • The Board and Compliance Committee have established a written Compliance policy in managing Lonpac's compliance risks. • The Board and Compliance Committee have also established a written Compliance Management Framework which identifies the duties and responsibilities of each staff to comply with legal and regulatory requirement imposed by governmental bodies, regulators, internal policies and procedures. • Internal and external assurance on sustainability statement to avoid the risk of greenwashing.	

ABOUT THIS SUSTAINABILITY STATEMENT

Basis and Scope

LPI Capital Bhd, an entity listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"), is the holding company for Lonpac Insurance Bhd. Lonpac Insurance Bhd is a registered approved insurer under the Malaysian Insurance Act 1963 and involved in providing general insurance products and services. LPI Capital Bhd and Lonpac Insurance Bhd are collectively known as "the LPI Group" or "the Group". Through its subsidiary Lonpac Insurance Bhd, the Group delivers a diverse portfolio of insurance products and services, catering to personal and business needs.

Personal Insurance	Business Insurance	
Motor	Motor	Liability
Travel	Property	Engineering and Machinery
Personal Accident	Miscellaneous	Employee Benefits
Health	Marine	Foreign Workers
Home	Trade Credit	Bond

This Sustainability Statement forms part of the Group's annual disclosure as required by the stock exchange regulator, Bursa Securities and provides an overview of the Group's sustainability performance for the financial year ended 31 December 2023 ("FY2023").

Given the heightened sustainability requirements under Bursa Securities' enhanced Sustainability Reporting Framework, we have disclosed new sustainability indicators in this year's report. Save for the new indicators in which we have disclosed data for the past year, we have disclosed data over two years for all other indicators.

Specifically, this statement covers the Group's sustainability performance and progress as they relate to our business operations in Malaysia and Singapore. The sustainability performance of the Group's 45%-owned associate company in Cambodia, Campu Lonpac Insurance PLC, has been excluded from this report as we have no operational control on Campu Lonpac Insurance PLC.

Reporting Frameworks and Standards

The following reporting frameworks have guided the preparation of this sustainability statement

The Malaysian Code on Corporate Governance;	Bursa Malaysia Securities Berhad's Main Market Listing Requirements;	Bursa Malaysia Securities Berhad's Sustainability Reporting Guide (3rd Edition);	Global Reporting Initiative ("GRI") Standards;
Task Force on Climate-related Financial Disclosures ("TCFD") Recommendations;	JC3 TCFD Application Guide for Malaysian Financial Institution; and	Sustainability Accounting Standards Board ("SASB").	

Feedback

All comments and suggestions pertaining to this Sustainability Statement and sustainability issues are welcome. Please direct all correspondence to lpisustainability@lonpac.com.

APPROACH TO SUSTAINABILITY

LPI Group's Sustainability Framework

The sustainability initiatives of the LPI Group are directed by the Group's Sustainability Framework, which was reinforced and approved by the LPI's Board of Directors in 2023. This Framework serves as the formal structure overseeing the Group's sustainability activities. It is the central document guiding the Group's sustainability programme in accordance with regulatory standards and practices. The activities and objectives outlined in the Framework are specified as distinct goals in the Group's Sustainability Blueprint.

In terms of governance, the Framework stipulates the principles guiding sustainability management within the Group. These principles apply to several management activities, including:

- Key activities related to the materiality assessment;
- Development of the Sustainability Blueprint;
- Frequency of monitoring the sustainability-related targets and goals; and
- Key Performance Indicators ("KPIs") and remuneration.

The Framework represents the outcome of the Group's decade-long endeavour to enhance the comparability and transparency of its sustainability practices and to help stakeholders better comprehend the challenges, risks, and opportunities encountered by the Group. The overarching objective of the Group's sustainability initiatives is articulated in the following sustainability statement:

Overarching Sustainability Statement

The Group is committed in providing innovative, affordable yet sustainable products and services while preserving the environment and improving the overall well-being of its stakeholders with good corporate governance and business transparency.

The Group has adopted the theme 'Reshaping the World with Sustainable Solutions' as the motto for its sustainability programme. It reflects the ideals of the Group as a provider of insurance solutions and as a sustainability proponent.

The overarching sustainability commitment is specified in greater detail in the following Focus Areas, which are correlated with the United Nations' Sustainable Development Goals ("UN SDGs") programme.

Focus Areas	
SDG 8: Decent Work and Economic Growth	The Group is committed to contributing to the overall well-being of its stakeholders, including, but not limited to, the growth of their wealth and providing a safe and secure working environment for our employees. This UN SDG has been selected as employees are the backbone of the Group and a vital input in all our value creation activities.

APPROACH TO SUSTAINABILITY

APPROACH TO SUSTAINABILITY

Focus Areas	
SDG 11: Sustainable Cities and Communities	The Group is committed to providing good services and affordable and accessible products for its stakeholders. The Group's insurance business helps build financial resiliency in the broader community by providing protection in the event of misfortune or catastrophe. The Group effectively build sustainable cities and communities by helping consumers manage their financial risk through the provision of affordable insurance solutions. This is, in turn, important for sustainable community economic development and maintaining the sustainability of the Group's capital inflow.
SDG 13: Climate Action	The Group is committed to playing a role in the climate agenda through its activities. As a major general insurer in Malaysia, climate change has significant impact on the Group's overall business performance. As a responsible investor and business operator, the Group supports the climate agenda by investing responsibly and providing sustainable insurance solutions.
SDG 16: Peace, Justice and Strong Institutions	The Group is committed to transparency, good corporate governance, and accountability. The Group has developed a robust corporate governance and business transparency track record over the years, which have, in turn, contributed to its business success. The Group prioritises exemplary corporate governance, which includes a commitment to ethics, integrity, and corporate responsibility.

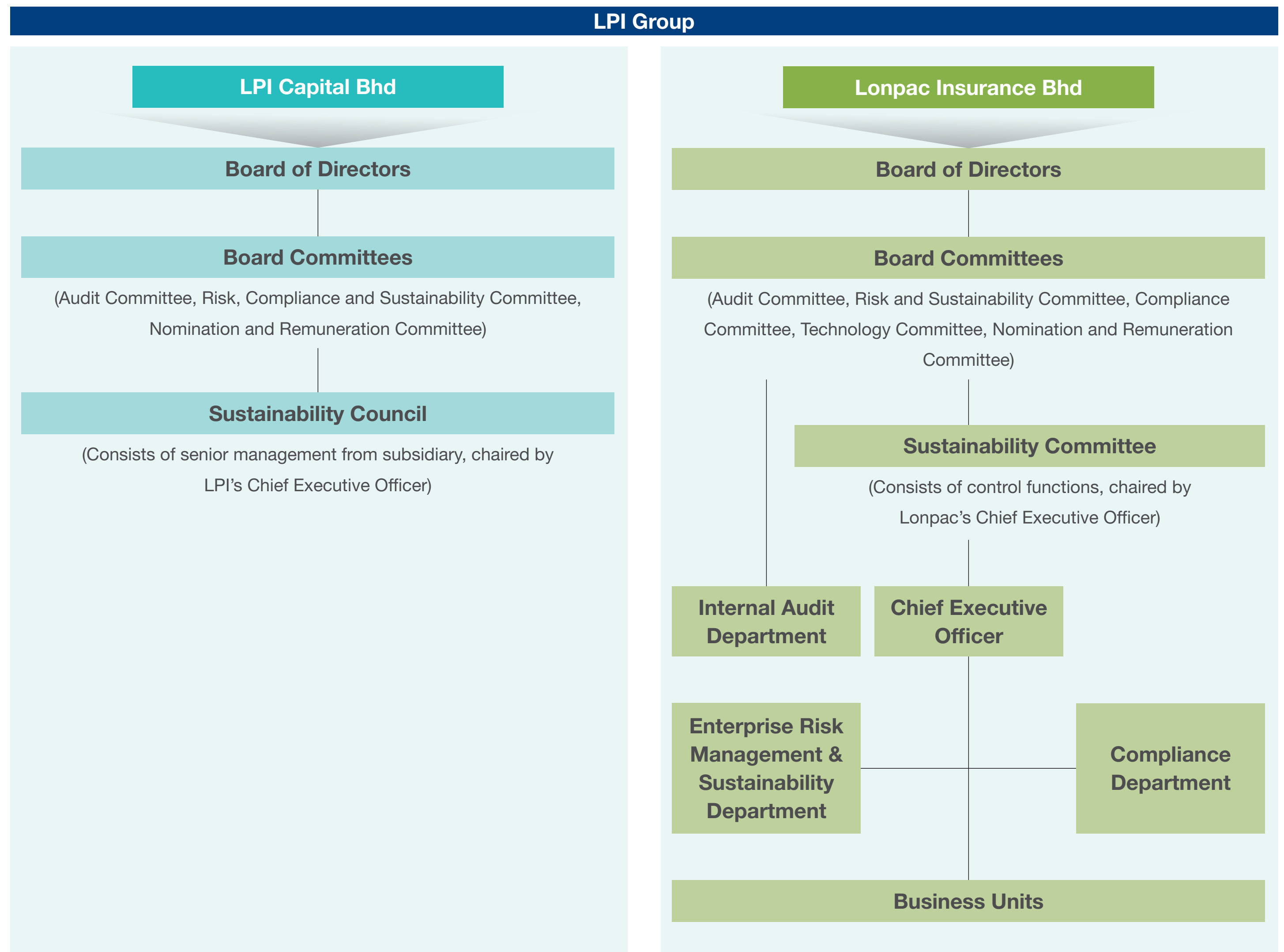
Sustainability Governance

The Group's sustainability practice is guided by the Group's Sustainability Blueprint, which forms the critical backbone of the Group's Sustainability Framework. The Group's Sustainability Blueprint is overseen by the LPI's Board of Directors ("LPI Board"), who are, in turn, supported by LPI's Risk, Compliance and Sustainability Committee ("LPI RCSC"). Lonpac's Sustainability Blueprint, in line with the Group's Sustainability Blueprint, is overseen by Lonpac's Board of Directors ("Lonpac Board") and supported by Lonpac's Risk and Sustainability Committee ("Lonpac RSC"). LPI Board and Lonpac Board are responsible for governing the overall implementation of the Sustainability Blueprint respectively. Further supporting these committees are two management bodies: Sustainability Council at the Group level and Sustainability Committee at the executive level, i.e., at Lonpac, which is the operational arm of the Group.

Both LPI RCSC and Lonpac RSC report directly to their respective Board of Directors, which comprises overlapping members from each Board. The following summary provides an overview of the Group's sustainability management structure. This should be read in reference to the governance structure below.

- LPI Board and Board Committees' responsibilities include sustainability elements in their respective terms of reference. The LPI Board holds ultimate responsibility for setting the Group's strategic direction on sustainability, with support from the various Board Committees.
- Sustainability Council, comprising senior management from subsidiary, is led by LPI's Chief Executive Officer who assists LPI RCSC with the strategic management of the Group's material sustainability matters.
- The Sustainability Committee is led by Lonpac's Chief Executive Officer, who assists Lonpac RSC in ensuring the effective implementation of Lonpac's sustainability-related framework and policies. The Committee comprises control functions within Lonpac.
- Enterprise Risk Management & Sustainability ("ERMS") Department is responsible for the day-to-day implementation of the Group's sustainability strategies and plans. ERMS Department reports the Group's sustainability-related risks and opportunities and oversees the integration of sustainability-related matters into business strategy and processes.
- Members of both LPI Board and Lonpac Board regularly participate in capacity-building programmes to stay abreast of sustainability management, including climate-related risks and opportunities.
- Sustainability-linked KPIs are integrated into the performance evaluation scorecards of Boards, senior management and employees of the Group.
- Both Boards are committed to periodically assessing sustainability-related competencies to enhance their leadership and oversight of sustainability matters.

The governance structure below provides an overview of the Group's sustainability structure.



APPROACH TO SUSTAINABILITY

APPROACH TO SUSTAINABILITY

Roles and Responsibilities

Leadership is critical in ensuring that an organisation practises its sustainability tenets. Within this context, Board oversight and participation are crucial in organisational sustainability management. The respective roles of leaders within the organisation are detailed below:

Group Level

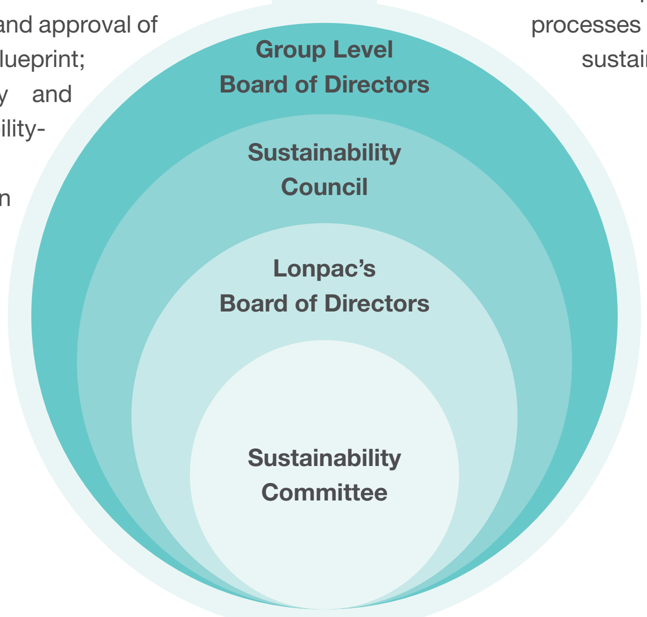
Board of Directors

- Oversees the sustainability-related management, including climate-related management and policies within the Group;
- Reviews and approves the Group's Sustainability Framework in line with the Group's core values and visions;
- Oversees the development and approval of the Group's Sustainability Blueprint;
- Ensures the transparency and accuracy of sustainability-related disclosures; and
- Ensures the remuneration of key personnel is linked to the sustainability performance of the Group.

Operational Level (Lonpac Insurance Bhd)

Board of Directors

- Oversees the development and approval of Lonpac's Sustainability Blueprint and ensures it aligns with the Group's Sustainability Blueprint;
- Oversees the management of sustainability-related issues within Lonpac; and
- Ensures the adequacy of resources and effective processes for the implementation of sustainability-related strategies.



Sustainability Council

- Oversees the implementation of the Group's Sustainability Blueprint, including the overall strategy and KPIs;
- Evaluates the Group's sustainability performance against the KPIs;
- Ensures effective implementation of the Group's sustainability-related framework and policies; and
- Conducts the Group's materiality assessment and stakeholder prioritisation assessment.

Sustainability Committee

- Oversees the implementation of Lonpac's Sustainability Blueprint, including strategy and KPIs; and
- Ensures effective implementation of Lonpac's sustainability-related framework and policies.

In addition to the Board's role in the management of sustainability, we adopt the Three Lines Model to structure the organisational roles played by each department in the management of sustainability. This model is outlined as follows:

BUSINESS UNITS (FIRST LINE OF DEFENCE)	Business units form the first line of defence, and have integrated sustainability-related/material matters into their respective operations as stipulated by the Group's sustainability strategy and goals. The business units are also required to manage sustainability risks and opportunities that fall within their purview and provide necessary support to ERMS Department for sustainability-related reporting and disclosures.
ENTERPRISE RISK MANAGEMENT & SUSTAINABILITY DEPARTMENT AND COMPLIANCE DEPARTMENT (SECOND LINE OF DEFENCE)	The second line of defence comprises ERMS Department and Compliance Department. ERMS Department is responsible for addressing, communicating, and coordinating the Group's implementation of sustainability-related strategies and goals, including the Group's Sustainability Blueprints. ERMS Department also tracks and monitors the sustainability-related performance of the Group and is responsible for reporting sustainability-related risks and opportunities up the management chain. It also plays a critical role in overseeing the integration of sustainability-related matters into the Group's business strategy and processes. Compliance Department ensures that the Group's activities and disclosures comply with sustainability-related legal and regulatory requirements, including climate-related legal and regulatory requirements.
INTERNAL AUDIT DEPARTMENT (THIRD LINE OF DEFENCE)	Internal Audit Department is responsible for ensuring the integrity of the Group's sustainability-related financial and non-financial disclosures.

Sustainability Process

The Group has formalised its sustainability process to ensure that the aims and methodologies remain relevant within a quickly changing operating environment. The following is the workflow of the sustainability process.

01 The Sustainability Council will conduct a sustainability assessment, i.e., stakeholder prioritisation and materiality assessment, every two years to identify changes in the composition of stakeholder groups and material matters.

02 The Sustainability Blueprint will be updated, validated and approved by both the LPI and Lonpac Boards at least once every two years.

03 The Sustainability Blueprint identifies material sustainability matters, the Group sustainability-related plans and strategies, and sustainability-related targets and goals.

04 Both the Sustainability Council and Sustainability Committee meet at least once every quarter to discuss sustainability performance and emerging sustainability risks and opportunities.

05 The Sustainability Council and Sustainability Committee will provide performance updates against sustainability-related targets and goals to both the LPI Board and the Lonpac Board every quarter.

06 The LPI Board will review the Group's Sustainability Framework periodically to ensure it remains relevant and aligns with regulatory requirements.

APPROACH TO SUSTAINABILITY

APPROACH TO SUSTAINABILITY

Stakeholder Identification

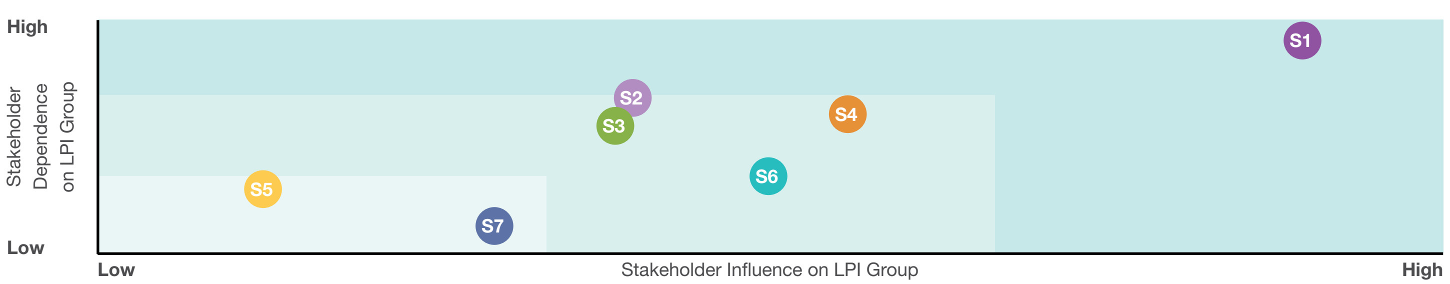
The Group acknowledges seven primary stakeholder categories that make an impact or are directly impacted by our value creation initiatives. These stakeholders are directly or indirectly engaged in these value creation processes, making them integral to the overall sustainability of the Group. The table presented below offers a summary of these stakeholders.

Stakeholders	Description
S1 Employees and Directors	The Group's employees and directors are key enablers of all value creation activities and are the main form of human capital as well as intellectual capital for the Group.
S2 Business Partners and Service Providers	Business partners are third-parties who facilitate the Group's value creation activities in various ways, including: • distributing insurance products, • assisting in underwriting risks, • generating new business leads. These partners are sources of human, intellectual and relationship capital used in all value creation activities. Service providers are defined as third-parties which provides services essential for insurance activities. These include outsourced service providers, panel adjusters, lawyers, and workshops.
S3 Shareholders and Investors	Shareholders and investors are stakeholders who hold a direct financial stake in the Group through the purchase of shares in the Group or other means. They are sources of financial capital for the Group.
S4 Customers	Customers are policyholders and key audience of the Group's insurance activities. They are sources of financial capital, social capital, and relationship capital.
S5 Associations and Communities	The Group operates within a larger communal context comprising other groups to whom the Group owes duties and obligations. These include social welfare groups, and groups concerned with special interest topics such as financial literacy and fraud prevention. They are a source of relationship capital, social capital as well as intellectual capital. Trade associations such as Persatuan Insurans Am Malaysia ("PIAM") and the Malaysian Insurance Institute ("MII") are also included in this stakeholder group.
S6 Legal Entities	Legal entities include regulatory authorities who oversee the regulatory framework that guides the Group's operations. Examples include Bank Negara Malaysia ("BNM") and Bursa Securities, which define the operational boundaries for the insurance sector. Legal entities are sources of intellectual and social capital as they provide advice and expertise concerning the regulatory environment.
S7 Media	The media is responsible for communicating information about the Group to the public. These include research analysts who act as intermediaries between the Group and investors. This group is regarded a source of relationship capital.

*Note: For details on stakeholders' engagement, please refer to the Corporate Governance Overview Statement on pages 127 to 128.

Stakeholder groups are regularly reviewed to ensure they accurately represent the scope of the Group's activities. The respective importance of these stakeholders is prioritised through the stakeholder prioritisation exercise, which yields the matrix below.

Stakeholder Prioritisation



Materiality Assessment

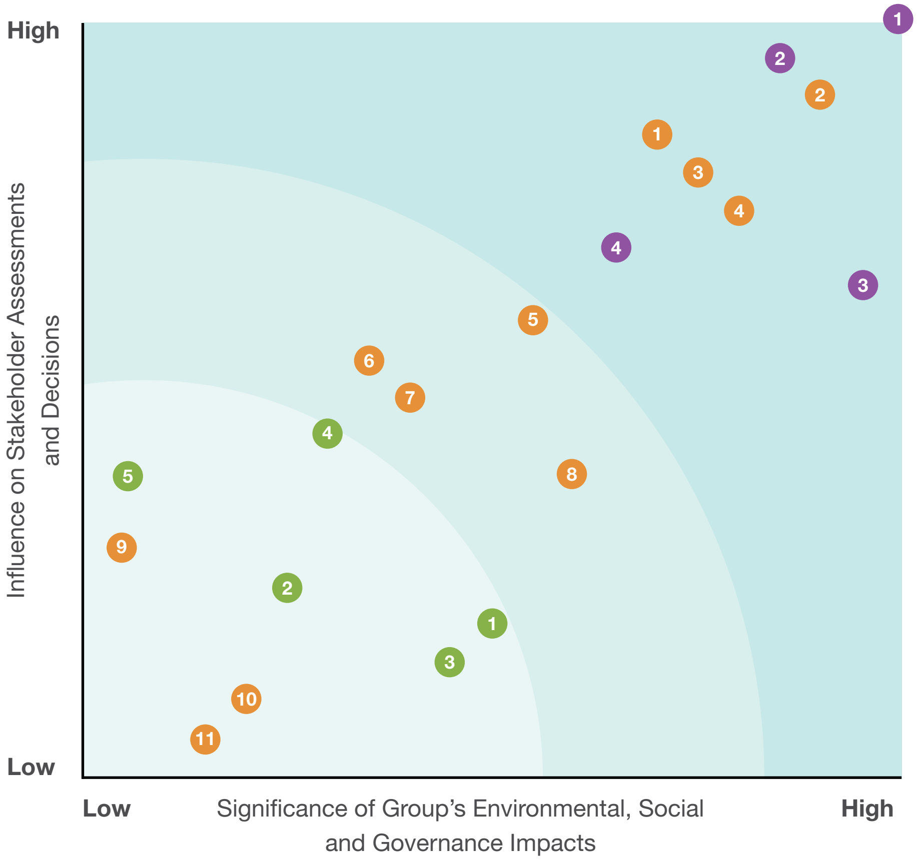
Materiality assessment is a crucial aspect of the Group's Sustainability Framework, allowing us to evaluate and identify issues that may have a significant financial and non-financial impact on the organisation. These encompass matters that may directly impact value creation activities or that may have an indirect or cascading impact.

The Group's materiality assessment is conducted regularly every two years, to ensure that the list of material concerns remains relevant in the changing operating context. The last materiality assessment was conducted in 2022, and the list of sustainability matters was reviewed in 2023 as part of the annual review, ensuring the continuing relevance of the sustainability matters in connection with the Group's day-to-day activities. The materiality assessment process has been reviewed and endorsed by the Board of Directors.

Following a strategic review, we have revised our position to focus on streamlining our existing operations, prioritising operational efficiency, and optimising our existing workforce. As part of this revision, the LPI Board has decided to realign our priorities by dropping "Job Creation" as a sustainability matter. This strategic shift reflects our commitment to bolstering the resilience of our organisation and enhancing operational excellence. We remain dedicated to the well-being of our employees and communities, and this adjustment positions us for sustained success in a dynamic business landscape.

APPROACH TO SUSTAINABILITY

LPI Group Materiality Matrix



ENVIRONMENTAL
1. Climate Mitigation and Resilience
2. Emissions Management
3. Energy Management
4. Water Management
5. Waste Management

SOCIAL
1. Employee Health, Safety and Well-being
2. Customer Experience Management
3. Claims Management
4. Employee Competency
5. Digital Transformation
6. Product Availability and Affordability
7. Diversity and Inclusion
8. Business Partners' Competency
9. Social Responsibility
10. Supply Chain Management
11. Sustainable Product and Investment

GOVERNANCE
1. Anti-Bribery and Corruption
2. Cybersecurity, Privacy and Data Protection
3. Financial Rating
4. Corporate Governance

As part of the Group's efforts to align its reporting with best practices, the following list of sustainability matters is matched with Bursa Securities' list of Common Sustainability Matters:

Bursa Securities' common sustainability matters	LPI's selected sustainability matters
Anti-Corruption	Anti-Bribery and Corruption
Community / Society	Social Responsibility
Labour Practices and Standards	Employee Competency
Diversity	Diversity and Inclusion
Health and Safety	Employee Health, Safety and Well-Being
Data Privacy and Security	Cybersecurity, Privacy and Data Protection

MANAGEMENT APPROACH TO MATERIAL MATTERS

Anti-Bribery and Corruption | **Related UNSDGs:**

Why is this Important?

The Group supports all efforts to prevent bribery and corruption as described in the Malaysian Anti-Corruption Commission Act 2009 and Singapore's Prevention of Corruption Act (1960). Violation of the provisions of the act may have severe reputational impact on the Group. It may also expose the Group to legal liability that threatens the overall sustainability of the Group.

Our Approach

In 2023, anti-bribery and corruption training sessions were held for employees in both English and Bahasa Malaysia. The training sessions were designed by Lonpac's Chief Compliance Officer and focused on building greater awareness of the legal requirements of the Act as well as the Group's expectations of the employees in relation to anti-bribery and corruption.

MANAGEMENT APPROACH TO MATERIAL MATTERS

As part of the Group's continuing efforts to ensure greater compliance, several initiatives were implemented in 2023:

- Mandatory training for new hires the Group's Anti-Bribery and Corruption Policy.
- Partners, including business associates and service providers, must sign a declaration stating their understanding and commitment to the Group's Anti-Bribery and Corruption Policy upon onboarding.
- The Group's Anti-Bribery and Corruption Policy is circulated annually to all partners.
- The Group's Procurement Policy includes anti-bribery and corruption as selection criteria in deciding on vendors.

Our Performance

	Target	2023	2022
Percentage of operations assessed for corruption-related risks*	More than 90%	**94%**	94%

* Revenue from insurance and investment operations are used as proxies to measure percentage of operations

	Target	2023	2022
Confirmed incidents of corruption and action taken	Zero	**0**	0

		Completion Rate (%)	
	Target	2023	2022
Percentage of employees who have received training on anti-corruption Total Employees	More than 90%	**91**	-
Manager		**80**	-
Executive		**98**	-
Non-Executive		**97**	-

The corruption risk assessment was implemented for all the Group's insurance operations in 2023. There were no incidences involving bribery or corruption being identified or reported during the year nor in the preceding years.

The majority of the Group's employees completed the annual training in 2023, which requires the employee to complete an assessment of their understanding of the Group's anti-bribery and corruption, anti-fraud, and whistleblowing policies.

MANAGEMENT APPROACH TO MATERIAL MATTERS

Cybersecurity, Privacy and Data Protection | **Related UNSDGs:** 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Why is this Important?

The increasing prevalence of technology use in daily life has raised data safety and privacy concerns. Incidents of data leaks and piracy are becoming increasingly commonplace, with the repercussions of such breaches growing more severe due to the increasing sophistication of data pirates and technological scams. The failure to safeguard data and privacy could subject the Group to financial, legal, and reputational liabilities, which may, in turn, impact the overall sustainability of the Group. Consequently, privacy and data protection have emerged as significant sustainability considerations for the Group.

Our Approach

As part of the Group's efforts to prevent network breaches, we regularly invest in our cybersecurity infrastructure and commission third-parties to evaluate and audit the security of systems and IT policies. An internal Privacy Policy has also been put in place to specify the proper use of data and customers' confidential information by the Group's employees and partners. Violations of the policy will result in disciplinary action. The full text of the Privacy Policy is available online at:

https://www.lpicapital.com/home/privacy-policy

https://www.lonpac.com/home/privacy-policy

We have taken steps to align our policies with the Personal Data Protection Act 2010 ("PDPA") and BNM's Risk Management in Technology ("RMiT") policy document. These policies set out the regulator's requirements regarding the management of customer information and the technology risks for financial institutions. Additionally, the Group continued to conduct I.T. security awareness for employees, which requires that our employees pass an annual security awareness test. Meanwhile, the Group also completed regular cybersecurity measures such as annual internal and external penetration testing, annual source code review, annual web application security assessment, and other vulnerability checks.

Our Performance

In 2023, the Group experienced no instances of successful cyber intrusions, complaints regarding breaches of customer privacy, or incidents of confidential data loss. Furthermore, the Group successfully addressed all high-priority vulnerabilities identified through penetration testing and web assessment exercises within the prescribed timeframe. These achievements align with its Sustainability Blueprint, which aims for zero instances of cyber encroachments for the Group.

	Target	2023	2022
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Not more than 10 cases	**0**	0
Number of high-priority vulnerabilities unresolved	Zero	**0**	0
Number of incidents relating to loss of confidential data	Zero	**0**	0
Number of incidents of successful hacking	Zero	**0**	0
Number of critical applications running on end-of-life system	Zero	**0**	0

MANAGEMENT APPROACH TO MATERIAL MATTERS

Financial Rating

Related UNSDGs: 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Why is this Important?

Financial rating pertains to the overall strength of the Group's balance sheet, serving as a significant indicator of the Group's sustainability. This is particularly important amid the present volatile and uncertain operating conditions. A pivotal sustainability concern for the Group, the Group's financial rating directly influences its capacity to maintain value creation activities. Financial rating also plays a crucial role in determining the level of stakeholder confidence in the Group.

Our Approach

As part of the Group's efforts to preserve its financial rating, it has in place the LPI Group's Capital Management Plan ("CMP") which is prepared in compliance with existing regulatory requirements as well as operating framework. The CMP analyses the threats posed by emerging risks to the Group's financial base, and prescribes remedial action should developments trigger a capital event. In addition, the Group conducts regular stress tests in line with BNM's Policy Document on Stress Testing. This also helps to identify threats to the Group that may emerge from adverse financial or capital events, developments in the operational environment, the Group's risk profile and the Group's business activities.

* For further information on financial strength and rating, refer to page 24.

Our Performance

A.M. Best, on December 2023, reaffirmed its Financial Strength Rating of A (Excellent) and the Long-Term Issuer Credit Rating of "a" (Excellent) for Lonpac with a stable outlook. This rating has been maintained by A.M. Best over the past several years.

	Target	2023	2022
Financial Strength Rating	At least A-	**A**	A

MANAGEMENT APPROACH TO MATERIAL MATTERS

Corporate Governance

Related UNSDGs: 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Why is this Important?

The corporate governance of the Group encompasses a framework of rules, practices, and processes that govern and oversee all our operations. A significant material matter, corporate governance ensures that every part of the Group operates in accordance with expectations and that all stakeholders receive equitable treatment in their interactions with the Group. Operationally, effective corporate governance guarantees that the resources employed in our value creation activities are used judiciously and efficiently, directing the created value to the appropriate stakeholders.

Our Approach

The oversight of the Group's corporate governance falls under the direct purview of the Board, which maintains an active and hands-on involvement in all facets of the Group's corporate governance management. This commitment to robust corporate governance is expected from every employee, as well as agents, intermediaries, and business partners. As part of the Group's corporate governance practice, we do not retain our audit partners for more than five years, as stipulated by BNM's Policy Document on External Auditor. The Group is unwavering in our commitment to uphold shareholder rights, ensuring transparency and accountability through robust procedures for voting on director appointments and dismissals. For a detailed overview of the Group's corporate governance, please refer to page 109 of this report.

Our Performance

The Group measures its corporate governance performance through two metrics. The first measures the monetary loss due to legal proceedings associated with the marketing of insurance products. The second tracks penalties, financial and non-financial, incurred due to non-compliance with regulatory requirements.

	Target	2023	2022
Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	Zero	**0**	0
Total amount of penalty imposed by regulators due to non-compliance	Zero	**0**	0

MANAGEMENT APPROACH TO MATERIAL MATTERS

MANAGEMENT APPROACH TO MATERIAL MATTERS

Governance

Social

Environmental

Employee Health, Safety and Well-being

Related UNSDGs:

Why is this Important?

Ensuring the health, safety, and well-being of the Group's employees is a top priority for us and is essential for maintaining elevated levels of employee morale. Morale, in turn, is intricately connected to performance, productivity, and retention, making it a pivotal element in securing the sustainability of our human capital.

Our Approach

The following policies are in place to protect LPI employees:

WHISTLEBLOWING POLICY	ANTI-HARASSMENT POLICY	GRIEVANCE PROCEDURES
Employees are protected from retribution for reporting breaches in professional conduct by other employee.	The Anti-Harassment Policy restates the Group's zero-tolerance of any form of harassment against employees and the recourses available to them.	This policy provides a step-by-step guide for employees reporting grievances and seeking redress.

Employees are also accorded special privileges, including preferential interest rates for housing loans, interest subsidies on housing and vehicle loans, and subsidised vehicle insurance coverage. The Group also funds recreational activities for employees to foster stronger team bonds through sporting and social activities. Additionally, employees are discouraged from working excessive hours and guaranteed equal pay for equal work with remuneration tailored to accurately reflect the level of individual responsibility, skill, competency and experience, the dynamics of the business and the Group's competitiveness within the industry without any discrimination.

The Group places employee safety and well-being among its top priorities, acknowledging their importance in the value creation cycle. Employees are thus given all necessary tools and training to succeed within a safe and productive working environment during their employment, while proactive workplace safety management is in place to safeguard employee well-being.

The Group has also implemented the Health and Safety Policy guided by the Occupational Safety and Health Act 1994 to further promote safe and healthy work practices. This includes a mandatory health screening and annual medical checkup, as well as ongoing health and safety trainings covering topics such as fire awareness, workplace ergonomics, mental health, etc.

Finally, the Group also applies all applicable human rights laws and regulations, such as Malaysia's Employment Act 1955 and Singapore Employee Act 1968, and complies with the minimum wage requirements in all countries in which it operates. All employees are remunerated above each country's respective minimum wage at present.

Our Performance

Compliance with Human Resource Policies

The Group has assigned dedicated personnel to handle disputes that may arise pertaining to Human Resource policies. Thus far, no complaints have been reported under the Group's Whistleblowing Policy, Harassment Policy, or Grievance Procedures.

	Target	2023	2022
Number of cases reported under Whistleblowing Policy, Harassment Policy, and Grievance Procedures	Not more than 10 cases	**0**	0

Workplace-related Injuries

The Group strives to prevent all workplace fatalities and injuries by ensuring the workplace is conducive to employee's health and safety. Employees also undergo regular health and safety trainings to give them the necessary knowledge to prevent injury in the course of their work.

	Target	2023	2022
Average monthly working hours per employee	Not more than 180 hours	**150**	146
Number of work-related fatalities	Zero	**0**	0
Lost Time Incident Rate ("LTIR")	Not more than 0.5	**0.4**	0.1
Number of employees trained on health and safety standards	-	**504**	126
Percentage of employees trained on health and safety standards	More than 50%	**61%**	15%

Human Rights

The Group strives to minimise any instances of human rights violations and measure our success by the number of substantiated complaints in any given year.

	Target	2023	2022
Number of substantiated complaints concerning human rights violations	Not more than 10 cases	**0**	0

MANAGEMENT APPROACH TO MATERIAL MATTERS

Customer Experience Management

Related UNSDGs:

Why is this Important?

The Group embraces a customer-centric business philosophy that prioritises the customer in all aspects of its operations. At the centre of this customer-centric approach is customer experience management which comprehensively assesses the level of customer experience, satisfaction, support received provided, efficiency of the claims process, and overall ease of interaction with the Group. As customers are the main beneficiaries of the Group's products and services, it is important, both from a business and reputational standpoint, that our customers feel that they have received the highest level of service in their dealings with the Group.

Our Approach

The Group's subsidiary, Lonpac, leverages digital technology to create platforms such as the Lonpac EzPortal and Lonpac E-assist services. The Lonpac EzPortal is a one-stop centre enabling our customers to manage their insurance needs online quickly and efficiently. Lonpac continues to enhance its online platforms to create communication channels for business partners and customers so that their questions and concerns can be quickly addressed. Additionally, all Lonpac branches have facilities in place enabling the customers to provide feedback on the level of service received. Lonpac tracks the customer experience management in terms of:

- Friendliness
- Professionalism
- Timely Delivery
- Convenience and Accessibility
- Overall Experience

Our Performance

The Group measures the level of customer experience management by way of the growth of customer policy renewal ratio and in-force policy count.

	Target	2023	2022
Customer policy renewal ratio	More than 70%	**81%**	80%
In-force policy count (in thousands)	Positive Growth	**1,382**	1,330

MANAGEMENT APPROACH TO MATERIAL MATTERS

Claims Management

Related UNSDGs:

Why is this Important?

Claims management is a key material matter as it has a direct impact on the sustainability of the business as well as on customer satisfaction levels. It is therefore important to the competitiveness of the Group in the wider insurance market, and in ensuring the Group's continued profitability and sustainability. The operational impact of the Claims process is discussed in the MD&A on page 28.

Our Approach

The Group's tailored claims experience is crafted to enhance customer satisfaction, minimise the likelihood of miscommunications, and foster customer retention. It is intentionally designed to be efficient, user-friendly, and transparent, offering customers a high degree of visibility into the status of their claims and the expected timeframe for completion.

The Group has also integrated cutting-edge technologies into its claims process and has started benefiting from streamlined systems featuring intelligent workflows that blend data with automation and straight-through processing. This integration across organisational boundaries empowers both claims employees and our customers, accelerating service delivery and expediting claim settlements.

The launching of the Lonpac's Customer Portal enables our customers to notify a claim and upload and download documents. Customers are able to check for status updates and important information with regard to their claims, ensuring that our customers are always informed when it comes to their claims. Recognising the importance of timely communication, we have expanded our communication channels. In addition to email and SMS push notifications, we have further refined our outreach methods. Customers can now receive frequent and timely updates on the progress of their claims, including the status of their vehicle repairs. This multi-faceted approach enhances transparency and keeps our customers informed at every stage of the claims process.

Our Performance

To gauge the claims performance on a year-on-year basis, the Group tracks data points that measure efficiency, completeness, and service standards.

	Target	2023	2022
Claims settlement ratio	More than 65%	**65%**	65%
Claims management productivity	More than 1,400	**1,441**	1,340
Complaints-to-claims ratio	Not more than 0.5%	**0.1%**	0.1%

MANAGEMENT APPROACH TO MATERIAL MATTERS

Employee Competency

Related UNSDGs:

Why is this Important?

Employee competency encompasses the capabilities and skill sets of the Group's workforce as they measure against expectations for their respective roles. Employee competency is important to sustainability as it is foundational to all value-creation activities. Competency applies across a broad spectrum of skills necessary in the insurance business, spanning from specialised risk analysts and actuarial scientists, to customer service agents and frontline support employees.

Our Approach

We encourage the development of a culture of continuous learning and professional achievement among our employees. While there is a recognition that professional qualification may not necessarily translate into superior performance, the Group nevertheless feels that it is important for staff to receive the highest level of training possible if they are to perform at optimal levels. The Group therefore prioritises educational attainment and professional qualifications as essential components of employee development.

Thus, while new employees are required to obtain the mandatory Basic Certificate from the Malaysian Insurance Institute, the Group actively encourages employees to seek out higher qualifications such as a bachelor's degree or equivalent professional qualification. To help our employees do so, we provide our employees with both financial and non-financial support.

To address skill gaps and fortify competencies, we conduct regular assessments of employees' training needs. Our training initiatives are reviewed to ensure relevance, focusing on technical expertise and interpersonal skills. Employees are nominated by their superiors to attend tailored training sessions, fostering holistic development. The Group actively encourages employee to advance their expertise through professional certifications and developmental opportunities. The Group has instituted various incentive schemes, including scholarships for professional courses, rewards upon obtaining specific certifications, study leave, examination leave, and subsidies for professional memberships.

We conducted the following training programmes in 2023:

- Curated in-house programs covering Compliance, IT Security, and IT-related trainings.
- Upskilling initiatives focusing on technical courses relevant to job functions.
- Train-the-Trainers programmes designed to empower employee to conduct effective training sessions.
- Webinars hosted by subject matter experts.
- Industry-specific conferences facilitated by leaders in the field.
- Leadership development programmes tailored for junior- and middle-management employees.
- Capacity-building through professional certification.
- Work skills and soft skills training to enhance overall competency.
- Sharing sessions across key departments to update on changes to the Malaysian Financial Reporting Standards.

Lastly, employee turnover rate is a key consideration in employee competency. The Group invests significant resources in developing employee competency, but this investment alone is insufficient if the employee then leaves the Group. It is therefore imperative that the Group identifies the factors for employee turnover and create an environment where our employees feel valued and motivated to stay. To that end, regular staff satisfaction surveys are held, while career development and competitive remuneration have been made part of the Group's employee retention strategy.

MANAGEMENT APPROACH TO MATERIAL MATTERS

Our Performance

Qualifications

The Group measures the competencies of our employees by setting a threshold for the number of certificate holders in our workforce.

	Target	2023	2022
Employees with bachelor's degrees or professional qualifications	More than 60%	**68%**	67%
Employees in core operations with professional certification or are actively pursuing certification	More than 50%	**51%**	51%

Employee Training Hours

In 2023, the Group spent RM761,566 on its talent development programme with each employee receiving on average 20 hours of training during the year.

	Target	2023	2022
Percentage of employees who received formal training	More than 95%	**99%**	99%

		Average training hours per employee	
	Target	2023	2022
Total hours of trainings by employee category			
Total Employees	More than 16 hours per employee	**20**	22
Manager	-	**30**	-
Executive	-	**17**	-
Non-Executive	-	**5**	-

Turnover Rate

Retaining skilled and experienced employees is necessary for the implementation of the Group's value creation activities. The following table provides a breakdown the Group's turnover rate.

		Turnover Rate	
	Target	2023	2022
Employee Turnover Rate			
Total Employees	Not more than 10%	**8%**	7%
Manager	-	**8%**	-
Executive	-	**6%**	-
Non-Executive	-	**12%**	-

MANAGEMENT APPROACH TO MATERIAL MATTERS

Digital Transformation

Related UNSDGs: 13 Climate Action, 16 Peace, Justice and Strong Institutions

Why is this Important?

The Group continues to advance our digital transformation initiatives to improve the integration of technology into its operations and the incorporation of automation into its processes. The Group continues making substantial investments in our technology infrastructure to keep abreast of rapid technological advancements, and secure our competitiveness and deliver the highest quality of service to our customers.

Our Approach

The Group's technology endeavours are influenced by the expectations of our stakeholders, who are becoming more technologically adept and have heightened demand for technological services. Customers are seeking increased control over their insurance portfolios through online channels, desiring the ability to purchase policies and modify coverage terms over the internet. Examples of some enhancements:

- Including static QR code in policy schedule enabling policyholders to view all information on the policy. This move also helps the Group save on paper use as well.
- Improving the claims system by automating claims processing while providing customers with real-time claim status updates.
- Enhancing the Lonpac E-Assist App which allows customers to submit and report motor claims and obtain digital roadside assistance. Customers are also able to track the location of the tow truck in real time.

As part of our sustainability and digital transformation plan, we are actively promoting the digitalisation of policies through our distribution channels. The conversion to e-policies will further minimise our carbon footprint, but will also offer customers greater convenience of accessing their documents from the comfort of their own devices. At present, customers have direct access to their policies and claims through the ezLonpac Portal. We measure the percentage of policies that have been converted to e-policies as a gauge of demand for digital solutions.

Our Performance

For performance with relation to digital transformation, please refer to TCFD's metrics and target at page 85.

MANAGEMENT APPROACH TO MATERIAL MATTERS

Product Availability and Affordability

Related UNSDGs: 11 Sustainable Cities and Communities

Why is this Important?

The Group endorses financial inclusivity as a fundamental national development objective as advocated by BNM. This objective aims to ensure widespread access to high-quality, affordable financial services, including insurance, to help Malaysians to accumulate and safeguard their wealth. Financial inclusivity, alongside achieving high-income status and sustainability, stands as a key goal in the national development agenda.

Our Approach

The Group aligns our goals of financial inclusivity with those outlined in BNM's Financial Sector Blueprint 2022-2026. This blueprint aims to achieve an insurance/takaful penetration rate of between 4.8% to 5.0% of GDP and double the number of individuals enrolled in microinsurance and microtakaful. In support of this goal, the Group's subsidiary, Lonpac has developed a range of insurance products for Malaysians from all walks of life.

Our interpretation of financial inclusivity is focused on Product Availability and Product Affordability.

- Product Availability: Our online portal serves as a strategic avenue where customers can access a diverse range of insurance products at their convenience. We prioritise the continuous enhancement of our digital platform, ensuring an intuitive and user-friendly interface that empowers our customers to explore, understand, and purchase insurance products effortlessly. We are also working on expanding the range of insurance products available for purchase through the portal.
- Product Affordability: We adopt a strategic pricing approach that reflects fair and competitive premiums. Through data-driven insights and market analysis, we strive to offer insurance products that provide optimal coverage while remaining affordable.

Meanwhile, Lonpac participates in government-led low-cost insurance plans and offers instalment payment plans to make insurance more affordable to a broader range of customers. Other features include a co-payment and deductibles plan in exchange for lower premiums that offer protection from large losses at a more affordable rate. In addition, the development of the Lonpac's online sales portal has made insurance more accessible, especially for those living in areas without convenient access to a bank or an insurance branch.

Financial inclusivity is a central consideration in Lonpac's business plan, and we have started offering simple Motor and Travel insurance online. These online plans provide uncomplicated protection and is available at lower cost due to the efficiencies gained through digital channels. As Lonpac's digital ecosystem matures, we will be able to provide greater coverage across a broader spectrum of insurance classes at prices affordable to a wider range of Malaysians.

Our Performance

GWP from digital business is one of the sources of metric the Group used to measure the performance in this material matter.

	Target	2023	2022
Percentage of growth of GWP from Digital Business	Growth rate of GWP to be more than the growth rate of the Group's overall GWP	**24%**	-3%

MANAGEMENT APPROACH TO MATERIAL MATTERS

Diversity and Inclusion

Related UNSDGs:

Why is this Important?

The Group values diversity within our workforce, acknowledging the advantages that come from having employees with varied backgrounds. A team with diverse experiences and perspectives is especially valuable in countries with a multi-ethnic population. A diverse staff ensures that discussions incorporate viewpoints from specific cultures and heritages, enriching the Group's ability to generate ideas and devise solutions for the challenges encountered.

Our Approach

The Group's Workplace Diversity Policy stipulates that individuals are to be selected based on the Group's needs and requirements and placed in roles appropriate to their experience and qualifications without discriminating against any race, religion or gender. Additionally, officers are expected to make conscious efforts to be inclusive in all activities within the Group, including determining the composition of Management Committees and sub-committees.

At the Board level, the Company ensures that women make up at least 30% of the Board composition, in line with the recommendation of the Malaysian Code of Corporate Governance. This requirement has also since been incorporated in the Board Charter, as well as in management and employee hiring policies, cascading the commitment towards women representation. The Group's Code of Conduct and Code of Ethics has specific clauses aimed at improving workforce diversity, ensuring equal opportunity, and the elimination of discrimination.

Our Performance

Board Composition

For information about the composition of the Company's Board of Directors, please turn to pages 100 to 105 of this report.

		Employee Composition	
	Target	2023	2022
Percentage of Board of Directors by gender			
Male	At least 30% representation of women	**57%**	57%
Female		**43%**	43%

		Age Diversity	
	Target	2023	2022
Percentage of Board of Directors by age group			
Below 30	-	**0%**	0%
Between 30 – 50	-	**0%**	0%
Above 50	-	**100%**	100%

MANAGEMENT APPROACH TO MATERIAL MATTERS

Workplace Profile – Overall

Total Employees: **832** in 2023

		Gender Diversity	
	Target	2023	2022
Percentage of employees by gender			
Total Employees	Either gender not more than 70%		
Male		**35%**	36%
Female		**65%**	64%
Manager	-		
Male		**42%**	-
Female		**58%**	-
Executive	-		
Male		**30%**	-
Female		**70%**	-
Non-Executive	-		
Male		**33%**	-
Female		**67%**	-

		Age Diversity	
	Target	2023	2022
Percentage of employees by age group			
Total Employees	-		
Age under 30		**12%**	-
Age 30 – 50		**64%**	-
Age above 50		**24%**	-
Manager	-		
Age under 30		**0%**	-
Age 30 – 50		**63%**	-
Age above 50		**37%**	-
Executive	-		
Age under 30		**23%**	-
Age 30 – 50		**64%**	-
Age above 50		**13%**	-
Non-Executive	-		
Age under 30		**13%**	-
Age 30 – 50		**67%**	-
Age above 50		**20%**	-

* Manager group includes senior management.

MANAGEMENT APPROACH TO MATERIAL MATTERS

	Target	Employee Composition 2023	Employee Composition 2022
Percentage of employees that are contractors or temporary			
Permanent	More than 95%	**95.4%**	-
Contractors / Temporary	-	**4.6%**	-

Workplace Profile – Senior Management

	Target	Employee Composition 2023	Employee Composition 2022
Percentage of Senior Management by gender			
Male	More than 30% in women representation	**62%**	61%
Female		**38%**	39%

	Target	Age Diversity 2023	Age Diversity 2022
Percentage of Senior Management by age group			
Age under 30	-	**0%**	-
Age 30 – 50	-	**37%**	-
Age above 50	-	**63%**	-

MANAGEMENT APPROACH TO MATERIAL MATTERS

Business Partners' Competency | **Related UNSDGs:**

Why is this Important?

The Group has identified the relationship with our partners and agents as a significant sustainability consideration, underscoring the pivotal role of the human element in the Group's value creation activities. As such, the Group has cultivated mutually beneficial connections with its partners through years of collaboration and have invested significant resources in the recruitment and retention of partners and agents to ensure their optimal performance.

Our Approach

The Group remunerates its agents at rates that are on par with the industry standard. We believe in fostering an environment where our agents not only receive robust support from the Group but also have ample opportunities to achieve their professional ambitions. Initiatives aimed at enhancing the competency of the Group's network of agents include enrolment in the Group's Agents Professionalism and Excellence (APEX) training covering both technical and non-technical aspects, ensuring our agents are well-equipped to excel as business partners.

Various activities further strengthen our agent community, identifying knowledge gaps and fostering stronger bonds. Additionally, our robust succession planning strategy for agent businesses ensures consistent service and knowledge levels, securing seamless business continuity. For new recruits, meticulously crafted onboarding programs facilitate a comprehensive introduction to our organisational values and processes, ensuring a smooth integration into our dynamic and collaborative culture. This holistic approach underscores our dedication to nurturing a highly competent and motivated network of agents, driving the continued success of the Group.

Our Performance

	Target	2023	2022
Agent attrition rate	Less than 10%	**7%**	6%
Average training hours per agent	More than 10 hours	**20**	19
Percentage of agents who attended trainings	More than 90%	**95%**	95%

MANAGEMENT APPROACH TO MATERIAL MATTERS

Social Responsibility

Related UNSDGs: 11 Sustainable Cities and Communities

Why is this Important?

The Group is committed to corporate social responsibility ("CSR") initiatives aimed at enhancing the capabilities of the local community. This is partly due to the recognition that the community makes an immense contribution to the Group's success, and CSR programme reflects the Group's gratitude and appreciation to the community for their support.

Our Approach

The Group's CSR initiatives are divided into endeavours dedicated to enhancing the welfare of the underprivileged and less fortunate, and initiatives that advocate positive lifestyle practices, including the support of educational and athletic accomplishments. Charitable contributions are typically directed towards organisations devoted to improving the lives of those encountering daily obstacles and challenges, as well as associations committed to youth development. Our employees are encouraged to engage in these CSR activities with the aim of instilling in them a greater sense of empathy with the less fortunate and to strengthen connections with the community.

The Group also makes special effort to support environmental initiatives such as mangrove planting and the cleaning of communal spaces, e.g., beaches. In addition, the Group shares its sustainability performance with the employees through its Sustainability Bulletin, which also functions as an environmental awareness-raising platform. Finally, the Group has always encouraged recycling among its employees to reduce their environmental footprint. More information can be found in the discussion on Waste Management at page 79.

Our Performance

During the year, the Group primarily focused on contributing financial assistance to organisations dedicated to various causes. We proudly supported the following institutions during the year:

- Lovely Disabled Home Bhd.
- Sarawak Lawn Tennis Association.
- Pusat Hemodialisis Desa Aman Puri.
- The China Press.
- SJKC Si Puteh.
- Chong Hwa Independent School
- Mount Miriam Cancer Hospital.
- Yu Yuan Secondary School.
- Persatuan Kanak-Kanak Istimewa Hulu Langat (PKKIHL).
- Persatuan Kebajikan Sri Eden Selangor dan Kuala Lumpur.
- Dual Blessing Bhd.
- Make-A-Wish Malaysia.
- Grace Covenant Community Care Bhd.
- Sijangkang Mangrove Recreational Park, Banting

	Target	2023	2022
Total amount invested in the community where the target beneficiaries are external to the listed issuer (in thousands)	-	**RM215**	RM224

MANAGEMENT APPROACH TO MATERIAL MATTERS

	Target	2023	2022
Total number of beneficiaries of the investment in communities	-	**23**	28
Number of CSR initiatives	More than 15 CSR initiatives annually	**24**	22

In total, 248 dedicated employees actively participated in our CSR program. This collective effort underscores our ongoing commitment to making a positive impact on the communities we serve. We look forward to further expanding our CSR initiatives and fostering meaningful contributions to society in the years to come.

Supply Chain Management

Related UNSDGs: 11 Sustainable Cities and Communities

Why is this Important?

Procurement practices play an important role in contributing to sustainability and social responsibility as the value chain for the insurance industry requires the participation of many intermediaries. Effective procurement ensures that resources and services are sourced efficiently and in a cost-effective manner, reducing the financial and operational risks associated with supply chain disruptions. It is also important to the Group that our intermediaries practise strong corporate governance and always behave ethically.

Our Approach

The Group regularly reviews the performance of our service providers to ensure that they comply with regulatory guidelines as well as our internal service standards. These services providers are reviewed semi-annually at the Panel Review Committee meetings. These were successfully completed for the year under review with no significant issues being identified.

In addition, the Group's Procurement Policy is in place to enable a structured and standardised approach for all procurement activities across the Group. This policy also helps to ensure transparency, fairness, and ethical behaviour in procurement activities. The policy incorporates elements of sustainability such as prioritising businesses which:

- are based locally
- do not significantly harm the environment
- have no human rights violations
- no involvement in any corruption or bribery activities, and
- not in breach of laws and regulations

The aim is to cultivate a fairer and more transparent procurement process within the Group.

Our Performance

	Target	2023	2022
Proportion of spending on local suppliers	More than 90%	**96%**	-

MANAGEMENT APPROACH TO MATERIAL MATTERS

Sustainable Product and Investment

Related UNSDGs: 8 Decent Work and Economic Growth, 13 Climate Action

Why is this Important?

In line with the Group's commitment to sustainability, significant emphasis has been placed on developing sustainable product offerings and implementing responsible investment practices. This is in recognition of the role played by the insurance industry, which extends beyond risk mitigation to the promotion of a sustainable future.

The responsible investment approach adopted in the Group's investments ensures that resources are allocated to companies and initiatives that prioritise environmental, social, and governance ("ESG") criteria. This simultaneously mitigates investment risks and helps contribute to a more ethical and sustainable financial landscape. By integrating sustainability into the Group's product portfolio and investment strategy, stakeholders are better protected while greater investment is directed towards a better future for both planet and society.

Our Approach

Underwriting

The Group's approach to sustainable products goes beyond traditional insurance offerings and is dedicated to promoting health, safety, and environmentally responsible actions. Innovative product design including elements that incentivise policyholders to adopt behaviours that are beneficial for both themselves and the environment are built into the products. Furthermore, we engage actively with our customers and support them in their business transition to a better future.

Investment

The Group's Investment Committee oversees the Group's investments, aligning investment policies and strategies with both business strategy and investment guidelines. These guidelines are regularly assessed against the Group's risk profile and subject to periodic reviews to manage the exposure of investment risk. As a proponent of the sustainability agenda, the Group evaluates the sustainability track record of investee companies, alongside considerations of returns on investments, credit risk and climate-related risk, when making investment decisions.

The emphasis is placed on investing in sustainable assets, i.e. assets that are rated sustainable by the rating agencies. Additionally, we invest in fixed-income securities issued to foster liquidity and promote market sustainability, contributing to the support of the Malaysian financial markets.

MANAGEMENT APPROACH TO MATERIAL MATTERS

Our Performance

Underwriting

As part of the Group's sustainable product strategy, our subsidiary, Lonpac's motor insurance has been enhanced with extended coverage providing double indemnity of Accidental Death or Total Permanent Disablement should policyholders meet with accidents while riding public transport. This policy aims to encourage policyholders to take public transport as opposed to private vehicles and reduce their carbon footprint.

The Group is an active supporter of the climate agenda and provides, or plans to provide, insurance coverage for projects with a climate-positive impact. These include coverage for hybrid and electric vehicles, and renewable energy projects including solar panels and hydro. Net written premiums for climate-friendly risks totalled RM12 million in 2023. Plans are underway to further accelerate the growth of this segment and are exploring incentives in the form of products and services that will encourage and help customers transition to a more environmentally friendly lifestyle.

	Target	2023	2022
Net premiums written related to climate-friendly risks (in millions)	Positive Growth	**RM12**	RM8

Investment

The Board has set a target to allocate more than half of its total investment into sustainable assets. In 2023, the Group's sustainable investment assets totalled RM2.3 billion, accounting for more than half of its total investments.

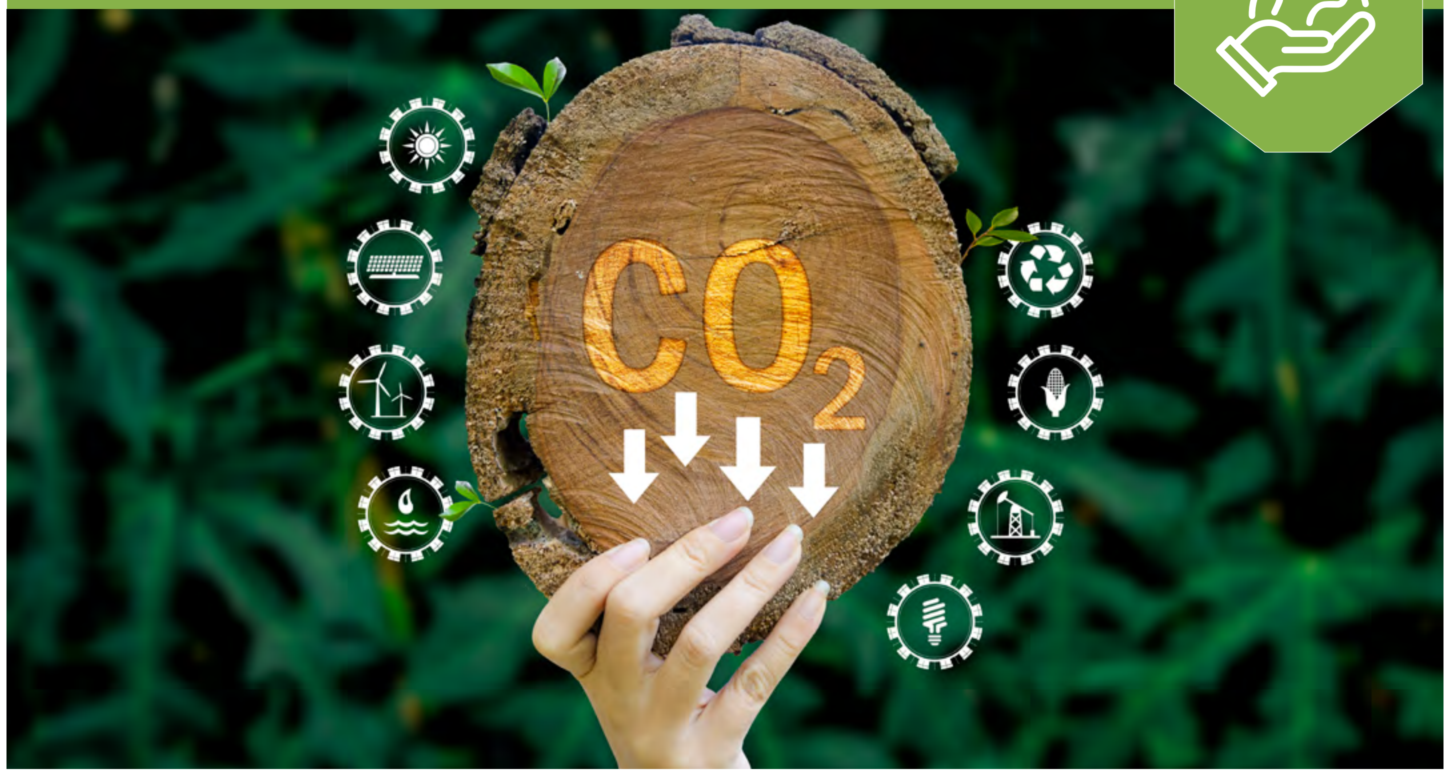
	Target	2023	2022
Percentage of investment in sustainable assets	More than 50%	**68%**	65%

MANAGEMENT APPROACH TO MATERIAL MATTERS

Governance

Social

Environmental



Climate Mitigation and Resilience | **Related UNSDGs:** 13 CLIMATE ACTION

Why is this Important?

The effects of climate change have become increasingly evident as reports of climate-linked disasters become more frequent and their impact much more severe. There is worldwide concerted action by global authorities, including BNM, to take more decisive action in addressing the impact of climate change. In Malaysia, this has translated into the mandatory adoption of TCFD guidelines by financial institutions.

The Group is a proponent of the environmental agenda and supports the nation's transition into becoming a low-carbon economy. As such, Climate Mitigation and Resilience has been identified as a material matter for the Group, which has in turn seen the Group enhance its sustainability reporting, and the implementation of initiatives to reduce its carbon footprint and encourage more environmentally sustainable lifestyles among its stakeholders.

MANAGEMENT APPROACH TO MATERIAL MATTERS

Our Approach

The Group's underwriting procedures steadfastly uphold its commitment to fostering climate resilience among its policyholders. In recognition of the profound impact of climate change across industries and regions, the Group conducts thorough sustainability assessments, with a specific emphasis on sectors with elevated ESG risks. Through vigilant monitoring of policyholders' exposure to climate-related risks, the Group encourages the adoption of sustainable practices, reduction of climate vulnerabilities, and enhanced climate resilience.

In response to the escalating risk of floods due to climate change, the Group continue factoring the flood-prone areas in its climate physical risk assessment. This strategic decision has resulted in the implementation of more stringent underwriting terms for regions prone to flooding.

The Group's commitment to climate resilience is also reflected in its reinsurance practices. The adequacy of the Group's reinsurance coverage is constantly evaluated to ensure there is sufficient coverage against climate-related catastrophes. This is important to ensure that the Group is able to fulfil its obligations to policyholders, especially in the case of a particularly catastrophic event. Meanwhile, the Group's Claims Department has emergency measures in place such that it is able to expedite claims processing in the event of a natural catastrophe and provide immediate support to policyholders.

The Group's investment strategy is aligned with its commitment to climate resilience and sustainability. Investments in high ESG risk sectors are constantly monitored while the Group ensures that it has limited exposure to these industries. This approach, which is guided by BNM's Climate Change and Principle-based Taxonomy ("BNM CCPT") guidelines, helps mitigate climate risks while aligning the Group with its broader sustainability objectives. This commitment to responsible investing extends to relationships with investee companies.

Our Performance

For performance in relation to climate mitigation and resilience, please refer to TCFD's metrics and target on pages 85 to 86.

MANAGEMENT APPROACH TO MATERIAL MATTERS

Emissions Management

Related UNSDGs: 13 CLIMATE ACTION

Why is this Important?

Emissions management is of paramount importance as the Group recognises it has a responsibility to do what it can to reduce its carbon footprint. This effort is regarded as both an ethical obligation as well as essential for long-term business sustainability. By actively monitoring and curbing emissions, we align ourselves with global efforts to combat climate change and improves our reputation as an environmental steward. Effective emissions management not only reduces environmental impact and costs, but also helps make the Group more appealing to environmentally conscious stakeholders, from customers to investors.

Our Approach

The Group believes in translating sustainability commitments into tangible actions. In line with this philosophy, we have embarked on several initiatives to actively manage its emissions and lower total environmental impact. Digital Transformation, as stated in the abovementioned sections, highlighted the approaches taken by the Group during the year.

Additionally, encouraging virtual meetings over traditional face-to-face meetings is another small step taken by the Group to further reduce its carbon footprint as virtual meetings eliminate the need for business travel. These collective actions underline the Group's commitment to emissions management, demonstrating that sustainability is actively embraced in the Group's daily operations.

As the majority of the emissions of financial institutions come from indirect emissions, i.e. emissions generated by the investees and customers, we engage actively with our stakeholders in this climate agenda. Please refer to Sustainable Product and Investment on page 74 for our approaches in underwriting and investment.

Our Performance

For performance in relation to emission management, please refer to TCFD's metrics and target on page 84.

MANAGEMENT APPROACH TO MATERIAL MATTERS

Energy, Water and Waste Management

Related UNSDGs: 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 13 CLIMATE ACTION

Why is this Important?

The Group's approach to energy management reflects its commitment to operational efficiency and environmental responsibility. While the insurance industry may not be a significant user of energy, the Group nevertheless recognises the importance of responsible energy consumption. Initiatives are therefore focused on optimising the Group's energy usage, reducing operational costs, and ensuring operational resilience. These measures not only improve financial performance but also underlines the Group's dedication to mitigating climate change in line with its sustainability goals.

Water management is important to the Group's sustainability efforts. Although total water consumption may not be extensive relative to other industries, the commitment to efficient water use reflects the Group's dedication to environmental conservation and resource responsibility.

Effective waste management is an essential part of environmental conservation. By minimising waste and ensuring proper disposal, the Group is actively reducing its environmental impact, realising cost savings, improving operational efficiency, and ensuring regulatory compliance.

Our Approach

The Group has improved the efficiency of its energy usage through the replacement of traditional lighting with energy-saving LED lights and the adoption of eco-friendly air conditioning systems in its offices. While the amount of energy saved, relative to other industries, may be small, the Group believes that all reductions will continue to make an impact on the environment. Employees are advised to be careful with water usage, and facilities such as toilets, pantries and kitchenettes are checked periodically to ensure that there is no water leakage.

The Group's waste management approach is built on a foundation of environmental responsibility and operational efficiency. The Group is committed to minimising waste generation and ensuring responsible disposal practices across all operations. Strategies include reducing paper usage through digital documentation, holding recycling programmes in its offices, and encouraging responsible waste separation and disposal. The Group organised CSR activities such as mangrove planting and garbage cleaning to promote climate mitigation.

Our Performance

For performance in relation to energy, water and waste management, please refer to TCFD's metrics and target on page 84.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES - ALIGNED DISCLOSURES

The Group has started integrating Task Force on Climate-Related Financial Disclosures ("TCFD") recommendations within its sustainability statement. This is part of the Group's ongoing effort to enhance its sustainability disclosures, but also in line with the regulatory requirements stipulated by the JC3 Application Guide for Malaysian Financial Institution and Bursa Securities' Main Market Listing Requirements ("MMLR").

GOVERNANCE

Sustainability is a criterion for the Board Skills Matrix of both LPI and Lonpac and has been integrated with the Group's long term business strategy. To that end, both Boards are taking proactive measures to ensure the diversity of skills and experience of the Boards. Additionally, the Nomination and Remuneration Committees for both LPI and Lonpac are responsible for the evaluation of their respective Boards, including sustainability competency. Please refer to page 102 of the Board composition for the qualification and the experience of the Board members.

Ultimate responsibility for the identification, assessment and integration of climate-related risks and opportunities lies with the LPI Board. The Board is also responsible for gauging progress against climate-related goals and targets. These are discussed in quarterly-held meetings, where discussions on climate-related issues as well as other sustainability matters take place.

Meanwhile, LPI's Chief Executive Officer leads the LPI's Sustainability Council, comprising senior management from the Group and its subsidiary, which helps the relevant Board Committee in managing the climate-related risks and opportunities at a Group level in a consistent manner. Lonpac's Sustainability Committee, led by the Chief Executive Officer of Lonpac, assists the relevant Lonpac's Board Committee in managing climate-related risks and opportunities at Lonpac level. Lonpac's Sustainability Committee comprises the control functions within Lonpac to ensure fair and transparent processes.

Furthermore, the Boards are tasked with reviewing the Directors' Training Development Plan ("DTDP") at the beginning of the year to ensure that, through the plan, Directors can upskill themselves with knowledge and skills to fulfil their responsibilities as Directors. Directors from both LPI and Lonpac attend several sustainability and climate workshops and conferences organised throughout the year by regulators or external parties, such as JC3 and BNM.

The quarterly evaluation of sustainability targets and performance is discussed by Lonpac RSC and LPI RCSC. Findings are then tabled to the Boards of both companies for discussions, which are also responsible for approving the Group's Sustainability Framework and Sustainability Blueprints. These documents simultaneously set out the targets and goals for the Group's Board of Directors and management.

In 2022, the Group's Board of Directors approved the revised Group Directors' Remuneration Policy and Procedures, which states that the Nomination and Remuneration Committee must factor in the Director's performance in managing material sustainability risk and opportunities in the assessments of Directors. As a result, the Group's sustainability rating is now one of the factors being considered in deciding on the remuneration of the Directors for both Boards.

STRATEGY

Climate-related risks and opportunities are significant issues for the insurance business and bring with it several risks and opportunities to the Group.

The Group has experienced large flood events every two to three years in recent memory. Over the short-term horizon, the Group expects that flooding will remain the main climate risk for the Group. An increase in the frequency of flash floods and storms could lead to additional claim costs to the Group and affect the Group's long-term sustainability.

However, the increase in flooding has also opened new possibilities in terms of promoting additional flood coverage to the public as flood insurance take-up, according to a recent report by PIAM, remains low.[1] Over the medium to long term, increasing flood events will result in higher costs to the Group in terms of securing sufficient reinsurance protection.

Additionally, a significant number of insurance companies have announced their withdrawal from underwriting carbon-intensive sectors, leaving these sectors of industry without insurance protection. Opportunities exist to promote sustainability-related products as well as continuously create awareness among the insured in high-carbon sectors in their climate transition plan.

The climate-related risks mentioned above and the assessment process are reflected in the table below, which describes both the nature of the risk as well as its potential impact on the Group's sustainability. The risk assessment is conducted regularly and takes into consideration the short-, medium-, and long-term implications of climate-related risks, which subsequently aids in strategic planning. The Group is committed to the continued evaluation and management of climate-related risks and opportunities to secure its long-term sustainability while aligning with global climate goals and regulatory requirements.

As part of this risk management framework, specific risk thresholds have been established for both underwriting and investments in relation to climate-related risks. These thresholds include limitations on underwriting in climate-sensitive sectors, gross flood exposure, and investments in climate-sensitive sectors.

PHYSICAL RISKS Acute weather events or chronic changes in weather patterns impacting the Group	Acute Chronic	**Financial Risks** ▶ Stranded investment assets ▶ Defaults of counterparties ▶ Depreciation of collaterals
		Strategic Risks ▶ Loss of market-share to competitors due to slow adaption
TRANSITION RISKS The Group's or customers' business models fail to align with low-carbon economy and regulatory changes	Policy & Legal Market Technology Reputational	**Insurance Risks** ▶ Rising cost of reinsurance ▶ Increasing climate-related claim cost and underwriting losses ▶ Increase uninsurable segment creating gaps
		Operational Risks ▶ Disruption in supply chain and business operations ▶ High cost in transitioning (e.g. technology)
		Legal and Compliance Risks ▶ Reputational damage from greenwashing ▶ Lack/ Insufficient of disclosures

[1] https://piam.org.my/blog/2023/03/07/general-insurers-stand-ready-to-assist-flood-victims-with-insurance-coverage/

TCFD - ALIGNED DISCLOSURES

RISK MANAGEMENT

The Group is committed to aligning its operations with existing and emerging regulatory requirements related to climate change, ensuring robust risk management practices in adherence to regulatory standards. Notably, in accordance with BNM's Climate Risk Management and Scenario Analysis Policy Document, the Group has embraced principles and requirements that enhance its resilience against climate-related risks. This proactive approach not only bolsters the Group's ability to navigate climate risks but also contributes to a just and orderly transition to a low-carbon economy.

The Group looks forward to BNM's impending Climate Risk Stress Testing ("CRST") Policy Document, designed to assess the resilience of financial institutions to both physical and transition risks. Through CRST, the Group will need to systematically evaluate the potential impact of climate-related risks on its operations. This not only informs internal strategies for risk mitigation but also contributes to the industry-level efforts aimed at creating feedback loops that can collectively reduce systemic risks. CRST is expected to be effective in 2024.

The Group, through its Underwriting Division, maintains a proactive approach to climate-related risks. Regular reviews of flood-prone postcodes are conducted, allowing for a comprehensive assessment of potential climate risks. When deemed necessary, the Underwriting Division imposes stricter terms on risks located in flood-prone areas, reflecting the heightened risk associated with these locations. This process ensures that the Group's underwriting strategies are dynamic, responsive, and aligned with climate-related risk assessments.

The ERMS Department plays a pivotal role in managing climate risks. Bi-annual Flood and Earthquake assessments, tested on a 1 in 200 years event basis, are conducted to evaluate the adequacy of the Group's reinsurance protection. Additionally, annual assessments on the financial strength of reinsurers are performed to ensure the adequacy of financial resilience against the rising frequency and severity of catastrophe events. Monthly monitoring of flood exposures and Probable Maximum Loss on flood events further enhances the Group's preparedness and risk resilience.

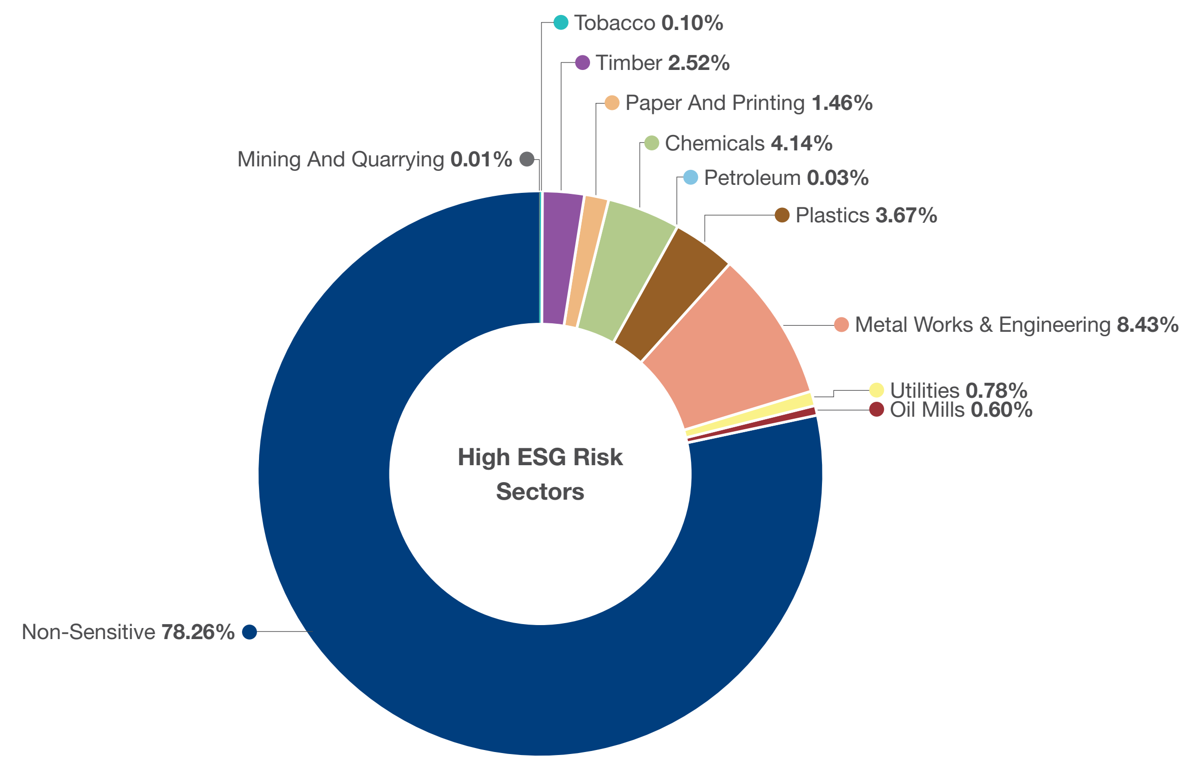
Individual business units within the Group actively engage in Sustainability Assessments for risks falling under high ESG risk sectors. This proactive approach not only allows our customers to understand the significance of climate mitigation and resilience but also fosters a win-win situation, promoting sustainability for both our customers and the Group. The comprehensive oversight by ERMS, coupled with the sustainability initiatives at the business unit level, showcases the Group's commitment to effective climate risk management throughout its operations.

In summary, the Group's processes for managing climate-related risks are tailored to promote climate awareness and resilience while ensuring a balanced approach to underwriting and investments. As part of the process, the Group actively engages with policyholders, investors, and reinsurers to maintain open lines of communication and address concerns such as the sufficiency of flood coverage, investment requirements, and adequacy of reinsurance protection.

Climate-related risks are integrated into the Group's overall risk management framework and are consistent with the way that other risks are identified and managed across the Group. This integration ensures that climate risks are identified alongside other risks, allowing for a holistic view of the risk landscape. All identified risks, including climate risks, are assessed over the short- (less than three years), medium- (three to ten years), and long-term (more than ten years) horizons with regards to its impact on the Group's financial and likelihood of the risk materialising.

The first line of defence against climate risk is embedded within our operational management and business units. Business units actively incorporate climate risk considerations into their day-to-day operations, ensuring that climate-related risks are identified, assessed, and managed at the grassroots level by engaging with our customers in sustainability assessment in order to facilitate transition among them. The Group has identified sectors that are sensitive to ESG, particularly on climate, to allow a more focused approach. The chart shows the current underwriting exposures of the Group for its Fire business.

TCFD - ALIGNED DISCLOSURES



In addition, the Underwriting Division also conducts concentration assessments on flood exposure to avoid concentration of risk. This frontline defence is critical for fostering a culture of climate risk awareness and resilience, where operational teams are empowered to proactively address potential climate impacts on their activities. Investment units of the Finance Department perform assessments during onboarding as well as annual assessments on existing investments to ensure the exposures to high ESG risk sectors are within the Group's risk appetite.

The second line of defence involves the ERMS Department and Compliance Department within the organisation. These functions play a pivotal role in overseeing and validating the integration of climate risk management processes. They work in tandem with business units, providing independent assessments of the effectiveness of our climate risk management practices. This line of defence ensures that risk frameworks and controls are robust, well-implemented, and aligned with regulatory standards, enhancing the Group's overall resilience to climate-related risks.

The third line of defence comprises the Internal Audit Department which provides independent and objective evaluations of the effectiveness of the organisation's climate risk management. Internal Audit Department conducts annual assessments to ensure that climate risk processes and controls are functioning as intended, providing valuable insights for continuous improvement. This line of defence ensures accountability and transparency, validating that the organisation's climate risk management practices are in line with strategic objectives and regulatory expectations.

For more details about the risk management process, please refer to Statement on Risk Management and Internal Control ("SORMIC") on page 132.

TCFD - ALIGNED DISCLOSURES

TCFD - ALIGNED DISCLOSURES

METRICS AND TARGET

Beginning in 2022, the Group has disclosed its Scope 1, 2 and 3 emissions as defined under the Greenhouse Gas ("GHG") Protocol Standard. In 2023, we have further refined our GHG inventory to include Downstream Transportation and End-of-Life treatment of sold products. We have also reviewed our methodology in 2023 and restated 2022's GHG emissions. The emissions are detailed in the table below:

GHG Emissions (in tCO_2e)	2023	2022
Scope 1: Direct Emissions		
- Mobile Combustions	**44.4**	37.8
Scope 2: Indirect Emissions		
- Purchased Electricity	**2,216.2**	2,107.9
Total Scope 1 & 2	**2,260.6**	2,145.7
Scope 3: Other Indirect Emissions		
- Category 1: Purchased goods and services	**79.1**	96.2
- Category 5: Waste generated in operations	**51.3**	54.3
- Category 6: Business travel	**80.5**	73.1
- Category 7: Employee commuting	**825.7**	849.1
- Category 9: Downstream transportation and distribution	**1,030.6**	-
- Category 12: End-of-life treatment of sold products	**38.0**	45.3
Total Scope 3	**2,105.2**	1,118.0
Total GHG Emissions	**4,365.8**	3,263.7
GHG Emissions per employee	**5.3**	4.0
GHG Emissions per revenue	**2.3**	2.0

* Refer to page 87 for our approach to GHG emissions.

The Group is committed to advancing our sustainability initiatives, and in 2024, we will be proactively exploring the development of a GHG reduction plan. This initiative underscores our dedication to environmental responsibility and aligns with our long-term commitment to mitigating climate change impacts.

As part of our sustainability journey, we anticipate a positive trend in waste diversion from landfills, underscoring our proactive measures to minimise our carbon footprint and contribute to a circular economy. The table below shows the total waste that is directed and diverted from landfills.

	2023	2022
Total waste generated (in tonnes)	**87.3**	102.4
- Waste diverted from disposal	**10.9**	7.0
- Waste directed to disposal	**76.4**	95.4

As part of our ongoing commitment to sustainability, we're providing a snapshot of our energy and water consumption metrics. This includes average electricity and water usage per employee. We are committed to encouraging mindful resource use among our employees and fostering a sense of collective responsibility.

	2023	2022
Total energy consumption (in kWh)	**3,080,629**	2,936,238
Energy consumption per employee (in kWh)	**3,748**	3,582
Total water consumption (in m^3)	**12,720**	14,397
Water consumption per employee (in m^3)	**15.5**	17.6

Within the insurance landscape, the impact of climate risks is a critical consideration for our operations. Reported claims attributed to flood incidents serve as a direct indicator of the tangible effects of climate events on our business. With the rise in extreme weather occurrences, the physical risk associated with events like floods becomes a key factor influencing our operations and risk management strategies. The table below shows the flood-related claims that were reported to the Group.

Flood-related Losses (in millions)	2023	2022
Gross	**RM15**	RM308
Net	**RM10**	RM9

Recognising the importance of managing these climate risks, we actively monitor our concentration and exposure in flood-prone areas. This diligence ensures that we remain cognisant of the geographical vulnerabilities within our portfolio.

	Target	2023	2022
Exposure in flood-prone areas	Not more than 7.5%	**6%**	6%

In parallel, our focus on promoting the conversion to e-policies aligns with broader sustainability and efficiency objectives. This not only reduces environmental impact through decreased paper usage but also enhances the efficiency and accessibility of our services. In 2023, we see higher conversion of e-policies in fire and motor line of business shown in the table below. In the effort to reduce paper usage per policy, the Group has also eliminated the printing of standard wordings with the inclusion of QR Codes within the policy with all related information hosted online.

	Target	2023	2022
Percentage of E-documents (Fire and Motor only)	More than 35%	**50%**	24%

We recognise the profound impact that investment decisions can have on both financial returns and the broader well-being of society and the environment. In line with our commitment to sustainability, we embrace the principles of sustainable investing, integrating ESG factors into our investment decisions. Our approach seeks to align our investment portfolio with values that promote long-term sustainability and positive societal impact. By adhering to sustainable investment principles, we strive not only to generate positive returns for our customers but also to contribute to a more sustainable and equitable global economy. In 2023, we continue to manage our exposure of investment in high ESG risk sectors and continue investment to sustainable assets.

TCFD - ALIGNED DISCLOSURES

Investment Allocation	2023	2022
Bond	**14%**	13%
Equities	**28%**	30%
Unit Trust	**27%**	28%
Fixed Deposit	**30%**	28%
Others	**1%**	1%

(in millions)	Target	2023	2022
Low ESG Risk		**RM218**	RM224
Medium ESG Risk		**RM3,109**	RM2,973
High ESG Risk		**RM53**	RM39
Percentage of High ESG Risk Sector	Not more than 5%	**2%**	1%

Sustainability Blueprint 2024

The Board has approved the Sustainability Blueprint 2024 with sees the addition of short, medium, long-term strategies in addressing transition risks of climate change.

SHORT	MEDIUM	LONG
Underwriting		
▶ To engage with insureds in the coal, oil & gas industry on a transition plan.	▶ To engage with insureds in the oil & gas industry on transition plans. ▶ No new coal power plants by 2030.	▶ To engage with insureds in the oil & gas industry on transition plans. ▶ To divert from the coal industry by 2050.
Investment		
▶ To engage with investees on a transition plan.	▶ New investment in oil & gas industry to be climate-certified by 2030. ▶ To divert from the coal industry by 2030.	

ADDITIONAL INFORMATION

GHG emissions for the Group are calculated using methodologies consistent with the Greenhouse Gas (GHG) Protocol: A Corporate Accounting and Reporting Standard, with reference to the additional guidance provided in the GHG Protocol: Scope 2 Guidance (An amendment to the GHG Protocol Corporate Standard) (Scope 2 Guidance), GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (Scope 3 Standard) and GHG Protocol Technical Guidance for Calculating Scope 3 Emissions (Scope 3 Guidance) as appropriate.

The Group develops Scopes 1, 2 and 3 emissions totals based on the organisational consolidation approaches to boundaries, consistent with the GHG Protocol Corporate Accounting and Reporting Standard definitions. Scopes 1, 2 and 3 emissions from operations over which the Group has operational control are accounted for, but not for GHG emissions from operations in which LPI owns an interest but does not have operational control (associated company in Cambodia through Campu Lonpac Insurance Plc).

List of entities within the Organisation Boundary:
- LPI Capital Bhd;
- Lonpac Insurance Bhd (inclusive of Singapore branch).

GHG Emissions	Approach	Emission Factor Reference
Scope 1: Direct Emissions - Mobile Combustions	Covers emissions from vehicles owned by LPI Group. Emissions are calculated using fuel consumption data.	UK Government GHG Conversion Factors for Company Reporting
Scope 2: Indirect Emissions - Purchased electricity	Covers emissions generated from electricity purchased from the grid. Emissions are calculated using consumption data via the location-based method.	**Malaysia** Grid Emission Factor (GEF) by The Malaysia Energy Information Hub (MEIH) **Singapore** Grid Emission Factor by Energy Market Authority
Scope 3: Other Indirect Emissions - Category 1: Purchased goods and services	Covers emissions generated by LPI Group's paper[1] and water consumption	UK Government GHG Conversion Factors for Company Reporting
- Category 5: Waste generated in operations	Covers emissions generated by waste disposal[2] to landfill and recycling. Waste is derived from paper purchased and recycling activities.	UK Government GHG Conversion Factors for Company Reporting
- Category 6: Business travel	Covers emissions generated by employee travel[3] for work-related purposes on own vehicles.	UK Government GHG Conversion Factors for Company Reporting
- Category 7: Employee commuting	Covers emissions generated by employees travelling to and from work. We conducted a survey among employees to collect information on the mode of travel and distance travelled to estimate the commuting emissions for the entire workforce.	UK Government GHG Conversion Factors for Company Reporting

ADDITIONAL INFORMATION

GHG Emissions	Approach	Emission Factor Reference
- Category 9: Downstream transportation and distribution	Cover emissions generated by service providers[4].	UK Government GHG Conversion Factors for Company Reporting
- Category 12: End-of-life treatment of sold products	Cover emissions generated by the Group's policies[5] by the end user.	UK Government GHG Conversion Factors for Company Reporting

Note:

[1] All other paper-related products purchased (e.g. envelope, company's planner/diaries, brochures, storage boxes, name card etc) were excluded from paper consumption as it was deemed to be insignificant.
[2] General waste from the Group's operations is excluded from waste disposal.
[3] All other modes of travel except automobile travel on vehicles owned by employees is excluded such as air travel, rail travel, and bus travel.
[4] Emissions from delivery of physical documents to policyholders are excluded. Emission data is provided by service provider.
[5] Policies printed by Singapore branch was excluded in the emissions.

We have conducted a thorough review of our Scope 3 emissions and concluded that the following Scope 3 categories are not material to us:

- Category 2: Capital goods
- Category 4: Upstream transportation and distribution
- Category 8: Upstream leased assets
- Category 10: Processing of sold products
- Category 11: Use of sold products
- Category 13: Downstream leased assets
- Category 14: Franchises

On the other hand, we have also identified that Scope 3 Category 3 (Fuel and energy-related activities) and Category 15 (Investment) is material to the Group. However, the emissions for both categories were not accounted for in this year's reporting. We will continue reviewing our coverages and will consider measuring their emissions in the near future.

PERFORMANCE DATA TABLE

Indicator	Unit	2023	2022	Target
Governance				
Anti-bribery and Corruption				
Percentage of operations assessed for corruption-related risks	Percentage	**94%**	94%	More than 90% of operations assessed for corruption-related risks
Confirmed incidents of corruption and action taken	Number	**0**	0	Zero tolerance on bribery and corruption
Percentage of employees who have received training on anti-corruption				More than 90% of employees received training on anti-bribery and corruption
Total Employees	Percentage	**91%**	-	
Manager	Percentage	**80%**	-	
Executive	Percentage	**98%**	-	
Non-Executive	Percentage	**97%**	-	
Cybersecurity, Privacy and Data Protection				
Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	**0**	0	Complaints concerning breaches of customer privacy and losses of customer data shall not be more than 10 cases
Number of high-priority vulnerabilities unresolved	Number	**0**	0	Zero tolerance to unresolved high-priority vulnerabilities
Number of incidents relating to loss of confidential data	Number	**0**	0	Zero tolerance for loss of confidential data
Number of incidents of successful hacking	Number	**0**	0	Zero tolerance to successful hacking
Number of critical applications running on end-of-life system	Number	**0**	0	Zero tolerance to critical applications running on end-of-life system
Financial Rating				
Financial Strength Rating	Rating	**A**	A	To maintain a minimum "A-" in Financial Strength Rating
Corporate Governance				
Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	Number	**0**	0	Zero tolerance to legal proceedings associated with the marketing and communication of insurance product-related information
Total amount of penalty imposed by regulators due to non-compliance	Number	**0**	0	Zero tolerance to penalty imposed by regulator due to non-compliance

PERFORMANCE DATA TABLE

Indicator	Unit	2023	2022	Target
Social				
Employee Health, Safety and Well-being				
Number of cases reported under Whistleblowing Policy, Harassment Policy, and Grievance Procedures	Number	**0**	0	Cases reported under Whistleblowing Policy, Harassment Policy and Grievance Procedures shall not be more than 10 cases
Average monthly working hours per employee	Hour	**150**	146	Average monthly working hours per employee shall not be more than 180 hours
Number of work-related fatalities	Number	**0**	0	Zero fatality annually
Lost Time Incident Rate (“LTIR”)	Rate	**0.4**	0.1	LTIR shall not be more than 0.5
Number of employees trained on health and safety standards	Number	**504**	126	-
Percentage of employees trained on health and safety standards	Percentage	**61%**	15%	More than 50% of employees to receive training on health and safety
Number of substantiated complaints concerning human rights violations	Number	**0**	0	Complaints concerning human rights violations shall not be more than 10 cases
Customer Experience Management				
Customer policy renewal ratio	Percentage	**81%**	80%	To retain more than 70% of total renewable policies
In-force policy count (in thousands)	Number	**1,382**	1,330	To have positive growth in the number of in-force policy count
Claims Management				
Claims settlement ratio	Percentage	**65%**	65%	To settle more than 65% of claims registered within the year
Claims management productivity	Number	**1,441**	1,340	To settle more than 1,400 claims files per employee
Complaints-to-claims ratio	Percentage	**0.1%**	0.1%	Complaints to services ratio to be not more than 0.5% on number of complaints received (claims related) to the total number of claims registered
Employee Competency				
Employees with bachelor’s degrees or professional qualifications	Percentage	**68%**	67%	To have more than 60% of employees at executive level or above hold Bachelor’s Degrees or professional qualifications
Employees in core operations with professional certification or are actively pursuing certification	Percentage	**51%**	51%	To have more than 50% of employees in core operations professionally qualified or actively pursuing professional qualifications or under basic insurance certification

PERFORMANCE DATA TABLE

Indicator	Unit	2023	2022	Target
Social				
Employee Competency				
Percentage of employees who received formal training	Percentage	**99%**	99%	To have more than 95% of our employees receive formal training
Employee training hours by employee category				To have more than 16 hours of average training hours per employee
Total Employees	Hour	**20**	22	
Manager	Hour	**30**	-	
Executive	Hour	**17**	-	
Non-Executive	Hour	**5**	-	
Employee turnover rate by employee category				Employee turnover rate to be not more than 10%
Total Employees	Percentage	**8%**	7%	
Manager	Percentage	**8%**	-	
Executive	Percentage	**6%**	-	
Non-Executive	Percentage	**12%**	-	
Digital Transformation				
Percentage of E-documents (Fire and Motor only)	Percentage	**50%**	24%	More than 35% of the Fire and Motor policy documents are to be issued in softcopy
Product Availability and Affordability				
Percentage of growth of GWP from Digital Business	Percentage	**24%**	-3%	The growth rate of GWP from Digital Business to be more than the growth rate of the Group’s overall GWP
Diversity and Inclusion				
Percentage of Board of Directors by gender and age group				To have 30% representation of women in the Board
Gender				
Male	Percentage	**57%**	57%	
Female	Percentage	**43%**	43%	
Age Group				
Below 30	Percentage	**0%**	0%	
Between 30 – 50	Percentage	**0%**	0%	
Above 50	Percentage	**100%**	100%	

PERFORMANCE DATA TABLE

Indicator	Unit	2023	2022	Target
Social				
Diversity and Inclusion				
Percentage of employees by gender and age group				Employees from either gender shall not be more than 70%
Gender				
Total Employees – Male	Percentage	**35%**	36%	
Total Employees – Female	Percentage	**65%**	64%	
Manager – Male	Percentage	**42%**	-	
Manager – Female	Percentage	**58%**	-	
Executive – Male	Percentage	**30%**	-	
Executive – Female	Percentage	**70%**	-	
Non-Executive – Male	Percentage	**33%**	-	
Non-Executive – Female	Percentage	**67%**	-	
Age Group				
Total Employees – Below 30	Percentage	**12%**	-	
Total Employees – Between 30 – 50	Percentage	**64%**	-	
Total Employees – Above 50	Percentage	**24%**	-	
Manager – Below 30	Percentage	**0%**	-	
Manager – Between 30 – 50	Percentage	**63%**	-	
Manager – Above 50	Percentage	**37%**	-	
Executive – Below 30	Percentage	**23%**	-	
Executive – Between 30 – 50	Percentage	**64%**	-	
Executive – Above 50	Percentage	**13%**	-	
Non-Executive – Between 30	Percentage	**13%**	-	
Non-Executive – Between 30 – 50	Percentage	**67%**	-	
Non-Executive – Above 50	Percentage	**20%**	-	
Percentage of employees that are contractors or temporary				To have more than 95% of permanent staff
Permanent	Percentage	**95.4%**	-	
Contractor / Temporary	Percentage	**4.6%**	-	
Percentage of Senior Management by gender and age group				To fill more than 30% of senior management with women
Male	Percentage	**62%**	61%	
Female	Percentage	**38%**	39%	
Below 30	Percentage	**0%**	-	
Between 30 – 50	Percentage	**37%**	-	
Above 50	Percentage	**63%**	-	

PERFORMANCE DATA TABLE

Indicator	Unit	2023	2022	Target
Social				
Business Partners Competency				
Agent attrition rate	Percentage	**7%**	6%	Agent attrition rate to be not more than 10%
Average training hours per agent	Hour	**20**	19	To have more than 10 hours of average training hours per agent
Percentage of agents who attended trainings	Percentage	**95%**	95%	More than 90% of agents to receive training
Social Responsibility				
Total amount invested in the community where the target beneficiaries are external to the listed issuer (in thousands)	MYR	**RM215**	RM224	-
Total number of beneficiaries of the investment in communities	Number	**23**	28	-
Number of CSR initiatives	Number	**24**	22	To contribute more than 15 CSR initiatives within a year
Supply Chain Management				
Proportion of spending on local suppliers	Percentage	**96%**	-	To have more than 90% of total expenses on local suppliers
Sustainable Product and Investment				
Net premiums written related to climate-friendly risks (in millions)	MYR	**RM12**	RM8	To have positive growth in NWP related to climate-friendly risks
Percentage of investment in sustainable assets	Percentage	**68%**	65%	More than 50% of total investment assets comprising sustainable assets
Environmental				
Climate Mitigation and Resilience				
Flood-related losses (in millions)				
Gross	MYR	**RM15**	RM308	
Net	MYR	**RM10**	RM9	
Exposure in flood-prone areas	Percentage	**6%**	6%	Gross flood exposure in flood-prone areas shall not be more than 7.5% of the total fire sum insured
Percentage of High ESG Risk Sector	Percentage	**2%**	1%	Investment in high ESG risk sector shall not be more than 5% of total investment assets

PERFORMANCE DATA TABLE

Indicator	Unit	2023	2022	Target
Environmental				
Emissions Management				
Scope 1: Direct Emissions				
Mobile Combustions	tCO_2e	**44.4**	37.8	
Scope 2: Indirect Emissions				
Purchased Electricity	tCO_2e	**2,216.2**	2,107.9	
Total Scope 1 & 2	tCO_2e	**2,260.6**	2,145.7	
Scope 3: Other Indirect Emissions				
Category 1: Purchased goods and services	tCO_2e	**79.1**	96.2	
Category 5: Waste generated in operations	tCO_2e	**51.3**	54.3	
Category 6: Business travel	tCO_2e	**80.5**	73.1	
Category 7: Employee commuting	tCO_2e	**825.7**	849.1	
Category 9: Downstream transportation and distribution	tCO_2e	**1,030.6**	-	
Category 12: End-of-life treatment of sold products	tCO_2e	**38.0**	45.3	
Total Scope 3	tCO_2e	**2,105.2**	1,118.0	
Total GHG Emissions	tCO_2e	**4,365.8**	3,263.7	
GHG Emissions per employee	tCO_2e	**5.3**	4.0	
GHG Emissions per revenue	tCO_2e	**2.3**	2.0	
Total energy consumption	kWh	**3,080,629**	2,936,238	
Energy consumption per employee	kWh	**3,748**	3,582	
Total volume of water used	m^3	**12,720**	14,397	
Water consumption per employee	m^3	**15.5**	17.6	
Total waste generated	tonnes	**87.3**	102.4	
Total waste diverted from disposal	tonnes	**10.9**	7.0	
Total waste directed to disposal	tonnes	**76.4**	95.4	

ASSURANCE STATEMENT

ASSURANCE UNDERTAKEN

In strengthening the credibility of the Sustainability Statement, this Sustainability Statement has been subjected to the following:

a) an internal review by the Group's internal auditors; and
b) independent assurance in accordance with recognised assurance standards for selected indicators

and has been approved by the Company's Audit Committee.

The scope, subject matters and relevant conclusion(s) are provided below:

Type of Assurance	Subject Matter	Scope	Conclusion
Independent assurance	**GHG Emissions** Scope 1: Direct Emissions Scope 2: Indirect Emissions Scope 3: Other Indirect Emissions	The boundary of the review includes all companies within the LPI Group.	On the basis of the methodology and activities described for the agreed work scope, nothing has come to the assurance provider's attention to indicate that the reviewed statements of the GHG emissions are inaccurate and the information included therein is not fairly stated.
Internal review	All subject matters other than GHG Emissions		Not applicable.

Please refer to pages 96 to 99 for the independent limited verification statement provided by Bureau Veritas Certification (M) Sdn. Bhd.

ASSURANCE STATEMENT

ASSURANCE STATEMENT

INDEPENDENT LIMITED VERIFICATION STATEMENT

To: The Stakeholders of LPI CAPITAL BHD
Kuala Lumpur, Malaysia

Introduction and objectives of work

Bureau Veritas Certification (M) Sdn. Bhd ("Bureau Veritas") has been engaged by LPI Capital Bhd to provide limited verification over Scope 1, Scope 2 and selected categories of Scope 3 greenhouse gas (GHG) emissions data for the period from 1st January to 31st December 2023. This Verification Statement applies to the related information included within the scope of work described below. The overall objective of this process is to provide verification to LPI Capital Bhd's stakeholders over the accuracy, reliability and objectivity of the GHG emissions data presented in the LPI Capital Bhd's 2023 Integrated Annual Report.

Scope of work

The scope of our work was limited to verification over the Scope 1, 2 and selected categories of Scope 3 GHG emissions data for LPI Capital Bhd and its subsidiary, Lonpac Insurance Bhd (hereafter referred to as the LPI Group) operations located at the Headquarters, branch offices in Malaysia and Singapore office. The GHG emissions data considered in this verification covers for the period from 1st January to 31st December 2023.

The boundary of the verification included the following GHG emissions and associated data from the activities under LPI Group's operational control for the following:

- Direct emission (Scope 1) which comprised of the used of fuel in company's vehicles;
- Indirect emissions (Scope 2) from the purchase of electricity and purchased of chilled water for the cooling system at Singapore Office;
- Other Indirect emissions (Scope 3):
  - Purchase of goods which is limited to paper and water;
  - Wastes generations in operations which is limited to paper sent for recycling and landfilled;
  - Business travel which is limited to land travel;
  - Employee commuting;
  - Downstream transportation and distribution which is limited to towing services for motor insurance products sold in Malaysia; and
  - End-of-life treatment of sold products which is limited to the disposal of the expired products issued by the CPC and agents in Malaysia.

Limitations and exclusions

Excluded from the scope of our work is verification of any information relating to:

- Activities outside the defined verification period; and
- Other environmental information included in the Report;

This limited verification engagement relies on a risk based selected sample of data and the associated limitations that this entails. This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist.

Responsibilities

This preparation and presentation of the GHG emissions in the 2023 Integrated Annual Report are the sole responsibility of the management of LPI Group. Bureau Veritas was not involved in the drafting of the Report. Our responsibilities were to:

- obtain limited verification about whether GHG emissions has been appropriately and accurately prepared;
- form an independent conclusion based on the verification procedures performed and evidence obtained; and
- report our conclusions to the management of LPI Group.

Assessment Standard

We also performed our work in accordance with the following methodology and standards and Bureau Veritas' standard procedures and guidelines:

- ISO 14064-1:2018 Greenhouse gases - Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals;
- ISO 14064-3: 2019 Specification with guidance for the verification and validation of greenhouse gas statements; and
- Greenhouse Gas Protocol Corporate Standard and Corporate Value Chain (Scope 3) Standard.

Summary of work performed

As part of its independent verification, Bureau Veritas undertook the following activities:

1. Assessed the appropriateness of the reporting boundary to ensure completeness;
2. Conducted interviews with relevant personnel responsible for collating information;
3. Carried out detailed on-site and off-site review of data and calculation method;
4. Reviewed internal and external documentation and verify the accuracy of data collected from various sources;
5. Reviewed the data collection procedure and consolidation processes used to compile the GHG Information, including the assumptions made and the emission factors; and
6. Re-performed aggregation calculations of the GHG emissions.

ASSURANCE STATEMENT

Conclusion

On the basis of our methodology and the activities described above for the agreed work scope, nothing has come to our attention to indicate that the reviewed statements of the GHG emissions are inaccurate and the information included therein is not fairly stated.

Based on the scope of the verification process, the following represents Bureau Veritas's opinion:

- The level of accuracy of LPI Group's GHG emissions data included in the LPI Capital Bhd's Integrated Annual Report is fair, acceptable and presented in an appropriate manner;
- The personnels responsible for the data were able to reliably demonstrate the origin and interpretation of data contained in the report;
- All issues raised during the verification have been satisfactorily closed; and
- The following GHG emissions were confirmed as below;

Scope 1(tCO_2e)	Scope 2(tCO_2e)	Scope 3(tCO_2e)
44.4	2,216.2	2,105.2

The Scope 3 emissions (in tCO_2e) are comprised of the following:

- Purchase of goods which is limited to paper and water = 79.1
- Wastes generations in operations = 51.3
- Business travel which is limited to land travel = 80.5
- Employee commuting = 825.7
- Downstream transportation and distribution which is limited to towing services for motor insurance products = 1,030.6
- End-of-life treatment of sold products which is limited to the disposal of the expired products issued by the CPC = 38.0

ASSURANCE STATEMENT

Statement of Independence, Integrity and Competence

Bureau Veritas is an independent professional services company that specializes in Quality, Health, Safety, Social and Environmental management with almost 195 years of history in providing independent assurance services.

Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day-to-day business activities. We are particularly vigilant in the prevention of conflicts of interest.

No member of the verification team has a business relationship with LPI Group, its Directors, Managers, or officials beyond that required of this assignment. We have conducted this validation independently and there has been no conflict of interest.

The verification team has extensive experience in conducting verification over environmental, social, ethical, and health & safety information, systems and processes an excellent understanding of Bureau Veritas standard methodology for the verification of greenhouse gas emissions data.

This verification statement, including the opinion expressed herein, is provided to LPI Group and is solely for the benefit of LPI Group in accordance with the terms of our agreement. We consent to the release of this statement by you to others interest party in order to satisfy the terms of disclosure requirements but without accepting or assuming any responsibility or liability on our part to any other party who may have access to this statement.

Attestation:

Bureau Veritas Certification (M) Sdn. Bhd
Kuala Lumpur, Malaysia

AMINAH ANG
LEAD VERIFIER
Date: 19 January 2024

GAN BEE KEAN
VERIFIER
Date: 19 January 2024

BOARD DIVERSITY

BOARD DIVERSITY

R

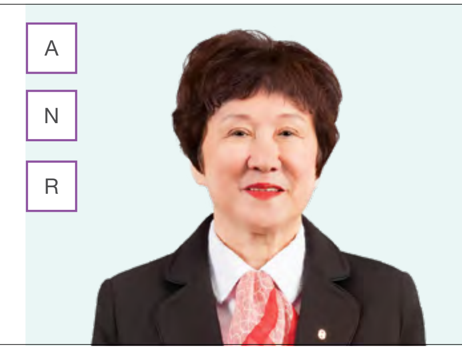
Mr. Tee Choon Yeow
Independent Non-Executive Chairman

Mr. Tan Kok Guan
Chief Executive Officer/ Executive Director

A N R

Ms. Soo Chow Lai
Independent Non-Executive Director

A N R



Dato' Chia Lee Kee
Independent Non-Executive Director

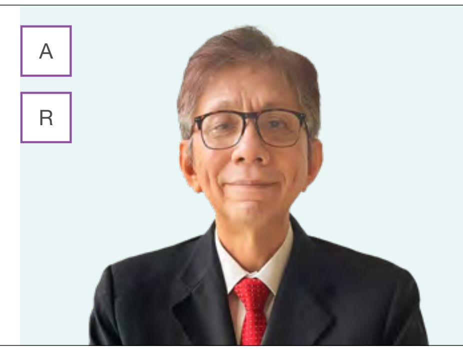
A N R

Mr. Lee Chin Guan
Independent Non-Executive Director

A N R

Ms. Chan Kwai Hoe
Independent Non-Executive Director

A R



Encik Mohamed Raslan Bin Abdul Rahman
Independent Non-Executive Director

BOARD DIVERSITY

All aspects of diversity, including gender are considered at every level of recruitment. All appointments to the Board are made on merit. The Board's policy ensures that the Board seeks a composition with the right balance of skills and diversity to meet the demands of the business. The Company meets the 30% recommended minimum proportion of women on the Board.

6 Independent Non-Executive Directors

1 Executive Director

Diversity of Tenure

2 <1 - 5 years

3 >5 - 10 years

2 > 10 years

Gender

4 Male

3 Female

POLICY ON MAXIMUM TENURE FOR INDEPENDENT DIRECTORS

The maximum tenure of an Independent Non-Executive Director (INED) shall be a cumulative term of 9 years from the date of first appointment as a Director. Upon reaching such maximum tenure, the INED may continue to serve on the Board but shall be re-designated as a Non-Independent Non-Executive Director.

Board Committees

Chairman | Member | A Audit Committee | N Nomination and Remuneration Committee | R Risk, Compliance and Sustainability Committee

BOARD SKILLS MATRIX AND EXPERIENCE

Mr. Tee Choon Yeow
Finance & Insurance

Mr. Tan Kok Guan
Insurance

Mr. Lee Chin Guan
Legal

Ms. Chan Kwai Hoe
Compliance & Insurance

Ms. Soo Chow Lai
Reinsurance & Investment

Dato' Chia Lee Kee
Corporate Governance

Encik Mohamed Raslan Bin Abdul Rahman
Audit, Corporate Recovery & Restructuring, Corporate Finance, Internal Audit and Risk Management

WHO GOVERNS US

WHO GOVERNS US

MR. TEE CHOON YEOW

Independent Non-Executive Chairman
B.Com.; CA (NZ); CA (M'sia); FCPA (Aust)

Malaysian
71 years old
Male
Board Attendance In The FY2023: 6/6

Mr. Tee Choon Yeow, aged 71, male, was appointed to the Board of the Company on 29 October 1991 and re-designated as Chairman of the Company on 19 January 2023. He is also a Non-Independent Non-Executive Director (NINED) and Chairman of the Company's wholly-owned subsidiary, Lonpac Insurance Bhd, a public company. Presently, Mr. Tee serves as Chairman of the Risk, Compliance and Sustainability Committee of the Company.

QUALIFICATIONS

Mr. Tee holds a Bachelor's Degree in Commerce from the University of Canterbury, New Zealand. He is a Chartered Accountant of the Institute of Chartered Accountants, New Zealand and the Malaysian Institute of Accountants and a Fellow of the CPA Australia.

EXPERIENCE

Mr. Tee joined the Company as an Accountant in 1980. He was the Chief Executive Officer/Executive Director of the Company until he retired in 2013 and thereafter served as a NINED of the Company. Mr. Tee was re-designated as Independent Non-Executive Director with effect from 1 March 2015 and appointed as Co-Chairman of the Company on 8 July 2015. Mr. Tee was re-designated as Independent Non-Executive Chairman of the Company with effect from 19 January 2023.

MR. TAN KOK GUAN

Chief Executive Officer/ Executive Director
Chartered Insurer
B.Sc. (Hons.); MBA; ACII; AMII

Malaysian
67 years old
Male
Board Attendance In The FY2023: 6/6

Mr. Tan Kok Guan, aged 67, male, was appointed to the Board of the Company on 29 October 1996. He was appointed as Chief Executive Officer/ Executive Director of the Company with effect from 8 July 2013.

QUALIFICATIONS

Mr. Tan holds a Bachelor's Degree with Honours in Science from the University of London, United Kingdom and a Master's Degree in Business Administration from the University of Hawaii. He is also a Chartered Insurer of the Chartered Insurance Institute in London and an Associate of the Malaysian Insurance Institute in Kuala Lumpur.

EXPERIENCE

Mr. Tan was an executive director of the Company from October 1996 to May 1999 and thereafter served as a Non-Independent Non-Executive Director to July 2013.

PRESENT DIRECTORSHIP IN OTHER COMPANIES

Mr. Tan is the Chairman of Campu Lonpac Insurance Plc, an associate company. He is also currently a member of the Board of the Malaysian Insurance Institute.

MR. LEE CHIN GUAN

Independent Non-Executive Director
B.Sc. (Hons); BCL (Oxon); LLM (Cantab); JD (Chicago-Kent); Barrister-at-Law (Middle Temple)

Malaysian
65 years old
Male
Board Attendance In The FY2023: 6/6

Mr. Lee Chin Guan, aged 65, male, was appointed to the Board of the Company on 8 October 2015. He is also an Independent Non-Executive Director (INED) of the Company's wholly-owned subsidiary, Lonpac Insurance Bhd, a public company. Presently, Mr. Lee serves as Chairman of the Audit Committee and the Nomination and Remuneration Committee and a member of the Risk, Compliance and Sustainability Committee of the Company.

QUALIFICATIONS

Mr. Lee qualified as a Barrister-at-Law from the Middle Temple, United Kingdom in 1982. He also holds a Bachelor's Degree in Science (Hons.) from the University of Manchester Institute of Science & Technology, England and Degrees in Law from Cambridge University, Oxford University and Chicago-Kent College of Law.

EXPERIENCE

Mr. Lee has 25 years of experience in legal matters, with 13 years of experience in legal practice, principally in commercial and corporate matters.

PRESENT DIRECTORSHIP IN OTHER COMPANIES

Mr. Lee is a Director of Public Bank Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad; Public Financial Holdings Ltd (a public company listed on the Stock Exchange of Hong Kong), Public Bank (Hong Kong) Ltd, Public Finance Ltd, Public Bank Vietnam Ltd and Public Bank Lao Limited.

MS. CHAN KWAI HOE

Independent Non-Executive Director
BEc (Hons) Analytical Econs

Malaysian
67 years old
Female
Board Attendance In The FY2023: 6/6

Ms. Chan Kwai Hoe, aged 67, female, was appointed to the Board of the Company on 1 July 2015. She is also an Independent Non-Executive Director of the Company's wholly-owned subsidiary, Lonpac Insurance Bhd, a public company. Presently, Ms. Chan serves as a member of the Audit Committee, the Nomination and Remuneration Committee and the Risk, Compliance and Sustainability Committee of the Company.

QUALIFICATIONS

Ms. Chan holds a Bachelors Degree in Analytical Economics, University of Malaya (Honours).

EXPERIENCE

Ms. Chan had gained extensive experience during her tenure with Bank Negara Malaysia (BNM). She has been involved in operations and policy formulation relating to the insurance industry, as well as in supervision, having overseen the financial health and proper market conduct of a select group of insurers, brokers and adjusters. She was also in charge of the Learning, Knowledge and Customer Relationship Management of 13 departments of BNM, and managed a project to put in place the Financial Services Act 2013 and Islamic Financial Services Act 2013.

She retired from BNM in May 2012 and acted as Advisor to the Chief Executive Officer of Perbadanan Insurans Deposit Malaysia, mainly on issues relating to FIDE (Financial Institutions Directors' Education Programme) Forum until March 2013.

WHO GOVERNS US

MS. SOO CHOW LAI
Independent Non-Executive Director
BA Econs (Hons)

Malaysian
71 years old
Female
Board Attendance In The FY2023: 6/6

Ms. Soo Chow Lai, aged 71, female, was appointed to the Board of the Company on 1 August 2018. Presently, Ms. Soo serves as a member of the Audit Committee, the Risk, Compliance and Sustainability Committee and the Nomination and Remuneration Committee of the Company.

QUALIFICATIONS

Ms. Soo holds a Bachelor of Arts – Econs (Honours) Degree from University of Malaya.

EXPERIENCE

Ms. Soo worked in Malaysian National Reinsurance Bhd and its Associated Company, Labuan Reinsurance (L) Ltd for about 30 years in various senior positions. She has extensive experience in reinsurance underwriting, claims evaluations and settlements, investment and property management. Ms. Soo had travelled widely for business development both locally and internationally and was involved in major policy decisions of the two companies she served in.

DATO' CHIA LEE KEE
Independent Non-Executive Director
FCIS (CS) (CGP)

Malaysian
70 years old
Female
Board Attendance In The FY2023: 6/6

Dato' Chia Lee Kee, aged 70, female, was appointed to the Board of the Company on 18 January 2021. Presently, Dato' Chia serves as a member of the Audit Committee, the Risk, Compliance and Sustainability Committee and the Nomination and Remuneration Committee of the Company.

QUALIFICATIONS

Dato' Chia is a Chartered Secretary and a Chartered Governance Professional; she is a Fellow of The Malaysian Institute of Chartered Secretaries and Administrators.

EXPERIENCE

Dato' Chia had served Public Bank Berhad for more than 42 years, involving 12 years in credit and credit control functions, and 30 years in various Management and Senior Management positions in Public Bank Berhad.

Dato' Chia had served as the Company Secretary of Public Bank Berhad for 24 years. She had also served as the Company Secretary of several Malaysian and overseas subsidiaries of Public Bank Berhad. She was a member of the Board of several subsidiaries of Public Bank Berhad.

Dato' Chia had participated in various corporate exercises of Public Bank Berhad such as the listing of its subsidiary on the Main Board of Bursa Malaysia Securities Berhad, and its merger with several financial institutions.

Dato' Chia is experienced in the corporate governance requirements of Bank Negara Malaysia, Bursa Malaysia Securities Berhad and other relevant authorities, including corporate governance standards and practices laid down by the regulatory authorities.

WHO GOVERNS US

ENCIK MOHAMED RASLAN BIN ABDUL RAHMAN
Independent Non-Executive Director
B.Com.; MICPA; MIA; CAANZ

Malaysian
60 years old
Male
Board Attendance In The FY2023: N/A

Encik Mohamed Raslan Bin Abdul Rahman, aged 60, male, was appointed to the Board of the Company on 31 January 2024. Presently, Encik Raslan serves as a member of the Audit Committee and the Risk, Compliance and Sustainability Committee of the Company.

QUALIFICATIONS

Encik Raslan holds a Bachelor of Commerce from The University of Melbourne; holder of a Capital Market Services Representative's License; a Licensed Auditor and Liquidator, Malaysia; a Member of the Malaysian Institute of Certified Public Accountants (MICPA); a Member of the Malaysian Institute of Accountants (MIA); and a Fellow of the Chartered Accountants of Australia and New Zealand (CAANZ).

EXPERIENCE

Encik Raslan is now the Chairman of BDO Malaysia (BDO). In BDO, he sits on the Management Committee of the overall firm and oversees the quality of the audit operation as Chairman of the Monitoring and Remediation Committee.

He has over 40 years of experience in audit, corporate recovery and restructuring, corporate finance, internal audit and risk management. He served in the EXCO of KPMG for over 10 years before becoming Managing Partner. During his tenure at KPMG, he was involved in setting up the internal audit and risk services department which provides services such as Enterprise Risk Management, key internal controls review and internal audit. As an audit partner, besides auditing companies in many industries, he was also involved in the role of reporting accountants as well as due diligence, valuation and transaction services.

Encik Raslan has been a financial advisor to lenders and/or shareholders on restructuring schemes. He has also been involved in corporate finance work such as mergers and acquisitions/initial public offerings of companies listed on Bursa Malaysia. He has vast experience in transaction services and has been involved in several due diligence reviews and valuations of companies across various industries. Finally, he has also been the liquidator, receiver & manager, and special administrator for multiple engagements. Encik Raslan serves as the Secretary and was the President of Insolvency Practitioners Association Malaysia.

Encik Raslan was appointed as the Independent Trustee of Petronas Decarbonisation Fund, Chairman of Malaysian Accounting Standard Board and a member of the Corporate Debt Restructuring Committee, Bank Negara Malaysia, Trustee of the Sultan Iskandar Foundation and has served in various capacities in MIA/MICPA and other community organisations that he has served for national interest mainly in his field of expertise. From 2015 to 2021 he represented Malaysia at the International level and was involved in the setting of major accounting standards for Malaysia.

MS. KONG THIAN MEE
Company Secretary
FCIS (CS) (CGP)

Malaysian
54 years old
Female

Ms. Kong Thian Mee, female, aged 54, was appointed as Company Secretary of LPI Group on 1 August 2000 and has been with the Company since 1993. She is the Secretary for all the Board Committees.

QUALIFICATIONS

Ms. Kong is a Chartered Secretary and a Chartered Governance Professional; she is a Fellow of The Malaysian Institute of Chartered Secretaries and Administrators.

EXPERIENCE

Ms. Kong has more than 30 years of experience in Secretariat and Human Resource. Presently, she oversees Secretariat, Human Resource and Employees Development matters. She is also the Company Secretary of an associate company, Campu Lonpac Insurance Plc.

None of The Directors Have:

- Family relationship with the Directors and/ or major shareholders of LPI.
- Conflicts of interest in any business arrangements involving LPI.
- Convictions for offences within the past 5 years other than traffic offences.
- Been publicly sanctioned or penalised by relevant regulatory bodies during the financial year.

All the Directors are Malaysians.

WHO LEADS US
KEY GROUP MANAGEMENT

WHO LEADS US
KEY GROUP MANAGEMENT

TAN KOK GUAN
Chief Executive Officer/
Executive Director (LPI Capital Bhd)

Malaysian
67 years old
Male

Please refer to Page 102 for the profile of Chief Executive Officer/ Executive Director (LPI Capital Bhd).

LOOI KONG MENG
Chief Executive Officer/
Executive Director (Lonpac Insurance Bhd)

Malaysian
64 years old
Male

WORKING EXPERIENCE

Mr. Looi Kong Meng, was appointed to the senior management position when he joined Lonpac as a Chief Operating Officer on 1 February 2008. He has more than 40 years of experience in the general insurance industry. He was promoted to Chief Executive Officer in 2013 and was appointed to the Board of Lonpac Insurance Bhd as Executive Director on 8 January 2018.

Mr. Looi does not hold any directorship in LPI or in other public listed companies.

Mr. Looi is a Chartered Insurer and Associate of both the Chartered Insurance Institute (ACII) and the Malaysian Insurance Institute (AMII).

CHUANG CHEE HING
Deputy Chief Executive Officer
(Lonpac Insurance Bhd)

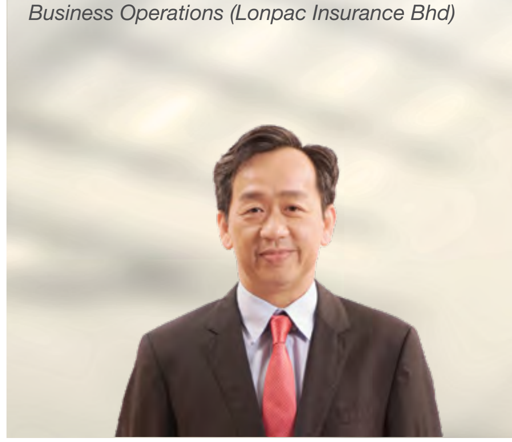
Malaysian
61 years old
Male

WORKING EXPERIENCE

Mr. Chuang Chee Hing, was appointed to the senior management position upon his promotion to Chief Operating Officer on 1 January 2013. He has more than 30 years of experience in the general insurance industry. He rose to his present position as Deputy Chief Executive Officer on 1 January 2018.

Mr. Chuang does not hold any directorship in LPI or in other public listed companies.

Mr. Chuang is a holder of a Bachelor's Degree with Honours in Science (Education) from Universiti Sains Malaysia.



YOW KAI FOOK
Chief Operating Officer –
Business Operations (Lonpac Insurance Bhd)

Malaysian
62 years old
Male

WORKING EXPERIENCE

Mr. Yow Kai Fook, was appointed to the senior management position upon his promotion to Chief Operating Officer – Business Operations on 1 January 2022. He has more than 30 years of experience in the general insurance industry.

Mr. Yow does not hold any directorship in LPI or in other public listed companies.

Mr. Yow is a holder of a Bachelor's Degree in Chemical Engineering from McGill University, Montreal, Canada.

None of The Key Group Management Members Have:

- Family relationship with the Directors and/ or major shareholders of LPI.
- Conflicts of interest in any business arrangements involving LPI.
- Convictions for offences within the past 5 years other than traffic offences.
- Been publicly sanctioned or penalised by relevant regulatory bodies during the financial year.

WHO LEADS US
GROUP MANAGEMENT

LONPAC INSURANCE BHD
(Wholly-owned subsidiary of LPI Capital Bhd)

BUSINESS OPERATIONS

Raymond Tan Soo Boon
Chartered Insurer, B.A. (Econs.) (Hons), ACII, AMII
Senior General Manager – Chief Distribution Officer

Sia Meu Ing
B.A. (Business Administration) (Hons.)
Deputy General Manager – Agency

Yap Chee Kiat
ANZIIF (Snr. Assoc.)
Assistant General Manager – Financial Institution and Customer Service

Janice Lee Leng Leng
B.A. (Business Entrepreneurship)
Assistant General Manager – Global Partnership

Peter Puah Boon Kee
B. Eng. (Civil) (Hons.)
Chief Underwriting Officer

Sallehuddin Bin Marzuki
B.B.A. (Insurance) (Hons.)
General Manager – Underwriting

Chia You Hwang
M. Econs, B.B.A., ACII, AMII
Director – Broking

Ernie Bak Hock Liang
B. Econs.
Director – Digital Business

Chan Chee Choy
B.B.A., AMII
Director – Underwriting

Voon Wing Chuan
Chartered Insurer, B.A. (Econs.) (Hons.), MBA, ACII, FMII, ANZIIF (Fellow) CIP
Chief Claims Officer

Chin Choy Li
ANZIIF (Snr. Assoc.), AMII, B. Econs.
Director – Reinsurance and Underwriting

Kevin Wong Vui Khong
B. Sc. (Applied Maths.)
Director – Trade Credit

Noor Hayati Binti Yaacob
B.A. (International Relations)
Manager – Customer Service

Alvin Lim Jun Sum
B.A. (Actuarial Sc.)
Manager – Product Development

Lee Wai Khong
B. Sc. (Actuarial & Financial Maths.)
Manager – Pricing

FOREIGN BRANCH

Quek Sun Hui
Chartered Insurer, B. Eng. (Civil), MBA, ACII
Chief Executive – Singapore

INTERNAL AUDIT

Irene Hwang Siew Ling
B. Acc. (Hons.), CA (M'sia), CPA (M'sia), CMIIA
Chief Internal Auditor

CONTROL

Mahinder Kaur a/p Kapal Singh
Dip. in Corporate Governance and Compliance (Basel Institute of Governance)
Chief Compliance Officer

Lee Chiew Lai
B. Sc. (Actuarial & Financial Maths.)
Chief Risk Officer

Lai Geng Farn
International Diploma (Computer Studies), CISSP, CISM, ISO27001 Lead Auditor
Chief Information Security Officer

SUPPORT

Tammy Kong Thian Mee
Chartered Secretary and Chartered Governance Professional FCIS (CS) (CGP)
General Manager – Group Secretariat and Human Resource

Ng Seng Khin
B. Acc. (Hons.), CA (M'sia)
Chief Financial Officer

Cynthia Ng Boon Howe
B. Sc. (Comp. Sc.)
Chief Information Officer

Shanice Goh Ooi Yean
Chartered Secretary and Chartered Governance Professional ACIS (CS) (CGP)
Senior Manager – Secretariat

Tung Chee Lim
B. Sc. (Actuarial Science), FCAS, FASM, FSAS
Appointed Actuary

Lim Wai Cheng
CAHRI, Dip (Bus. Admin)
Senior Manager - Human Resource

Fong Pei Wei
B. Communication (Hons.)
Manager – Employees Development

Katherine Ooi Seok Peng
Dip (Executive Secretaryship)
Manager – Administration

CORPORATE GOVERNANCE OVERVIEW STATEMENT

COMMITTED TO RESPONSIBLE, EFFECTIVE GOVERNANCE

This Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report 2023, which is available on our corporate website at www.lpicapital.com.

BOARD ACTIVITIES DURING THE YEAR

In addition to its regular business, specific topics considered by the Board of Directors ("Board") of the Group at their meetings this year, included:

Sustainability

- Reviewed the Group's sustainability blueprint by establishing sustainability targets and goals.
- Conducted quarterly reviews of the Group's sustainability performance, which includes Greenhouse Gas ("GHG") emissions, well-being, and the turnover rate of employees, among other factors.
- Reviewed compliance status with relevant authorities' guidelines, such as Bank Negara Malaysia("BNM")'s Climate Risk Management and Scenario Analysis.
- Reviewed material sustainability matters to ensure relevance.

Governance, Risk & Compliance

Governance

- Reviewed and approved the following policies:
  (i) Criteria and Skill Sets for Board Members/ Chief Executive Officer
  (ii) Board of Directors Succession Planning for the Group
  (iii) Directors' Remuneration Policy and Procedures for the Group
- Reviewed and discussed the ratios related to Board Composition to ensure compliance with relevant regulatory requirements.

Risk

- Established the Group Procurement Policy to reinforce anti-bribery practices and incorporate ESG elements within the procurement process.
- Reviewed the overall remuneration system to ensure it does not compromise the Group's ability to maintain liquidity and capital strength at all times.
- Reviewed and approved the risk appetite and risk tolerance limits of the subsidiary company, Lonpac Insurance Bhd (Lonpac). The Lonpac Board strengthened underwriting for flood coverage in flood-prone areas while emphasising the importance of flood coverage to customers.
- Conducted periodic reviews of governance frameworks to ensure the Group remains relevant to current requirements and challenges.
- Discussed reports from Board Committees on:
  i) Corporate governance, legal, and compliance matters.
  ii) Risk-related matters.
- Reviewed the effectiveness, challenges, and management action plans concerning the Group's risk and control environment.

Compliance

- Reviewed the Group's Anti-Bribery and Corruption Policy and the Whistle-blowing Policy, incorporating updates on the latest regulatory and legislative changes.
- Conducted focused discussions on regulatory updates and their impact on the subsidiary company, taking actions to close any identified gaps where applicable.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

People & Culture

- Conducted a comprehensive internal assessment to evaluate the effectiveness of the Board as a whole, as well as the efficacy of each committee and the performance of individual directors.

Financial

- Discussed reports provided by the Chief Financial Officer ("CFO") on financial reporting and performance, allowing the Board the opportunity to provide input and challenge where necessary.
- Approved the Group's financial and operational plans for 2023, including investments in the business.
- Monitored the Group's financial performance and results, approving dividend payments to ordinary shareholders.
- Assessed the Group's capital and liquidity requirements.
- Approved the Quarterly Results, Financial Results, and Integrated Annual Report.

Performance & Strategy

- Vigilantly overseeing the performance of the Group, consistently reviewing and realigning business strategies to address emerging challenges in the operating environment.
- Maintaining a commitment to prudent underwriting and claims policies to ensure sustained profitability during this economically turbulent period.
- Convened a dedicated strategy discussion in December 2023, complemented by additional focused strategy sessions, to supervise the formulation and execution of the Group's strategic initiatives.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE ("ESG") DURING 2023

Throughout the year, the Board of LPI Capital Bhd ("LPI") dedicated considerable effort to advancing the Group's ESG strategy, meticulously evolving its overall structure and framework. Emphasising alignment with key business opportunities and challenges, the Board prioritised clear and impactful communication of ESG principles to all stakeholders. ESG holds a central position in LPI's purpose and mission, with a primary focus on transparently conveying this commitment to investors and broader stakeholder groups.

In a significant step toward robust corporate governance, 2023 marks the inaugural year of independent verification for the Group's sustainability statement. External parties verified GHG emissions, while internal audit processes verified other aspects; detailed information was available on page 95.

The Group proactively enhanced its disclosures pertaining to climate change, Task Force on Climate-Related Financial Disclosure ("TCFD"), and its GHG inventory. Engaging an external consultant, the Group not only facilitated comprehensive training but also conducted a thorough assessment of its risk profile, with a specific focus on climate change impact.

A noteworthy achievement is the continued "A" rating with a "stable" outlook for the subsidiary, Lonpac Insurance Bhd, by A.M. Best. The assessment underscores Lonpac's robust standing, characterised by strong operational performance, a neutral business profile, and commendable enterprise risk management practices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD AND COMMITTEES EFFECTIVENESS

The Board acknowledges that shifts in strategy, personnel, and the external landscape may necessitate adjustments in our operational approach to maximise effectiveness. Thus, we understand the value of regularly assessing our own performance and that of our Committees, at a minimum on an annual basis, enabling us to take necessary actions to ensure sustained effectiveness. Consistent with the Malaysian Code on Corporate Governance 2021 ("MCCG"), an external evaluation is conducted at least once every three years, with the most recent review completed in 2021.

In 2023, the Board has implemented an annual performance evaluation process and entrusted the Nomination & Remuneration Committee ("NRC") with the authority to evaluate the effectiveness of the Board and its Committees. This includes assessing the performance of individual Directors and each member of the Audit Committee, based on the criteria outlined in the Company's internal policies, as approved by the Board.

The NRC has formulated specific assessment criteria for evaluating the independence of Independent Directors, aligning with:

- **Bursa Malaysia Securities Berhad's Main Market Listing Requirement**
- **The Board Charter**

The Board and Committees Effectiveness Process

01 Each Director to complete a comprehensive Board Evaluation Exercise ("BEE") questionnaire.

02 Summary of the assessment report on BEE 2023 forwarded to the NRC for annual assessment.

03 The NRC to review:
- Summary of the BEE assessment report which included assessment on individual Directors, Board and Board Committees, Fit and Proper assessment and independence assessment on Independent Directors.
- Assessment on the Board as a whole and each Board Committee by benchmarking the activities carried out by the Board and respective Board Committee against the Board Charter and the terms of reference of each Board Committee.

04 The NRC to collate the results of the assessments and submit to the Board for deliberation and approval.

Board Evaluation Results for FY2023

Efficacy of the Board Chairman
Board Chairman possesses strong leadership qualities, facilitating robust discussions and healthy debate among Directors of the Board. The Chairman allows all views – even contrarian ones – to be freely expressed, discussed, and recorded.

Boardroom Collegiality
Boardroom dynamics at the Company are distinguished by a monolith of professionalism, candour and collegiality. Everyone in the boardroom is given an equal opportunity to voice their views and ideas, engendering mutual trust and respect.

Boardroom Commitment and Proactivity
The Board has a collective sense of accountability and respect to serve the Company's best interest with the best intentions. Directors are committed to driving the Company forward and have gone above and beyond expectations in fulfilling their duties.

Strategy Setting
The Board plays a monumental role in strategy formation and implementation. The Board adopts the right touch by partnering with Management when it comes to strategic aspirations and direction of the Company.

Boardroom Configuration and Composition
The Board has the right balance of skills, experience, and expertise necessary to meet the Company's objectives. There is a strong presence of Independent Directors and an appropriate balance of Non-Independent Directors and Executive Director that allows for cognitive variety in the decision-making process.

The Board also engenders a healthy diversity in terms of legal, accounting, finance, compliance, information technology and the domain industry of Lonpac which is insurance.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

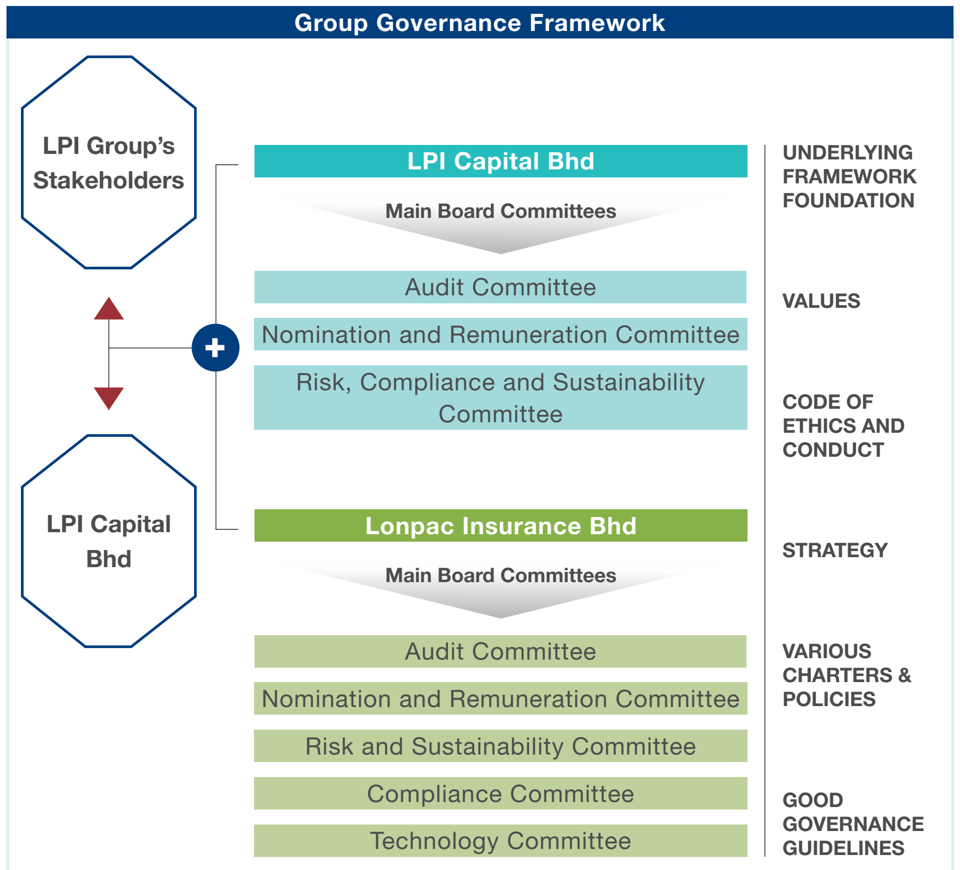
A LEADERSHIP AND EFFECTIVENESS

GROUP GOVERNANCE FRAMEWORK

A substantial portion of our duties is discharged through the delegation to Board Committees. These committees amplify focus on key areas, delving deeper into them to enhance comprehension of intricate details.

The delegation of authorities to Board Committees is meticulously formalised through written documentation in the form of Terms of Reference. Simultaneously, the Board maintains a schedule outlining crucial matters reserved for its direct decision. Additionally, there exists a distinct demarcation of responsibilities between the Chairman and the Chief Executive Officer ("CEO"). The CEO is entrusted with the execution of the strategy, day-to-day management of the Group, and oversight of operational matters.

The governance structure of the Group is in a constant state of evolution, with a steadfast framework being ingrained and roles within the Management team continually developing. This structure is designed to optimise clarity regarding goals for all facets of the business, facilitating the successful execution of both divisional and Group strategic plans.



Governance of Sustainability

The Board firmly asserts that sustainable business practices are pivotal for fostering long-term value creation. Recognising the intrinsic connection between responsible business conduct and operational excellence, the Board diligently oversees the Company's performance in Environmental, Social, and Governance ("ESG") factors. This oversight is integral to our duty in directly supervising LPI Group's corporate strategy.

However, governance in sustainability and corporate responsibility extends beyond the Board; individual employees also contribute by upholding our corporate values and integrating environmentally and socially responsible practices into our overall corporate strategy.

As fiduciaries to our shareholders, the Board remains steadfast in its commitment to upholding exemplary corporate governance practices. This commitment encompasses a dedication to ethics, integrity, and corporate responsibility, ensuring alignment between our corporate strategy and the organisation's values and culture. To stay informed on material sustainable issues, the Board relies on guidance from the Enterprise Risk Management & Sustainability Department, a key player in managing the Group's sustainability practices.

AN EFFECTIVE BOARD

The collective responsibility of the Board is to champion the enduring success of the Group, answering to shareholders for the creation of sustainable value and to other stakeholders for our broader impact. The Board assumes ultimate responsibility for guiding the Group, serving as the decision-making authority for significant matters affecting the entire organisation. This includes strategic and financial considerations, as well as issues with the potential for substantial reputational impact.

The effectiveness of our ability to fulfill these responsibilities rests upon maintaining a well-rounded and efficient Board. This Board is designed to bring together a diverse array of skills and expertise. Our governance framework is instrumental in facilitating effective decision-making by establishing clear accountabilities within a structured framework.

Matters Reserved for the Board

- Approve the Company's risk appetite, annual business plans, and other initiatives that, individually or collectively, may have a material impact on the Company's risk profile.
- Oversee the Company's business operations and financial performance.
- Oversee the selection, performance, remuneration, and succession planning for the CEO, heads of control functions, and other members of the Management, ensuring the Board is satisfied with the collective competence of Management to effectively lead the Company's operations.
- Approve appointments, succession policies, and remuneration packages for Board and Board Committee members.
- Oversee the implementation of the Company's governance and internal control frameworks, periodically reviewing their appropriateness in light of material changes to the size, nature, and complexity of the Company's operations.
- Promote collaboration with the Management, a sound corporate culture within the Company that reinforces ethical, prudent, and professional behaviour, including fostering a strong compliance culture.
- Promote an environment that not only ensures the Company complies with legal and regulatory requirements but also encourages the ethical conduct underlying such requirements.
- Promote sustainability by considering environmental, social, and governance factors in the Company's business strategies.
- Oversee and approve recovery, resolution, and business continuity plans to restore the Company's financial strength and maintain or preserve critical operations and services during periods of stress.
- Review, challenge, and approve the Management's strategic plans for the Company, while monitoring their implementation.
- Supervise and assess Management's performance to ensure proper business management.
- Ensure the integrity of the Company's financial and non-financial reporting.
- Ensure the Company has procedures in place for effective communication with stakeholders.
- Fulfill various functions and responsibilities as specified in directives issued by regulatory authorities from time to time.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A LEADERSHIP AND EFFECTIVENESS

COMPOSITION OF THE BOARD

The NRC holds the responsibility of thoroughly assessing the Board Composition and subsequently providing recommendations to the Board regarding the appointment of Directors. In 2023, the Board comprised of five Independent Non-Executive Directors, aligning with both MCCG and listing requirements, ensuring that at least half of the Board consists of Independent Non-Executive Directors.

The Non-Executive Directors ("NEDs") collectively contribute substantial knowledge, judgement, and experience to Board deliberations. Encouraged to maintain direct communication with the Executive Director between formal Board meetings, the NEDs convene at least once a year without the presence of the Executive Director.

One of the key functions of the NEDs is to scrutinise the performance of the Management in achieving agreed-upon goals and objectives, actively monitoring the reporting of performance. They bear the responsibility of ensuring the integrity of financial information, robustness of financial controls, and the defensibility of risk management systems. Additionally, the NEDs play a crucial role in determining appropriate levels of remuneration for the Executive Director and hold prime responsibility in appointing and, when necessary, removing the Executive Director. They are also actively involved in succession planning.

Name	Date of Appointment	Attendance Record in 2023			
		BOARD	AC	NRC	RCSC
MR. TEE CHOON YEOW *Independent Non-Executive Chairman* *(Date of cessation as Audit Committee Member: 7 February 2024)*	29 October 1991	6/6	4/4	1/1	3/3
MR. TAN KOK GUAN *Chief Executive Officer/Executive Director*	29 October 1996	6/6	N/A	N/A	N/A
MR. LEE CHIN GUAN *Independent Non-Executive Director*	8 October 2015	6/6	4/4	3/3	3/3
MR. QUAH POH KEAT *Non-Independent Non-Executive Director* *(Date of cessation as Director: 1 January 2024)*	2 January 2009	6/6	N/A	N/A	3/3
MS. CHAN KWAI HOE *Independent Non-Executive Director*	1 July 2015	6/6	4/4	3/3	3/3
MS. SOO CHOW LAI *Independent Non-Executive Director*	1 August 2018	6/6	4/4	2/2	3/3
DATO' CHIA LEE KEE *Independent Non-Executive Director*	18 January 2021	6/6	4/4	2/2	3/3

AC - Audit Committee NRC - Nomination and Remuneration Committee RCSC - Risk, Compliance and Sustainability Committee ● Chairman

STRATEGIC PLANNING AND DECISION MAKING

The Board dedicates substantial time to evaluating proposed actions, ensuring alignment with the business strategy, future direction, and consideration of sustainability and impact on stakeholders. Annual strategy discussions, encompassing both Lonpac's business divisions and the broader Company vision, enrich the Board's decision-making processes in shaping strategic and financial plans.

To facilitate informed decision-making, the Board and Board Committees receive timely and comprehensive financial, management, and other relevant information. Detailed papers are disseminated to members at least five market days before each meeting. The Board receives regular updates, including a performance dashboard, key milestones report, and briefings from the Chief Executive Officer and Chief Financial Officer. A library of current and historical corporate information is accessible to Directors to support decision-making.

For items requiring in-depth consideration, the Board conducts discussions over multiple sessions in advance of decision-making. In 2023, the Board held 6 scheduled meetings, engaging in discussions on the Group's operations, key strategic issues, and other pertinent matters. The major items covered in 2023 are detailed on pages 116 to 117. Beyond scheduled meetings, the Board convenes as necessary for time-sensitive matters.

Reflecting on the level and quality of engagement in 2023, the Board is content that each Director actively contributed to discussions, demonstrating a commitment commensurate with their responsibilities. The attendance record of Non-Executive Directors at all scheduled meetings in 2023 is outlined in the table on page 114.

BOARD DIVERSITY

Within the Group's businesses, the Board is dedicated to fostering greater diversity in its broadest sense. This commitment spans a spectrum of factors, including ideas, skills, knowledge, experience, education, gender, social backgrounds, cognitive and personal strengths, and any other relevant measures.

In the context of director appointments, a key objective is to uphold a diverse Board. While the overarching policy emphasises the appointment of the most qualified individuals based on merit and objective criteria, the Directors acknowledge the advantages of greater diversity. They consider this aspect when evaluating specific appointments. However, the primary responsibility in making new appointments remains focused on ensuring the Board's composition's strength.

The overarching goal is to select and recommend the best candidate for the position, taking into account the diverse range of stakeholders that LPI engages with. Simultaneously, the Board aims to ensure that its members offer a spectrum of perspectives, insights, and challenges essential for supporting effective decision-making. Expanding this perspective beyond the Board to the wider workforce, LPI is steadfast in its commitment to treating individuals with fairness and equality, embracing their diversity, and fostering an inclusive and positive working environment for all employees.

Monitoring and reporting

The NRC holds the responsibility of consistently reviewing the structure, size, and composition of the Board. This includes a comprehensive assessment of the skills, knowledge, experience, and diversity of the Directors. Additionally, the committee is tasked with identifying and nominating suitable individuals to fill any Board vacancies that may arise. The outcomes of the committee's activities, particularly regarding any Board appointments made during the relevant period, will be reported annually in the Company's Integrated Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A LEADERSHIP AND EFFECTIVENESS

2023

Summary of CG Areas Undertaken in 2023

STRATEGY

- Built a sustainable, profitable and balanced portfolio of business through our existing channels/ partners and exploring non-traditional channels.
- Hastened the digital transformation plans to improve efficiency, productivity and developing business from e-channel without direct conflict with our traditional channels.
- Developed capabilities of our staff and also our agents through training target and recruitment programmes.
- Fine-tuned and stream-lined our operational capabilities for any future disruptive events.

FINANCIAL

- Ensured the Group is able to generate optimum investment returns with tolerable risks by exploring new investment opportunity.
- Continued to strengthen its capital position and generate good returns to its shareholders.

RISK MANAGEMENT & INTERNAL CONTROL

- Ensured all material risks of the Group are managed appropriately through continuous monitoring and reporting process.
- Strengthened anti-bribery practices through continuous trainings and monitoring of the Group's activities.
- Strengthened data privacy and protection.
- Ensured the Group maintained sufficient capital to support the long-term business growth.
- Strengthened the underwriting acceptance on flood coverage.

GOVERNANCE, LEADERSHIP & PEOPLE

- At a macro level:
  (i) Continuously indoctrinated good ethical business practices among directors, employees, service providers and other business partners.
  (ii) Upheld highest standard of integrity and accountability in discharging our duties, whilst ensuring all activities, offers or services are conducted in compliance with Anti-Bribery and Corruption ("ABC") Policy and all other applicable legal and regulatory requirements on anti-bribery and anti-corruption.
- At a micro level:
  (i) Periodically reviewed our ABC Policy taking into account relevant developments in the law as well as industry to ensure the efficiency and effectiveness of the policy is maintained.
  (ii) Monitored regular risk assessments (via Enterprise Risk Management & Sustainability Department) to identify the bribery and corruption risks potentially affecting the Group.
  (iii) Ensured all employees are aware and familiar with the ABC Policy and the consequences of non-compliance (conducted trainings).
  (iv) Training on regulatory matters that impact the daily operations of the business and support units in the subsidiary company, Lonpac.

- Upskilled employees with trainings related to their job scope to stay relevant in the changing business landscape. One of the focus areas is for management team to gain knowledge on how the Group can embrace sustainability in governance, management and reporting.
- Soft skills trainings were also rolled out to improve communication at the workplace and to foster better relationships amongst the employees.
- Upskilled eligible employees by providing them scholarships to obtain professional qualifications.

FOCUS AREAS 2024 - 2027 STRATEGIC CG FOCUS AREAS

2024 - 2025

- The Group continues to enhance the coverage for Scope 3 GHG emissions.
- The Group will adopt the guidelines under the Climate Risk Management & Scenario Analysis Policy Document by BNM, particularly on scenario analysis.
- The Group plans to set short-term, medium-term, and long-term climate targets in 2024.

2026 - 2027

The Group will further enhance diversity within both its Board and Management and aims for a minimum of 30% representation of women on both the Board and Management. The Group's Code of Conduct and Code of Ethics include specific clauses focused on advancing workforce diversity, promoting equal opportunity, and eradicating discrimination. The overarching goal is to achieve a minimum 30% representation of women on both the Board and Management.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

A LEADERSHIP AND EFFECTIVENESS

NOMINATION AND REMUNERATION COMMITTEE

The NRC plays a dual role in aiding the Board in shaping the composition and structure of the Board. Additionally, the committee is tasked with regularly reviewing the Board's structure and identifying potential candidates for Director appointments as the need arises.

NRC ENSURES BOARD INDEPENDENCE

The Board has implemented a policy limiting the tenure of Independent Directors to a maximum of 9 years. Annually, the independence of each Non-Executive Director undergoes a thorough review, considering factors such as their independence in character and judgement, as well as any relationships or circumstances that might impact, or appear to impact, their objectivity. At each Board meeting, Directors have the opportunity to declare any interests, and those with declared interests abstain from discussions and decisions related to those matters.

Upon the NRC's recommendation, the Board is confident that all Non-Executive Directors ("NEDs") meet the necessary fit and proper requirements, including independence criteria.

NRC ACTIVITIES IN YEAR 2023

The NRC had undertaken the following responsibilities in accordance with its terms of reference during the year under review:

- Facilitate annual assessment and review the performance of individual Directors, effectiveness of the Board as a whole and various Board Committees and satisfy that the individual Directors, the Board and the various Board Committees have discharged their duties effectively according to the Board Charter and respective Board Committees' terms of reference.
- Facilitate the Board on the annual review of the overall composition of the Board and Board Committees and satisfy that the Board is optimum and that there is appropriate mix of diversity (including gender), knowledge, skills, experience, expertise, attributes and core competencies in the Board's composition.
- Conduct assessment on Directors who are subject to re-election by rotation pursuant to Companies Act, 2016 and recommend to the Board for approval.
- Perform annual assessment on Directors, CEO/ Executive Director to ensure that they fulfilled fit and proper requirements as stated in the Company's Fit and Proper Policy for Key Responsible Persons and Company Secretary.
- Perform annual assessment on Company Secretary to ensure that she fulfilled requirements as stated in the Company's Fit and Proper Policy for Key Responsible Persons and Company Secretary.
- Conduct annual assessment on Independent Directors.
- Assist the Board in assessing the training needs of the Directors and review the trainings attended by the Directors during the year.
- Review the term of office and performance of the Audit Committee and each of its members for re-appointment in year 2024.
- Review and recommend the renewal of employment contract of the CEO/ Executive Director.
- Review and recommend the proposed remuneration for Directors, CEO/ Executive Director, Management who are Key Responsible Persons and Company Secretary to the Board for approval.
- Review Directors' Training Development Plan.
- Review the Board Policy on Criteria and Skill Sets for the Board Members/ CEO and recommend to the Board for approval.
- Review the Board Policy on Board Succession Planning and recommend to the Board for approval.
- Review the Group Directors' Remuneration Policy and Procedures and recommend to the Board for approval.
- Review the assessment report of Board Evaluation Exercise 2023 on the assessment of the full Board, Board Committees, individual Directors and Independent Directors.

NRC PRIORITIES FOR 2024

- Facilitate annual assessment and review the performance of individual Directors, effectiveness of the Board as a whole and various Board Committees.
- Facilitate the Board on the annual review of the overall composition of the Board and Board Committees.
- Conduct assessment on Directors who are subject to re-election by rotation pursuant to Companies Act, 2016 and recommend to the Board for approval.
- Perform annual assessment on Directors, CEO/ Executive Director, Management who are Key Responsible Persons and Company Secretary to ensure that they fulfilled fit and proper requirements as stated in the Fit and Proper Policy for Key Responsible Persons and Company Secretary.
- Conduct annual assessment on Independent Directors for recommendation to the Board.
- Assist the Board in assessing the training needs of the Directors and review the trainings attended by the Directors during the year.
- Review the term of office and performance of the Audit Committee and each of its members for re-appointment in year 2025.
- Review and recommend the renewal of employment contract of the CEO/ Executive Director.
- Review and recommend the proposed remuneration for Directors, CEO/ Exective Director, Management who are Key Responsible Persons and Company Secretary to the Board for approval.

BOARD COMPOSITION + SUCCESSION PLANNING

The NRC adheres to a structured process to assess the equilibrium, efficacy, and diversity of the Board and its Committees. Employing a meticulous approach, it identifies the necessary skills and individuals who can contribute those skills in an equitable and comprehensive manner. Complementing this, the Board has instituted a Board Succession Plan Policy, aiding the NRC in proactively identifying suitable candidates well in advance. This ensures an immediate response to anticipated retirements or unforeseen departures of directors. The policy also involves evaluating the competencies, skills, and experience of new directors, ensuring they bring the requisite capabilities to address identified gaps within the Board.

APPOINTMENT AND RE-ELECTION

The NRC upholds a formal and transparent Board nomination process outlined in a policy that delineates the procedures for Board appointments.

Details of the Policy include:

- In the event of a vacancy on the Board or the need for an additional Board appointment, the Board evaluates potential appointments to achieve and sustain a diverse composition aligned with the skills, expertise, experience, and background required for the position.
- The Board assesses the availability of suitable candidates and considers their development potential.
- Additionally, the Board takes into account any supplementary requirements necessary to ensure an optimal mix of skills and experience on the Board and its Committees, with the overarching goal of serving the Company's interests and those of its stakeholders.

Upon receiving recommendations from the NRC, the Board contemplates the nomination of new Directors for appointment or re-election in the case of existing Directors. Directors do not have a fixed term of appointment. As stipulated by the Company's Constitution, one-third of the Directors must retire annually at the Annual General Meeting ("AGM"). All Directors are subject to retirement, by rotation, at least once every three years but remain eligible for re-election. Details regarding Directors standing for re-election at the next AGM are outlined in the Company's notice of the AGM.

For the subsidiary, Lonpac, Director appointments and renewals are contingent on approval from BNM. Any new Director appointed by the Board during the year is required to retire at the next AGM and stand for election by shareholders.

At the AGM, shareholders cast a single resolution vote to determine the appointment of a Director. The formalisation of NED appointments occurs through a letter of appointment between the Company and the Non-Executive Director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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A LEADERSHIP AND EFFECTIVENESS

INDUCTION AND DEVELOPMENT

Every newly appointed Director undergoes a comprehensive induction program tailored to their specific needs. This program's design is the responsibility of the Chairman and the Company Secretary, aiming to achieve the following objectives:

- Facilitate the Director's comprehensive understanding of the Group from both internal and external perspectives, encompassing its culture, stakeholders, key businesses, markets, and on-the-ground operations.
- Provide key insights into Board and Board Committees' specific matters as relevant to ensure a swift and informed assimilation into their roles.
- Enable the Director to make effective contributions to the Board at the earliest opportunity.

In line with our commitment to continuous development, the Board regularly receives briefings on legal, regulatory, and governance matters as they emerge, ensuring a proactive approach to staying informed and up-to-date.

REMUNERATING FAIRLY

The NRC conducts an annual review of Directors' remuneration, presenting its recommendations to the Board. These recommendations encompass specific adjustments and reward payments that reflect the individual contributions of Directors throughout the year. Importantly, they are calibrated to be competitive and in alignment with the Group's corporate objectives, culture, and strategy.

Both the NRC and the Board work collaboratively to ensure that the remuneration policy for Directors remains competitive enough to attract and retain individuals of exceptional caliber. This approach is essential to secure Directors possessing the requisite skills and experience, aligning remuneration with the responsibilities associated with an effective Board.

For employees, the remuneration philosophy and strategy are carefully aligned with the long-term interests of the Group, its business strategy, and performance. The remuneration framework is deliberately structured to foster sound and effective risk management, harmonising with the Group's risk profile. The NRC adheres to consistent remuneration principles applied across the entire Group.

BUSINESS FOCUSED	PRUDENT	PERFORMANCE DRIVEN	FAIR	TRANSPARENT
Remunerations must be relevant and aligned towards the achievement of the Group's business results.	The remuneration structure and quantum must reinforce the importance of sustainability, encourage ethical behaviours and sound risk management, as opposed to short-term view on remuneration without consideration of consequences.	The performance assessor must have adequate quantitative and qualitative measurements of performance before practicable and measurable recommendation on remuneration is made.	There must be no discrimination, biased treatment or any form of exploitation. Proper, fair and logical justification must ensue.	Employees should understand the expectations set out and seek for clarification where necessary.

FOR DIRECTORS

- Salaries payable to Executive Director shall not include a commission on or percentage of turnover;

  The remuneration packages for Executive Director should involve a balance between fixed and performance-linked elements. The relative weightage of fixed and variable remuneration for target performance varies with level of responsibility, complexity of the role and typical market practice. The Executive Director's remuneration should be set at a competitive level for similar roles within comparable markets to recruit and retain high quality senior executives. Individual pay levels should reflect the performance, skills and experience of the Executive Director as well as the responsibility undertaken and be structured so as to link the short and long-term rewards to both corporate and individual performance.

- Fees payable to NEDs are a fixed sum, and not paid by a commission on or percentage of profits or turnover; and

  NEDs' remunerations include consideration of their qualifications, experience and competence as well as their responsibilities, time commitment and annual evaluation as undertaken by the NRC. In this regard, the Chairman of the Board shall be remunerated with a higher Director's fee to reflect the additional responsibilities assumed by him.

- Periodic benchmarking of remuneration will be undertaken to ascertain the competitiveness of the Company's remuneration packages vis-à-vis other companies. However, such comparisons will be utilised with caution, in view of the risk of an upward ratchet of remuneration levels with no corresponding improvement in corporate and individual performance, and to avoid paying more than is necessary.

FOR EMPLOYEES

The Group's remuneration structure incorporates mandatory fixed and variable components, subject to continuous monitoring for alignment with the Group's objectives, local employment market conditions, and industry standards. Currently, the structure encompasses four fundamental reward components: a fixed salary, fixed benefits, a variable performance bonus, and a variable deferred extraordinary bonus. This framework is designed to ensure a strategic balance in remuneration that reflects the Group's goals and remains responsive to prevailing market conditions and industry benchmarks.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

B ACCOUNTABILITY

Risk Management And Internal Control Systems

The Group maintains a robust system of risk management and internal control, designed to minimise the probability of misstatement or loss. A comprehensive financial reporting system is in operation, supporting the Board in efficient oversight. This involves the preparation of management accounts, forecast variance analysis, and other ad hoc reports. Throughout the Group, clearly defined authority limits are established, including matters specifically reserved for the Board's attention.

The Board has instituted an ongoing process to identify, evaluate, and manage significant risks faced by the Group. This includes determining the nature and extent of risks the organisation is willing to accept in pursuit of its strategic objectives. Regular reviews of this process occur, ensuring its effectiveness is monitored continuously, from the beginning of the year to the date of report approval.

The Board is accountable for both the Group's internal control system and the evaluation of its effectiveness. Acknowledging that the system is designed to manage, not eliminate, the risk of failure to achieve business objectives, it provides reasonable, though not absolute, assurance against material misstatement or loss.

The Board's assessments encompass all controls, spanning financial, operational, and compliance controls, along with risk management. Monitoring primarily relies on Management reports, evaluating the identification, evaluation, management, and control of significant risks, promptly addressing any weaknesses. The Audit Committee and the Risk, Compliance, and Sustainability Committee aid the Board in fulfilling its review responsibilities.

A formal risk identification and assessment exercise, resulting in a risks register outlining key risks, potential impact, and mitigating factors, has been conducted. The key risks faced by the Group are detailed in Page 42 of this report. The Board has a policy to review this risk management and internal control framework at least annually or in the event of a material change. This risk identification process also encompasses climate-related risks and opportunities.

AUDIT COMMITTEE REPORT

Composition of the Audit Committee

The Audit Committee is established by the Board and comprises five Independent Non-Executive Directors. The Chairman of the Audit Committee is appointed by the Board and is an Independent Non-Executive Director and also not the Chairman of the Board. The members of the Audit Committee have the relevant accounting or related experience and expertise in the financial services industry.

Attendance of Meetings

The Audit Committee met four times during the year. The Audit Committee meetings were attended by the Chief Internal Auditor ("CIA"), the Chief Executive Officer ("CEO") and certain members of Management. The role of the Audit Committee is to ensure that recommendations made by both internal and external auditors, as well as by regulators, are addressed and dealt with in a timely manner.

In performing its function, the Audit Committee had met the external auditors without the presence of any executive member of the Board and management staff on 19 January 2023.

The detailed terms of reference of the Audit Committee is available at www.lpicapital.com

Summary of Activities

During the year, the Audit Committees of the Group carried out the following activities:

FINANCIAL REPORTING

- Reviewed the annual audited financial statements of the Company/ Group and quarterly results of the Group, and thereafter, recommended them to the Board for approval.
- Reviewed the disclosures in the Company's Integrated Annual Report and recommended them to the Board for approval.
- Reviewed the press release statements on the Group's performance and recommended them to the Board for approval.
- Reviewed the documents for submission to Bank Negara Malaysia ("BNM") pursuant to Section 51(1) of the Financial Services Act 2013 on the declaration and payment of dividends, and thereafter, recommended them to the Board for approval.
- Reviewed the documents for solvency test on the declaration and payment of dividends, as required by Section 132 of the Companies Act 2016.
- Reviewed the quarterly progress reports on Malaysian Financial Reporting Standard 17 – Insurance Contracts.

In reviewing the annual audited financial statements of the Company/ Group, the Audit Committees discussed with the Management and the external auditors the accounting principles and standards that were applied and their opinion on the items that may affect the financial statements.

INTERNAL AUDIT

- Reviewed the results of the Group's internal audit procedures and the adequacy of actions taken by the Management based on the internal audit reports. Where appropriate, the Audit Committees had directed the Management to rectify and improve controls and operational workflow based on internal auditors' recommendations.
- Reviewed the Reports Arising from the Follow-up Review of each audit to ensure that all control lapses had been addressed.
- Reviewed the Report on Claims Reserving Practices.
- Reviewed the Reports on Quarterly Review of Cyber Risk Management Effectiveness, Cyber Security and Cyber Resilience pursuant to Cyber Resilience Maturity Assessment ("CRMA") Report 2021 – 2022 issued by BNM.
- Reviewed the Report on Annual Review of Application Development Managed by Vendor/ Third Party Service Provider pursuant to CRMA Report 2021 – 2022 issued by BNM.
- Reviewed the Internal Audit Reports on the Observation of Business Continuity Plan ("BCP") and Disaster Recovery Plan ("DRP") testings pursuant to the Guidelines on Business Continuity Management (Revised) ("BCM") issued by BNM.
- Reviewed the Internal Audit Reports on the Review of BCP and DRP Post-Test Analysis Reports pursuant to the Guidelines on BCM.
- Reviewed the Internal Audit Reports on Observation of Call Diversion Testing.
- Reviewed the Report on Review of BCM pursuant to the Guidelines on BCM.
- Reviewed the Internal Audit Report on Review of Stress Test Policy pursuant to the Policy Document on Stress Testing issued by BNM.
- Reviewed the Report on Review of Internal Capital Adequacy Assessment Process ("ICAAP") in accordance with the Guidelines on ICAAP for Insurers issued by BNM.
- Reviewed the Report on the Review of Actuarial Valuation Process.
- Reviewed the Report on Review of Management of Customer Information and Permitted Disclosures.
- Reviewed the Report on Review of MFRS 17 SAS Project System Specification.
- Reviewed and approved the Internal Audit Plans 2024.
- Noted the letter from BNM on the 2022 Composite Risk Rating of the subsidiary company.
- Noted the Conclusion Report on Audit Findings.
- Noted the Report on Internal Audit Function.
- Noted the resignation of Internal Audit staff.
- Reviewed and assessed the performance and contributions by the CIA for the financial year ended 31 December 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

B ACCOUNTABILITY

INTERNAL AUDIT

The Audit Committees acknowledged that the internal control system of LPI Group, which was enforced throughout the financial year up to the date of this report, provided reasonable although not absolute assurance against material financial misstatements or loss. The internal controls were also deemed sufficient in ensuring the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practices, and the identification and containment of financial risks.

The Audit Committees arrived at these conclusions as there was no evidence that there had been any shortcomings in the aforementioned processes. Nevertheless, the Audit Committees noted that the internal control system cannot provide absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities.

EXTERNAL AUDIT

- Reviewed the following with the external auditors:
  - their audit plan, audit strategy and scope of audits of the Company/ Group for the year;
  - their evaluation on the system of internal controls of the Company/ Group; and
  - the results of the annual audit and the auditors' report to the shareholders.
- Reviewed and assessed the Non-Assurance Services Pre-Approval Policies and recommended them to the Board for approval, in accordance with the revised Malaysian Institute of Accountants By-Laws/ International Ethics Standards Board for Accountants Code.
- Discussed the letters of engagement from the external auditors and recommended them to the Board for approval.
- Reviewed and assessed the suitability, objectivity and independence of the external auditors and recommended them to the Board for re-appointment.
- Deliberated on the proposed audit fees for the Company/ Group and recommended them to the Board for approval.
- Assessed the independence, suitability and objectivity of the external auditors and thereafter approved the provision of the non-audit services by the external auditors.
- Reviewed the appropriateness and approved the proposed non-audit fees for the Company/ Group.
- Reviewed the draft Limited Assurance Report of the external auditors to the Board on the Statement on Risk Management and Internal Control.
- Reviewed the draft Representation Letters to external auditors and recommended them to the Board for approval.
- Met with the external auditors without any executive Board members and management staff present.
- Noted the external auditors' Transparency Report for the financial year ended 31 December 2022.

RELATED PARTY TRANSACTIONS

- The Audit Committees reviewed the related party transactions and possible conflict of interest situations that may arise within LPI Group in accordance with the Corporate Governance Guide: Rise Together (4th Edition) issued by Bursa Malaysia Berhad, and thereafter recommended the same to the Board for noting. During this annual review, the Audit Committees deliberated on the key issues pertaining to the related party transactions as recommended in Appendix III – Pull-Out II of the Corporate Governance Guide: Rise Together (4th Edition).
- The Audit Committees concurred with the Management's recommendation that the related party transactions were carried out on normal commercial terms, and not prejudicial to the interests of the Group or its minority shareholders.

Internal Audit Function

The Audit Committees are supported by an independent Internal Audit function in discharging their duties and responsibilities. The Internal Audit function is an integral part of the assurance framework and its primary role is to provide assurance on the adequacy and effectiveness of the risk management, control and governance framework of the Group. The Internal Audit function is established to provide independent, objective assurance and consulting activities within the Group to add value and improve the Group's operations through audits of the Group's key operations and also to ensure consistency in the control environment and compliance with established policies and procedures, rules, regulations, guidelines, directives and laws.

The CIA reports directly to the Audit Committees to maintain the objectivity and independence of the Internal Audit function.

The CIA has the authority to communicate directly, as and when necessary to the Board, Chairman of the Board, the regulators and the external auditors where appropriate. The Internal Audit Charter, which sets out the mission, objectives, independence, authority, objectivity, resources and scope of work of the Internal Audit function, is approved by the Board and communicated throughout the organisation. The Internal Audit Charter is reviewed once in every 3 years.

The Internal Audit function is carried out based on the annual audit plans that were reviewed and approved by the Audit Committees. The audit plans included reviews of the adequacy of operational controls, risk management, compliance with established policies, procedures, laws and regulations, quality of assets, management efficiency as well as effectiveness of computer application systems and telecommunications network. The Audit Committees also reviewed the adequacy of the scope, functions, competency and resources of the Internal Audit function to ensure that it was adequately resourced with competent and proficient internal auditors.

Pursuant to the Guidelines on Internal Audit Function of Licensed Institutions issued by BNM, the Audit Committee of Lonpac had approved the evaluation process for the Internal Audit function, which provides a formal and transparent procedure to evaluate the Internal Audit function. The Audit Committee of Lonpac evaluates the Internal Audit function once in every 2 years. A risk-based audit approach is implemented to ensure that higher risk activities in each auditable area are audited more frequently. This is designed to evaluate and enhance risk management, control and governance processes to assist the Management in achieving its corporate goals. The audits further help to ensure that appropriate instituted controls are in place and effectively applied, and risk exposures are mitigated to an acceptable level in accordance with the Group's risk management policy.

During the year, various internal audit engagements were conducted in accordance with the annual audit plans which were consistent with the organisation's goals. The Internal Audit function evaluated the adequacy and effectiveness of key controls in response to risks within the Group's governance, operations and information systems. The areas evaluated included the following:

- Relevancy, reliability, integrity, accuracy, completeness and timeliness of financial and operational information;
- Adequacy of controls to safeguard the Group's assets;
- Adequacy and effectiveness of the system of internal controls;
- Compliance with policies, procedures, rules, regulations, guidelines, directives and laws;
- Integrity of risks measurement, adequacy of control and reporting systems and compliance with approved risk management policies and procedures;
- Nature of the related party transactions and conflict of interest situation that could raise questions of management integrity;
- Adequacy and effectiveness of the Group's system in assessing its capital in relation to its estimate of risks;
- Effectiveness of Information System ("IS") in supporting the business activities and the adequacy of controls over IS management, systems development and programming, computer operations and security and data integrity;
- Quality and effectiveness of the stress test policy;
- Level of commitment to BCM, and overall preparedness against the Group's BCM policies and regulatory requirements;
- Cyber risk management effectiveness, cyber security and cyber resilience;
- Adequacy of processes and controls on application development managed by vendor/ third party service provider;
- Integrity and accuracy of the Company's Sustainability Statement for inclusion in the Integrated Annual Report;
- Adequacy and effectiveness of BCP and DRP testings;
- Risk management and capital management processes relating to ICAAP; and
- Adequacy and effectiveness of the actuarial valuation process.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

B ACCOUNTABILITY

The Executive Summary of each Internal Audit report arising from the audits were deliberated by the Audit Committees and recommendations were duly acted upon by the Management. Follow-up reviews were conducted and reported to the Audit Committees to ensure that all matters arising from each audit were adequately and promptly addressed by the auditee/ Management. The Internal Audit function assumed a consultative role prior to the implementation of new information technology projects to evaluate the risk exposures and controls that should be in place to mitigate the risks identified.

Nevertheless, the Internal Audit function will not be involved in the system selection or implementation process to maintain its objectivity and independence.

The Internal Audit function worked collaboratively with the Enterprise Risk Management function to review and assess the adequacy and effectiveness of the risk management processes within the LPI Group. All the internal audit activities were performed in-house.

The Audit Committees acknowledge the importance of providing adequate and continuous training to the Internal Audit staff so that they can further enhance their competency level and skill sets to enable them to perform their role effectively and are ready to meet the challenges ahead. During the year, the Internal Audit staff attended various training programmes to keep themselves abreast of relevant developments in the insurance industry, relevant regulatory requirements as well as effective governance practices.

The total cost incurred in managing the Internal Audit function of the Group in 2023 was RM3.6 million.

Responsibility For Preparing The Integrated Annual Report

The Board's objective is to give shareholders a fair, balanced and understandable assessment of the Group's position and performance, business model and strategy.
The Board is also responsible for maintaining adequate accounting records and seeks to ensure compliance with statutory and regulatory obligations to manage or mitigate risk in line with the Group's risk strategy.

The Directors confirm that they consider the Integrated Annual Report, taken as a whole, is fair, balanced and understandable and provide the information that shareholders need to assess the Group's position and performance, business model and strategy. In arriving at this conclusion, the Board was supported by a number of processes, including the following:

- Oversight from the Management in the production of the Integrated Annual Report
- A validation process which ensures the factual accuracy of the Integrated Annual Report
- Review of all contents reported in the Integrated Annual Report by the Audit Committee

You can find an explanation from the Directors about their responsibility for preparing the financial statements in the Statement of Directors' responsibilities on Page 148.

C EFFECTIVE COMMUNICATION WITH STAKEHOLDERS

The Board acknowledges the significance of fostering transparent communication with a diverse range of stakeholders. Through both direct and indirect means, the Board actively engages with the Group's key stakeholders to comprehend their interests and incorporate these perspectives into its decision-making processes. This engagement extends to regular dialogues with shareholders and active communication with employees.

Further details on LPI's key stakeholders, encompassing their areas of concern and our corresponding responses, are provided below:

Stakeholders	How We Engage	Key Topics and Concerns	Our Responses	Value Created
Shareholders/ Investors/ Business Partners/ Media	• General Meetings ("GM") • Investors and analysts meetings • Results announcements • Corporate website • Integrated Annual Report • Correspondence via emails	• Financial management • Sustainability practices • Business strategy & long term growth • Governance practice	• Continue to update through quarterly announcement, meetings/ tele-conference with analysts and GM • Develop and implement robust strategies providing clear business direction	• Sustainable returns • Promote transparent practices • Long-term growth and stability • Enhance brand positioning
Employees	• Emails • Training and development • Business meetings/ team discussion • Rewards and recognition • Sports club activities • Sharing of Group's Mission and Vision • Employee Purchase Program • Annual employee satisfaction survey • Corporate Social Responsibility activities	• Updates on Group's policies and procedures • Continuous learning and development opportunities • Group's directions, growth and performance • Performance reviews • Work-life balance • Employees benefits on corporate purchase price products from collaborating companies • Employee and workplace sustainability	• Update employees through internal communication platforms on Group Human Resource related matters • Offer employees on the job training and various training programmes to equip employees with relevant skills • Conduct quarterly meetings • Flexi time range arrangement • Collaborate with other companies to enjoy corporate purchase price on their products	• Well-informed employees • Career enhancement and development • Fair and competitive remuneration • Inspired and engaged employees • Low turnover and high productivity • Attract and retain talent with skills and competencies necessary for growth and sustainability • Employees benefited from discounted price products from collaborating companies
Government/ Local Authorities/ Regulators	• Supervisory dialogues • Adhoc consultation • Supervisory Audit	• Phased liberalisation • Climate Change Risk Management • Anti-Bribery • Anti-Money Laundering, Countering Financing of Terrorism and Targeted Financial Sanctions for Financial Institutions	• Continuous/ ongoing engagement and dialogues • Regular review/ updating of internal policies & procedures	• Continuous engagement • Keeping abreast with regulatory development & enforcement • Ensuring regulatory compliance

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE OVERVIEW STATEMENT

C EFFECTIVE COMMUNICATION WITH STAKEHOLDERS

Stakeholders	How We Engage	Key Topics and Concerns	Our Responses	Value Created
Customers	• Corporate website • Customer portal • Emailers, notices, announcements • Short Message Service ("SMS") • Tele-servicing/ Marketing	• Policy serving & renewal • Claims servicing • Policy changes/ terms/ conditions • Product promotions • Industry changes	• Periodic (Annually/ Quarterly/ Monthly) • Service level promise compliance • Adhoc, as when necessary/ required	• Customer satisfaction • Promise fulfilment • Loyal returning customers • Informed customers
Intermediaries	• Corporate website • E Insurance portal • Physical engagement/ servicing • Emailers, circulars, notices • Training • SMS • Tele-servicing	• Company policy • Underwriting policy/ guide/ changes/ amendments • Policy serving/ renewal • Claims servicing • Policy changes/ terms/ conditions • Product promotions • Industry changes	• Periodic (Daily/ Weekly/ Monthly/ Annually) • Service level promise compliance • Adhoc, as when necessary/ required	• Fulfilling career intermediaries • Informed intermediaries • Loyal long serving intermediaries • Technically sound intermediaries
Suppliers & Service Providers	• Planning & forecasting solutions • Suppliers' brand & reputation • Suppliers' competencies, capabilities & experiences • Meetings/ Briefings/ Presentations/ Demonstration	• Transparency of tender processes • Evaluation of the proposals/ quotations • Potential business opportunities • Compliance to procurement Standard Operating Procedure ("SOP") • Developing collaborative and mutually beneficial relationships with existing and potential suppliers	• Review of the Suppliers' proposals/quotations • Regular review, setting up measurement • Develop Service Level Agreement • Establish clear expectations and foster strong relationships to ensure a smooth collaboration with Suppliers and Vendors • Make timely assessments and take clear action with information presented	• Cost-effective • Energy efficiency • Implement activities, including strategic and accountable responses
Community	• Charity events • Sponsorships • Direct outreach • Long-term Corporate Social Responsibility ("CSR") partnerships	• Financial sustainability of Non-Governmental Organisations ("NGO") focused on social welfare and physical health • Overall community wellbeing especially of the less-privileged in society • Improving awareness of the importance of environmental conservation	• Regular charitable events designed to raise funds for NGO • Employee participation in community-focused CSR events • Sponsorship of sporting and educational events	• Long-term sustainability of our NGO • Uplifting the lives of the less-privileged in society • Ensure the sustainability of sporting events • Improve educational levels • Enhance environmental conservation awareness

INTEGRATED ANNUAL REPORT

The Group's Integrated Annual Report serves as a crucial communication channel with the Group's stakeholders. The contents of the Group's Integrated Annual Report align with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and comply with other regulatory standards governing annual reports. The detailed information and disclosure requirements mandated by Bursa Malaysia Securities Berhad, particularly for quarterly results announcements, contribute to elevating the transparency standards of the Group.

To facilitate easy access to vital information, the Group provides an executive summary of its Integrated Annual Report. This summary highlights key financial and corporate details, along with an analysis of the statements of financial position and profit or loss. Timely dissemination of the annual report is ensured to shareholders, both in print and electronically, as soon as the information is announced or published. This approach aligns with the Group's commitment to transparent and accessible communication with its shareholders.

GENERAL MEETING

Another important avenue for communication and dialogue with the shareholders is the Company's General Meetings. All shareholders are encouraged to attend the Company's General Meeting and to participate in the proceedings. Shareholders are given both the opportunity and time to raise questions and seek clarification on the agenda items and on the performance of the Company and the Group. Shareholders can at any time communicate with the Board through the Company Secretary via email at lpicosec@lonpac.com.

The Directors, including CEO/ Executive Director are responsible for providing clarification on issues raised by the shareholders at the Company's General Meeting and they attend General Meeting to clarify all enquiries from shareholders. Shareholders' suggestions received during General Meeting are reviewed and considered for implementation, wherever possible.

In view of the COVID-19 pandemic, the 62nd AGM was convened as a virtual meeting. The Notice of the 62nd AGM to shareholders was dated 1 March 2023, which was at least 28 days' notice for holding the Company's 62nd AGM on 12 April 2023. Shareholders were given a sufficient notice period to review the Group's financial results and evaluate the resolutions tabled at the general meeting.

At the virtual AGM, the CEO/ Executive Director of LPI Group presented a brief review of the financial performance of the LPI Group.

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the notice of any general meeting shall be put to vote by poll. The electronic polling processes are managed by the Company's Share Registrar as Poll Administrator and Independent Scrutineers are appointed to verify and validate the results of the poll at the 62nd AGM.

Shareholders who attended the virtual AGM actively participated in the voting of resolutions; hence, the Company obtained a high voting approval rate on all resolutions tabled. A summary of the proceedings of the annual general meeting was made available on the corporate website of the Company.

WEBSITE

The Company's official website, www.lpicapital.com, serves as a user-friendly and comprehensive platform offering pertinent information about both the Company and the Group. The website features a range of information, including corporate details, profiles of individual Directors and Management, policies and procedures, share price and dividend information, financial results, the financial calendar, annual reports or integrated annual reports and announcements to Bursa Malaysia Securities Berhad. This online resource ensures easy access to a wealth of relevant information for stakeholders, aligning with the Company's commitment to transparent and accessible communication.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

C EFFECTIVE COMMUNICATION WITH STAKEHOLDERS

ANNOUNCEMENT OF CONSOLIDATED RESULTS

20 April 2023 (Thursday) *Announcement date*	Unaudited results for the 1st quarter ended 31 March 2023
25 August 2023 (Friday) *Announcement date*	Unaudited results for the 2nd quarter ended 30 June 2023
24 October 2023 (Tuesday) *Announcement date*	Unaudited results for the 3rd quarter ended 30 September 2023
26 February 2024 (Monday) *Announcement date*	Audited results for the 4th quarter and financial year ended 31 December 2023

DIVIDENDS

25 August 2023 (Friday) *Notice date* **12 September 2023 (Tuesday)** *Entitlement date* **20 September 2023 (Wednesday)** *Interim dividend payment date*	First interim single tier dividend of 26 sen per ordinary share
26 February 2024 (Monday) *Notice date* **12 March 2024 (Tuesday)** *Entitlement date* **20 March 2024 (Wednesday)** *Interim dividend payment date*	Second interim single tier dividend of 40 sen per ordinary share

ANNUAL GENERAL MEETING

29 February 2024 (Thursday)	Notice of 63rd Annual General Meeting
5 April 2024 (Friday)	63rd Annual General Meeting

BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS COMPLIANCE INFORMATION

UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There was no corporate proposal during the financial year ended 31 December 2023.

Disclosed in accordance with Appendix 9C, Part A, item 13 of the Listing Requirements of Bursa Malaysia Security Berhad ("Bursa Securities").

AUDIT AND NON-AUDIT FEES

The details of the audit, regulatory related and non-audit fees paid/ payable in 2023 to the external auditors and its affiliates are set out below:

	Company RM'000	Group RM'000
Fees Paid/ Payable to Messrs KPMG PLT ("KPMG") and Its Affiliates		
• **Audit services**		
- KPMG	105	995
- Overseas affiliates of KPMG	-	895
• **Regulatory related services**		
- KPMG[1]	-	110
• **Non-audit services**		
- KPMG[2]	5	5
- Local affiliates of KPMG[3]	17	92
- Overseas affiliates of KPMG[4]	-	32
Total	127	2,129

[1] The regulatory related services fees paid/ payable to KPMG were for the limited review on the subsidiary company interim financial statements for 6 months ended 30 June 2023 and other services.
[2] The non-audit services fees paid/ payable to KPMG were for the review of Statement on Risk Management and Internal Control.
[3] The non-audit services fees paid/ payable to local affiliates of KPMG were for advice on taxation matters and for preparation, review and submission of tax returns.
[4] The non-audit services fees paid/ payable to overseas affiliates of KPMG were for advice on taxation matters and for preparation, review and submission of tax returns.

The provision of the non-audit services by the external auditors to LPI Group did not compromise their independence and objectivity.

Disclosed in accordance with Appendix 9C, Part A, item 18 of the Listing Requirements of Bursa Securities.

MATERIAL CONTRACTS

There were no material contracts entered into by the LPI Group involving directors' and major shareholders' interests either still subsisting at the end of the financial year ended 31 December 2023 or entered into since the end of the previous financial year.

Disclosed in accordance with Appendix 9C, Part A, item 21 of the Listing Requirements of Bursa Securities.

RECURRENT RELATED PARTY TRANSACTIONS

LPI did not seek any mandate from its shareholders as required under Paragraph 10.09(2)(b), Part E of Chapter 10 of the Listing Requirements of Bursa Securities as the recurrent related party transactions of a revenue or trading nature entered into by LPI Group qualified as exempted transactions as defined under Paragraph 10.08(11)(e), Part E of Chapter 10 of the Listing Requirements of Bursa Securities.

Disclosed in accordance with Paragraph 10.09(2)(b), Part E of Chapter 10 of the Listing Requirements of Bursa Securities.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") recognises the importance of a sound risk management and internal control framework to safeguard shareholders' investment and assets of LPI Capital Bhd ("LPI") and its wholly-owned subsidiary, Lonpac Insurance Bhd ("Lonpac"), collectively known as the Group.

The Board's Statement on Risk Management and Internal Control outlines the nature and scope of risk management and internal control of the Group during the year.

BOARD RESPONSIBILITIES

The Board affirms its overall responsibility for the adequacy and effectiveness of the Group's Risk Management and Internal Control Framework. This includes reviewing the adequacy and integrity of strategic, insurance, financial, operational, legal and compliance controls and risk management procedures. In view of the limitations that are inherent in any system of internal controls, the Board ensures that the Risk Management and Internal Control Framework is designed to manage the Group's key areas of risk within an acceptable risk profile, rather than eliminate the risk of failure to achieve the policies and business objectives of the Group. The Board continually reviews the framework to ensure that it provides a reasonable but not absolute assurance against material misstatement of management and financial information and records or against financial losses or fraud.

Following the publication of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ("Risk Management and Internal Control Guidelines"), the Board has established an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This process which includes enhancing the Risk Management and Internal Control Framework when there are changes in the business environment or regulatory guidelines, is reviewed by the Board and is guided by the Risk Management and Internal Control Guidelines.

The Board is assisted by the Management in the implementation of the Board's policies and procedures on risk and control by identifying and assessing the risks faced, and in the design, operation and monitoring of suitable internal controls to mitigate and control these risks. The Management has given assurance to the Board that the Group's Risk Management and Internal Control Framework is operating adequately and effectively, in all material aspects.

The Board is of the view that the Risk Management and Internal Control Framework in place for the year under review and up to the date of the issuance of the financial statements, is adequate and effective to safeguard the shareholders' investment, the interests of customers, regulators and employees, and the Group's assets.

KEY RISK MANAGEMENT AND INTERNAL CONTROL PROCESSES

The key processes that have been established in reviewing the adequacy and effectiveness of the Risk Management and Internal Control Framework include the following:

GROUP RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

- The Board Committees, namely LPI's Risk, Compliance and Sustainability Committee ("LPI RCSC"), LPI's Audit Committee ("LPI AC"), Lonpac's Audit Committee ("Lonpac AC"), Lonpac's Risk & Sustainability Committee ("Lonpac RSC"), Lonpac's Technology Committee ("Lonpac TC"), Lonpac's Compliance Committee ("Lonpac CC") have the responsibility to oversee the overall risk management processes by identifying principal business risks and ensuring appropriate implementation of systems to manage these risks.

- The Group Risk Management and Internal Control Framework sets out the governing principles for the enterprise risk management and internal control activities of the Group. The objective of the framework is to establish a comprehensive, systematic, disciplined and proactive process, effected top-down from the Board to the Management and the employees across the Group, conforming to the requirements, principles and best practices established by Bank Negara Malaysia ("BNM") and the Malaysian Code on Corporate Governance issued by Securities Commission Malaysia. The framework involves a continual process of identifying, assessing, managing and reporting on the significant strategic, business and process level risks related to the achievement of the Group's business objective, and to maintain an effective internal control environment within the Group. The effectiveness of the framework is assessed at least annually which includes a review of all significant risks by the respective risk owners and to assess the overall risk environment of the Group.

- Enterprise risk management is the holistic and structured process, effected top-down, from the Board to the Management and the employees across the Group, that addresses the uncertainties surrounding potential events that may affect the Group by identifying these events and determining appropriate control and monitoring measures. Enterprise risk management aims to align the processes, people, and technology to manage the Group's risks in accordance to its risk appetite and tolerance, so that the Group's values to its stakeholders are sustainable.

- Enterprise risk management aims to minimise the unpleasant surprises while enabling a speedier response to secure good opportunities, and the efficient use of capital. The control measures such as timely reporting and transparency of risks across the Group, increase the effectiveness of the Group's operation, and align the Group's risk appetite and tolerance more effectively.

- The Board recognises the importance of effective enterprise risk management in order to achieve a sustainable growth in profitability and strong asset quality that in turn will optimise the Group's value to its shareholders and customers. The Board, with the assistance of the Management, has set out the overall approach of the Group's risk management activities.

- The risk management infrastructure of the Group sets out the accountabilities and responsibilities for the risk management process which underlines the principal risk management and control responsibilities:

Approval of risk management policies, risk appetite and risk tolerance
- LPI Board
- Lonpac Board

Review risk management policies, risk appetite and risk tolerance
- LPI RCSC
- Lonpac RSC
- Lonpac CC
- Lonpac TC

Oversight and assurance
- LPI AC
- Lonpac AC

Implementation of enterprise risk management, sustainability, independent review and compliance
- Enterprise Risk Management & Sustainability ("ERMS") Department
- Internal Audit Department ("IAD")
- Information Security Department
- Compliance Department

Implementation, development and giving feedback of risk management and sustainability policies
- Administration Department
- Actuarial Department
- Branches Strategic Performance Department
- Claims Department
- Distribution Division
- Employees Development Department
- Finance Department
- Human Resource Department
- Information Technology Department
- Legal Department
- Pricing Department
- Product Development Department
- Secretariat Department
- Underwriting Division

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

GROUP RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board is responsible for oversight of the Group's Risk Management and Internal Control Framework, risk appetite/ risk tolerance, capital management framework and risk management policies.

The Board Committees are supported by the ERMS Department, Information Security Department, IAD and Compliance Department. ERMS Department identifies and communicates the material risks (present and potential) in terms of likelihood of exposures and impact on the Group's business to the Lonpac RSC, on at least a quarterly basis.

Information Security Department establishes and reviews the implementation of technology risk management frameworks, monitors conformance, reviews the management of cyber risk, assists individual departments to make technology-based risk management decisions, and tracks threat and regulatory landscapes on a regular basis.

The IAD performs independent audits and assessments of the adequacy and reliability of the risk management processes and system. The audits include an assessment of the effectiveness of the control activities undertaken by the individual departments, the effectiveness of Management oversight and whether the internal control activities and processes remain comprehensive, robust and have been implemented as intended.

The Compliance Department ensures the Group is in compliance with applicable regulatory requirements at all times. The Compliance Department communicates compliance related issues to the Lonpac CC on at least quarterly basis.

The individual departments are responsible for identifying, mitigating and managing risks within the lines of business and ensuring that the day-to-day business activities are carried out in accordance with established policies, procedures and limits.

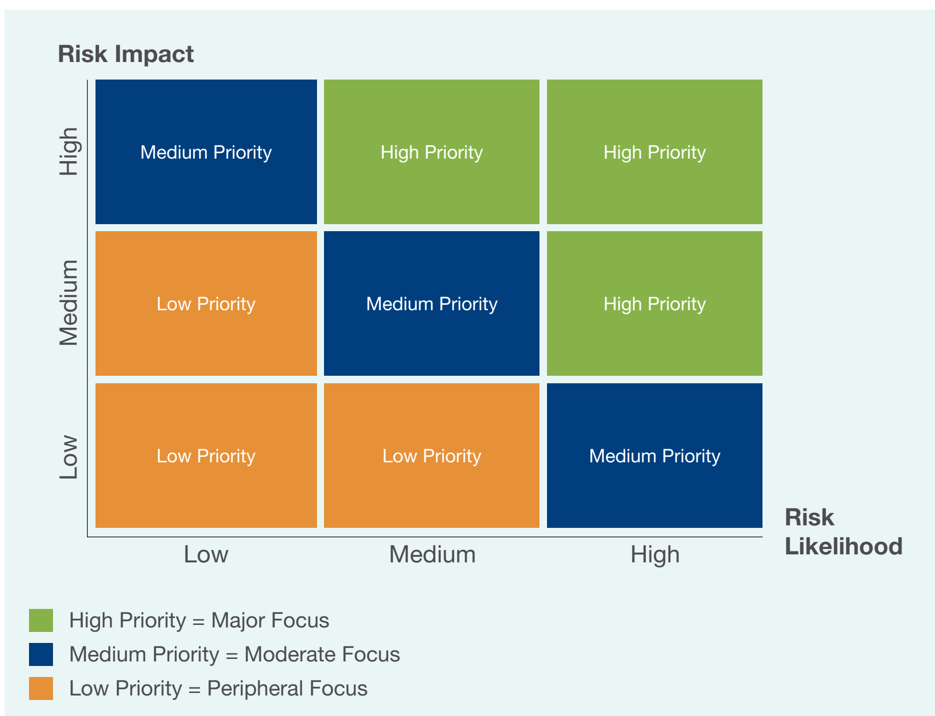
The risk management policies are subject to annual review to ensure that they remain relevant and effective in managing the associated risks due to changes in the marketplace and regulatory environments.

- The Group has established a structured approach within its Risk Management and Internal Control Framework which is used to conduct a comprehensive risk assessment of every individual risk identified, with sustainability element considered, each with its own unique set of characteristics and operational implications.

The Risk Matrix was utilised to depict the short-term and long-term impact and the likelihood of each individual risk as it gives a simple visual summary of the materiality of the risks being analysed. The Risk Matrix helps the Group to determine how best to utilise its resources to manage its risks on an enterprise level.

The Risk Matrix is shown as below:

The risks that fall under the top right corner of the matrix should be given high priority, that is the Group should direct a significant proportion of its resources to manage these risks. The risks that fall along the diagonal line from top left corner to bottom right corner are considered as medium priority and are managed accordingly. The risks at the bottom left corner are considered as low priority risks but are still monitored with a peripheral focus.



RISK MANAGEMENT AND COMPLIANCE FUNCTION

- The Group is committed to maintaining a strong capital adequacy level in order to maintain its ability to meet the obligations to policyholders at all times. Finance Department monitors Lonpac's capital adequacy ratio on a monthly basis to ensure it maintains strong capital at all times.

- The Group places strong emphasis on prudent and profitable underwriting practices in order to achieve a sustainable business. Annual review of claims trends and underwriting guidelines is performed to identify good risks. The Group has capped the proportion of certain lines of business over its total portfolio in line with its risk tolerance for overall exposures. The Group constantly monitors the flood exposure to ensure well spread of flood risks.

- The Group's investment objective is to maximise returns on the resources available while remaining within the confines of the Group's own prudential guidelines and in compliance with regulatory requirements. In this regard, the Group's investment strategy aims to generate a steady stream of income and capital stability by maintaining a balanced portfolio. Investments in specific asset categories, including fixed income with lower ratings, are capped to avoid high levels of investment volatility. In line with the Group's sustainability targets, the Group has set a target to allocate more than half of the investment portfolio in sustainable assets to reflect its support of the sustainability agenda. In classifying sustainable equity and fixed deposits, the Group adopts the ESG ratings provided by external ESG Rating Agencies, such as MSCI, Sustainalytics etc.

- The Group strives to ensure that its reinsurers are financially resilient in order to fulfil its contractual obligations in a timely manner. The treaty reinsurers are required to maintain a minimum financial strength rating and are assessed annually. The proportion of exposure to reinsurers with lower ratings over total reinsurance exposure is capped to minimise the credit risk.

- The Group aspires to maximise the conversion of accounts receivables into cash flow and to minimise the writing off of impaired debts. The Credit Control Committee meets monthly to identify any weak and delinquent accounts for early action, if required.

- The Group makes resources available to control technology risks to acceptable levels. Various risk tolerance limits have been established to foster innovation and efficiencies within business practices.

- The Group seeks to hold sufficient provisions for insurance liabilities. Different level of management actions will be established in the event that the loss ratio hits any of the thresholds.

- Risk Report defines a set of risk appetite and risk tolerance approved by the Lonpac Board and complied with the Guidelines on Internal Capital Adequacy Assessment Process ("ICAAP") for Insurers issued by BNM.

- Compliance function is in place to ensure all compliance issues are resolved effectively and expeditiously. Compliance Department follows up closely on compliance of regulatory requirements. It helps the Group to manage compliance risk, maintain the good reputation of the Group as well as minimise any potential lawsuits.

INTERNAL AUDIT FUNCTION

- The Internal Audit function is in place to assist the LPI AC and Lonpac AC to discharge their functions effectively. The IAD monitors compliance with policies and procedures and the effectiveness of the internal control systems and highlights significant findings in respect of any non-compliance. Audits are carried out on Head Office departments and branches, the frequency of which is determined by the level of risk assessed, to provide an independent and objective report on operational and management activities of these Head Office departments and branches. The findings of the internal audits are tabled at the LPI AC/ Lonpac AC meetings for deliberation and the LPI AC's/ Lonpac AC's expectations on the corrective measures will be communicated to the respective heads of departments and branches. The annual Internal Audit Plans are reviewed and approved by the LPI AC and Lonpac AC.

- The LPI AC and Lonpac AC review any internal control issues identified by the IAD, the external auditors, regulatory authorities and Management, and evaluate the adequacy and effectiveness of the risk management and internal control systems. The LPI AC and Lonpac AC also review the internal audit function and quality of internal audits. The minutes of the LPI AC and Lonpac AC meetings are tabled to the Board. Further details of the activities undertaken by the LPI AC and Lonpac AC are set out in the Audit Committee Report.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

- An organisational structure with formally defined lines of responsibility and delegation of authority to ensure proper identification of accountabilities and segregation of duties.

- Operating policies and procedures, which incorporate regulatory and internal requirements, are prescribed in the form of circulars to line management in all departments and updated as and when there are changes.

- Operational authority limits imposed on Chief Executive Officer and other key management personnel within the Group in respect of day-to-day operations, covering underwriting on accepting risks, claims settlement, investments, acquisition and disposal of assets.

- Lonpac's treaty reinsurance programme ensures that there is a proper spread of reinsurers. The securities of treaty reinsurers are reviewed on an annual basis by the Lonpac's Reinsurance Security Committee and the Lonpac RSC.

- The Management submits annually a business plan and budget for approval by the Board. The Board reviews monthly management accounts, which are measured against budgets and the previous year's results to gauge performance.

- Financial Condition Report and stress tests are conducted annually on Lonpac's financial position which commensurate with its risk profile and the business environment. The stress tests are used as a risk management tool to identify potential threats to Lonpac's financial health due to exceptional but plausible adverse events and to determine Lonpac's Individual Target Capital Level. The results in the stress test together with the Financial Condition Report are deliberated at the Lonpac RSC meeting and thereafter recommended to the Lonpac Board for approval, before submission to BNM.

- The IAD reviews the stress test policy to provide an independent assessment in ensuring the quality and effectiveness of the stress test policy as required by BNM. The internal audit report on the review of the stress test policy is presented at the Lonpac AC meeting.

- Own Risk and Solvency Assessment ("ORSA") report is prepared on a yearly basis in accordance to the Monetary Authority of Singapore's guideline. The risk management and the future solvency position for the Singapore branch are deliberated at the Lonpac RSC and the Lonpac Board meetings.

- The Group's quarterly financial reports are released to Bursa Malaysia Securities Berhad after being reviewed by the LPI AC and approved by the LPI Board.

- The Group is committed to ensure that the engagement partners of the Group's external auditors did not serve for a continuous period of more than five (5) years to enhance the quality and independence as well as ensuring objectivity of the audit process.

- Management meetings chaired by the Chief Executive Officer of Lonpac are conducted monthly to review financial performance, business development and to deliberate on management and corporate issues.

- The maintenance of adequate data quality is carried out and internal controls, either in the systems or manually performed, are incorporated to maintain the data quality. The assessment of data accuracy is carried out on a yearly basis by the ERMS Department and the assessment report will be tabled at the Lonpac RSC and the Lonpac Board meetings.

- The Investment Committee is responsible for formulating policies, strategies as well as reviewing matters relating to the investment in shares and debt securities.

- The Information Technology Steering Committee is chaired by the Chief Executive Officer of Lonpac. The committee is responsible for establishing effective computerisation plans, authorising information technology related expenditure above predefined limits and monitoring the progress of approved projects.

- Internal control requirements such as system configuration controls, authority limits, underwriting rules and user access controls are embedded in computerised systems.

- The Systems and Methods Committee is chaired by the Chief Executive Officer of Lonpac to oversee the control and efficiency of processes.

- The Credit Control Committee is chaired by the Chief Executive Officer of Lonpac. Monthly meetings are conducted with the objective of maximising the conversion of accounts receivables into cash flow and minimising the writing off of impaired debts.

- Corruption Risk Management Framework has been established in view of the application of Section 17A of the Malaysian Anti-Corruption Commission Act 2009. The Corruption Risk Management Framework focuses on identification, assessment, monitoring and reporting procedures, to ensure adequate internal controls are maintained at all times.

- The Business Resumption Continuity Plan ("BRCP") Committee is chaired by the Chief Executive Officer of Lonpac. The committee is responsible for preparing a BRCP to ensure that the Group suffers minimum interruption to its systems, processes and operations in the event of any disasters.

- A BRCP manual has been established to ascertain that the Group does not suffer any material interruptions to its systems, processes and operations, or

OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

material damages to its assets upon the occurrence of any disastrous events. The BRCP for both Malaysia and Singapore operations are tested annually. The BRCP testings are observed by the IAD to provide an independent evaluation of the testing preparation and to highlight any deficiencies noted during the testings. A written assessment report on the BRCP testing is prepared by the IAD for the Lonpac AC's review. The IAD reviews the Post-Test Analysis Reports prepared by Lonpac and submits their assessment report to BNM as required under the Guidelines on Business Continuity Management (Revised) ("BCM").

- On an annual basis, the IAD reviews the level of commitment to BCM and overall preparedness with reference to Lonpac's BCM policies and regulatory requirements. Gaps identified will be documented in the audit report to the Lonpac AC together with the action plans for further improvement by the respective business functions. An executive summary of the audit report, which includes comments from Lonpac AC, will be submitted to BNM as required under the Guidelines on BCM.

- Training and development programmes are conducted to enhance staff competencies and maintain a risk control conscious culture.

- Training sessions for agents are conducted to enhance their competencies and technical knowledge.

- There are proper guidelines within the Group for hiring and termination of staff. Annual performance appraisals are in place to ensure that the staff are competent in carrying out their duties and responsibilities.

- An assessment of the overall remuneration system is conducted annually to ensure that the remuneration system does not jeopardise Lonpac's ability to maintain its capital strength and liquidity at all times. The assessment report will be tabled at the Lonpac RSC and the Lonpac Board meetings.

- The Capital Management Plan ("CMP") sets out thresholds that act as triggers for action. The corrective actions for each threshold are stated and take into account how adverse scenarios are likely to affect Lonpac's risk management activities. The intensity of corrective actions increases with the extent of which threshold level is breached. This ensures that an appropriate level of capital is maintained at all times.

  The objective of the CMP is to optimise the efficient and effective use of resources and capital in order to maximise the return on equity and provide an appropriate level of capital to protect the policyholders. The management of Lonpac's capital is guided by the CMP which is driven by the Group's business strategies and takes into account the business and regulatory environment in which the Group operates in.

- Group-wide Sustainability Framework has been established to provide principles that govern the management of sustainability within the Group which cover the key activities related to materiality assessment, sustainability blueprints, sustainability-related targets and goals, remuneration and reporting timeframe.

- Sustainability Council ("SCL") chaired by Group Chief Executive Officer ensures the Group's policies and operations are in line with the sustainability-related targets and goals approved by the Board. The SCL oversees the implementation of the Group's sustainability initiatives.

- Group Procurement Policy manages all procurement activities within the Group by providing a structure and standardised approach of procurement process. The Policy aims to ensure transparency, fairness, reasonableness and to promote sustainability practices within the procurement activities.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the integrated annual report of the Group for the year ended 31 December 2023. The limited assurance review was conducted in accordance with the Audit and Assurance Practice Guide ("AAPG") 3 issued by the Malaysian Institute of Accountants.

The external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in the integrated annual report of the Group, in all material respects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

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

FINANCIAL STATEMENTS

Click on the links to further information within the document.

ANALYSIS OF THE FINANCIAL STATEMENTS

Analysis of the Statement of Financial Position

			Increase/(Decrease)	
	2023 RM'mil	Restated 2022 RM'mil	Amount RM'mil	%
Assets				
Plant and equipment	**6.0**	6.7	(0.7)	(10.4)
Right-of-use assets	**38.0**	43.4	(5.4)	(12.4)
Investment properties	**34.0**	29.9	4.1	13.7
Intangible assets	**3.5**	5.4	(1.9)	(35.2)
Investment in an associated company	**46.3**	42.4	3.9	9.2
Fair value through other comprehensive income financial assets	**945.1**	951.7	(6.6)	(0.7)
Fair value through profit or loss financial assets	**1,218.3**	1,140.3	78.0	6.8
Amortised cost financial assets	**1,003.9**	516.0	487.9	94.6
Reinsurance contract assets	**878.0**	1,315.8	(437.8)	(33.3)
Loans and receivables	**80.9**	73.1	7.8	10.7
Cash and cash equivalents	**315.0**	724.9	(409.9)	(56.5)
Total Assets	**4,569.0**	4,849.6	(280.6)	(5.8)
Total Equity	**2,283.5**	2,208.6	74.9	3.4
Liabilities				
Insurance contract liabilities	**2,199.8**	2,559.4	(359.6)	(14.1)
Deferred tax liabilities	**25.1**	8.6	16.5	191.9
Lease liabilities	**40.3**	45.4	(5.1)	(11.2)
Other payables	**8.2**	7.7	0.5	6.5
Current tax payables	**12.1**	19.9	(7.8)	(39.2)
Total Liabilities	**2,285.5**	2,641.0	(355.5)	(13.5)
Total Equity and Liabilities	**4,569.0**	4,849.6	(280.6)	(5.8)

ANALYSIS OF THE FINANCIAL STATEMENTS

ANALYSIS OF THE FINANCIAL STATEMENTS

Total Assets

As at 31 December 2023, the total assets of the Group was RM4,569.0 million, decreased by 5.8% or RM280.6 million over the previous financial year mainly due to the decrease in reinsurance contract assets by 33.3% or RM437.8 million resulted from the collections of the amount recoverable from reinsurers on incurred claims.

Plant and Equipment

During the year 2023, the Group's plant and equipment decreased by 10.4% or RM0.7 million to RM6.0 million from RM6.7 million in 2022, mainly due to depreciation charge during the year.

Right-of-use Assets

The right-of-use assets of the Group, which consist of leases of buildings and machines, had decreased by 12.4% or RM5.4 million to RM38.0 million from RM43.4 million in 2022 due to the depreciation charge during the year.

Investment Properties

The investment properties of the Group increased by 13.7% or RM4.1 million to RM34.0 million from RM29.9 million registered in 2022. The increase was mainly contributed by the increase in fair value of the properties and foreign exchange translation gains. The investment properties were revalued in accordance with the revaluation report issued by the external independent valuer.

Intangible Assets

The intangible assets which consist of software development costs of the Group decreased by 35.2% or RM1.9 million to RM3.5 million from RM5.4 million in 2022 due to the amortisation during the year.

Investment in An Associated Company

The Group's investment in an associated company is in respect of its investment in Campu Lonpac Insurance Plc ("Campu Lonpac"), where the Group has a 45% interest in the company. The Group records its investment in the shares of Campu Lonpac using the equity method. The investment in associated company increased by 9.2% or RM3.9 million to RM46.3 million from RM42.4 million in 2022 as a result of profit generated during the year and foreign exchange translation gains. The Group's share of the profit after tax from this associated company for the current financial year ended 31 December 2023 increased by RM1.0 million to RM1.8 million from RM0.8 million in 2022.

Fair Value Through Other Comprehensive Income Financial Assets

The Group has elected to designate equity investment not held for trading purpose to be classified as fair value through other comprehensive income ("FVOCI") financial assets. The FVOCI financial assets consist of blue-chip stocks that have good and consistent dividend payouts. Throughout the year, the value of FVOCI financial assets decreased by 0.7% or RM6.6 million to RM945.1 million from RM951.7 million in 2022 due to the decrease in the market value.

Fair Value Through Profit Or Loss Financial Assets

The Group classifies all other investments which were not designated as FVOCI and do not give rise to cash flows that are solely payments of principal and interest as fair value through profit or loss ("FVTPL") financial assets. The FVTPL financial assets increased by 6.8% or RM78.0 million to RM1,218.3 million from RM1,140.3 million in 2022 mainly due to the increase in the investment in corporate bonds and sukuk by RM50.2 million to RM284.1 million from RM233.9 million in 2022 and unit trusts by RM26.7 million to RM923.7 million from RM897.0 million in 2022. Whilst the value of real estate investment trusts ("REITs") increased to RM3.3 million from RM3.2 million in 2022. The value of exchange-traded fund ("ETF") was maintained at RM0.6 million. The value of equity securities increased to RM6.5 million from RM5.7 million in 2022.

Amortised Cost Financial Assets

The Group classifies debt securities and fixed deposits as amortised cost financial assets if they meet the classification conditions as stated in Note 2(f)(ii) to financial statements. The Group's amortised cost financial assets consist of Malaysian government securities, government investment issues, government guaranteed loans, corporate bonds and sukuk and fixed and call deposits placed with licensed financial institutions with maturity of more than 3 months which are mainly held for yield and liquidity purposes. The amortised cost financial assets increased by 94.6% or RM487.9 million to RM1,003.9 million from RM516.0 million in 2022 due to the shifting of fixed and call deposits with maturity from 3 months or less to more than 3 months. The fixed and call deposits with maturity of more than 3 months increased to RM820.6 million from RM325.2 million in 2022. However, the investment in corporate bonds and sukuk decreased to RM43.3 million from RM50.7 million due to maturity.

Reinsurance Contract Assets

As at 31 December 2023, the reinsurers' share of liabilities for remaining coverage and incurred claims (reinsurance contract assets) decreased by 33.3% or RM437.8 million to RM878.0 million from RM1,315.8 million in 2022.

Loans and Receivables

The Group's loans and receivables as at 31 December 2023 comprised of staff loans and other receivables. The Group's loans and receivables increased by 10.7% or RM7.8 million to RM80.9 million from RM73.1 million in 2022. Other receivables increased by 19.6% or RM10.6 million to RM64.6 million from RM54.0 million in 2022, mainly due to the increase in income due and accrued because of higher placements of fixed deposits with longer maturity. Staff loans decreased by 15.1% or RM2.9 million to RM16.3 million from RM19.2 million in 2022.

Cash and Cash Equivalents

The Group's cash and cash equivalents are made up of cash in-hand and balances with banks, fixed deposits placed with licensed financial institutions with maturities of 3 months or less. The Group's cash and cash equivalents decreased by RM409.9 million to RM315.0 million from RM724.9 million in 2022 mainly due to the shifting of fixed and call deposits with maturity from 3 months or less to more than 3 months. The fixed deposits placements with maturity of 3 months or less decreased by RM414.4 million to RM271.0 million from RM685.4 million in 2022.

ANALYSIS OF THE FINANCIAL STATEMENTS

ANALYSIS OF THE FINANCIAL STATEMENTS

Total Liabilities

The Group's total liabilities decreased by 13.5% or RM355.5 million to RM2,285.5 million from RM2,641.0 million in 2022. The decrease was primarily due to the lower insurance contract liabilities resulted from the settlements of liabilities for incurred claims reported by the claimants. Total insurance contract liabilities accounted for 96.3% or RM2,199.8 million of the Group's total liabilities, of which RM1,432.9 million related to liabilities for incurred claims and RM766.9 million related to liabilities for remaining coverage.

Insurance Contract Liabilities

The Group's insurance contract liabilities consist of liabilities for incurred claims and liabilities for remaining coverage. Total insurance contract liabilities decreased by 14.1% or RM359.6 million to RM2,199.8 million from RM2,559.4 million in 2022. The decrease amount of RM359.6 million consists of RM340.3 million in liabilities for incurred claims and RM19.3 million in liabilities for remaining coverage.

Lease Liabilities

The Group's lease liabilities decreased by 11.2% or RM5.1 million to RM40.3 million from RM45.4 million in 2022 due to the repayments during the year.

Other Payables

The Group's other payables increased by 6.5% or RM0.5 million to RM8.2 million from RM7.7 million in 2022.

Shareholders' Equity

The Group's shareholders' equity as at 31 December 2023 increased by 3.4% or RM74.9 million to RM2,283.5 million from RM2,208.6 million in 2022 after the payment of dividends amounted to RM243.0 million (consist of RM139.4 million second interim for financial year 2022 and RM103.6 million first interim for financial year 2023) during the year. The Group recorded a net profit of RM313.7 million for the year 2023, with a return on equity of 13.7%. Accordingly, the Group's retained earnings increased by RM70.7 million to RM1,053.5 million from RM982.8 million. Whilst the Group's fair value reserve decreased by RM6.6 million to RM785.3 million from RM791.9 million in 2022 due to the decrease in market value in FVOCI financial assets.

Analysis of the Statement of Profit or Loss

	2023 RM'mil	Restated 2022 RM'mil	Increase/(Decrease) Amount RM'mil	Increase/(Decrease) %
Operating revenue	**1,905.4**	1,634.9	270.5	16.5
Insurance revenue	**1,781.9**	1,534.7	247.2	16.1
Insurance service expenses	**(827.0)**	(1,259.9)	(432.9)	(34.4)
Net (expenses)/income from reinsurance contracts held	**(661.2)**	11.3	672.5	>100.0
Insurance service result	**293.7**	286.1	7.6	2.7
Investment income	**123.5**	100.2	23.3	23.3
Net fair value gains/(losses)	**25.8**	(8.3)	34.1	410.8
Investment return	**149.3**	91.9	57.4	62.5
Net finance expenses from insurance contracts held	**(71.2)**	(31.2)	40.0	128.2
Net finance income from reinsurance contracts held	**38.7**	13.8	24.9	180.4
Net financial result	**116.8**	74.5	42.3	56.8
Other income	**3.9**	1.4	2.5	178.6
Other operating expenses	**(20.2)**	(19.8)	0.4	2.0
Other finance costs	**(1.1)**	(1.3)	(0.2)	(15.4)
Share of profit after tax of equity accounted associated company	**1.8**	0.8	1.0	125.0
Profit before tax	**394.9**	341.7	53.2	15.6
Tax expense	**(81.2)**	(89.5)	(8.3)	(9.3)
Profit for the year	**313.7**	252.2	61.5	24.4

ANALYSIS OF THE FINANCIAL STATEMENTS

ANALYSIS OF THE FINANCIAL STATEMENTS

Despite operating in a very challenging economic environment and a highly competitive market, LPI Group continued to deliver a remarkable set of results for the financial year ended 31 December 2023. The Group reported a higher performance in terms of revenue and profit before tax as compared to 2022. The revenue of the Group increased by 16.5% or RM270.5 million to RM1,905.4 million compared to RM1,634.9 million in 2022 contributed by higher insurance revenue and investment income.

The Group's profit before tax increased by 15.6% or RM53.2 million to RM394.9 million from RM341.7 million in 2022. The increase in profit before tax was mainly contributed by the higher investment return which increased by 62.5% or RM57.4 million to RM149.3 million from RM91.9 million in 2022, attributed to the higher investment income and net fair value gains. The insurance service result for the financial year ended 31 December 2023 was also higher than last year by 2.7% or RM7.6 million to RM293.7 million from RM286.1 million mainly contributed by the higher insurance revenue.

The Group's net profit increased by 24.4% or RM61.5 million to RM313.7 million as compared to RM252.2 million in 2022. The Group's earnings per share increased to 78.8 sen from 63.3 sen in 2022 and return on equity increased to 13.7% from 11.4% in 2022.

Operating Revenue

The Group's operating revenue increased by 16.5% to RM1,905.4 million as compared to 2022 mainly contributed by the higher insurance revenue, interest income and dividend income. The insurance revenue contributed 93.5% of the total operating revenue in 2023.

Operating Revenue	2023 RM'000	Restated 2022 RM'000	Variance RM'000	Variance %	Contribution 2023 %
Insurance revenue	**1,781,921**	1,534,698	247,223	16.1	**93.5**
Dividend income	**67,872**	65,595	2,277	3.5	**3.6**
Interest income	**54,747**	33,771	20,976	62.1	**2.9**
Rental of premises	**876**	801	75	9.4	**-**
Total	**1,905,416**	1,634,865	270,551	16.5	**100.0**

Insurance Revenue

The Group's insurance revenue registered a growth of 16.1% or RM247.2 million to RM1,781.9 million for the financial year ended 31 December 2023 from RM1,534.7 million in 2022. Fire and Miscellaneous insurances were the major contributors to the total insurance revenue which accounted for approximately 42.6% and 29.3% of the total insurance revenue in 2023 respectively.

Insurance Revenue By Class of Business

Class	2023 RM'000	Restated 2022 RM'000	Variance RM'000	Variance %	Contribution 2023 %
Fire	**759,730**	606,001	153,729	25.4	**42.6**
Motor	**397,610**	359,694	37,916	10.5	**22.3**
Marine, aviation & transit	**103,362**	94,741	8,621	9.1	**5.8**
Miscellaneous	**521,219**	474,262	46,957	9.9	**29.3**
Total	**1,781,921**	1,534,698	247,223	16.1	**100.0**

The insurance revenue was largely generated from the gross written premiums. For the financial year ended 31 December 2023, the Group recorded 6.2% or RM101.7 million growth in its gross written premiums to RM1,730.7 million from RM1,629.0 million in 2022. The growth was largely contributed by Fire, Miscellaneous and Motor classes of business.

Gross Written Premiums By Class of Business

Class	2023 RM'000	Restated 2022 RM'000	Variance RM'000	Variance %	Contribution 2023 %
Fire	**689,099**	659,381	29,718	4.5	**39.8**
Motor	**409,731**	371,452	38,279	10.3	**23.7**
Marine, aviation & transit	**106,174**	97,889	8,285	8.5	**6.1**
Miscellaneous	**525,656**	500,233	25,423	5.1	**30.4**
Total	**1,730,660**	1,628,955	101,705	6.2	**100.0**

Insurance Service Expenses

The Group's insurance service expenses consist of incurred claims, amortisation of insurance acquisition costs, expenses that are related to fulfillment of insurance contracts and losses on onerous contracts. The Group's insurance service expenses for the financial year ended 31 December 2023 decreased by 34.4% or RM432.9 million to RM827.0 million from RM1,259.9 million, mainly due to the lower incurred claims reported by the claimants.

Insurance Service Expenses By Class of Business

Class	2023 RM'000	Restated 2022 RM'000	Variance RM'000	Variance %	Contribution 2023 %
Fire	**72,500**	506,658	(434,158)	(85.7)	**8.8**
Motor	**336,234**	420,897	(84,663)	(20.1)	**40.7**
Marine, aviation & transit	**103,817**	31,260	72,557	232.1	**12.5**
Miscellaneous	**314,457**	301,076	13,381	4.4	**38.0**
Total	**827,008**	1,259,891	(432,883)	(34.4)	**100.0**

ANALYSIS OF THE FINANCIAL STATEMENTS

ANALYSIS OF THE FINANCIAL STATEMENTS

Net Expenses/(Income) From Reinsurance Contracts Held

The Group's net expenses/(income) from reinsurance contracts held consist of allocation of reinsurance premiums paid and loss recoveries from reinsurers on incurred claims and onerous underlying contracts. The Group's net expenses from reinsurance contracts held for the financial year ended 31 December 2023 was RM661.2 million as opposed to an income of RM11.3 million in 2022. The income recorded in 2022 was mainly due to the high recoveries from reinsurers on incurred claims.

Net Expenses/(Income) From Reinsurance Contracts Held By Class of Business

Class	2023 RM'000	Restated 2022 RM'000	Variance RM'000	Variance %	Contribution 2023 %
Fire	**480,404**	(159,106)	639,510	401.9	**72.7**
Motor	**44,199**	(18,313)	62,512	341.4	**6.7**
Marine, aviation & transit	**(8,317)**	57,374	(65,691)	(114.5)	**(1.3)**
Miscellaneous	**144,908**	108,755	36,153	33.2	**21.9**
Total	**661,194**	(11,290)	672,484	>100.0	**100.0**

Insurance Service Result

The Group's insurance service result for the financial year ended 31 December 2023 increased by 2.7% or RM7.6 million to RM293.7 million from RM286.1 million in 2022, mainly contributed by higher insurance revenue.

The Net Incurred Claims (Incurred Claims net of recoveries from reinsurers) for the financial year increased by 8.2% or RM36.1 million to RM477.3 million from RM441.2 million in 2022. The higher net claims incurred was mainly from Fire and Miscellaneous classes of business.

Net Incurred Claims By Class of Business

Class	2023 RM'000	Restated 2022 RM'000	Variance RM'000	Variance %	Contribution 2023 %
Fire	**86,494**	65,455	21,039	32.1	**18.1**
Motor	**259,996**	260,954	(958)	(0.4)	**54.5**
Marine, aviation & transit	**4,556**	6,926	(2,370)	(34.2)	**1.0**
Miscellaneous	**126,218**	107,885	18,333	17.0	**26.4**
Total	**477,264**	441,220	36,044	8.2	**100.0**

Investment Income

Investment income increased by 23.3% or RM23.3 million to RM123.5 million from RM100.2 million in 2022 mainly contributed by higher interest income and dividend income received. The Group's interest income from investment in fixed income securities and fixed deposits increased by 62.1% or RM20.9 million to RM54.7 million from RM33.8 million in 2022 mainly contributed by new purchase of fixed income securities and higher placement of fixed deposits at higher interest rates, whilst its dividend income from investment in equities and unit trusts increased by 3.5% or RM2.3 million to RM67.9 million from RM65.6 million in 2022.

Net Fair Value Gains/(Losses)

During the year, the Group registered higher net fair value gains of RM25.8 million as opposed to losses of RM8.3 million in 2022, mainly contributed by its investment in unit trusts of RM18.6 million and corporate bonds and sukuk of RM4.7 million attributed to the recovery in bond market. Besides, the value of its investment properties also increased by RM1.8 million.

Net Insurance Finance Costs

The net insurance finance costs (finance expenses from insurance contracts net of finance income from reinsurance contracts held) is the effects of time value of money on insurance contracts. The amount of net insurance finance cost for the financial year ended 31 December 2023 of RM32.5 million was higher than previous year of RM17.4 million, due to the higher average risk-free discount rate during the year as compared to 2022.

Other Income

Other income of the Group increased by RM2.5 million to RM3.9 million as compared to RM1.4 million in 2022, mainly contributed by the higher investment income generated from Malaysian Motor Insurance Pool.

Other Operating Expenses

Other operating expenses are those expenses which were not related directly to the fulfillment of insurance contracts, increased by RM0.4 million to RM20.2 million from RM19.8 million in 2022.

Other Finance Costs

Other finance costs accounted under Malaysian Financial Reporting Standard 16, *Leases* decreased by RM0.2 million to RM1.1 million from RM1.3 million in 2022.

Taxation

The Group's tax expense decreased by 9.3% or RM8.3 million to RM81.2 million from RM89.5 million in 2022. The Group's effective tax rate for the current financial year was 20.6%, which was lower than the statutory tax rate of 24.0%. The lower tax rate was mainly due to certain income are tax-exempt or being taxed at a reduced rate.

STATEMENT OF RESPONSIBILITY BY DIRECTORS

PURSUANT TO PARAGRAPH 15.26(A) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

The Directors are responsible for ensuring that the annual audited financial statements of the Group and the Company are drawn up in accordance with the requirements of the Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board, the requirements of the Companies Act 2016 in Malaysia, Bank Negara Malaysia's Guidelines and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are also responsible for ensuring that the annual audited financial statements of the Group and the Company are prepared with reasonable accuracy from the accounting records of the Group and the Company so as to give a true and fair view of the financial position of the Group and the Company as of 31 December 2023 and of their financial performance and cash flows for the year then ended.

In preparing the annual audited financial statements, the Directors ensured that the Management has:

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgements and estimates that are reasonable and prudent; and
- prepared the annual audited financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the relevant regulatory requirements.

The Directors also have a general responsibility for taking reasonable steps to safeguard the assets of the Group and the Company to prevent and detect fraud and other irregularities.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

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

PRINCIPAL ACTIVITY

The Company is principally engaged in investment holding activities while the principal activity of the subsidiary is as stated in Note 7 to the financial statements. There has been no significant change in the nature of this principal activity during the financial year.

SUBSIDIARY

The details of the Company's subsidiary are disclosed in Note 7 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to owners of the Company	313,726	243,244

RESERVES AND PROVISIONS

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

DIVIDENDS

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

i) In respect of the financial year ended 31 December 2022 as reported in the Directors' Report of that year:

- a second interim single tier dividend of 35.00 sen per ordinary share totalling RM139,433,964 declared on 7 February 2023 and paid on 2 March 2023.

ii) In respect of the financial year ended 31 December 2023:

- a first interim single tier dividend of 26.00 sen per ordinary share totalling RM103,579,516 declared on 25 August 2023 and paid on 20 September 2023.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

DIVIDENDS (CONTINUED)

Subsequent to the financial year end, on 26 February 2024, the Directors declared a second interim single tier dividend of 40.00 sen per ordinary share on the issued and paid-up share capital as at the entitlement date on 12 March 2024 in respect of the financial year ended 31 December 2023. The dividend will be payable on 20 March 2024. The Directors do not propose any final dividend for the financial year ended 31 December 2023.

DIRECTORS OF THE COMPANY

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

Tee Choon Yeow
Tan Kok Guan
Lee Chin Guan
Chan Kwai Hoe
Soo Chow Lai
Dato' Chia Lee Kee
Quah Poh Keat (cessation on 1 January 2024)
Mohamed Raslan Bin Abdul Rahman (appointed on 31 January 2024)

LIST OF DIRECTORS OF SUBSIDIARY

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiary during the financial year and up to the date of this report is as follows:

Tee Choon Yeow
Lee Chin Guan
Looi Kong Meng
Chan Kwai Hoe
Mohd Suffian Bin Haji Haron
Wong Ah Kow
Ng Chwe Hwa
Woo Chew Hong
Quah Poh Keat (cessation on 1 January 2024)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interests in the shares of the Company and of its related corporations (other than wholly-owned subsidiary) of those who were Directors at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2023	Bought	Sold	At 31.12.2023
Interests in the Company:				
Tee Choon Yeow				
- own	1,152,000	-	-	1,152,000
Tan Kok Guan				
- own	356,400	-	-	356,400
- deemed interest	273,600	-	-	273,600
Lee Chin Guan				
- own	2,300,000	-	-	2,300,000

None of the other Directors holding office at 31 December 2023 had any interest in the shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2023

DIRECTORS' BENEFITS

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

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2023 are as follows:

	From the Company RM'000	From subsidiary company RM'000
Directors of the Company:		
Fees	1,290	840
Board Committees' Chairman fees	35	35
Salary	1,572	-
Bonus	1,670	-
EPF	389	-
Other	354	408
Benefits-in-kind	24	-
	5,334	1,283

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

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

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

INDEMNITY AND INSURANCE COSTS

The following disclosure on particulars of indemnity given to, or insurance effected for, any Director or officer of the Group is made pursuant to Section 289(7) of the Companies Act 2016:

	Amount paid RM'000	Sum insured RM'000
Directors and Officers Liability Insurance	42	28,000

There were no indemnity given to, or insurance effected for auditors of the Company during the financial year.

OTHER STATUTORY INFORMATION

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

i) there was adequate provision for its insurance contract liabilities in accordance with the requirements of MFRS 17, *Insurance Contracts* issued by the Malaysian Accounting Standards Board ("MASB").

ii) all known bad debts have been written off and adequate impairment allowance made for doubtful debts, and

iii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts and insurance contract liabilities in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

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

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

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

OTHER STATUTORY INFORMATION (CONTINUED)

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

For the purpose of this paragraph, contingent liabilities and other liabilities do not include liabilities arising from contracts of insurance underwritten in the ordinary course of business of the Group.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

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

The auditors' remuneration of the Group and Company during the year are RM2,004,550 and RM109,500 respectively.

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

Lee Chin Guan
Director

Tan Kok Guan
Director

Date: 26 February 2024

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		Group			Company	
			Restated	Restated		
	Note	31.12.2023 RM'000	31.12.2022 RM'000	1.1.2022 RM'000	2023 RM'000	2022 RM'000
Assets						
Plant and equipment	3	**5,986**	6,736	4,717	**11**	3
Right-of-use assets	4	**38,056**	43,372	47,821	**-**	-
Investment properties	5	**33,977**	29,862	27,316	**-**	-
Intangible assets	6	**3,542**	5,440	8,401	**-**	7
Investment in a subsidiary	7	**-**	-	-	**200,000**	200,000
Investment in an associated company	8	**46,322**	42,387	39,446	**10,833**	10,833
Other investments		**3,167,288**	2,607,994	3,095,543	**951,169**	940,147
- Fair value through other comprehensive income	9(a)	**945,063**	951,672	916,424	**912,069**	918,447
- Fair value through profit or loss	9(b)	**1,218,290**	1,140,334	1,137,794	**-**	-
- Amortised cost	9(c)	**1,003,935**	515,988	1,041,325	**39,100**	21,700
Reinsurance contract assets	13(b)	**877,968**	1,315,810	1,095,522	**-**	-
Loans and receivables	10	**80,864**	73,108	80,882	**522**	267
Cash and cash equivalents	11	**315,015**	724,911	87,900	**2,178**	20,064
Total assets		**4,569,018**	4,849,620	4,487,548	**1,164,713**	1,171,321
Equity						
Share capital		**398,383**	398,383	398,383	**398,383**	398,383
Reserves		**1,885,131**	1,810,213	1,791,326	**764,363**	770,510
Total equity	12	**2,283,514**	2,208,596	2,189,709	**1,162,746**	1,168,893
Liabilities						
Insurance contract liabilities	13(a)	**2,199,820**	2,559,397	2,208,220	**-**	-
Deferred tax liabilities	14	**25,121**	8,584	7,686	**-**	-
Lease liabilities	15	**40,303**	45,384	49,630	**-**	-
Other payables	16	**8,131**	7,762	7,422	**1,868**	2,375
Current tax payables		**12,129**	19,897	24,881	**99**	53
Total liabilities		**2,285,504**	2,641,024	2,297,839	**1,967**	2,428
Total equity and liabilities		**4,569,018**	4,849,620	4,487,548	**1,164,713**	1,171,321

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group Restated 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Operating revenue	17	**1,905,416**	1,634,865	**251,357**	253,059
Insurance revenue	18	**1,781,921**	1,534,698	**-**	-
Insurance service expenses	22	**(827,008)**	(1,259,891)	**-**	-
Net (expenses)/income from reinsurance contracts held	19	**(661,194)**	11,290	**-**	-
Insurance service result	19	**293,719**	286,097	**-**	-
Investment income	20(b)	**123,495**	100,167	**251,357**	253,059
Net fair value gains/(losses)	20(c)	**25,794**	(8,296)	**-**	-
Net reversal of impairment loss on investments carried at amortised cost		**1**	-	**-**	-
Investment return		**149,290**	91,871	**251,357**	253,059
Net finance expenses from insurance contracts	20(a)	**(71,182)**	(31,219)	**-**	-
Net finance income from reinsurance contracts held	20(a)	**38,730**	13,859	**-**	-
Net financial result	20	**116,838**	74,511	**251,357**	253,059
Other income	21	**3,935**	1,365	**-**	-
Other operating expenses	22	**(20,228)**	(19,832)	**(7,742)**	(8,455)
Other finance costs	15.2	**(1,150)**	(1,253)	**-**	-
Share of profit after tax of equity accounted associated company	8	**1,819**	808	**-**	-
Profit before tax		**394,933**	341,696	**243,615**	244,604
Tax expense	24	**(81,207)**	(89,476)	**(371)**	(275)
Profit for the year		**313,726**	252,220	**243,244**	244,329
Profit attributable to:					
Owners of the Company		**313,726**	252,220	**243,244**	244,329
Earnings per ordinary share (sen)					
Basic	25	**78.75**	63.31		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Group 2023 RM'000	Group Restated 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Profit for the year		**313,726**	252,220	**243,244**	244,329
Other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operation		**13,444**	9,446	**-**	-
Net finance expenses from insurance contracts	20(a)	**(9,026)**	(1,183)	**-**	-
Net finance income from reinsurance contracts held	20(a)	**5,559**	2,555	**-**	-
Income tax relating to these items	24	**901**	(238)	**-**	-
Items that will not be reclassified to profit or loss					
Net (losses)/gains on investments in equity instruments designated at fair value through other comprehensive income	20	**(6,919)**	35,036	**(6,378)**	34,017
Income tax relating to these items	24	**246**	(81)	**-**	-
Total other comprehensive income/(expenses) for the year, net of tax		**4,205**	45,535	**(6,378)**	34,017
Total comprehensive income for the year attributable to owners of the Company		**317,931**	297,755	**236,866**	278,346

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Share capital RM'000	Foreign currency translation reserve RM'000	Insurance finance reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
		Non-distributable				Distributable	
Group							
At 1 January 2022, as previously reported		398,383	25,709	-	756,981	959,949	2,141,022
Changes on initial application of MFRS 17		-	-	(777)	-	49,464	48,687
Restated balance at 1 January 2022		398,383	25,709	(777)	756,981	1,009,413	2,189,709
Foreign currency translation differences for foreign operation		-	9,446	-	-	-	9,446
Net finance expenses from insurance contracts		-	-	(787)	-	-	(787)
Net finance income from reinsurance contracts held		-	-	1,921	-	-	1,921
Net gains on investments in equity instruments designated at fair value through other comprehensive income		-	-	-	34,955	-	34,955
Total other comprehensive income for the year		-	9,446	1,134	34,955	-	45,535
Profit for the year		-	-	-	-	252,220	252,220
Total comprehensive income for the year, restated		-	9,446	1,134	34,955	252,220	297,755
Distributions to owners of the Company							
Dividends to owners of the Company	26	-	-	-	-	(278,868)	(278,868)
Total transactions with owners of the Company		-	-	-	-	(278,868)	(278,868)
Restated balance at 31 December 2022		398,383	35,155	357	791,936	982,765	2,208,596
		Note 12.1	Note 12.2	Note 12.3	Note 12.4		

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Share capital RM'000	Foreign currency translation reserve RM'000	Insurance finance reserve RM'000	Fair value reserve RM'000	Retained earnings RM'000	Total equity RM'000
		Non-distributable				Distributable	
Group							
At 1 January 2023		398,383	35,155	357	791,936	982,765	2,208,596
Foreign currency translation differences for foreign operation		-	13,444	-	-	-	13,444
Net finance expenses from insurance contracts		-	-	(6,777)	-	-	(6,777)
Net finance income from reinsurance contracts held		-	-	4,211	-	-	4,211
Net losses on investments in equity instruments designated at fair value through other comprehensive income		-	-	-	(6,673)	-	(6,673)
Total other comprehensive income/(expenses) for the year		-	13,444	(2,566)	(6,673)	-	4,205
Profit for the year		-	-	-	-	313,726	313,726
Total comprehensive income/(expenses) for the year		-	13,444	(2,566)	(6,673)	313,726	317,931
Distributions to owners of the Company							
Dividends to owners of the Company	26	-	-	-	-	(243,013)	(243,013)
Total transactions with owners of the Company		-	-	-	-	(243,013)	(243,013)
At 31 December 2023		398,383	48,599	(2,209)	785,263	1,053,478	2,283,514
		Note 12.1	Note 12.2	Note 12.3	Note 12.4		

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Non-distributable Share capital RM'000	Non-distributable Fair value reserve RM'000	Distributable Retained earnings RM'000	Total RM'000
Company					
At 1 January 2022		398,383	633,370	137,662	1,169,415
Net gains on investments in equity instruments designated at fair value through other comprehensive income		-	34,017	-	34,017
Total other comprehensive income for the year		-	34,017	-	34,017
Profit for the year		-	-	244,329	244,329
Total comprehensive income for the year		-	34,017	244,329	278,346
Distributions to owners of the Company					
Dividends to owners of the Company	26	-	-	(278,868)	(278,868)
Total transactions with owners of the Company		-	-	(278,868)	(278,868)
At 31 December 2022		398,383	667,387	103,123	1,168,893
At 1 January 2023		**398,383**	**667,387**	**103,123**	**1,168,893**
Net losses on investments in equity instruments designated at fair value through other comprehensive income		**-**	**(6,378)**	**-**	**(6,378)**
Total other comprehensive expense for the year		**-**	**(6,378)**	**-**	**(6,378)**
Profit for the year		**-**	**-**	**243,244**	**243,244**
Total comprehensive (expense)/income for the year		**-**	**(6,378)**	**243,244**	**236,866**
Distributions to owners of the Company					
Dividends to owners of the Company	26	**-**	**-**	**(243,013)**	**(243,013)**
Total transactions with owners of the Company		**-**	**-**	**(243,013)**	**(243,013)**
At 31 December 2023		**398,383**	**661,009**	**103,354**	**1,162,746**
		Note 12.1	Note 12.4		

The accompanying notes form an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023

	Group 2023 RM'000	Group Restated 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Operating activities				
Profit before tax	**394,933**	341,696	**243,615**	244,604
Investment income	**(123,495)**	(100,167)	**(251,357)**	(253,059)
Gain on disposal of plant and equipment	**(561)**	(17)	**-**	-
Net fair value (gains)/losses recorded in profit or loss	**(25,794)**	8,296	**-**	-
Share of profit of equity accounted associated company	**(1,819)**	(808)	**-**	-
Interest on lease liabilities	**1,150**	1,253	**-**	-
Non-cash items:				
Depreciation of plant and equipment	**2,516**	2,841	**1**	1
Depreciation of right-of-use assets	**7,212**	7,052	**-**	-
Amortisation of intangible assets	**2,778**	3,928	**7**	9
Write off of plant and equipment	**3**	-	**2**	-
Unrealised foreign exchange gain	**(27)**	(502)	**-**	-
Net reversal of impairment loss on investments carried at amortised cost	**(1)**	-	**-**	-
Changes in working capital:				
Other investments	**(538,036)**	523,099	**(17,400)**	48,300
Loans and receivables	**(7,542)**	7,886	**(255)**	397
Reinsurance contract assets	**445,736**	(216,261)	**-**	-
Insurance contract liabilities	**(380,803)**	342,517	**-**	-
Other payables	**155**	198	**(507)**	249
Cash (used in)/generated from operating activities	**(223,595)**	921,011	**(25,894)**	40,501
Dividend income received	**67,872**	65,595	**249,764**	251,883
Interest income received	**54,930**	33,959	**1,593**	1,176
Rental income on investment property received	**876**	801	**-**	-
Interest paid	**(1,150)**	(1,253)	**-**	-
Income tax paid	**(71,481)**	(94,019)	**(325)**	(329)
Net cash flows (used in)/generated from operating activities	**(172,548)**	926,094	**225,138**	293,231

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Group		Company	
		Restated		
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Investing activities				
Proceeds from disposal of plant and equipment	**561**	17	**-**	-
Purchase of plant and equipment	**(1,740)**	(4,840)	**(11)**	(3)
Purchase of intangible assets	**(867)**	(962)	**-**	-
Net cash flows used in investing activities	**(2,046)**	(5,785)	**(11)**	(3)
Financing activities				
Dividends paid to owners of the Company	**(243,013)**	(278,868)	**(243,013)**	(278,868)
Payment of lease liabilities	**(6,991)**	(6,861)	**-**	-
Net cash flows used in financing activities	**(250,004)**	(285,729)	**(243,013)**	(278,868)
Net (decrease)/increase in cash and cash equivalents	**(424,598)**	634,580	**(17,886)**	14,360
Cash and cash equivalents at 1 January	**724,911**	87,900	**20,064**	5,704
Effect of movement in exchange rates	**14,702**	2,431	**-**	-
Cash and cash equivalents at 31 December (Note 11)	**315,015**	724,911	**2,178**	20,064

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

LPI Capital Bhd ("LPI") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its principal place of business and registered office of the Company is as follows:

Principal place of business/Registered office

6th Floor, Bangunan Public Bank
6, Jalan Sultan Sulaiman
50000 Kuala Lumpur
Malaysia

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2023 comprise the Company and its subsidiary (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in an associated company. The financial statements of the Company as at and for the year ended 31 December 2023 do not include other entities.

The Company is principally engaged in investment holding activities while the principal activity of the subsidiary is stated in Note 7 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 26 February 2024.

1. BASIS OF PREPARATION

(a) Statement of compliance

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

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2025

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

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

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.
- from the annual period beginning on 1 January 2025 for the amendments that are effective for annual periods beginning on or after 1 January 2025.

The initial application of the abovementioned amendments is not expected to have any material financial impact to the financial statements of the Group and of the Company.

(b) Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis except as disclosed in the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (“RM”), which is the Company’s functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

1. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have a significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

Note 2(e) and Note 5	-	Valuation of investment properties
Note 2(g)(i) and Note 28.3(iv)	-	Measurement of expected credit loss (“ECL”) allowance for financial assets
Note 2(j) and Note 28.1	-	Measurement of insurance contracts and reinsurance contracts held
Note 2(o) and Note 4	-	Extension options and incremental borrowing rate in relation to leases

2. MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated. This is the first set of the Group’s annual financial statements in which MFRS 17, *Insurance Contracts* has been applied. The effect of the changes in accounting policies arising from the adoption of MFRS 17 are disclosed in Note 33.

(a) Basis of consolidation

(i) Subsidiaries

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

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto power* over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee’s return.

Investments in subsidiaries are measured in the Company’s statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(a) Basis of consolidation (continued)

(ii) Business combinations

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

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

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

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

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

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

(iii) Acquisition of non-controlling interests

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

(iv) Loss of control

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

(v) Associated companies

Associated companies are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(a) Basis of consolidation (continued)

(v) Associated companies (continued)

Investments in associated companies are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of investments includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of the associated company, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

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

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

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

Investment in associated company is measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vi) Transactions eliminated on consolidation

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(b) Foreign currency

(i) Foreign currency transactions

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

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

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

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of an investment in equity securities designated as at fair value through other comprehensive income ("FVOCI") are recognised in OCI (except on impairment, in which case foreign currency differences that have been recognised in OCI are reclassified to profit or loss).

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

(ii) Operation denominated in functional currencies other than Ringgit Malaysia

Financial statements of Singapore Branch of a subsidiary

The assets and liabilities of operations denominated in functional currencies other than RM, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the FCTR in equity. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(c) Plant and equipment

(i) Recognition and measurement

Items of plant and equipment, except for capital work-in-progress, are measured at cost less any accumulated depreciation and any accumulated impairment losses. Capital work-in-progress is measured at cost.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

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

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

The gain or loss on disposal of an item of plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the plant and equipment and is recognised net within "realised gains and losses" in profit or loss.

(ii) Subsequent costs

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

(iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group or the Company will obtain ownership by the end of the lease term. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(c) Plant and equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

- Office equipment 4 years
- Furniture and fittings 4 years
- Renovation 5 years
- Computers 4 years
- Motor vehicles 5 years

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

(d) Intangible assets

(i) Software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring in use the specific software.

Expenditure incurred on software development is capitalised only if the future economic benefits are probable and the expenditure are directly associated with the production of identifiable and unique software systems controlled by the Group. Direct costs include the software development costs and appropriate portion of relevant overheads to prepare the assets for its intended use.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

(iii) Amortisation

Intangible assets with finite useful lives are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Capital work-in-progress are not depreciated until the assets are ready for their intended use.

The estimated useful life of software for the current and comparative periods is 4 years.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(e) Investment properties

Investment properties carried at fair value

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of services or for administrative purposes.

Investment properties are measured initially at cost and subsequently at fair value with any changes therein recognised in profit or loss for the period in which they arise.

Cost includes expenditure that is directly attributable to the acquisition of the investment property.

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

(f) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus or minus, for a financial asset or financial liability not measured at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue.

(ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at amortised cost, FVOCI – debt securities, FVOCI – equity securities or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition, unless the Group or the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

FVOCI – debt securities

A debt security is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVOCI – equity securities

On initial recognition of an equity investment that is not held for trading, the Group or the Company may irrevocably elect to present subsequent changes in fair value in OCI on an investment-by-investment basis.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment assessment (see Note 2(g)(i)).

Business model assessment

The Group or the Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way that the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of assets;
- how the performance of the portfolio is evaluated and reported to the Group or the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's or the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition.

'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group or the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group or the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's or the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the 'solely payments of principal and interest' criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Financial instruments (continued)

(ii) Classification and subsequent measurement (continued)

Financial assets (continued)

Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(g)(i)) where the effective interest rate is applied to the amortised cost.
Debt securities at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss. Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(g)(i)) where the effective interest rate is applied to the amortised cost.
Equity securities at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are not reclassified to profit or loss.

Financial liabilities

Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost using the effective interest method. Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(f) Financial instruments (continued)

(iii) Derecognition

Financial assets

The Group or the Company derecognises a financial asset or part of it when, and only when, the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or in which the Group or the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group or the Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of ownership of the transferred assets are not derecognised. In these cases, the transferred assets are not derecognised.

On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

Financial liabilities

The Group or the Company generally derecognises a financial liability or part of it when, and only when, its contractual obligations are discharged or cancelled, or expires. The Group or the Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(g) Impairment

(i) Financial assets

The Group or the Company recognises allowance for impairment for expected credit loss (“ECL”) on financial assets measured at amortised cost and debt securities measured at FVOCI.

The Group or the Company measures allowance for impairment at an amount equal to lifetime ECL, except for the following which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities, cash and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group or the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group or the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(g) Impairment (continued)

(i) Financial assets (continued)

Credit-impaired financial assets

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

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past-due event;
- the restructuring of an amount due to the Group or the Company on terms that the Group or the Company would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for a security because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Presentation of allowance for impairment in the statements of financial position

Allowance for impairment for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the allowance for impairment is charged to profit or loss. The loss allowance does not reduce the carrying amount of the financial asset in the statements of financial position and is recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off when the Group or the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group or the Company makes an assessment with respect to the timing and amount of write off based on whether there is a reasonable expectation of recovery. The Group or the Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery of amounts due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(g) Impairment (continued)

(ii) Non-financial assets

The carrying amounts of other assets (except for deferred tax assets and investment properties that are measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amounts of the assets in the cash generating unit (groups of cash-generating units) on a *pro rata* basis.

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

(h) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in value with original maturities of three months or less, and are used by the Group or the Company in the management of their short-term commitments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(i) Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Fair values arising from financial guarantee contracts, if any, are classified as deferred income and are amortised to profit or loss using a straight-line method over the contractual period or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee. When settlement of a financial guarantee contract becomes probable, an estimate of the obligation is made. If the carrying value of the financial guarantee contract is lower than the obligation, the carrying value is adjusted to the obligation amount and accounted for as a provision.

(j) Insurance contracts and reinsurance contracts held

(i) Classification

Contracts in which the Group assumes significant insurance risk are classified as insurance contracts. Contracts purchased by the Group that transfer significant insurance risk related to underlying insurance contracts to another party are considered as reinsurance contracts held.

An insurance contract is a contract under which the Group (the insurer) has accepted significant insurance risk from another party (the policyholders) by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. As a general guideline, the Group determines whether it has significant insurance risk, by comparing benefits paid with benefits payable if the insured event did not occur.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expired.

(ii) Separating components from insurance contracts and reinsurance contracts held

At each contract inception, the Group disaggregates the following components, if significant, from an insurance contract or reinsurance contract held and accounts them separately as if they were stand-alone contracts.

- Derivatives embedded in the contract.
- Distinct investment component.
- Distinct non-insurance service component.

The Group has not identified any embedded derivatives in the current insurance contracts issued by the Group or reinsurance contracts held by the Group.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Insurance contracts and reinsurance contracts held (continued)

(iii) Level of aggregation

Insurance contracts and reinsurance contracts held are aggregated into groups for measurement purposes. Groups of contracts are determined by first identifying portfolios of insurance contracts, each comprising contracts subject to similar risks and managed together. Each portfolio is divided into annual cohorts (i.e., by years of issuance and inception) and groups of contracts:

- any contracts that are onerous on initial recognition;
- any contracts that, on initial recognition, have no significant possibility of becoming onerous subsequently; and
- any remaining contracts in the annual cohort.

When a contract is recognised, it is added to an existing group of contracts or, if the contract does not qualify for including in an existing group, it forms a new group to which future contracts may be added.

Reinsurance contracts held are grouped on a similar basis to the underlying insurance contracts. However, some reinsurance contracts held might provide cover for underlying contracts that are included in different groups.

The existing regulatory frameworks in the Group's operating countries do not impose any restrictive constraints on the practical ability to set different price or benefit levels, resulting in a contract within a portfolio to be classified into different groups.

(iv) Recognition

The Group recognises a group of insurance contracts that it issues from the earliest of the following dates:

- policy inception date; or
- policy issuance date (i.e., policy update date or invoice date).

A group of reinsurance contracts held is recognised by the Group based on the following dates, whichever is earlier:

- If at least one of the underlying groups of insurance contracts is onerous, at the same time as the group of insurance contracts.

- Otherwise, for groups of reinsurance that provide proportional coverage, at the later of the beginning of the coverage period of the group and the initial recognition of any underlying insurance contracts. For all other groups of reinsurance contracts held, at the beginning of the coverage period of the group.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Insurance contracts and reinsurance contracts held (continued)

(v) Insurance acquisition cash flows

Insurance acquisition cash flows arise from the activities of selling, underwriting, and starting a group of contracts that are directly attributable to the portfolio of contracts to which the group belongs. Insurance acquisition cash flows, other than commissions, are allocated to groups of contracts using systematic and rational methods based on the total premiums for each group.

Insurance acquisition cash flows that are directly attributable to a group of contracts (e.g., commissions paid on issuance of contracts) are allocated only to that group of contracts. The Group has not identified and will not recognise any insurance acquisition asset for insurance acquisition cash flows that arise before the recognition of a group of insurance contracts.

(vi) Contract boundaries

The measurement of a group of contracts includes all the future cash flows within the boundary of each contract in the group. The period covered by the premiums within the contract boundary is the 'coverage period'.

Insurance contracts

For insurance contracts, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group can compel the policyholder to pay premiums or has a substantive obligation to provide insurance services.

A substantive obligation to provide services end when:

- The Group has the practical ability to reassess the risks of the policyholder and can set a price or level of benefits that fully reflects those reassessed risks; or
- The Group has the practical ability to reassess the risks of the portfolio that contains the contract and can set a price or level of benefits that fully reflects the risks of that portfolio, and the pricing of the premiums up to the reassessment date does not take into account risks that relate to periods after the reassessment date.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Insurance contracts and reinsurance contracts held (continued)

(vi) Contract boundaries (continued)

Reinsurance contracts held

For reinsurance contracts held, cash flows are within the contract boundary if they arise from substantive rights and obligations that exist during the reporting period in which the Group is compelled to pay amounts to the reinsurer or has a substantive right to receive services from the reinsurer. A substantive right to receive services from reinsurer ends when the reinsurer:

- has the practical ability to reassess the risks transferred to it and can set a price or level of benefits that fully reflects those reassessed risks; or
- has a substantive right to terminate the coverage.

(vii) Measurement

Insurance contracts

On initial recognition, the Group measures a group of contracts as the total of the fulfilment cash flows, which comprise estimates of future cash flows, adjusted to reflect the time value of money, and a risk adjustment for non-financial risk; and the contractual service margin ("CSM").

The fulfilment cash flows of a group of contracts do not reflect the Group's non-performance risk but may reflect the non-payment risk of the Group's counterparties such as insurance intermediaries.

- The Group's objective in estimating future cash flows is to determine the expected value of a range of scenarios that reflect the range of possible outcomes. Given that cash flows of general insurance contracts are generally short-term and do not vary based on market variables, the Group will use a deterministic model to estimate the expected value of the cash flows, based on assumptions in respect of loss ratios, claim developments and expected level of expenses of each individual group of contracts.
- All cash flows are discounted using risk-free yield curves.
- The risk adjustment for non-financial risk for a group of contracts, determined separately from the other estimates, is the compensation that the Group would require for bearing uncertainty about the amount and timing of the cash flows that arise from non-financial risk.
- The CSM of a group of contracts represents the unearned profit that the Group will recognise as it provides services under those contracts. On initial recognition of a group of contracts, the group is not onerous if the total of the fulfilment cash flows and any cash flows arising at that date is a net inflow.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Insurance contracts and reinsurance contracts held (continued)

(vii) Measurement (continued)

Insurance contracts (continued)

- In this case, the CSM is measured as the equal and opposite amount of the net inflow, which results in no income or expenses arising on initial recognition. If the total is a net outflow, then the group is onerous and the net outflow is generally recognised as a loss in profit or loss; a loss component is created to depict the amount of the net cash outflow, which determines the amounts that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue.

Subsequently, the carrying amount of a group of contracts at each reporting date is the sum of liabilities for remaining coverage and the liabilities for incurred claims. The liabilities for remaining coverage comprises the fulfilment cash flows that relate to services that will be provided under the contracts in the future periods and any remaining CSM at that date. The liabilities for incurred claims includes the fulfilment cash flows for incurred claims and expenses that have not yet been paid, including claims that have been incurred but not yet reported (“IBNR”).

- The fulfilment cash flows of groups of contracts are measured at the reporting date using current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in fulfilment cash flows are recognised as follows.

Changes relating to future services	Adjusted against the CSM (or recognised in the insurance service result in profit or loss if the group is onerous)
Changes relating to current or past services	Recognised in the insurance service result in profit or loss
Effects of the time value of money, financial risk and changes therein on estimated future cash flows	Recognised as insurance finance income or expenses, or as OCI

- The CSM is adjusted subsequently only for changes in fulfilment cash flows that relate to future services and is recognised in profit or loss as services are provided. The CSM at each reporting date represents the profit in the group of contracts that has not yet been recognised in profit or loss because it relates to future services.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Insurance contracts and reinsurance contracts held (continued)

(vii) Measurement (continued)

Insurance contracts (continued)

- The carrying amount of the CSM at each reporting date is the carrying amount at the start of the year, adjusted for:
  - the CSM of any new contracts that are added to the group in the year;
  - interest accreted on the carrying amount of the CSM during the year, measured at the risk-free discount yield curves on nominal cash flows;
  - changes in fulfilment cash flows that relate to future services; except to the extent that:
    - o Such increases in the fulfilment cash flows exceed the carrying amount of the contractual service margin, giving rise to a loss; or
    - o Such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage.
  - the amount recognised as insurance revenue because of the services provided in the year.
- Changes in fulfilment cash flows that relate to future services comprise:
  - experience adjustments arising from premiums received in the year that relate to future services and related cash flows, measured at the risk-free discount rates determined on initial recognition;
  - changes in estimates of the present value of future cash flows in the liabilities for remaining coverage, measured at the discount rates determined on initial recognition, except for those that arise from the effects of the time value of money, financial risk and changes therein;
  - differences between (a) any investment component expected to become payable in the year, determined as the payment expected at the start of the year plus any insurance finance income or expenses related to that expected payment before it becomes payable; and (b) the actual amount that becomes payable in the year;
  - changes in the risk adjustment for non-financial risk that relate to future services.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Insurance contracts and reinsurance contracts held (continued)

(vii) Measurement (continued)

Reinsurance contracts held

The Group applies the same accounting policies as are applied to insurance contracts to measure a group of reinsurance contracts held, with the following modifications.

- The carrying amount of a group of reinsurance contracts held at each reporting date is the sum of the assets for remaining coverage and the assets for incurred claims. The asset for remaining coverage comprises the fulfilment cash flows that relate to services that will be received under the contracts in future periods and any remaining CSM at that date.
- The Group measures the estimates of the present value of future cash flows using assumptions that are consistent with those used to measure the estimates of the present value of future cash flows for the underlying insurance contracts, with adjustment for any risk of non-performance by the reinsurer. The effect of the non-performance risk of the reinsurer is assessed at each reporting date and the effect of changes in the non-performance risk is recognised in the insurance service result in profit or loss.
- The risk adjustment for non-financial risk will represent the amount of risk being transferred by the Group to the reinsurer.
- The CSM of a group of reinsurance contracts held represents a net cost or net gain on purchasing reinsurance. It is measured such that no income or expense arises on initial recognition, except that the Group will:
    - Recognise any net cost on purchasing reinsurance coverage immediately in profit or loss as an expense if it is related to insured events that occurred before the purchase of the group; and
    - Recognise income when it recognises a loss on initial recognition of onerous underlying contracts if the reinsurance contract held is entered into before or at the same time as the onerous underlying contracts are recognised. A loss-recovery component is created, which determines the amounts that are subsequently disclosed as reversals of recoveries of losses from the reinsurance contracts held and are excluded from the allocation of reinsurance premiums paid.
- The CSM is adjusted subsequently only for specified amounts and is recognised in profit or loss as services are received.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Insurance contracts and reinsurance contracts held (continued)

(viii) Significant judgements and estimates

Estimates of future cash flows

In estimating the future cash flows, the Group incorporates, in an unbiased way, all reasonable and supportable information that is available without undue cost or effort at the reporting date. This information includes both internal and external historical data about claims and other experiences, updated to reflect current expectations of future events.

The estimates of future cash flows will reflect the Group's view of current conditions at the reporting date and current expectations of future events that might affect those cash flows.

Cash flows within the boundary of a contract are those that relate directly to the fulfilment of the contract, including those for which the Group has discretion over the amount or timing. These include payments to (or on behalf of) policyholders, insurance acquisition cash flows and other costs that are incurred in fulfilling contracts. Insurance acquisition cash flows and other costs that are incurred in fulfilling contracts comprise both direct costs and an allocation of fixed and variable overheads.

Cash flows are attributed to acquisition activities and other fulfilment activities either directly or estimated based on the type of activities performed by the respective business function. Cash flows attributable to acquisition and other fulfilment activities are allocated to groups of contracts using methods that are systematic and rational and are consistently applied to all costs that have similar characteristics, such as based on total premiums, number of policies or number of claims.

Discount rates

The Group generally determines risk-free discount rates using the observed yield curves of government securities. The yield curve is interpolated between the last available market data point and an ultimate forward rate, which reflects long-term real interest rate and inflation expectations. Although the ultimate forward rate is subject to revision, it is expected to be updated only on significant changes on long-term expectations. No adjustment for illiquidity premium is required given the relatively liquid nature of insurance payout on policy cancellation or insurance claim.

The table below set out the yield curves used to discount the cash flows of insurance contracts for major currencies:

	At 31 December 2023					At 31 December 2022				
	1 year	5 years	10 years	15 years	20 years	1 year	5 years	10 years	15 years	20 years
Group										
MYR	**3.30%**	**3.56%**	**3.74%**	**3.99%**	**4.10%**	3.25%	3.86%	4.06%	4.26%	4.40%
SGD	**3.76%**	**2.71%**	**2.76%**	**2.81%**	**2.88%**	4.02%	2.80%	2.87%	2.94%	2.74%

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Insurance contracts and reinsurance contracts held (continued)

(viii) Significant judgements and estimates (continued)

Risk adjustments for non-financial risk

Risk adjustments for non-financial risk are determined to reflect the compensation that the Group would require for bearing non-financial risk and its degree of risk aversion. The Group applies a confidence level technique to determine the risk adjustments for non-financial risk of both its insurance contracts and reinsurance contracts held. Under a confidence level technique, the Group estimates the probability distribution of the expected value of the future cash flows at each reporting date and calculate the risk adjustment for non-financial risk as the excess of the value at risk at the target confidence level over the expected present value of the future cash flows allowing for the associated risks over all future years. The target confidence level is the 75th percentile, in line with the regulatory requirements of Bank Negara Malaysia under the Risk-Based Capital Framework for Insurers.

The Group disaggregates the change in the risk adjustment for non-financial risk between insurance service result and insurance finance income or expense.

Contractual service margin

The CSM of a group of contracts is recognised in profit or loss to reflect services provided in each year, by identifying the coverage units in the group, allocating the CSM remaining at the end of the year (before any allocation) equally to each coverage unit provided in the year and expected to be provided in future years, and recognising in profit or loss the amount of the CSM allocated to coverage units provided in the year. The number of coverage units is the quantity of services provided by the contracts in the group, determined by considering for each contract the quantity of the benefits provided and its expected coverage period. The coverage units will be reviewed and updated at each reporting date.

Estimates of assets or liabilities for incurred claims

For general insurance contracts, estimates have to be made for both the expected ultimate cost of claims reported at the end of the reporting period and for the expected ultimate cost of claims IBNR at the end of the reporting period for gross and reinsurance basis.

It can take a significant period of time before the ultimate claims costs can be established with certainty and for some type of policies, IBNR claims form the majority of the statement of financial position liability. The ultimate cost of outstanding claims is estimated by using a range of standard actuarial claims projection techniques, such as Chain Ladder and Bornheutter-Ferguson methods.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Insurance contracts and reinsurance contracts held (continued)

(viii) Significant judgements and estimates (continued)

Estimates of assets or liabilities for incurred claims (continued)

The main assumption underlying these techniques is that the Group's past claims development experience can be used to project future claims development and hence, ultimate claims costs. As such, these methods extrapolate the development of paid and incurred losses, average costs per claim and claim numbers based on the observed development of earlier years and expected loss ratios.

Historical claims development is mainly analysed by accident years, but can also be further analysed by geographical areas, as well as by significant business lines and claims type. Large claims are usually separately addressed, either by being reserved at the face value of loss adjustor estimates or separately projected in order to reflect their future development. In most cases, no explicit assumptions are made regarding future rates of claims inflation or loss ratios. Instead, the assumptions used are those implicit in the historic claims development data on which the projections are based. The final reserves are discounted to derive the liabilities for incurred claims by explicitly considering the payment patterns.

Additional qualitative judgement is used to assess the extent to which past trends may not apply in future (for example, to reflect one-off occurrences, changes in external or market factors such as public attitudes to claiming, economic conditions, levels of claims inflation, judicial decisions and legislation, as well as internal factors such as portfolio mix, policy features and claims handling procedures) in order to arrive at the estimated ultimate cost of claims that present the likely outcome from the range of possible outcomes, taking account of all the uncertainties involved.

(ix) Loss components

The Group establishes a loss component of the liabilities for remaining coverage for onerous groups of insurance contracts. The loss component determines the amounts of fulfilment cash flows that are subsequently presented in profit or loss as reversals of losses on onerous contracts and are excluded from insurance revenue when they occur. When the fulfilment cash flows are incurred, they are allocated between the loss component and the liabilities for remaining coverage excluding the loss component on a systematic basis.

The systematic basis is determined by the proportion of the loss component relative to the total estimate of the present value of the future cash outflows plus the risk adjustment for non-financial risk at the beginning of each year (or on initial recognition if a group of contracts is initially recognised in the year).

If the loss component is reduced to zero, then any excess over the amount allocated to the loss component creates a new CSM for the group of contracts.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(j) Insurance contracts and reinsurance contracts held (continued)

(x) Modification and derecognition

Except for policy cancellations, which are not categorised as policy modifications, the Group does not expect any of its policy endorsements to meet any modification conditions stated in the MFRS 17 unless facts and circumstances indicate otherwise. Therefore, by default, changes in cash flows due to policy endorsement shall be treated as changes in estimates of fulfillment cash flows as and when they occur.

The Group derecognises a contract when it is extinguished – i.e., when the specified obligations in the contract expire or are discharged or cancelled.

(k) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or OCI.

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

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

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(l) Other income recognition

(i) Interest income

Interest income from investments with fixed or determinable payment and fixed maturity are recognised using the effective interest rate method.

Interest income on loans are recognised on an accrual basis except where a loan is considered non-performing (i.e. where repayments are in arrears for more than six (6) months), in which case recognition of such interest is suspended. Subsequent to suspension, interest income is recognised on the receipt basis until all arrears have been paid.

(ii) Rental income

Rental income is recognised on an accrual basis except where default in payment of rent has already occurred and rent due remains outstanding for over six (6) months, in which case recognition of rental income is suspended. Subsequent to suspension, rental income is recognised on the receipt basis until all arrears have been paid.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in case of quoted equity securities is the ex-dividend date, unless the dividend clearly represents a recovery of part of the cost of the investment.

(m) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(n) Provisions

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

(o) Leases

(i) Definition of lease

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

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

(ii) Recognition and initial measurement

(a) As a lessee

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

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

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(o) Leases (continued)

(ii) Recognition and initial measurement (continued)

(a) As a lessee (continued)

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

(b) As a lessor

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

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

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

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

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(o) Leases (continued)

(iii) Subsequent measurement (continued)

(a) As a lessee (continued)

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

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

(b) As a lessor

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

(p) Borrowing costs

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

(q) Operating segments

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(r) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

(s) Earnings per share ("EPS")

The Group presents basic EPS data for its ordinary shares.

Basic EPS are calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

No diluted EPS is disclosed in these financial statements as there are no dilutive potential ordinary shares.

(t) Contingent liabilities

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

(u) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(u) Fair value measurements (continued)

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group or the Company can assess at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

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

3. PLANT AND EQUIPMENT

Group	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Computers RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Cost							
At 1 January 2022	1,972	8,075	11,106	36,210	3,123	91	60,577
Additions	18	505	298	2,154	797	1,068	4,840
Disposals	-	(54)	-	(845)	-	-	(899)
Written off	(310)	(189)	(155)	(301)	-	-	(955)
Reclassification	-	194	965	-	-	(1,159)	-
Effect of movement in exchange rates	3	15	98	47	46	-	209
At 31 December 2022/ 1 January 2023	**1,683**	**8,546**	**12,312**	**37,265**	**3,966**	**-**	**63,772**
Additions	**27**	**81**	**-**	**128**	**1,330**	**174**	**1,740**
Disposals	**-**	**-**	**-**	**(281)**	**(1,481)**	**-**	**(1,762)**
Written off	**(23)**	**(450)**	**-**	**(30)**	**-**	**-**	**(503)**
Effect of movement in exchange rates	**5**	**13**	**153**	**53**	**68**	**-**	**292**
At 31 December 2023	**1,692**	**8,190**	**12,465**	**37,135**	**3,883**	**174**	**63,539**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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FOR THE YEAR ENDED 31 DECEMBER 2023

3. PLANT AND EQUIPMENT (CONTINUED)

Group	Note	Office equipment RM'000	Furniture and fittings RM'000	Renovation RM'000	Computers RM'000	Motor vehicles RM'000	Capital work-in-progress RM'000	Total RM'000
Accumulated depreciation								
At 1 January 2022		1,825	7,068	9,526	34,485	2,956	-	55,860
Depreciation for the year	22	124	500	791	1,188	238	-	2,841
Disposals		-	(54)	-	(845)	-	-	(899)
Written off		(310)	(189)	(155)	(301)	-	-	(955)
Effect of movement in exchange rates		4	15	92	39	39	-	189
At 31 December 2022/ 1 January 2023		**1,643**	**7,340**	**10,254**	**34,566**	**3,233**	**-**	**57,036**
Depreciation for the year	22	**26**	**517**	**673**	**1,113**	**187**	**-**	**2,516**
Disposals		**-**	**-**	**-**	**(281)**	**(1,481)**	**-**	**(1,762)**
Written off		**(23)**	**(449)**	**-**	**(28)**	**-**	**-**	**(500)**
Effect of movement in exchange rates		**5**	**12**	**136**	**43**	**67**	**-**	**263**
At 31 December 2023		**1,651**	**7,420**	**11,063**	**35,413**	**2,006**	**-**	**57,553**
Carrying amounts								
At 1 January 2022		147	1,007	1,580	1,725	167	91	4,717
At 31 December 2022/ 1 January 2023		40	1,206	2,058	2,699	733	-	6,736
At 31 December 2023		**41**	**770**	**1,402**	**1,722**	**1,877**	**174**	**5,986**

3. PLANT AND EQUIPMENT (CONTINUED)

Company	Note	Computers RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2022		1	608	609
Additions		3	-	3
At 31 December 2022/1 January 2023		**4**	**608**	**612**
Additions		**11**	**-**	**11**
Written off		**(4)**	**-**	**(4)**
At 31 December 2023		**11**	**608**	**619**
Accumulated depreciation				
At 1 January 2022		-	608	608
Depreciation for the year	22	1	-	1
At 31 December 2022/1 January 2023		**1**	**608**	**609**
Depreciation for the year	22	**1**	**-**	**1**
Written off		**(2)**	**-**	**(2)**
At 31 December 2023		**-**	**608**	**608**
Carrying amounts				
At 1 January 2022		1	-	1
At 31 December 2022/1 January 2023		**3**	**-**	**3**
At 31 December 2023		**11**	**-**	**11**

Included in plant and equipment of the Group and the Company are the following fully depreciated assets which are still in use:

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
At cost				
Office equipment	**1,413**	1,098	**-**	-
Furniture and fittings	**6,198**	6,061	**-**	-
Renovation	**8,752**	8,411	**-**	-
Computers	**32,510**	31,392	**-**	-
Motor vehicles	**2,651**	2,531	**608**	608

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

4. RIGHT-OF-USE ASSETS

The Group leases many assets including office buildings, printing and photostat machines.

Group	Note	Office buildings RM'000	Printing and photostat machines RM'000	Total RM'000
At 1 January 2022		47,105	716	47,821
Additions	15.1	1,703	191	1,894
Depreciation for the year	22	(6,799)	(253)	(7,052)
Effect of movement in exchange rates		701	8	709
At 31 December 2022/1 January 2023		**42,710**	**662**	**43,372**
Additions	15.1	**1,028**	**-**	**1,028**
Depreciation for the year	22	**(6,987)**	**(225)**	**(7,212)**
Effect of movement in exchange rates		**861**	**7**	**868**
At 31 December 2023		**37,612**	**444**	**38,056**

4.1 Extension options

Some leases of office buildings contain extension options exercisable by the Group. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

As of 31 December 2023, the Group has included all potential future cash flows of exercising the extension options in the lease liabilities.

4.2 Judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

5. INVESTMENT PROPERTIES

Group	Note	2023 RM'000	2022 RM'000
At 1 January		**29,862**	27,316
Change in fair value recognised in profit or loss	20(c)	**1,825**	1,043
Effect of movement in exchange rates		**2,290**	1,503
At 31 December		**33,977**	29,862

Investment properties comprise commercial properties that are leased to third parties. Each of the lease consists of an average lease term of 2 years. Subsequent renewals are negotiated with the lessee and average renewal periods are 2 years. No contingent rents are charged.

The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

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

Group	Note	2023 RM'000	2022 RM'000
Lease income	17, 20(b)	**876**	801
Fair value gain	20(c)	**1,825**	1,043
Direct operating expenses		**(124)**	(93)

The following table sets out the maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

Group	2023 RM'000	2022 RM'000
Less than one year	**301**	830
One to two years	**-**	279
Total	**301**	1,109

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

5. INVESTMENT PROPERTIES (CONTINUED)

Fair value information

Fair value of investment properties are categorised as follows:

Group	2023 RM'000	2022 RM'000
Level 2 fair value		
Buildings	**33,977**	29,862

The fair value measurement for investment properties has been categorised as Level 2 fair value based on the inputs to the valuation technique used.

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 2 fair values of buildings have been generally derived using the sales comparison method. Sales price of comparable properties in close proximity are adjusted for any differences in key attributes such as location, master plan zoning, size, design and layout, tenure, age and condition of buildings and the dates of transactions. The most significant input into this valuation approach is price per square foot of comparable properties.

Transfer between levels

There is no transfer between levels during the financial year (2022: no transfer).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

6. INTANGIBLE ASSETS

Group	Note	Software RM'000	Capital work-in-progress RM'000	Total RM'000
Cost				
At 1 January 2022		15,505	2,430	17,935
Additions		437	525	962
Reclassification		2,300	(2,300)	-
Written off		(92)	-	(92)
Effect of movement in exchange rates		79	-	79
At 31 December 2022/1 January 2023		**18,229**	**655**	**18,884**
Additions		**468**	**399**	**867**
Reclassification		**512**	**(512)**	**-**
Written off		**(9,871)**	**-**	**(9,871)**
Effect of movement in exchange rates		**119**	**-**	**119**
At 31 December 2023		**9,457**	**542**	**9,999**
Accumulated amortisation				
At 1 January 2022		9,534	-	9,534
Amortisation for the year	22	3,928	-	3,928
Written off		(92)	-	(92)
Effect of movement in exchange rates		74	-	74
At 31 December 2022/1 January 2023		**13,444**	**-**	**13,444**
Amortisation for the year	22	**2,778**	**-**	**2,778**
Written off		**(9,871)**	**-**	**(9,871)**
Effect of movement in exchange rates		**106**	**-**	**106**
At 31 December 2023		**6,457**	**-**	**6,457**
Carrying amounts				
At 1 January 2022		5,971	2,430	8,401
At 31 December 2022/1 January 2023		**4,785**	**655**	**5,440**
At 31 December 2023		**3,000**	**542**	**3,542**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

6. INTANGIBLE ASSETS (CONTINUED)

Company	Note	Software RM'000
Cost		
At 1 January 2022/31 December 2022/1 January 2023/31 December 2023		**37**
Accumulated amortisation		
At 1 January 2022		21
Amortisation for the year	22	9
At 31 December 2022/1 January 2023		**30**
Amortisation for the year	22	**7**
At 31 December 2023		**37**
Carrying amounts		
At 1 January 2022		16
At 31 December 2022/1 January 2023		**7**
At 31 December 2023		**-**

The software development costs are mainly in relation to internal development expenditure incurred for the Business Process Management System. This system is designed to improve the efficiency of the business activities of the Group.

During the financial year ended 31 December 2023, this system has been discontinued and being written off.

6.1 Amortisation

The Group and the Company recognise the amortisation of software development costs on a straight-line basis over the estimated useful life as part of insurance service expenses and other operating expenses.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

7. INVESTMENT IN A SUBSIDIARY

Company	2023 RM'000	2022 RM'000
At cost		
Unquoted shares	**200,000**	200,000

Details of the subsidiary, which is incorporated in Malaysia, are as follows:

Name of subsidiary	Principal activity	Effective ownership interest and voting interest 2023 %	2022 %
Lonpac Insurance Bhd ("Lonpac")	Underwriting of general insurance	**100**	100

8. INVESTMENT IN AN ASSOCIATED COMPANY

	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
At cost				
Unquoted shares	**10,833**	10,833	**10,833**	10,833
Share of post-acquisition reserves*	**27,116**	25,297	**-**	-
Effect of movement in exchange rates	**8,373**	6,257	**-**	-
	46,322	42,387	**10,833**	10,833

* Share of post-acquisition reserves of the investment in associated company is accounted for using management accounts.

Details of a material associate are as follows:

Name of entity	Principal place of business	Nature of the relationship	Effective ownership interest and voting interest 2023	2022
Campu Lonpac Insurance Plc	Cambodia	Underwriting of general insurance is the Group's strategic investment in providing access to Cambodia market	**45%**	45%

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FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

8. INVESTMENT IN AN ASSOCIATED COMPANY (CONTINUED)

The Group's share in the results of the associated company, Campu Lonpac Insurance Plc, is as follows:

	2023 RM'000	2022 RM'000
Group's share of results for the year ended 31 December		
Group's share of profit or loss from continuing operations	**1,819**	808
Effect of movement in exchange rates	**2,116**	2,133
	3,935	2,941

9. OTHER INVESTMENTS

(a) Fair value through other comprehensive income ("FVOCI")

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At fair value				
Investment in securities designated at FVOCI				
Equity securities in a corporation Quoted in Malaysia	**945,063**	951,672	**912,069**	918,447

The Group's and the Company's investment in equity securities of a corporation quoted in Malaysia is an investment in ordinary shares of Public Bank Berhad, a company which is under common significant influence with the Group and the Company.

9. OTHER INVESTMENTS (CONTINUED)

(b) Fair value through profit or loss ("FVTPL")

	Group	
	2023 RM'000	2022 RM'000
At fair value		
Investment mandatorily measured at FVTPL		
Unit trusts in Malaysia	**923,739**	896,981
Real estate investment trusts ("REITs")		
Quoted in Malaysia	**3,259**	3,165
Exchange-traded fund ("ETF")		
Quoted outside Malaysia	**636**	587
Equity securities in corporations		
Quoted outside Malaysia	**4,940**	4,180
Unquoted in Malaysia	**1,575**	1,472
	6,515	5,652
Corporate bonds and sukuk		
Unquoted in Malaysia	**277,134**	227,537
Unquoted outside Malaysia	**7,007**	6,412
	284,141	233,949
Total FVTPL	**1,218,290**	1,140,334

Included in the Group's investments in unquoted corporate bonds and sukuk are investments in bonds issued by Public Bank Berhad, a company which is under common significant influence with the Group, with a carrying amount of RM45,487,000 (2022: RM29,758,000).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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FOR THE YEAR ENDED 31 DECEMBER 2023

9. OTHER INVESTMENTS (CONTINUED)

(c) Amortised cost ("AC")

Group	Note	2023 Carrying amount RM'000	2023 Fair value RM'000	2022 Carrying amount RM'000	2022 Fair value RM'000
At amortised cost					
Malaysian government securities		**15,240**	**15,115**	15,300	14,897
Government investment issues		**39,821**	**39,857**	39,795	38,981
Malaysian government guaranteed loans		**85,000**	**85,432**	85,000	84,035
		140,061	**140,404**	140,095	137,913
Corporate bonds and sukuk					
Unquoted in Malaysia		**30,000**	**30,290**	35,000	34,742
Unquoted outside Malaysia		**13,307**	**13,029**	15,718	15,118
		43,307	**43,319**	50,718	49,860
Allowance for impairment	28.3	**(5)**	**-**	(6)	-
		43,302	**43,319**	50,712	49,860
Fixed and call deposits with licensed financial institutions with maturity of more than three months					
Licensed banks in Malaysia		**700,241**	**700,241**	306,108	306,108
Banks outside Malaysia		**120,331**	**120,331**	19,073	19,073
		820,572	**820,572**	325,181	325,181
Total AC		**1,003,935**	**1,004,295**	515,988	512,954

9. OTHER INVESTMENTS (CONTINUED)

(c) Amortised cost ("AC") (continued)

Company	2023 Carrying amount RM'000	2023 Fair value RM'000	2022 Carrying amount RM'000	2022 Fair value RM'000
At amortised cost				
Fixed and call deposits with licensed financial institutions with maturity of more than three months				
Licensed banks in Malaysia	**39,100**	**39,100**	21,700	21,700
Total AC	**39,100**	**39,100**	21,700	21,700

Included in the Group's investment in unquoted corporate bonds and sukuk is an investment in bonds issued by Public Bank Berhad, a company which is under common significant influence with the Group, with carrying amount of RM5,000,000 as at 31 December 2022.

Included in the fixed and call deposits of the Group are RM91,115,000 (2022: RM85,190,000) held as cash collateral for guarantees issued on behalf of policyholders.

(d) Estimation of fair values

The fair values of quoted securities, REITs and ETF are their last quoted prices and unit trusts are their published Net Asset Value ("NAV") unit prices at the end of the reporting period.

The estimated fair values of Malaysian government securities, government investment issues, Malaysian government guaranteed loans and unquoted corporate bonds and sukuk are based on the average indicative mid market prices obtained from three independent licensed financial institutions.

The fair value of the unquoted equity instrument is determined to approximate the net assets value of the investee as it is immaterial in the context of the financial statements.

The carrying amounts of the fixed and call deposits approximate their fair values.

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FOR THE YEAR ENDED 31 DECEMBER 2023

9. OTHER INVESTMENTS (CONTINUED)

(d) Estimation of fair values (continued)

The following investments mature after 12 months:

Group	2023 RM'000	2022 RM'000
FVTPL	277,134	223,914
AC	173,363	182,565

(e) Carrying amount of other investments

Group	FVOCI RM'000	FVTPL RM'000	AC RM'000	Total RM'000
At 1 January 2022	916,424	1,137,794	1,041,325	3,095,543
Net addition/(maturity)	-	11,319	(534,418)	(523,099)
Net fair value gains/(losses) recorded in:				
Profit or loss	-	(9,339)	-	(9,339)
Other comprehensive income	35,036	-	-	35,036
Amortisation	-	(39)	(173)	(212)
Accretion	-	-	24	24
Effect of movement in exchange rates	212	599	9,230	10,041
At 31 December 2022/1 January 2023	951,672	1,140,334	515,988	2,607,994
Net addition	-	53,172	484,864	538,036
Net fair value (losses)/gains recorded in:				
Profit or loss	-	23,969	-	23,969
Other comprehensive income	(6,919)	-	-	(6,919)
Amortisation	-	(43)	(166)	(209)
Accretion	-	-	26	26
Net reversal of impairment loss	-	-	1	1
Effect of movement in exchange rates	310	858	3,222	4,390
At 31 December 2023	945,063	1,218,290	1,003,935	3,167,288

9. OTHER INVESTMENTS (CONTINUED)

(e) Carrying amount of other investments (continued)

Company	FVOCI RM'000	AC RM'000	Total RM'000
At 1 January 2022	884,430	70,000	954,430
Net maturity	-	(48,300)	(48,300)
Net fair value gain recorded in:			
Other comprehensive income	34,017	-	34,017
At 31 December 2022/1 January 2023	918,447	21,700	940,147
Net addition	-	17,400	17,400
Net fair value loss recorded in:			
Other comprehensive income	(6,378)	-	(6,378)
At 31 December 2023	912,069	39,100	951,169

10. LOANS AND RECEIVABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Staff loans				
Receivable within twelve months	1,735	1,906	-	-
Receivable after twelve months	14,573	17,248	-	-
	16,308	19,154	-	-
Other receivables				
Due from Malaysian Motor Insurance Pool	38,108	40,708	-	-
Other receivables, deposits and prepayments	5,845	4,323	5	27
Income due and accrued	20,603	8,923	517	240
	64,556	53,954	522	267
Total loans and receivables	80,864	73,108	522	267

The following loans and receivables mature after 12 months:

	Group	
	2023 RM'000	2022 RM'000
Staff loans	14,573	17,248

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10. LOANS AND RECEIVABLES (CONTINUED)

Estimation of fair values

The fair values of the staff loans are determined to approximate the carrying amounts as these are immaterial in the context of the financial statements.

11. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Amortised cost				
Cash and bank balances	44,002	39,542	130	604
Fixed and call deposits with licensed financial institutions with maturity of three months or less				
Licensed banks in Malaysia	177,470	521,714	2,048	19,460
Banks outside Malaysia	93,543	163,655	-	-
	315,015	724,911	2,178	20,064

The carrying amounts disclosed above approximate their fair values due to the relatively short-term nature of these financial instruments.

Included in the fixed and call deposits of the Group are RM654,000 (2022: RM1,633,000) held as cash collateral for guarantees issued on behalf of policyholders.

12. CAPITAL AND RESERVES

12.1 Share capital

	Group and Company			
	2023		2022	
	Amount RM'000	Number of shares '000	Amount RM'000	Number of shares '000
Ordinary shares, issued and fully paid with no par value				
At 1 January/At 31 December	398,383	398,383	398,383	398,383

Ordinary shares

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

12. CAPITAL AND RESERVES (CONTINUED)

12.2 Foreign currency translation reserve

The foreign currency translation reserve is in respect of exchange differences arising from the translation of the financial statements of a subsidiary's Singapore Branch and the financial statements of the associated company.

12.3 Insurance finance reserve

The insurance finance reserve comprises the cumulative insurance finance income and expenses recognised in other comprehensive income.

12.4 Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of investment in securities measured at fair value through other comprehensive income.

13. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD

The following reconciliations show how the net carrying amounts of insurance contracts and reinsurance contracts held changed during the year as a result of cash flows and amounts recognised in the statement of profit or loss and other comprehensive income ("OCI").

The Group presents a table that separately analyses movements in the liabilities for remaining coverage and movements in the liabilities for incurred claims and reconciles these movements to the line items in the statement of profit or loss and OCI.

A second reconciliation is presented for contracts measured under the general measurement model ("GMM"), which separately analyses changes in the estimates of the present value of future cash flows, the risk adjustment for non-financial risk and the contractual service margin ("CSM").

The following table sets out the carrying amount of insurance contracts and reinsurance contracts held expected to be settled more than 12 months after the reporting date.

Group	2023 RM'000	Restated 2022 RM'000
Insurance contract liabilities	(993,279)	(1,171,118)
Reinsurance contract assets	413,007	700,419

NOTES TO THE FINANCIAL STATEMENTS

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13. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

At 31 December 2023, the maximum exposure to credit risk from insurance contracts is RM167,717,000 (Restated 2022: RM164,632,000) which primarily relates to premium receivables for services that the Group has already provided, and the maximum exposure to credit risk from reinsurance contracts is RM20,085,000 (Restated 2022: RM27,285,000).

Included in insurance contract liabilities of the Group are RM97,866,000 (2022: RM92,172,000) held as cash collateral deposits received from policyholders.

(a) Movements in insurance contract liabilities

(i) Analysis by remaining coverage and incurred claims

		2023			
		Liabilities for remaining coverage		Liabilities for incurred claims	
Group	**Note**	**Excluding loss component RM'000**	**Loss component RM'000**	**RM'000**	**Total RM'000**
At 1 January 2023		734,933	51,349	1,773,115	2,559,397
Changes in the statement of profit or loss and OCI					
Insurance revenue					
Contracts under the modified retrospective transition approach		(75,778)	-	-	(75,778)
Other contracts		(1,706,143)	-	-	(1,706,143)
	18, 19	(1,781,921)	-	-	(1,781,921)
Insurance service expenses					
Incurred claims and other insurance service expenses		-	(100,664)	874,824	774,160
Amortisation of insurance acquisition cash flows	18	331,782	-	-	331,782
Losses on onerous contracts		-	97,089	-	97,089
Adjustments to liabilities for incurred claims		-	-	(376,023)	(376,023)
	19, 22	331,782	(3,575)	498,801	827,008
Investment components		(23,237)	-	23,237	-
Insurance service result		(1,473,376)	(3,575)	522,038	(954,913)
Net finance expenses from insurance contracts	20(a)	31,265	3,074	45,869	80,208
Effect of movements in exchange rates		4,988	550	6,665	12,203
Total changes in the statement of profit or loss and OCI		(1,437,123)	49	574,572	(862,502)
Cash flows					
Premiums received		1,754,340	-	-	1,754,340
Claims and other insurance service expenses paid, including investment components		-	-	(914,827)	(914,827)
Insurance acquisition cash flows		(336,588)	-	-	(336,588)
Total cash flows		1,417,752	-	(914,827)	502,925
At 31 December 2023		715,562	51,398	1,432,860	2,199,820

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

13. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(a) Movements in insurance contract liabilities (continued)

(i) Analysis by remaining coverage and incurred claims (continued)

		Restated 2022			
		Liabilities for remaining coverage		Liabilities for incurred claims	
Group	**Note**	**Excluding loss component RM'000**	**Loss component RM'000**	**RM'000**	**Total RM'000**
At 1 January 2022		608,389	23,178	1,576,653	2,208,220
Changes in the statement of profit or loss and OCI					
Insurance revenue					
Contracts under the modified retrospective transition approach		(739,783)	-	-	(739,783)
Other contracts		(794,915)	-	-	(794,915)
	18, 19	(1,534,698)	-	-	(1,534,698)
Insurance service expenses					
Incurred claims and other insurance service expenses		-	(34,979)	978,128	943,149
Amortisation of insurance acquisition cash flows	18	315,370	-	-	315,370
Losses on onerous contracts		-	62,546	-	62,546
Adjustments to liabilities for incurred claims		-	-	(61,174)	(61,174)
	19, 22	315,370	27,567	916,954	1,259,891
Investment components		(24,665)	-	24,665	-
Insurance service result		(1,243,993)	27,567	941,619	(274,807)
Net finance expenses from insurance contracts	20(a)	14,689	317	17,396	32,402
Effect of movements in exchange rates		3,121	287	4,068	7,476
Total changes in the statement of profit or loss and OCI		(1,226,183)	28,171	963,083	(234,929)
Cash flows					
Premiums received		1,680,889	-	-	1,680,889
Claims and other insurance service expenses paid, including investment components		-	-	(766,621)	(766,621)
Insurance acquisition cash flows		(328,162)	-	-	(328,162)
Total cash flows		1,352,727	-	(766,621)	586,106
At 31 December 2022		734,933	51,349	1,773,115	2,559,397

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

13. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(a) Movements in insurance contract liabilities (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM

Group	Note	2023 Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	CSM: Contracts under modified retrospective transition approach RM'000	CSM: Other contracts RM'000	CSM: Subtotal RM'000	Total RM'000
At 1 January 2023		2,032,455	309,471	34,693	182,778	217,471	2,559,397
Changes in the statement of profit or loss and OCI							
Changes that relate to current services							
CSM recognised for services provided	18	-	-	(20,336)	(383,964)	(404,300)	(404,300)
Change in risk adjustment for non-financial risk for risk expired		-	(87,011)	-	-	-	(87,011)
Experience adjustments		(144,780)	(39,888)	-	-	-	(184,668)
Changes that relate to future services							
Contracts initially recognised in the year	13(c)(i)	(378,610)	172,890	-	310,413	310,413	104,693
Changes in estimates that adjust the CSM		(81,630)	(5,799)	4,785	82,644	87,429	-
Changes in estimates that result in reversals of losses on onerous contracts		(5,556)	(2,048)	-	-	-	(7,604)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

13. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(a) Movements in insurance contract liabilities (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM (continued)

Group	Note	2023 Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	CSM: Contracts under modified retrospective transition approach RM'000	CSM: Other contracts RM'000	CSM: Subtotal RM'000	Total RM'000
Changes that relate to past services							
Adjustments to liabilities for incurred claims		(273,967)	(102,056)	-	-	-	(376,023)
Insurance service result		(884,543)	(63,912)	(15,551)	9,093	(6,458)	(954,913)
Net finance expenses from insurance contracts	20(a)	61,204	11,577	876	6,551	7,427	80,208
Effect of movements in exchange rates		10,128	1,613	110	352	462	12,203
Total changes in the statement of profit or loss and OCI		(813,211)	(50,722)	(14,565)	15,996	1,431	(862,502)
Cash flows*		502,925	-	-	-	-	502,925
At 31 December 2023		1,722,169	258,749	20,128	198,774	218,902	2,199,820

* Cash flows are analysed on page 214

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

13. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(a) Movements in insurance contract liabilities (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM (continued)

		Restated 2022					
				CSM			
Group	Note	Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contracts under modified retrospective transition approach RM'000	Other contracts RM'000	Subtotal RM'000	Total RM'000
At 1 January 2022		1,494,897	467,631	241,827	3,865	245,692	2,208,220
Changes in the statement of profit or loss and OCI							
Changes that relate to current services							
CSM recognised for services provided	18	-	-	(242,025)	(187,947)	(429,972)	(429,972)
Change in risk adjustment for non-financial risk for risk expired		-	(21,991)	-	-	-	(21,991)
Experience adjustments		205,937	(30,153)	-	-	-	175,784
Changes that relate to future services							
Contracts initially recognised in the year	13(c)(i)	(535,270)	124,380	-	443,426	443,426	32,536
Changes in estimates that adjust the CSM		18,386	30,638	32,213	(81,237)	(49,024)	-
Changes in estimates that result in losses on onerous contracts		27,878	2,132	-	-	-	30,010

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

13. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(a) Movements in insurance contract liabilities (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM (continued)

		Restated 2022					
				CSM			
Group	Note	Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contracts under modified retrospective transition approach RM'000	Other contracts RM'000	Subtotal RM'000	Total RM'000
Changes that relate to past services							
Adjustments to liabilities for incurred claims		207,568	(268,742)	-	-	-	(61,174)
Insurance service result		(75,501)	(163,736)	(209,812)	174,242	(35,570)	(274,807)
Net finance expenses from insurance contracts	20(a)	20,814	4,637	2,280	4,671	6,951	32,402
Effect of movements in exchange rates		6,139	939	398	-	398	7,476
Total changes in the statement of profit or loss and OCI		(48,548)	(158,160)	(207,134)	178,913	(28,221)	(234,929)
Cash flows*		586,106	-	-	-	-	586,106
At 31 December 2022		2,032,455	309,471	34,693	182,778	217,471	2,559,397

* Cash flows are analysed on page 215

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

13. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(b) Movements in reinsurance contract assets

(i) Analysis by remaining coverage and incurred claims

		2023			
		Assets for remaining coverage			
Group	**Note**	**Excluding loss-recovery component RM'000**	**Loss-recovery component RM'000**	**Assets for incurred claims RM'000**	**Total RM'000**
At 1 January 2023		150,692	2,049	1,163,069	1,315,810
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	19	(610,172)	-	-	(610,172)
Amounts recoverable from reinsurers					
(Reversal of recoveries)/Recoveries of incurred claims		-	(4,571)	228,018	223,447
Recoveries of losses on onerous underlying contracts		-	4,043	-	4,043
Adjustments to assets for incurred claims		-	-	(278,273)	(278,273)
		-	(528)	(50,255)	(50,783)
Effect of changes in non-performance risk of reinsurers		-	-	(239)	(239)
Net expenses from reinsurance contracts held	19	(610,172)	(528)	(50,494)	(661,194)
Net finance income from reinsurance contracts held	20(a)	12,137	114	32,038	44,289
Effect of movements in exchange rates		917	16	1,402	2,335
Total changes in the statement of profit or loss and OCI		(597,118)	(398)	(17,054)	(614,570)
Cash flows					
Premium paid		509,685	-	-	509,685
Amount received		-	-	(332,957)	(332,957)
Total cash flows		509,685	-	(332,957)	176,728
At 31 December 2023		63,259	1,651	813,058	877,968

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

13. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(b) Movements in reinsurance contract assets (continued)

(i) Analysis by remaining coverage and incurred claims (continued)

		Restated 2022			
		Assets for remaining coverage			
Group	**Note**	**Excluding loss-recovery component RM'000**	**Loss-recovery component RM'000**	**Assets for incurred claims RM'000**	**Total RM'000**
At 1 January 2022		88,718	1,455	1,005,349	1,095,522
Changes in the statement of profit or loss and OCI					
Allocation of reinsurance premiums paid	19	(400,920)	-	-	(400,920)
Amounts recoverable from reinsurers					
(Reversal of recoveries)/Recoveries of incurred claims		-	(3,555)	409,528	405,973
Recoveries of losses on onerous underlying contracts		-	4,112	-	4,112
Adjustments to assets for incurred claims		-	-	1,892	1,892
		-	557	411,420	411,977
Effect of changes in non-performance risk of reinsurers		-	-	233	233
Net (expenses)/income from reinsurance contracts held	19	(400,920)	557	411,653	11,290
Net finance income from reinsurance contracts held	20(a)	3,704	12	12,698	16,414
Effect of movements in exchange rates		688	25	758	1,471
Total changes in the statement of profit or loss and OCI		(396,528)	594	425,109	29,175
Cash flows					
Premiums paid		458,502	-	-	458,502
Amounts received		-	-	(267,389)	(267,389)
Total cash flows		458,502	-	(267,389)	191,113
At 31 December 2022		150,692	2,049	1,163,069	1,315,810

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

13. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(b) Movements in reinsurance contract assets (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM

		2023					
				CSM			
Group	Note	Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contracts under modified retrospective transition approach RM'000	Other contracts RM'000	Subtotal RM'000	Total RM'000
At 1 January 2023		1,065,521	186,940	16,524	46,825	63,349	1,315,810
Changes in the statement of profit or loss and OCI							
Changes that relate to current services							
CSM recognised for services received		-	-	(19,602)	(115,165)	(134,767)	(134,767)
Change in risk adjustment for non-financial risk for risk expired		-	(71,198)	-	-	-	(71,198)
Experience adjustments		(166,244)	(14,516)	-	-	-	(180,760)
Changes that relate to future services							
Contracts initially recognised in the year	13(c)(ii)	(127,183)	104,610	-	25,966	25,966	3,393
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM		-	-	640	960	1,600	1,600
Changes in estimates that adjust the CSM		(93,753)	(7,406)	11,344	89,815	101,159	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts		158	(1,108)	-	-	-	(950)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

13. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(b) Movements in reinsurance contract assets (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM (continued)

		2023					
				CSM			
Group	Note	Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contracts under modified retrospective transition approach RM'000	Other contracts RM'000	Subtotal RM'000	Total RM'000
Changes that relate to past services							
Adjustments to assets for incurred claims		(209,698)	(68,575)	-	-	-	(278,273)
Effect of changes in non-performance risk of reinsurers		(239)	-	-	-	-	(239)
Net (expenses)/income from reinsurance contracts held	19	(596,959)	(58,193)	(7,618)	1,576	(6,042)	(661,194)
Net finance income from reinsurance contracts held	20(a)	35,713	7,273	322	981	1,303	44,289
Effect of movements in exchange rates		1,264	417	162	492	654	2,335
Total changes in the statement of profit or loss and OCI		(559,982)	(50,503)	(7,134)	3,049	(4,085)	(614,570)
Cash flows*		176,728	-	-	-	-	176,728
At 31 December 2023		682,267	136,437	9,390	49,874	59,264	877,968

* Cash flows are analysed on page 220

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

13. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(b) Movements in reinsurance contract assets (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM (continued)

		Restated 2022					
				CSM			
Group	Note	Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contracts under modified retrospective transition approach RM'000	Other contracts RM'000	Subtotal RM'000	Total RM'000
At 1 January 2022		652,375	364,548	78,565	34	78,599	1,095,522
Changes in the statement of profit or loss and OCI							
Changes that relate to current services							
CSM recognised for services received		-	-	(83,226)	(75,619)	(158,845)	(158,845)
Change in risk adjustment for non-financial risk for risk expired		-	1,570	-	-	-	1,570
Experience adjustments		175,310	(12,982)	-	-	-	162,328
Changes that relate to future services							
Contracts initially recognised in the year	13(c)(ii)	(229,134)	50,943	-	179,497	179,497	1,306
Changes in recoveries of losses on onerous underlying contracts that adjust the CSM		-	-	3,645	548	4,193	4,193
Changes in estimates that adjust the CSM		22,656	20,748	16,148	(59,552)	(43,404)	-
Changes in estimates that relate to losses and reversals of losses on onerous underlying contracts		(2,396)	1,009	-	-	-	(1,387)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

13. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(b) Movements in reinsurance contract assets (continued)

(ii) Analysis by measurement component – Contracts measured under the GMM (continued)

		Restated 2022					
				CSM			
Group	Note	Estimates of present value of future cash flows RM'000	Risk adjustment for non-financial risk RM'000	Contracts under modified retrospective transition approach RM'000	Other contracts RM'000	Subtotal RM'000	Total RM'000
Changes that relate to past services							
Adjustments to assets for incurred claims		243,425	(241,533)	-	-	-	1,892
Effect of changes in non-performance risk of reinsurers		233	-	-	-	-	233
Net income/(expenses) from reinsurance contracts held	19	210,094	(180,245)	(63,433)	44,874	(18,559)	11,290
Net finance income from reinsurance contracts held	20(a)	11,286	2,438	773	1,917	2,690	16,414
Effect of movements in exchange rates		653	199	619	-	619	1,471
Total changes in the statement of profit or loss and OCI		222,033	(177,608)	(62,041)	46,791	(15,250)	29,175
Cash flows*		191,113	-	-	-	-	191,113
At 31 December 2022		1,065,521	186,940	16,524	46,825	63,349	1,315,810

* Cash flows are analysed on page 221

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

13. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(c) Effect of contracts initially recognised in the year

The following tables summarise the effect on the measurement components arising from the initial recognition of insurance contracts and reinsurance contracts held measured under the GMM in the year.

(i) Insurance contracts

Group	Note	Profitable contracts issued RM'000	Onerous contracts issued RM'000	Total RM'000
2023				
Claims and other insurance service expenses payable		482,641	428,077	910,718
Insurance acquisition cash flows		214,639	96,571	311,210
Estimates of present value of cash outflows		697,280	524,648	1,221,928
Estimates of present value of cash inflows		(1,126,076)	(474,462)	(1,600,538)
Risk adjustment for non-financial risk		118,383	54,507	172,890
CSM		310,413	-	310,413
Losses recognised on initial recognition	13(a)(ii)	-	104,693	104,693
Restated				
2022				
Claims and other insurance service expenses payable		524,013	124,315	648,328
Insurance acquisition cash flows		274,223	34,184	308,407
Estimates of present value of cash outflows		798,236	158,499	956,735
Estimates of present value of cash inflows		(1,347,264)	(144,741)	(1,492,005)
Risk adjustment for non-financial risk		105,602	18,778	124,380
CSM		443,426	-	443,426
Losses recognised on initial recognition	13(a)(ii)	-	32,536	32,536

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

13. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(c) Effect of contracts initially recognised in the year (continued)

(ii) Reinsurance contracts held

Group	Note	Contracts initiated without loss-recovery component RM'000	Contracts initiated with loss-recovery component RM'000	Total RM'000
2023				
Estimates of present value of cash inflows		(348,506)	(11,229)	(359,735)
Estimates of present value of cash outflows		473,563	13,355	486,918
Risk adjustment for non-financial risk		(100,867)	(3,743)	(104,610)
Income recognised on initial recognition		-	3,393	3,393
CSM	13(b)(ii)	24,190	1,776	25,966
Restated				
2022				
Estimates of present value of cash inflows		(157,990)	(2,995)	(160,985)
Estimates of present value of cash outflows		386,513	3,606	390,119
Risk adjustment for non-financial risk		(49,747)	(1,196)	(50,943)
Income recognised on initial recognition		-	1,306	1,306
CSM	13(b)(ii)	178,776	721	179,497

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

13. INSURANCE CONTRACTS AND REINSURANCE CONTRACTS HELD (CONTINUED)

(d) Contractual service margin

The following table sets out when the Group expects to recognise the remaining CSM in profit or loss after the reporting date for contracts measured under GMM.

Group	1 year or less RM'000	1–2 years RM'000	2–3 years RM'000	3–4 years RM'000	4–5 years RM'000	5–10 years RM'000	More than 10 years RM'000	Total RM'000
2023								
Insurance contracts	**189,408**	**9,467**	**4,493**	**2,545**	**1,569**	**5,413**	**6,007**	**218,902**
Reinsurance contracts held	**46,359**	**6,786**	**2,744**	**1,077**	**347**	**957**	**994**	**59,264**
Restated 2022								
Insurance contracts	184,390	9,465	4,572	2,618	1,946	6,725	7,755	217,471
Reinsurance contracts held	52,443	5,633	1,873	792	398	1,063	1,147	63,349

14. DEFERRED TAX LIABILITIES

Recognised deferred tax (assets)/liabilities

Recognised deferred tax liabilities are attributable to the following:

	Group 2023 RM'000	Group Restated 2022 RM'000
Other investments at fair value through other comprehensive income ("FVOCI")	**2,853**	3,099
Other investments at fair value through profit or loss ("FVTPL")	**3,863**	(1,731)
Insurance contracts and reinsurance contracts held	**18,927**	7,216
Right-of-use assets	**8,441**	-
Lease liabilities	**(8,963)**	-
	25,121	8,584

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14. DEFERRED TAX LIABILITIES (CONTINUED)

Movement in temporary differences during the financial year

Group	Note	Other investments at FVOCI RM'000	Other investments at FVTPL RM'000	Insurance contracts and reinsurance contracts held RM'000	Right-of-use assets RM'000	Lease liabilities RM'000	Total RM'000
At 1 January 2022, restated		3,018	(9,427)	14,095	-	-	7,686
Recognised in profit or loss	24	-	7,696	(7,177)	-	-	519
Recognised in other comprehensive income	24	81	-	238	-	-	319
Effect of movement in exchange rates		-	-	60	-	-	60
At 31 December 2022/ 1 January 2023, restated		**3,099**	**(1,731)**	**7,216**	**-**	**-**	**8,584**
Recognised in profit or loss	24	**-**	**5,598**	**12,572**	**8,441**	**(8,963)**	**17,648**
Recognised in other comprehensive income	24	**(246)**	**-**	**(901)**	**-**	**-**	**(1,147)**
Effect of movement in exchange rates		**-**	**(4)**	**40**	**-**	**-**	**36**
At 31 December 2023		**2,853**	**3,863**	**18,927**	**8,441**	**(8,963)**	**25,121**

15. LEASE LIABILITIES

Leases as lessee

Group	2023 RM'000	2022 RM'000
Lease liabilities are payable as follows:		
- Within next 12 months	**6,780**	6,843
- After next 12 months	**33,523**	38,541
	40,303	45,384

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15. LEASE LIABILITIES (CONTINUED)

Leases as lessee (continued)

15.1 Reconciliation of movements in lease liabilities to cash flows arising from financing activities

Group	Note	2023 RM'000	2022 RM'000
At 1 January		**45,384**	49,630
Net changes from financing cash flows		**(6,991)**	(6,861)
Acquisition of new lease	4	**1,028**	1,894
Effect of movement in exchange rates		**882**	721
At 31 December		**40,303**	45,384

15.2 Amounts recognised in statements of cash flows

Group	Note	2023 RM'000	2022 RM'000
Included in net cash from operating activities:			
Interest on lease liabilities		**(1,150)**	(1,253)
Payment relating to short-term leases	22	**(83)**	(99)
Payment relating to leases of low-value assets	22	**(502)**	(476)
Included in net cash from financing activities:			
Payment of lease liabilities		**(6,991)**	(6,861)
Total cash outflows for leases		**(8,726)**	(8,689)

15.3 Maturity analysis

The maturity profile of the lease liabilities of the Group based on remaining undiscounted contractual obligations, including interest/profit payable are as follows:

Group	2023 RM'000	2022 RM'000
Up to one year	**7,769**	7,969
1 to 3 years	**14,673**	14,630
3 to 5 years	**12,208**	13,526
5 to 15 years	**9,301**	13,872
Total undiscounted lease liabilities at 31 December	**43,951**	49,997

The interest rate of the lease liabilities ranging from 0.8% to 10.9% (2022: 0.8% to 10.9%).

16. OTHER PAYABLES

	Group		Company	
		Restated		
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Other payables	**1,042**	965	**-**	-
Accrued expenses	**7,089**	6,797	**1,868**	2,375
	8,131	7,762	**1,868**	2,375

The carrying amounts disclosed above approximate their fair values at the end of the reporting period.

17. OPERATING REVENUE

		Group		Company	
			Restated		
	Note	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Insurance revenue	18	**1,781,921**	1,534,698	**-**	-
Dividend income		**67,872**	65,595	**249,764**	251,883
Interest income (net of amortisation of premiums and accretion of discounts)		**54,747**	33,771	**1,593**	1,176
Rental of premises	5, 20(b)	**876**	801	**-**	-
		1,905,416	1,634,865	**251,357**	253,059

18. INSURANCE REVENUE

		Group	
			Restated
	Note	2023 RM'000	2022 RM'000
Amounts relating to changes in liabilities for remaining coverage			
- Contractual service margin recognised for services provided	13(a)(ii)	**404,300**	429,972
- Change in risk adjustment for non-financial risk for risk expired		**171,334**	127,708
- Expected incurred claims and other insurance service expenses		**864,726**	645,470
- Other		**9,779**	16,178
Recovery of insurance acquisition cash flows	13(a)(i)	**331,782**	315,370
Total insurance revenue	13(a)(i), 17	**1,781,921**	1,534,698

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19. INSURANCE SERVICE RESULT BY PORTFOLIO

Group	Note	Fire 2023 RM'000	Fire Restated 2022 RM'000	Motor 2023 RM'000	Motor Restated 2022 RM'000	Marine, Aviation & Transit 2023 RM'000	Marine, Aviation & Transit Restated 2022 RM'000	Miscellaneous 2023 RM'000	Miscellaneous Restated 2022 RM'000	Total 2023 RM'000	Total Restated 2022 RM'000
Insurance revenue	13(a)(i), 18	**759,730**	606,001	**397,610**	359,694	**103,362**	94,741	**521,219**	474,262	**1,781,921**	1,534,698
Incurred claims	22	**77,316**	(356,135)	**(239,713)**	(297,653)	**(86,838)**	(16,776)	**(177,535)**	(182,309)	**(426,770)**	(852,873)
Other incurred insurance service expenses		**(15,861)**	(20,338)	**(25,304)**	(20,796)	**(3,160)**	(2,628)	**(27,706)**	(20,319)	**(72,031)**	(64,081)
Amortisation of commission expense		**(89,487)**	(85,126)	**(37,386)**	(34,860)	**(6,108)**	(5,550)	**(66,058)**	(57,246)	**(199,039)**	(182,782)
Amortisation of other insurance acquisition cash flows		**(44,067)**	(45,187)	**(39,508)**	(41,742)	**(7,701)**	(6,842)	**(41,467)**	(38,817)	**(132,743)**	(132,588)
(Losses)/Reversals of losses on onerous contracts	22	**(401)**	128	**5,677**	(25,846)	**(10)**	536	**(1,691)**	(2,385)	**3,575**	(27,567)
Insurance service expenses	13(a)(i), 22	**(72,500)**	(506,658)	**(336,234)**	(420,897)	**(103,817)**	(31,260)	**(314,457)**	(301,076)	**(827,008)**	(1,259,891)
Allocation of reinsurance premiums paid	13(b)(i)	**(316,746)**	(131,529)	**(23,186)**	(19,750)	**(73,971)**	(66,680)	**(196,269)**	(182,961)	**(610,172)**	(400,920)
(Reversals of recoveries)/ Recoveries of incurred claims	13(b)(i)	**(163,810)**	290,680	**(20,283)**	36,699	**82,282**	9,850	**51,317**	74,424	**(50,494)**	411,653
Recoveries/ (Reversals of recoveries) of losses on onerous underlying contracts		**152**	(45)	**(730)**	1,364	**6**	(544)	**44**	(218)	**(528)**	557
Net (expenses)/ income from reinsurance contracts held	13(b)	**(480,404)**	159,106	**(44,199)**	18,313	**8,317**	(57,374)	**(144,908)**	(108,755)	**(661,194)**	11,290
Insurance service result		**206,826**	258,449	**17,177**	(42,890)	**7,862**	6,107	**61,854**	64,431	**293,719**	286,097

20. NET FINANCIAL RESULT

The following table analyses the Group's and the Company's net financial result in profit or loss and other comprehensive income ("OCI").

	Note	Group 2023 RM'000	Group Restated 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Investment return					
Investment income	20(b)	**123,495**	100,167	**251,357**	253,059
Net fair value gains/(losses)	20(c)	**25,794**	(8,296)	**-**	-
Net reversal of impairment loss on investments carried at amortised cost		**1**	-	**-**	-
Amount recognised in OCI		**(6,919)**	35,036	**(6,378)**	34,017
Total investment return		**142,371**	126,907	**244,979**	287,076
Net finance expenses from insurance contracts					
Interest accreted		**(71,182)**	(31,219)	**-**	-
Effect of changes in interest rates and other financial assumptions		**(8,033)**	2,977	**-**	-
Effect of measuring changes in estimates at current rates and adjusting the contractual service margin at rates on initial recognition		**(993)**	(4,160)	**-**	-
Total net finance expenses from insurance contracts	20(a)	**(80,208)**	(32,402)	**-**	-
Net finance income from reinsurance contracts held					
Interest accreted		**38,730**	13,859	**-**	-
Other		**5,559**	2,555	**-**	-
Total net finance income from reinsurance contracts held	20(a)	**44,289**	16,414	**-**	-
		106,452	110,919	**244,979**	287,076
Represented by:					
Amounts recognised in profit or loss		**116,838**	74,511	**251,357**	253,059
Amounts recognised in OCI		**(10,386)**	36,408	**(6,378)**	34,017
		106,452	110,919	**244,979**	287,076

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20. NET FINANCIAL RESULT (CONTINUED)

(a) Insurance finance income and expenses

Group	Note	2023 RM'000	Restated 2022 RM'000
Net finance expenses from insurance contracts			
Recognised in profit or loss		**(71,182)**	(31,219)
Recognised in OCI		**(9,026)**	(1,183)
	13(a)	**(80,208)**	(32,402)
Net finance income from reinsurance contracts held			
Recognised in profit or loss		**38,730**	13,859
Recognised in OCI		**5,559**	2,555
	13(b)	**44,289**	16,414

(b) Investment income

	Note	Group 2023 RM'000	Group Restated 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Fair value through other comprehensive income financial assets					
Dividend income					
- Equity securities quoted in Malaysia	31(a)	**30,869**	43,431	**29,764**	41,883
Fair value through profit or loss financial assets					
Dividend income					
- Equity securities quoted outside Malaysia		**267**	119	**-**	-
- Unquoted equity securities in Malaysia		**47**	47	**-**	-
- Unit trusts		**36,423**	21,793	**-**	-
- Real estate investment trusts		**230**	172	**-**	-
- Exchange-traded fund		**36**	33	**-**	-
Interest/profit income					
- Corporate bonds and sukuk		**10,007**	6,895	**-**	-
Amortisation of premiums, net of accretion of discounts		**(43)**	(39)	**-**	-

20. NET FINANCIAL RESULT (CONTINUED)

(b) Investment income (continued)

	Note	Group 2023 RM'000	Group Restated 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Amortised cost					
Interest/profit income					
- Malaysian government securities		**568**	568	**-**	-
- Government investment issues		**1,447**	1,322	**-**	-
- Malaysian government guaranteed loans		**3,345**	2,630	**-**	-
- Corporate bonds and sukuk		**1,843**	1,265	**-**	-
- Fixed and call deposits		**37,720**	21,279	**1,593**	1,176
Amortisation of premiums, net of accretion of discounts		**(140)**	(149)	**-**	-
Dividend income from unquoted subsidiary	31(a)	**-**	-	**220,000**	210,000
Rental of properties received from third parties	5, 17	**876**	801	**-**	-
Total investment income		**123,495**	100,167	**251,357**	253,059

(c) Net fair value gains and losses

	Note	Group 2023 RM'000	Group 2022 RM'000
Fair value gains for:			
Investment properties	5	**1,825**	1,043
Fair value through profit or loss financial assets			
Equity securities in corporations			
- Quoted outside Malaysia		**439**	181
- Unquoted in Malaysia		**103**	80
Unit trusts in Malaysia		**18,586**	-
Real estate investment trusts			
- Quoted in Malaysia		**94**	-
Exchange-traded fund			
- Quoted outside Malaysia		**4**	-
Corporate bonds and sukuk			
- Unquoted in Malaysia		**4,597**	-
- Unquoted outside Malaysia		**146**	-
		25,794	1,304

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20. NET FINANCIAL RESULT (CONTINUED)

(c) Net fair value gains and losses (continued)

	Group 2023 RM'000	Group 2022 RM'000
Fair value losses for:		
Fair value through profit or loss financial assets		
Unit trusts in Malaysia	-	(6,815)
Real estate investment trusts		
- Quoted in Malaysia	-	(46)
Exchange-traded fund		
- Quoted outside Malaysia	-	(118)
Corporate bonds and sukuk		
- Unquoted in Malaysia	-	(2,306)
- Unquoted outside Malaysia	-	(315)
	-	(9,600)
Net fair value gains/(losses)	25,794	(8,296)

21. OTHER INCOME

Group	2023 RM'000	Restated 2022 RM'000
Interest on staff car loans	1	3
Interest on staff housing loans	265	304
Interest on bank balance	35	17
Gain on disposal of plant and equipment	561	17
Sundry income	3,073	1,024
	3,935	1,365

22. EXPENSES

	Note	Group 2023 RM'000	Group Restated 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Personnel expenses (including key management personnel)					
Company's Directors					
- Directors' fees	23	2,130	2,260	1,290	1,580
- Board Committees' Chairman fees	23	70	60	35	30
- Directors' remuneration	23	4,393	4,002	3,985	3,589
Subsidiary's Directors					
- Directors' fees	23	900	750	-	-
- Board Committees' Chairman fees	23	105	90	-	-
- Directors' remuneration	23	2,648	2,411	-	-
Wages, salaries and others		138,806	127,878	769	716
Contributions to Employees' Provident Fund		15,165	14,033	85	79
		164,217	151,484	6,164	5,994
Auditors' remuneration					
Auditors of the Company					
- Statutory audit		995	615	105	95
- Regulatory related services*		110	92	-	-
- Other services		5	12	5	5
Affiliates of auditors of the Company					
- Statutory audit		895	359	-	-
- Other services		124	61	17	7
Incurred claims	19	426,770	852,873	-	-
Commissions		202,843	192,795	-	-
(Reversal of losses)/Losses on onerous insurance contracts	19	(3,575)	27,567	-	-
Bad debts recovered		-	(4)	-	-
Depreciation of plant and equipment	3	2,516	2,841	1	1
Depreciation of right-of-use assets	4	7,212	7,052	-	-
Amortisation of intangible assets	6	2,778	3,928	7	9
Expenses relating to short-term leases	15.2	83	99	47	47
Expenses relating to leases of low-value assets	15.2	502	476	-	-
Realised foreign exchange loss		101	4	-	-
Unrealised foreign exchange gain		(27)	(502)	-	-
Write off of plant and equipment		3	-	2	-
Other expenses		45,288	54,295	1,394	2,297
		850,840	1,294,047	7,742	8,455

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22. EXPENSES (CONTINUED)

	Note	Group 2023 RM'000	Group Restated 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Amounts attributed to insurance acquisition cash flows incurred during the year		**(335,386)**	(329,694)	**-**	-
Amortisation of insurance acquisition cash flows	13(a)(i)	**331,782**	315,370	**-**	-
		847,236	1,279,723	**7,742**	8,455
Represented by:					
Insurance service expenses	13(a)(i), 19	**827,008**	1,259,891	**-**	-
Other operating expenses		**20,228**	19,832	**7,742**	8,455
		847,236	1,279,723	**7,742**	8,455

* Regulatory related services refer to limited review on subsidiary's interim financial statements and other services.

23. KEY MANAGEMENT PERSONNEL COMPENSATION

The total remuneration (including benefits-in-kind) of the Directors and other key management personnel are as follows:

Group	Fees RM'000	Board Committees' Chairman fees RM'000	Salary RM'000	Bonus RM'000	EPF RM'000	Other RM'000	Benefits-in-kind RM'000	Total RM'000
2023								
Directors								
Executive Director and Chief Executive Officer								
- Tan Kok Guan	165	-	1,572	1,670	389	11	24	3,831
Non-Executive Directors								
- Tee Choon Yeow	600	-	-	-	-	165	-	765
- Lee Chin Guan	345	35	-	-	-	162	-	542
- Quah Poh Keat (cessation on 1 January 2024)	345	-	-	-	-	149	-	494
- Chan Kwai Hoe	345	35	-	-	-	159	-	539
- Soo Chow Lai	165	-	-	-	-	58	-	223
- Dato' Chia Lee Kee	165	-	-	-	-	58	-	223
	1,965	70	-	-	-	751	-	2,786
Total Directors' remuneration (including benefits-in-kind)	2,130	70	1,572	1,670	389	762	24	6,617

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23. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

The total remuneration (including benefits-in-kind) of the Directors and other key management personnel are as follows (continued):

Group	Fees RM'000	Board Committees' Chairman fees RM'000	Salary RM'000	Bonus RM'000	EPF RM'000	Other RM'000	Benefits-in-kind RM'000	Total RM'000
2023								
Other key management personnel								
Executive Director and Chief Executive Officer of subsidiary								
- Looi Kong Meng	180	-	1,068	912	238	19	23	2,440
Non-Executive Directors of subsidiary								
- Mohd Suffian Bin Haji Haron	180	35	-	-	-	108	-	323
- Wong Ah Kow	180	35	-	-	-	102	-	317
- Ng Chwe Hwa	180	-	-	-	-	108	-	288
- Woo Chew Hong	180	35	-	-	-	93	-	308
	720	105	-	-	-	411	-	1,236
Total other key management personnel remuneration (including benefits-in-kind)	900	105	1,068	912	238	430	23	3,676
Total Directors' and other key management personnel remuneration (including benefits-in-kind)	3,030	175	2,640	2,582	627	1,192	47	10,293

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23. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

The total remuneration (including benefits-in-kind) of the Directors and other key management personnel are as follows (continued):

Group	Fees RM'000	Board Committees' Chairman fees RM'000	Salary RM'000	Bonus RM'000	EPF RM'000	Other RM'000	Benefits-in-kind RM'000	Total RM'000
2022								
Directors								
Executive Director and Chief Executive Officer								
- Tan Kok Guan	150	-	1,476	1,415	347	7	29	3,424
Non-Executive Directors								
- Tan Sri Dato' Sri Dr. Teh Hong Piow (demised on 12 December 2022)	450	-	-	-	-	8	27	485
- Tee Choon Yeow	460	-	-	-	-	170	-	630
- Lee Chin Guan	300	30	-	-	-	165	-	495
- Quah Poh Keat (cessation on 1 January 2024)	300	-	-	-	-	147	-	447
- Chan Kwai Hoe	300	30	-	-	-	159	-	489
- Soo Chow Lai	150	-	-	-	-	54	-	204
- Dato' Chia Lee Kee	150	-	-	-	-	54	-	204
	2,110	60	-	-	-	757	27	2,954
Total Directors' remuneration (including benefits-in-kind)	2,260	60	1,476	1,415	347	764	56	6,378

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23. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

The total remuneration (including benefits-in-kind) of the Directors and other key management personnel are as follows (continued):

Group	Fees RM'000	Board Committees' Chairman fees RM'000	Salary RM'000	Bonus RM'000	EPF RM'000	Other RM'000	Benefits-in-kind RM'000	Total RM'000
2022								
Other key management personnel								
Executive Director and Chief Executive Officer of subsidiary								
- Looi Kong Meng	150	-	1,008	756	211	18	23	2,166
Non-Executive Directors of subsidiary								
- Mohd Suffian Bin Haji Haron	150	30	-	-	-	111	-	291
- Wong Ah Kow	150	30	-	-	-	107	-	287
- Ng Chwe Hwa	150	-	-	-	-	109	-	259
- Woo Chew Hong	150	30	-	-	-	91	-	271
	600	90	-	-	-	418	-	1,108
Total other key management personnel remuneration (including benefits-in-kind)	750	90	1,008	756	211	436	23	3,274
Total Directors' and other key management personnel remuneration (including benefits-in-kind)	3,010	150	2,484	2,171	558	1,200	79	9,652

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23. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

The total remuneration (including benefits-in-kind) of the Directors and other key management personnel are as follows (continued):

Company	Fees RM'000	Board Committees' Chairman fees RM'000	Salary RM'000	Bonus RM'000	EPF RM'000	Other RM'000	Benefits-in-kind RM'000	Total RM'000
2023								
Executive Director and Chief Executive Officer								
- Tan Kok Guan	165	-	1,572	1,670	389	11	24	3,831
Non-Executive Directors								
- Tee Choon Yeow	300	-	-	-	-	57	-	357
- Lee Chin Guan	165	35	-	-	-	60	-	260
- Quah Poh Keat (cessation on 1 January 2024)	165	-	-	-	-	50	-	215
- Chan Kwai Hoe	165	-	-	-	-	60	-	225
- Soo Chow Lai	165	-	-	-	-	58	-	223
- Dato' Chia Lee Kee	165	-	-	-	-	58	-	223
	1,125	35	-	-	-	343	-	1,503
Total Directors' remuneration (including benefits-in-kind)	1,290	35	1,572	1,670	389	354	24	5,334

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23. KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

The total remuneration (including benefits-in-kind) of the Directors and other key management personnel are as follows (continued):

Company	Fees RM'000	Board Committees' Chairman fees RM'000	Salary RM'000	Bonus RM'000	EPF RM'000	Other RM'000	Benefits-in-kind RM'000	Total RM'000
2022								
Executive Director and Chief Executive Officer								
- Tan Kok Guan	150	-	1,476	1,415	347	7	29	3,424
Non-Executive Directors								
- Tan Sri Dato' Sri Dr. Teh Hong Piow (demised on 12 December 2022)	450	-	-	-	-	8	-	458
- Tee Choon Yeow	230	-	-	-	-	60	-	290
- Lee Chin Guan	150	30	-	-	-	60	-	240
- Quah Poh Keat (cessation on 1 January 2024)	150	-	-	-	-	48	-	198
- Chan Kwai Hoe	150	-	-	-	-	60	-	210
- Soo Chow Lai	150	-	-	-	-	54	-	204
- Dato' Chia Lee Kee	150	-	-	-	-	54	-	204
	1,430	30	-	-	-	344	-	1,804
Total Directors' remuneration (including benefits-in-kind)	1,580	30	1,476	1,415	347	351	29	5,228

24. TAX EXPENSE

	Note	Group 2023 RM'000	Group Restated 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Recognised in profit or loss					
Current tax expense					
Malaysian					
- current year		**63,371**	88,275	**371**	275
- prior years		**(1,768)**	(1,229)	**-**	-
Overseas					
- current year		**1,956**	1,942	**-**	-
- prior years		**-**	(31)	**-**	-
Total current tax recognised in profit or loss		**63,559**	88,957	**371**	275
Deferred tax expense/(income)					
Malaysian					
- origination and reversal of temporary differences		**17,464**	1,213	**-**	-
Overseas					
- origination and reversal of temporary differences		**184**	(694)	**-**	-
Total deferred tax recognised in profit or loss	14	**17,648**	519	**-**	-
Tax expense		**81,207**	89,476	**371**	275
Share of tax of equity accounted associated company		**207**	191	**-**	-
Total income tax expense		**81,414**	89,667	**371**	275
Reconciliation of tax expense					
Profit for the year		**313,726**	252,220	**243,244**	244,329
Total taxation		**81,414**	89,667	**371**	275
Profit excluding tax		**395,140**	341,887	**243,615**	244,604
Income tax using Malaysian tax rate of 24% (2022: 24%)		**94,833**	82,052	**58,467**	58,705
Effect of additional 9% prosperity tax rate on the chargeable income in excess of RM100,000,000		**-**	17,247	**-**	-
Effect of lower tax rates for reinsurance inwards		**(1,144)**	-	**-**	-
Difference in effective tax rate of equity accounted associated company		**(279)**	(48)	**-**	-
Non-deductible expenses		**4,566**	4,489	**1,848**	2,022
Tax exempt income		**(16,993)**	(17,153)	**(59,944)**	(60,452)
Other items		**2,199**	4,340	**-**	-
		83,182	90,927	**371**	275
Over provision in prior years		**(1,768)**	(1,260)	**-**	-
Total income tax expense		**81,414**	89,667	**371**	275

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24. TAX EXPENSE (CONTINUED)

	Note	Group 2023 RM'000	Group Restated 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Recognised in other comprehensive income					
Items that are or may be reclassified subsequently to profit or loss					
Net finance expenses from insurance contracts					
- Deferred tax		(2,249)	(396)	-	-
Net finance income from reinsurance contracts held					
- Deferred tax		1,348	634	-	-
		(901)	238	-	-
Items that will not be reclassified to profit or loss					
Fair value through other comprehensive income financial assets					
- Deferred tax		(246)	81	-	-
	14	(1,147)	319	-	-

25. EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share is based on the profit attributable to owners of the Group of RM313,726,000 (Restated 2022: RM252,220,000) and the weighted average number of ordinary shares outstanding during the year of 398,382,753 (2022: 398,382,753).

Diluted earnings per ordinary share

The Group has no dilution in its earnings per ordinary shares as there are no dilutive potential ordinary shares at 31 December 2023 and 31 December 2022.

26. DIVIDENDS

Dividends recognised in the current year by the Company as appropriation of profits are as follows:

	Sen per share	Total amount RM'000	Date of payment
2023			
Second interim 2022 ordinary	35.00	139,434	2 March 2023
First interim 2023 ordinary	26.00	103,579	20 September 2023
Total amount		243,013	
2022			
Second interim 2021 ordinary	45.00	179,272	2 March 2022
First interim 2022 ordinary	25.00	99,596	25 August 2022
Total amount		278,868	

After the reporting period the following dividends were proposed by the Directors:

	Group and Company Sen per share	Group and Company Total amount RM'000
Second interim 2023 ordinary single tier	40.00	159,354

The dividend will be payable on 20 March 2024 and will be recognised in subsequent financial period. The Directors do not propose any final dividend for the financial year ended 31 December 2023.

27. OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units are managed separately based on the Group's management and internal reporting structure. For each of the strategic business units, the Company's Chief Executive Officer (the chief operating decision maker) reviews internal management reports on a monthly basis. Inter-segment pricing, if any, is determined based on negotiated terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment assets and liabilities are measured based on all assets and liabilities of a segment, as included in the internal management reports that are reviewed by the Company's Chief Executive Officer. Unallocated items mainly comprise interest-earning assets and revenue, interest-bearing loans, borrowings and expenses, and corporate assets and expenses.

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FOR THE YEAR ENDED 31 DECEMBER 2023

27. OPERATING SEGMENTS (CONTINUED)

Business segments

The Group comprises the following main business segments:

General insurance - Underwriting of all classes of general insurance business, mainly carried out by Lonpac Insurance Bhd

Investment holding - Investment holding operations, mainly carried out by LPI Capital Bhd

Group	General insurance 2023 RM'000	General insurance Restated 2022 RM'000	Investment holding 2023 RM'000	Investment holding 2022 RM'000	Total 2023 RM'000	Total Restated 2022 RM'000
Business segments						
External revenue	**1,874,059**	1,591,806	**31,357**	43,059	**1,905,416**	1,634,865
Inter-segment revenue	**-**	-	**220,000**	210,000	**220,000**	210,000
Total revenue	**1,874,059**	1,591,806	**251,357**	253,059	**2,125,416**	1,844,865
Segment profit before tax	**371,318**	307,092	**243,615**	244,604	**614,933**	551,696
Segment assets	**3,615,138**	3,889,132	**1,153,880**	1,160,488	**4,769,018**	5,049,620
Segment liabilities	**(2,283,537)**	(2,638,596)	**(1,967)**	(2,428)	**(2,285,504)**	(2,641,024)

Group	Malaysia 2023 RM'000	Malaysia Restated 2022 RM'000	Outside Malaysia 2023 RM'000	Outside Malaysia Restated 2022 RM'000	Eliminations 2023 RM'000	Eliminations 2022 RM'000	Consolidated 2023 RM'000	Consolidated Restated 2022 RM'000
Geographical segments by location of customers/assets								
Revenue from external customers	**1,748,656**	1,512,559	**156,760**	122,306	**-**	-	**1,905,416**	1,634,865
Segment assets	**4,282,082**	4,589,718	**438,697**	390,260	**(151,761)**	(130,358)	**4,569,018**	4,849,620

27. OPERATING SEGMENTS (CONTINUED)

Reconciliation of reportable segment revenue, profit and assets.

Group	2023 RM'000	Restated 2022 RM'000
Revenue		
Total revenue for reportable segments	**2,125,416**	1,844,865
Elimination of inter-segment revenue	**(220,000)**	(210,000)
Consolidated revenue	**1,905,416**	1,634,865
Profit		
Total profit for reportable segments	**614,933**	551,696
Elimination of inter-segment profit	**(220,000)**	(210,000)
Consolidated profit before tax	**394,933**	341,696
Assets		
Total assets for reportable segments	**4,769,018**	5,049,620
Elimination of inter-segment assets	**(200,000)**	(200,000)
Consolidated assets	**4,569,018**	4,849,620

28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Group has established a structured approach within its Risk Management and Internal Control Framework which is used to conduct a comprehensive risk assessment of every individual risk identified, with sustainability element considered, each with its own unique set of characteristics and operational implications.

The Risk Matrix was utilised to depict the short-term and long-term impact and the likelihood of each individual risk as it gives a simple visual summary of the materiality of the risks being analysed. The Risk Matrix helps the Group to determine how best to utilise its resources to manage its risks on an enterprise level.

NOTES TO THE FINANCIAL STATEMENTS
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28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

The Risk Matrix is shown as below:

Risk Impact \ Risk Likelihood	Low	Medium	High
High	Medium Priority	High Priority	High Priority
Medium	Low Priority	Medium Priority	High Priority
Low	Low Priority	Low Priority	Medium Priority

High Priority = Major Focus | Medium Priority = Moderate Focus | Low Priority = Peripheral Focus

The risks that fall under the top right corner of the matrix should be given high priority, that is the Group should direct a significant proportion of its resources to manage these risks. The risks that fall along the diagonal line from top left corner to bottom right corner are considered as medium priority and are managed accordingly. The risks at the bottom left corner are considered as low priority risks but are still monitored with a peripheral focus.

28.1 Insurance risk

The Group underwrites various general insurance contracts, which are mostly on an annual coverage and annual premium basis, with the exception of short-term policies such as Marine Cargo which covers the duration in which the cargo is being transported. Some of the policies are guaranteed renewable, such as the Medical products which are subject to a pricing review once in every three or five years. The Group also underwrites some non-annual policies with coverage period more than one year such as Mortgage Reducing Personal Accident, Contractor's All Risk and Engineering, Bonds and Workmen Compensation. The majority of the insurance businesses written by the Group are Fire and Motor. Other major lines of business include Offshore Oil Related, Contractor's All Risk and Engineering, Medical Expenses, Liabilities and other miscellaneous classes. Through the underwriting of these insurance contracts, the Group is exposed to various types of risks, with insurance risk being the primary risk.

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FOR THE YEAR ENDED 31 DECEMBER 2023

28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.1 Insurance risk (continued)

Insurance risk is the risk of financial losses arising from higher than expected claims amount and the inadequacy of insurance contract liabilities reserves. By underwriting insurance contracts, the Group takes on insurance risk by indemnifying the policyholders against adverse effects arising from the occurrence of specified uncertain future events. The principal risk the Group faces under insurance contracts is that the actual claims and benefits payments differ from expectations; the risks arise from the fluctuations in timing, frequency and severity of claims; as well as the adequacy of premiums and reserves.

The Group is also exposed to risks arising from climate changes, natural disasters, terrorism activities, regulatory changes such as the phased liberalisation of motor and fire tariff and pandemic events such as the COVID-19 pandemic. For longer tail claims that take some years to settle, there is also the added concern of inflation risk.

The Group's objectives of managing insurance risks are to enhance the long-term financial performance of the business to achieve sustainable growth in profitability, strong asset quality and to continually optimise shareholders' value. The Group seeks to write those risks that it understands and that provide a reasonable opportunity to earn an acceptable profit.

The Group's underwriting strategy is intended to ensure that the risks underwritten are well diversified across a large portfolio of insurance contracts and geographical areas. The variability of risks is managed by the selection and implementation of underwriting strategic guidelines, which are designed to ensure that risks are diversified in terms of type of risk and level of insured benefits.

The Group adopts the following measures to manage the insurance risks:

- The Group adopts an underwriting policy that aims to take advantage of its competitive strengths while avoiding risks with disruptive volatility to ensure underwriting profitability. Acceptance of risk is guided by a set of underwriting guidelines with set limits on underwriting capacity and authority to individuals based on their specific expertise. Product Development, Pricing and Re-Pricing Policy has been established to provide a structured product development process to promote sound risk management practices in managing and controlling product and insurance risks.

- The Group has in place a claims management and control system to pay claims and control claim overpayment or fraud. The Group has claim review policies to assess new and ongoing claims. Reviews of claims handling procedures and investigation of possible fraudulent claims are conducted to reduce the risk exposure of the Group. The Group also enforces a policy of actively managing and promptly pursuing claims, in order to reduce its exposure to unpredictable future developments that may impact the business in a negative manner.

- The Group purchases reinsurance as part of its risks mitigation programme. The objectives for purchasing reinsurance are to provide market-leading capacity for the Group's customers while protecting the statements of financial position and optimising the Group's capital efficiency. Reinsurance is ceded on both proportional and non-proportional basis. The Group's placement of reinsurance is well diversified such that it is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent upon any single reinsurance contract held.

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28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.1 Insurance risk (continued)

The table below sets out the concentration of the Group's general insurance business by type of product based on gross and net insurance revenues.

Group	2023 Gross RM'000	2023 Reinsurance RM'000	2023 Net RM'000	Restated 2022 Gross RM'000	Restated 2022 Reinsurance RM'000	Restated 2022 Net RM'000
Motor	**397,610**	**(23,186)**	**374,424**	359,694	(19,750)	339,944
Fire	**759,730**	**(316,746)**	**442,984**	606,001	(131,529)	474,472
Marine, aviation and transit	**103,362**	**(73,971)**	**29,391**	94,741	(66,680)	28,061
Miscellaneous	**521,219**	**(196,269)**	**324,950**	474,262	(182,961)	291,301
	1,781,921	**(610,172)**	**1,171,749**	1,534,698	(400,920)	1,133,778

The table below sets out the concentration of the Group's insurance contract liabilities and reinsurance contract assets by type of product.

Group	2023 Gross RM'000	2023 Reinsurance RM'000	2023 Net RM'000	Restated 2022 Gross RM'000	Restated 2022 Reinsurance RM'000	Restated 2022 Net RM'000
Motor	**707,649**	**(50,321)**	**657,328**	696,156	(81,615)	614,541
Fire	**461,927**	**(189,090)**	**272,837**	861,757	(630,729)	231,028
Marine, aviation and transit	**294,162**	**(281,178)**	**12,984**	268,862	(249,432)	19,430
Miscellaneous	**736,082**	**(357,379)**	**378,703**	732,622	(354,034)	378,588
	2,199,820	**(877,968)**	**1,321,852**	2,559,397	(1,315,810)	1,243,587

Key assumptions

The principal assumption underlying the estimation of liabilities is that the Group's future claims development will follow a similar pattern to past claims development experience. This includes assumptions in respect of average claims costs, claims numbers for each accident year and average claims settlement period.

Additional qualitative judgements are used to assess the extent to which past trends may not apply in the future, for example, isolated occurrence, changes in the market and economic conditions, as well as internal factors, such as portfolio mix, policy conditions and claims handling procedures. Judgement is further used to assess the extent to which external factors may affect the estimates, such as the impact of COVID-19 pandemic.

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28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.1 Insurance risk (continued)

Sensitivities

The actuary re-runs his valuation models on various bases. An analysis of sensitivity around various scenarios provides an indication of the adequacy of the Group's estimation process in respect of its insurance contracts. The information in the table below demonstrates the sensitivity of the insurance contract liabilities estimates to a defined movement in key assumptions of the estimation process.

The sensitivity analysis is performed across key assumptions with all other assumptions held constant, showing the impact on contractual service margin ("CSM"), profit before tax and equity. The correlation of assumptions may have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumptions had to be changed on an individual basis.

Group	Change in assumptions*	Impact on CSM Gross RM'000	Impact on CSM Net RM'000	Impact on profit before tax Gross RM'000	Impact on profit before tax Net RM'000	Impact on equity** Gross RM'000	Impact on equity** Net RM'000
2023							
Unpaid claims***	**+5%**	**(6,640)**	**(3,750)**	**(91,569)**	**(49,436)**	**(69,897)**	**(37,691)**
Unpaid claims	**-5%**	**6,753**	**3,861**	**91,456**	**49,325**	**69,811**	**37,606**
Expenses****	**+5%**	**(818)**	**(834)**	**(2,848)**	**(2,832)**	**(2,167)**	**(2,155)**
Expenses	**-5%**	**818**	**834**	**2,848**	**2,832**	**2,167**	**2,155**
Restated 2022							
Unpaid claims	+5%	(8,359)	(4,185)	(109,810)	(49,033)	(73,714)	(32,853)
Unpaid claims	-5%	8,376	4,201	109,793	49,017	73,703	32,842
Expenses	+5%	(702)	(719)	(2,688)	(2,671)	(1,795)	(1,784)
Expenses	-5%	703	720	2,688	2,671	1,795	1,784

* Stress is a multiplicative function.

** Impact on equity reflects adjustments for tax, when applicable.

*** The unpaid claims on the gross basis refer to unpaid claims of both the liabilities for incurred claims and liabilities for remaining coverage. However, for the unpaid claims on the net basis, the amounts were net of both the assets for incurred claims and assets for remaining coverage.

**** The expenses refer to the expense provision of both the liabilities for incurred claims and liabilities for remaining coverage.

28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.1 Insurance risk (continued)

Sensitivities (continued)

Changes in these key assumptions mainly affect the CSM, profit before tax and equity as follows:

- CSM
  - Changes in fulfilment cash flows not relating to any loss components, other than those recognised as insurance finance income or expenses.
- Profit before tax
  - Changes in fulfilment cash flows relating to loss components.
  - Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in profit or loss.
- Equity
  - Changes in fulfilment cash flows that are recognised as insurance finance income or expenses in other comprehensive income.
  - The effect on profit before tax above.

Claims development table

The following tables show the Group's estimates of cumulative incurred claims for its Motor and Non-motor business, including both claims notified and incurred but not yet reported for each successive accident year at the end of each reporting period, together with cumulative payments to date. The cumulative claims estimates and cumulative payments for Singapore Branch are translated to RM at the exchange rate applied at the end of the financial year.

While the information in the tables provides a historical perspective on the adequacy of the unpaid claims estimate established in previous years, users of these financial statements are cautioned against extrapolating any redundancies or deficiencies of the past on current unpaid claim balances.

The management of the Group believes that the estimate of total claims outstanding as of 31 December 2023 is adequate. However, due to the inherent uncertainties in the future development of claims, it cannot be fully assured that such balances will ultimately prove to be adequate.

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28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2023:

Group - Motor

Accident year	2015 and prior RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Estimates of undiscounted gross cumulative claims										
At end of accident year		227,212	233,704	253,152	262,672	241,053	234,807	319,319	333,097	-
One year later		220,901	222,874	249,092	275,283	241,794	241,127	303,869	-	-
Two years later		220,560	219,253	250,041	298,870	248,666	216,065	-	-	-
Three years later		220,391	217,918	250,146	285,008	234,992	-	-	-	-
Four years later		217,234	218,024	247,831	280,270	-	-	-	-	-
Five years later		216,578	217,386	247,261	-	-	-	-	-	-
Six years later		212,943	212,255	-	-	-	-	-	-	-
Seven years later		213,981	-	-	-	-	-	-	-	-
Cumulative gross claims paid		(212,422)	(208,512)	(232,795)	(258,989)	(200,017)	(166,057)	(176,106)	(121,128)	-
Gross liabilities (direct and facultative)	168	1,559	3,743	14,466	21,281	34,975	50,008	127,763	211,969	465,932

28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2023 (continued):

Group - Motor

Accident year	2015 and prior RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Gross liabilities (treaty inwards)										43
Gross liabilities (Malaysian motor insurance pool)										12,123
Best estimate of claims liabilities										478,098
Claims handling expenses										5,946
Risk adjustment										47,869
Claims payable										(922)
Effect of discounting										(25,155)
Gross liabilities for incurred claims										505,836

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28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2022:

Group - Motor

Accident year	2014 and prior RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Restated Total RM'000
Estimates of undiscounted gross cumulative claims										
At end of accident year		215,556	227,212	233,704	253,152	262,672	241,053	234,807	319,319	-
One year later		205,004	220,901	222,874	249,092	275,283	241,794	241,127	-	-
Two years later		199,141	220,560	219,253	250,041	298,870	248,666	-	-	-
Three years later		190,368	220,391	217,918	250,146	285,008	-	-	-	-
Four years later		188,277	217,234	218,024	247,831	-	-	-	-	-
Five years later		187,730	216,578	217,386	-	-	-	-	-	-
Six years later		183,275	212,943	-	-	-	-	-	-	-
Seven years later		182,681	-	-	-	-	-	-	-	-
Cumulative gross claims paid		(182,138)	(210,004)	(205,222)	(224,581)	(243,844)	(177,769)	(137,662)	(105,750)	-
Gross liabilities (direct and facultative)	272	543	2,939	12,164	23,250	41,164	70,897	103,465	213,569	468,263

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28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2022 (continued):

Group - Motor

Accident year	2014 and prior RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Restated Total RM'000
Gross liabilities (treaty inwards)										50
Gross liabilities (Malaysian motor insurance pool)										14,183
Best estimate of gross liabilities										482,496
Claims handling expenses										4,276
Risk adjustment										48,107
Claims payable										(621)
Effect of discounting										(24,448)
Gross liabilities for incurred claims										509,810

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28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2023:

Group - Non-Motor

Accident year	2015 and prior RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Estimates of undiscounted gross cumulative claims										
At end of accident year		301,675	313,989	392,402	554,395	381,115	635,452	550,429	446,118	-
One year later		349,588	285,905	348,564	511,334	387,587	702,932	455,127	-	-
Two years later		299,038	273,127	335,641	490,406	554,332	641,030	-	-	-
Three years later		286,071	265,158	317,772	368,291	539,758	-	-	-	-
Four years later		282,175	261,021	449,940	364,830	-	-	-	-	-
Five years later		282,532	316,708	442,557	-	-	-	-	-	-
Six years later		256,476	311,891	-	-	-	-	-	-	-
Seven years later		254,522	-	-	-	-	-	-	-	-
Cumulative gross claims paid		(250,562)	(299,262)	(388,620)	(317,995)	(392,752)	(543,510)	(265,242)	(193,034)	-
Gross liabilities (direct and facultative)	8,276	3,960	12,629	53,937	46,835	147,006	97,520	189,885	253,084	813,132

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28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2023 (continued):

Group - Non-Motor

Accident year	2015 and prior RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Gross liabilities (treaty inwards)										392
Best estimate of claims liabilities										813,524
Claims handling expenses										14,478
Risk adjustment										127,480
Claims payable										(2,647)
Effect of discounting										(25,811)
Gross liabilities for incurred claims										927,024

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28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2022:

Group - Non-Motor

Accident year	2014 and prior RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Restated Total RM'000
Estimates of undiscounted gross cumulative claims										
At end of accident year		269,167	301,675	313,989	392,402	554,395	381,115	635,452	550,429	-
One year later		282,023	349,588	285,905	348,564	511,334	387,587	702,932	-	-
Two years later		264,977	299,038	273,127	335,641	490,406	554,332	-	-	-
Three years later		247,120	286,071	265,158	317,772	368,291	-	-	-	-
Four years later		248,296	282,175	261,021	449,940	-	-	-	-	-
Five years later		249,554	282,532	316,708	-	-	-	-	-	-
Six years later		245,882	256,476	-	-	-	-	-	-	-
Seven years later		284,278	-	-	-	-	-	-	-	-
Cumulative gross claims paid		(278,386)	(248,245)	(297,324)	(380,395)	(307,703)	(345,781)	(389,419)	(123,804)	-
Gross liabilities (direct and facultative)	6,639	5,892	8,231	19,384	69,545	60,588	208,551	313,513	426,625	1,118,968

28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2022 (continued):

Group - Non-Motor

Accident year	2014 and prior RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Restated Total RM'000
Gross liabilities (treaty inwards)										631
Best estimate of claims liabilities										1,119,599
Claims handling expenses										16,639
Risk adjustment										168,714
Claims payable										(1,000)
Effect of discounting										(40,647)
Gross liabilities for incurred claims										1,263,305

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28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.1 Insurance risk (continued)

Liabilities for incurred claims net of reinsurance for 2023:

Group - Motor

Accident year	2015 and prior RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Estimates of undiscounted net cumulative claims										
At end of accident year		182,729	204,560	234,092	253,971	232,211	225,698	294,193	317,164	-
One year later		179,545	195,522	230,422	261,199	225,304	218,470	287,129	-	-
Two years later		175,446	190,842	229,833	262,770	223,869	205,872	-	-	-
Three years later		173,301	189,544	226,738	260,403	218,635	-	-	-	-
Four years later		171,596	188,267	225,163	256,864	-	-	-	-	-
Five years later		170,523	188,568	224,404	-	-	-	-	-	-
Six years later		167,392	183,928	-	-	-	-	-	-	-
Seven years later		168,006	-	-	-	-	-	-	-	-
Cumulative net claims paid		(167,044)	(180,921)	(212,756)	(241,379)	(188,160)	(161,787)	(171,423)	(118,032)	-
Net liabilities (direct and facultative)	126	962	3,007	11,648	15,485	30,475	44,085	115,706	199,132	420,626

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FOR THE YEAR ENDED 31 DECEMBER 2023

28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.1 Insurance risk (continued)

Liabilities for incurred claims net of reinsurance for 2023 (continued):

Group - Motor

Accident year	2015 and prior RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Net liabilities (treaty inwards)										43
Net liabilities (Malaysian motor insurance pool)										12,123
Best estimate of claims liabilities										432,792
Claims handling expenses										5,946
Risk adjustment										41,444
Claims payable										(3,439)
Expected credit loss										80
Effect of discounting										(22,733)
Net liabilities for incurred claims										454,090

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.1 Insurance risk (continued)

Liabilities for incurred claims net of reinsurance for 2022:

Group - Motor

Accident year	2014 and prior RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Restated Total RM'000
Estimates of undiscounted net cumulative claims										
At end of accident year		173,556	182,729	204,560	234,092	253,971	232,211	225,698	294,193	-
One year later		165,112	179,545	195,522	230,422	261,199	225,304	218,470	-	-
Two years later		158,583	175,446	190,842	229,833	262,770	223,869	-	-	-
Three years later		153,602	173,301	189,544	226,738	260,403	-	-	-	-
Four years later		151,625	171,596	188,267	225,163	-	-	-	-	-
Five years later		151,141	170,523	188,568	-	-	-	-	-	-
Six years later		147,556	167,392	-	-	-	-	-	-	-
Seven years later		146,889	-	-	-	-	-	-	-	-
Cumulative net claims paid		(146,461)	(165,280)	(178,348)	(205,700)	(226,884)	(169,240)	(134,105)	(103,046)	-
Net liabilities (direct and facultative)	171	428	2,112	10,220	19,463	33,519	54,629	84,365	191,147	396,054

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28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.1 Insurance risk (continued)

Liabilities for incurred claims net of reinsurance for 2022 (continued):

Group - Motor

Accident year	2014 and prior RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Restated Total RM'000
Net liabilities (additional provision)										2
Net liabilities (treaty inwards)										50
Net liabilities (Malaysian motor insurance pool)										14,183
Best estimate of claims liabilities										410,289
Claims handling expenses										4,276
Risk adjustment										37,467
Claims payable										(3,606)
Expected credit loss										46
Effect of discounting										(20,344)
Net liabilities for incurred claims										428,128

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.1 Insurance risk (continued)

Liabilities for incurred claims net of reinsurance for 2023:

Group - Non-Motor

Accident year	2015 and prior RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Estimates of undiscounted net cumulative claims										
At end of accident year		145,841	170,174	203,242	209,493	193,850	190,023	207,492	238,715	-
One year later		134,392	157,510	206,322	197,714	178,789	180,864	199,195	-	-
Two years later		129,381	153,574	204,663	196,591	168,880	182,431	-	-	-
Three years later		127,964	151,576	196,866	199,878	163,295	-	-	-	-
Four years later		126,342	145,361	191,831	196,093	-	-	-	-	-
Five years later		125,373	143,406	190,704	-	-	-	-	-	-
Six years later		122,668	142,910	-	-	-	-	-	-	-
Seven years later		123,237	-	-	-	-	-	-	-	-
Cumulative net claims paid		(123,001)	(140,855)	(184,799)	(187,149)	(152,528)	(168,019)	(167,754)	(136,669)	-
Net liabilities (direct and facultative)	1,816	236	2,055	5,905	8,944	10,767	14,412	31,441	102,046	177,622

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FOR THE YEAR ENDED 31 DECEMBER 2023

28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.1 Insurance risk (continued)

Liabilities for incurred claims net of reinsurance for 2023 (continued):

Group - Non-Motor

Accident year	2015 and prior RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	2023 RM'000	Total RM'000
Net liabilities (additional provision)										251
Net liabilities (treaty inwards)										392
Best estimate of claims liabilities										178,265
Claims handling expenses										14,478
Risk adjustment										28,879
Claims payable										(54,840)
Expected credit loss										1,150
Effect of discounting										(2,220)
Net liabilities for incurred claims										165,712

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.1 Insurance risk (continued)

Liabilities for incurred claims net of reinsurance for 2022:

Group - Non-Motor

Accident year	2014 and prior RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Restated Total RM'000
Estimates of undiscounted net cumulative claims										
At end of accident year		123,258	145,841	170,174	203,242	209,493	193,850	190,023	207,492	-
One year later		124,584	134,392	157,510	206,322	197,714	178,789	180,864	-	-
Two years later		119,848	129,381	153,574	204,663	196,591	168,880	-	-	-
Three years later		114,753	127,964	151,576	196,866	199,878	-	-	-	-
Four years later		114,174	126,342	145,361	191,831	-	-	-	-	-
Five years later		114,565	125,373	143,406	-	-	-	-	-	-
Six years later		113,962	122,668	-	-	-	-	-	-	-
Seven years later		114,210	-	-	-	-	-	-	-	-
Cumulative net claims paid		(111,718)	(121,782)	(139,988)	(183,517)	(185,047)	(149,336)	(149,362)	(94,402)	-
Net liabilities (direct and facultative)	817	2,492	886	3,418	8,314	14,831	19,544	31,502	113,090	194,894

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FOR THE YEAR ENDED 31 DECEMBER 2023

28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.1 Insurance risk (continued)

Liabilities for incurred claims gross of reinsurance for 2022 (continued):

Group - Non-Motor

Accident year	2014 and prior RM'000	2015 RM'000	2016 RM'000	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000	Restated Total RM'000
Net liabilities (additional provision)										351
Net liabilities (treaty inwards)										631
Best estimate of claims liabilities										195,876
Claims handling expenses										16,639
Risk adjustment										30,845
Claims payable										(63,274)
Expected credit loss										594
Effect of discounting										1,238
Net liabilities for incurred claims										181,918

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.2 Financial risk management

The Group and the Company are exposed to a variety of financial risks that includes credit risk, liquidity risk, market risk (currency risk, interest rate/profit yield risk, price risk) and operational risk. The Group's and the Company's overall financial risk management objective is to ensure that the Group and the Company create value for their shareholders whilst minimising potential exposure to adverse effects on their financial performance and positions.

The Group and the Company are guided by risk management policies which set out the overall business strategies and the general risk management philosophy.

The Group and the Company have established internal processes to monitor the risks on an ongoing basis.

The policies and measures taken by the Group and the Company to manage these risks are as set out below.

28.3 Credit risk

Credit risk is the risk of financial loss resulting from the failure of a customer, an intermediary or counterparty to settle its financial and contractual obligations to the Group and the Company as and when they fall due.

The Group's and the Company's primary exposure to credit risk arises through their investment in fixed income securities, receivables arising from sales of insurance policies, and obligations of reinsurers through reinsurance contracts held.

(i) Management of credit risk

The Group and the Company have put in place credit policies and investment guidelines as part of its overall credit risk management framework which includes the following:

- Evaluation of a debt instrument issuer's credit risk is undertaken by the Investment Unit of the Finance Department. Monitoring of credit and concentration risk is carried out by the Finance Department which reports to the Investment Committee and is supported by the Enterprise Risk Management and Sustainability Department.

- Cash and deposits in Malaysia are generally placed with banks and financial institutions licensed under the Financial Services Act 2013 and Islamic Financial Services Act 2013 which are regulated by Bank Negara Malaysia whereas cash and deposits in Singapore are generally placed with banks and financial institutions licensed under the Financial Advisers Act which are regulated by Monetary Authority of Singapore.

- Receivables arising from insurance contracts and reinsurance contracts held are monitored by the Credit Control Committee and Credit Control Unit of the Finance Department to ensure adherence to the Group's credit policy. As part of the overall risk management strategy, the Group cedes insurance risk through proportional and non-proportional treaties and facultative arrangements.

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FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.3 Credit risk (continued)

(i) Management of credit risk (continued)

- The Group monitors the credit quality and financial conditions of its reinsurers on an ongoing basis and review its reinsurance arrangements periodically. The Group typically cedes business to reinsurers that have a good credit rating and concentration of risk is avoided by adhering to policy guidelines in respect of counterparties' limits that are set each year by the Board of Directors ("the Board"). When selecting its reinsurers, the Group considers their relative financial security. The security of the reinsurer is assessed based on public rating information and annual reports.

- The Group's credit risk exposure to insurance receivables arises from business with their appointed agents, brokers, other intermediaries and insurance companies. The risk arises where these parties collect premiums from customers to be paid to the Group. The Group has policies to monitor credit risk from these receivables with a focus on day-to-day monitoring of the outstanding position by the credit control staff. The Group also has guidelines to evaluate intermediaries before their appointment as well as setting credit terms to these appointees.

- The Group and the Company use the ratings assigned by external rating agencies to assess the credit risk of debt securities, fixed and call deposits, reinsurance receivables and insurance receivables. The Group and the Company also develop and maintain an internal risk grading to categorise exposures according to the degree of risk of default when external credit ratings are not available.

(ii) Concentrations of credit risk

The Group and the Company manage individual exposures as well as concentration of credit risks:

(i) By issuer for investments in debt instruments;
(ii) By financial institutions for cash and bank balances and fixed and call deposits; and
(iii) By reinsurers for reinsurance contract assets.

At end of the reporting period, there was no significant concentration of credit risks, other than:

(i) investments in corporate bonds and sukuk issued by top five issuers amounted to RM181,256,000 (2022: RM138,776,000) for the Group;

(ii) bank balances and deposits placed with top five banks amounted to RM867,510,000 (2022: RM797,665,000) and RM41,278,000 (2022: RM41,764,000) for the Group and the Company respectively; and

(iii) reinsurance contract assets recoverable from top five reinsurers amounted to RM380,091,000 (2022: RM527,612,000) for the Group.

28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.3 Credit risk (continued)

(iii) Credit quality analysis

The following table presents an analysis of the credit quality of reinsurance contract assets, financial assets at fair value through profit or loss ("FVTPL") and amortised cost ("AC"). The inputs, assumptions and techniques used for estimating the impairment are disclosed in Note 28.3(iv).

Group	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-rated RM'000	Total RM'000
2023						
Reinsurance contract assets	-	56,558	564,914	1,060	21,215	643,747
Financial assets						
FVTPL						
Corporate bonds and sukuk	80,658	156,368	47,115	-	-	284,141
AC						
Malaysian government securities	15,240	-	-	-	-	15,240
Government investment issues	39,821	-	-	-	-	39,821
Malaysian government guaranteed loans	85,000	-	-	-	-	85,000
Corporate bonds and sukuk	20,000	9,999	13,303	-	-	43,302
Fixed and call deposits	115,790	161,131	347,842	195,809	-	820,572
Loans and receivables	-	-	-	-	42,756	42,756
Cash and cash equivalents	19,123	122,718	135,753	616	36,805	315,015
	294,974	293,848	496,898	196,425	79,561	1,361,706

28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.3 Credit risk (continued)

(iii) Credit quality analysis (continued)

Group	AAA RM'000	AA RM'000	A RM'000	BBB RM'000	Non-rated RM'000	Total RM'000
Restated						
2022						
Reinsurance contract assets	-	95,835	755,545	1,680	76,568	929,628
Financial assets						
FVTPL						
Corporate bonds and sukuk	69,295	108,670	55,984	-	-	233,949
AC						
Malaysian government securities	15,300	-	-	-	-	15,300
Government investment issues	39,795	-	-	-	-	39,795
Malaysian government guaranteed loans	85,000	-	-	-	-	85,000
Corporate bonds and sukuk	25,000	9,999	15,713	-	-	50,712
Fixed and call deposits	101,344	156,780	57,773	9,274	10	325,181
Loans and receivables	-	-	-	-	32,400	32,400
Cash and cash equivalents	191,896	141,737	369,227	3,234	18,817	724,911
	458,335	308,516	442,713	12,508	51,227	1,273,299

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28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.3 Credit risk (continued)

(iii) Credit quality analysis (continued)

Company	AAA RM'000	A RM'000	Non-rated RM'000	Total RM'000
2023				
AC				
Fixed and call deposits	**100**	**39,000**	**-**	**39,100**
Loans and receivables	**-**	**-**	**522**	**522**
Cash and cash equivalents	**130**	**2,048**	**-**	**2,178**
	230	**41,048**	**522**	**41,800**
2022				
AC				
Fixed and call deposits	-	21,700	-	21,700
Loans and receivables	-	-	267	267
Cash and cash equivalents	8,704	11,360	-	20,064
	8,704	33,060	267	42,031

Age analysis of trade receivables past due

Amounts due from policyholders, agents, brokers, co-insurers and reinsurers ("trade receivables"), was either net off with insurance contract liabilities or reinsurance contract assets. However, these amounts are still exposed to credit risk.

The credit terms of trade receivables granted to related parties are no different from those granted to non-related parties.

A trade receivable is deemed past due when the counterparty has failed to make payment when the outstanding amount is contractually due.

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28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.3 Credit risk (continued)

(iii) Credit quality analysis (continued)

Age analysis of trade receivables past due (continued)

Age analysis of trade receivables past due but not impaired:

Group	<30 days RM'000	31 - 60 days RM'000	61 - 90 days RM'000	91 - 180 days RM'000	>180 days RM'000	Total RM'000
2023						
Trade receivables arise from insurance contracts	97,775	26,389	29,130	12,353	2,070	167,717
Trade receivables arise from reinsurance contracts held	7,794	3,261	1,312	7,718	-	20,085
Restated						
2022						
Trade receivables arise from insurance contracts	95,851	32,151	22,786	12,797	1,047	164,632
Trade receivables arise from reinsurance contracts held	22,636	3,590	-	1,059	-	27,285

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28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.3 Credit risk (continued)

(iv) Amount arising from expected credit loss ("ECL")

Allowance for impairment

The following tables show reconciliations from the opening balance to the closing balance of the allowance for impairment by class of financial instrument.

Group	12-months ECL Corporate bonds and sukuk 2023 RM'000	12-months ECL Corporate bonds and sukuk 2022 RM'000
Balance at 1 January	6	6
Net remeasurement of allowance for impairment	(1)	-
Balance at 31 December	5	6

Inputs, assumptions and techniques used for estimating impairment

Measurement of ECL

The key inputs into the measurement of ECL are the term structures of the following variables:

- probability of default ("PD");
- loss given default ("LGD"); and
- exposure at default ("EAD").

To determine lifetime and 12-month PDs, the Group and the Company use the PD table supplied by reputable rating agency based on the default history of obligors with the same credit rating. The Group and the Company adopt the same approach for unrated investments by mapping its internal risk grades to the equivalent external credit ratings. Wherever applicable, additional forward-looking information is considered when determining PD, such as the Group's and the Company's internal stress-testing of macroeconomic adverse scenarios. Changes in the rating for a counterparty or exposure lead to a change in the estimate of the associated PD.

LGD is the magnitude of the likely loss if there is a default. The Group and the Company estimate LGD parameters based on the history of recovery rates of claims against defaulted counterparties. Wherever applicable and material, additional information is considered in determining LGDs, including structure, collateral, seniority of the claim, counterparty industry and recovery costs of any collateral that is integral to the financial asset.

28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.3 Credit risk (continued)

(iv) Amount arising from expected credit loss ("ECL") (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

Measurement of ECL (continued)

EAD represents the expected exposure in the event of a default. The Group and the Company derive the EAD from the current exposure to the counterparty and wherever applicable, potential changes to the current amount allowed under the contract, including early redemption and prepayments. The EAD of a financial asset is its gross carrying amount.

As described above, and subject to using a maximum of a 12-month PD for financial assets for which credit risk has not significantly increased, the Group and the Company measure ECL considering the risk of default over the maximum contractual period over which it is exposed to credit risk.

Where modelling of a parameter is carried out on a collective basis, the financial instruments are grouped on the basis of shared risk characteristics, which include:

- instrument type; and
- credit risk gradings

The groupings are subject to regular review to ensure that exposures within a particular group remain appropriately homogeneous.

Definition of default

The Group and the Company consider a financial asset to be in default when the counterparty is unlikely to pay its credit obligations to the Group and the Company in full, without recourse by the Group and the Company to actions such as realising security (if any is held).

In assessing whether a counterparty is in default, the Group and the Company consider indicators that are:

- qualitative: e.g. breaches of covenant and other indicators of financial distress;
- quantitative: e.g. overdue status and non-payment of another obligation of the same issuer to the Group and the Company; and
- based on data developed internally and obtained from external sources.

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28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.3 Credit risk (continued)

(iv) Amount arising from expected credit loss ("ECL") (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

Definition of default (continued)

Inputs into the assessment of whether a financial instrument is in default and their significance may vary over time to reflect changes in circumstances.

Significant increase in credit risk

When determining whether the credit risk (i.e. risk of default) on a financial instrument has increased significantly since initial recognition, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both qualitative and quantitative information and analysis based on the Group's and the Company's experience, expert credit assessment and forward-looking information.

The Group and the Company primarily identify whether a significant increase in credit risk has occurred for an exposure by comparing:

- the remaining lifetime PD as at the reporting date; with
- the remaining lifetime PD for this point in time that was estimated on initial recognition of the exposure.

Whenever available, the Group and the Company monitor changes in credit risk by tracking published external credit ratings. To determine whether published ratings remain up to date and to assess whether there has been a significant increase in credit risk at the reporting date that has not been reflected in published ratings, the Group and the Company also perform a regular internal review on the creditworthiness of the counterparty based on the latest quantitative and qualitative data, together with available press and regulatory information about issuers.

Where external credit ratings are not available, the Group and the Company allocate each exposure to an internal credit risk grade. The internal credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and benchmarked against external credit rating from reputable rating agencies.

The Group and the Company have assumed that the credit risk of a financial asset has not increased significantly since initial recognition if the financial asset has low credit risk at the reporting date. The Group and the Company consider a financial asset to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment-grade'. The Group and the Company consider this to be BBB or higher based on credit ratings published by reputable rating agencies.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.3 Credit risk (continued)

(iv) Amount arising from expected credit loss ("ECL") (continued)

Inputs, assumptions and techniques used for estimating impairment (continued)

Significant increase in credit risk (continued)

As a backstop, the Group and the Company consider that a significant increase in credit risk occurs no later than when an asset is more than 6 months past due. Days past due are determined by counting the number of days since the earliest elapsed due date in respect of which full payment has not been received. Due dates are determined taking into consideration of the 3 months or 90 days credit terms that might be available to the counterparty.

The Group and the Company monitor the effectiveness of the criteria used to identify significant increases in credit risk by regular reviews to confirm that:

- the criteria are capable of identifying significant increases in credit risk before an exposure is in default;
- the criteria do not align with the point in time when an asset becomes 6 months past due;
- the average time between the identification of a significant increase in credit risk and default appears reasonable;
- exposures are not generally transferred from 12-month ECL measurement to credit-impaired; and
- there is no unwarranted volatility in loss allowance from transfers between 12-month and lifetime ECL.

28.4 Liquidity risk

Liquidity risk is the risk that the Group and the Company may not have sufficient liquid financial resources to meet their obligations when they fall due, or would have to incur excessive costs to do so. In respect of catastrophic events, there is also a liquidity risk associated with the timing differences between gross cash outflows and expected reinsurance recoveries. The Group's and the Company's policy is to maintain adequate liquidity to meet their liquidity needs under normal and stressed conditions.

(i) Management of liquidity risk

The following policies and procedures are in place to mitigate the Group's and the Company's exposure to liquidity risk:

- A Group-wide liquidity risk management policy setting out the assessment and determination of what constitutes liquidity risk for the Group is established. Compliance with the policy is monitored and reported monthly and exposures and breaches are reported to the Group's Risk and Sustainability Committee ("RSC") as soon as possible. The Group's and the Company's Investment Committee is the primary party responsible for liquidity management based on guidelines approved by the Board.

28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.4 Liquidity risk (continued)

(i) Management of liquidity risk (continued)

- There are guidelines on asset allocations, portfolio limit structures and maturity profiles of assets, in order to ensure sufficient funding is available to meet insurance and investment contract obligations. As part of their liquidity management, the Group and the Company maintain sufficient level of cash and cash equivalents to meet expected and to a lesser extent unexpected outflows.
- Setting up contingency funding plans which specify minimum proportions of funds to meet emergency calls as well as specifying events that would trigger such plans. The Group's and the Company's contingency funding plans include arranging credit line with banks and funding from the shareholders.
- The Group's treaty reinsurance contract held contains a "cash call" clause permitting the Group to make cash call on claim and receive immediate payment for a large loss without waiting for usual periodic payment procedures to occur.
- The Group has entered into Global Master Repurchase Agreements, an international standard repurchase agreement prepared by the International Capital Market Association with the principal dealers as a liquidity facility and enhancement in liquidity management tool.

(ii) Maturity analysis

Insurance contracts and reinsurance contracts held

The table below summarises the maturity profile of the Group and of the Company insurance and reinsurance contracts, which reflects the dates on which the cash flows are expected to occur. The maturity profile is determined based on estimations of present value of future cash flows.

Group	Carrying amount RM'000	1 year or less* RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
2023								
Insurance contracts liabilities	(2,199,820)	(885,489)	(453,614)	(210,352)	(95,458)	(41,748)	(35,508)	(1,722,169)
Reinsurance contracts asset	877,968	342,573	183,774	88,369	36,882	16,488	14,181	682,267

* expected utilisation or settlement is within 12 months from the reporting date.

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28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.4 Liquidity risk (continued)

(ii) Maturity analysis (continued)

Insurance contracts and reinsurance contracts held (continued)

Group	Carrying amount RM'000	1 year or less* RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
Restated 2022								
Insurance contracts liabilities	(2,559,397)	(1,047,484)	(575,219)	(234,623)	(98,851)	(42,511)	(33,767)	(2,032,455)
Reinsurance contracts asset	1,315,810	466,639	368,321	133,487	51,904	22,365	22,805	1,065,521

* expected utilisation or settlement is within 12 months from the reporting date.

Financial liabilities

The table below summarises the maturity profile of the financial liabilities of the Group and of the Company based on remaining undiscounted contractual obligations, including interest/profit payable.

Group	Carrying amount RM'000	1 year or less* RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
2023								
Other payables	**(8,131)**	**(8,131)**	**-**	**-**	**-**	**-**	**-**	**(8,131)**
Restated 2022								
Other payables	(7,762)	(7,762)	-	-	-	-	-	(7,762)

* expected utilisation or settlement is within 12 months from the reporting date.

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28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.4 Liquidity risk (continued)

(ii) Maturity analysis (continued)

Financial liabilities (continued)

Company	Carrying amount RM'000	1 year or less* RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
2023								
Other payables	**(1,868)**	**(1,868)**	**-**	**-**	**-**	**-**	**-**	**(1,868)**
2022								
Other payables	(2,375)	(2,375)	-	-	-	-	-	(2,375)

* expected utilisation or settlement is within 12 months from the reporting date.

28.5 Market risk

Management of market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprised three types of exposures: foreign exchange rates (currency risk), market interest rates (interest rate/profit yield risk) and market prices (price risk).

The key features of the Group's and the Company's market risk management practices and policies are as follows:

- A Group and Company-wide market-risk policy setting out the evaluation and determination of what constitutes market risk for the Group and the Company is put in place. Compliance with the policy is monitored and reported monthly to the Investment Committee.
- The Group and the Company have policies and limits to manage market risk. The market risk is managed through portfolio diversification and changes in asset allocation. The Group's and the Company's policies on asset allocation, portfolio limit structure and diversification benchmark have been set in line with the Group's and the Company's risk management policy after taking cognisance of the regulatory requirements in respect of maintenance of assets and solvency.

NOTES TO THE FINANCIAL STATEMENTS

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28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.6 Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

(i) Exposure to foreign currency risk

The Group and the Company face foreign currency risk, primarily because of their operations in Singapore Branch and some of their cash and bank balances are held in USD. Consequently, the Group and the Company are exposed to risks that the exchange rate relative to other foreign currencies may affect the value of the Group's and the Company's assets or liabilities denominated in currencies other than the functional currency of the Group entities.

Foreign exchange transaction risk impacting the Group's and the Company's profit or loss arises both from external investing activities and intra-company operating activities. Currency risk relating to investing and operating activities in the normal course of business are generally not hedged.

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

Group	Malaysian Ringgit RM'000	US Dollar RM'000	Total RM'000
2023			
Malaysian operation			
Investment in an associated company	-	46,322	46,322
Cash and cash equivalents	-	243	243
	-	46,565	46,565
Singapore operation			
Investment at fair value through other comprehensive income ("FVOCI")	28,443	-	28,443
Investment at AC	7,480	-	7,480
Cash and cash equivalents	446	3,131	3,577
	36,369	3,131	39,500

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28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.6 Currency risk (continued)

(i) Exposure to foreign currency risk (continued)

Group	Malaysian Ringgit RM'000	US Dollar RM'000	Total RM'000
2022			
Malaysian operation			
Investment in an associated company	-	42,387	42,387
Cash and cash equivalents	-	857	857
	-	43,244	43,244
Singapore operation			
Investment at FVOCI	28,642	-	28,642
Investment at AC	7,234	-	7,234
Cash and cash equivalents	455	2,830	3,285
	36,331	2,830	39,161

Company	US Dollar 2023 RM'000	US Dollar 2022 RM'000
Investment in an associated company	10,833	10,833

(ii) Sensitivity analysis

The Group's and the Company's exposure to currency risk is immaterial in the context of the financial statements and hence, sensitivity analysis is not presented.

28.7 Interest rate/Profit yield risk

Interest rate/profit yield risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rate/profit yield.

(i) Exposure to interest rate/profit yield risk

The Group are exposed to interest rate risk primarily through their investments in fixed income securities, insurance contracts and reinsurance contracts held. Interest rate risk is managed by the Group on an ongoing basis.

The Group and the Company have no significant concentration of interest rate/profit yield risk on investment in deposit placements due to the relatively short-term nature and are intended to be held-to-maturity.

28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.7 Interest rate/Profit yield risk (continued)

(ii) Sensitivity analysis

An analysis of the Group's sensitivity to a +/- 25 basis points change in the interest rate at the reporting date, assuming that all other variables remain constant, is presented below:

Group	Impact on CSM +25 basis points RM'000	Impact on CSM -25 basis points RM'000	Impact on profit before tax +25 basis points RM'000	Impact on profit before tax -25 basis points RM'000	Impact on equity* +25 basis points RM'000	Impact on equity* -25 basis points RM'000
2023						
Insurance contracts and reinsurance contracts held	(39)	40	16	(16)	2,728	(2,756)
Financial instruments	-	-	(2,398)	2,398	(1,822)	1,822
	(39)	40	(2,382)	2,382	906	(934)
2022						
Insurance contracts and reinsurance contracts held	(10)	11	18	(18)	1,934	(1,951)
Financial instruments	-	-	(2,260)	2,260	(1,718)	1,718
	(10)	11	(2,242)	2,242	216	(233)

* Impact on equity reflects adjustments for tax, when applicable.

28.8 Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate/profit yield risk or currency risk), regardless whether those changes are caused by factors specific to the individual financial instrument or its issuer or factors affecting similar financial instruments traded in the market.

The Group's and the Company's price risk exposure relates to financial assets and financial liabilities whose values will fluctuate as a result of changes in market prices.

(i) Exposure to price risk

The Group and the Company are exposed to price risk arising from investments held by the Group and the Company and classified in the statements of financial position as FVOCI and FVTPL financial assets that comprise quoted equities, unit trusts, real estate investment trusts ("REITs") and exchange-traded fund ("ETF").

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FOR THE YEAR ENDED 31 DECEMBER 2023

28. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONTINUED)

28.8 Price risk (continued)

(ii) Sensitivity analysis

The analysis below is performed for reasonably possible movements in market price with all other variables held constant, showing the impact on statements of profit or loss and other comprehensive income and changes in equity (due to changes in fair value of FVOCI and FVTPL financial assets).

Group	Change in variables	2023 Impact on profit before tax RM'000	2023 Impact on equity* RM'000	2022 Impact on profit before tax RM'000	2022 Impact on equity* RM'000
Market price	+10%	93,257	142,939	90,491	141,334
Market price	-10%	(93,257)	(142,939)	(90,491)	(141,334)
Company					
Market price	+10%	-	69,317	-	69,802
Market price	-10%	-	(69,317)	-	(69,802)

* Impact on equity reflects adjustments for tax, when applicable.

The method used for deriving sensitivity information and significant variables did not change from the previous year.

28.9 Operational risk

Operational risk is the risk of loss arising from inadequate or failed internal processes, people, systems or unexpected external events. When controls fail to perform, operational risks can cause damage to reputation, have legal or regulatory implications or can lead to financial loss.

The Group and the Company cannot expect to eliminate all operational risks but mitigate them by establishing a control framework and by monitoring and responding to potential risks. Controls include effective segregation of duties, access controls, authorisation, reconciliation procedures, staff training and evaluation procedures, including the use of Internal Audit. Business risk, such as changes in environment, technology and the industry are monitored through the Group's and the Company's strategic planning and budgeting process.

The Group's and the Company's risk taking units (Business/Technical/Control/ Support Divisions) are primarily responsible for the management of day-to-day operational risks inherent in their respective business and functional areas. They are responsible for putting in place and maintaining their respective operational manuals and ensuring that activities undertaken by them comply with the Group's operational risk management framework and oversight by the Enterprise Risk Management and Sustainability Department, Risk, Compliance and Sustainability Committee and the Board.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

29. FINANCIAL INSTRUMENTS

29.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Amortised cost ("AC");
(b) Designated as at fair value through other comprehensive income ("FVOCI");
(c) Mandatorily at fair value through profit or loss ("FVTPL"); and
(d) Other financial liabilities at amortised cost ("FL").

2023	Carrying amount RM'000	AC/(FL) RM'000	Designated as at FVOCI RM'000	Mandatorily at FVTPL RM'000
Financial assets				
Group				
Other investments	3,167,288	1,003,935	945,063	1,218,290
Loans and receivables	42,756	42,756	-	-
Cash and cash equivalents	315,015	315,015	-	-
	3,525,059	1,361,706	945,063	1,218,290
Company				
Other investments	951,169	39,100	912,069	-
Loans and receivables	522	522	-	-
Cash and cash equivalents	2,178	2,178	-	-
	953,869	41,800	912,069	-
Financial liabilities				
Group				
Other payables	(8,131)	(8,131)	-	-
Company				
Other payables	(1,868)	(1,868)	-	-

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.1 Categories of financial instruments (continued)

Restated 2022	Carrying amount RM'000	AC/(FL) RM'000	Designated as at FVOCI RM'000	Mandatorily at FVTPL RM'000
Financial assets				
Group				
Other investments	2,607,994	515,988	951,672	1,140,334
Loans and receivables	32,400	32,400	-	-
Cash and cash equivalents	724,911	724,911	-	-
	3,365,305	1,273,299	951,672	1,140,334
Company				
Other investments	940,147	21,700	918,447	-
Loans and receivables	267	267	-	-
Cash and cash equivalents	20,064	20,064	-	-
	960,478	42,031	918,447	-
Financial liabilities				
Group				
Other payables	(7,762)	(7,762)	-	-
Company				
Other payables	(2,375)	(2,375)	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.2 Net gains and losses arising from financial instruments

	Group		Company	
	2023 RM'000	Restated 2022 RM'000	2023 RM'000	2022 RM'000
Net (losses)/gains arising on:				
Designated as at FVOCI				
- recognised in other comprehensive income	(6,919)	35,036	(6,378)	34,017
- recognised in profit or loss	30,869	43,431	29,764	41,883
	23,950	78,467	23,386	75,900
Mandatorily at FVTPL	70,936	19,681	-	-
Financial assets at AC	45,011	27,737	1,593	1,176
	139,897	125,885	24,979	77,076

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.3 Fair value information

The carrying amounts of cash and cash equivalents, fixed and call deposits, short-term receivables and payables reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statements of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2023										
Financial assets										
Designated at FVOCI										
- Quoted shares	945,063	-	-	945,063	-	-	-	-	945,063	945,063
Mandatorily at FVTPL										
- Unit trusts	-	923,739	-	923,739	-	-	-	-	923,739	923,739
- Real estate investment trusts	3,259	-	-	3,259	-	-	-	-	3,259	3,259
- Exchange-traded fund	636	-	-	636	-	-	-	-	636	636
- Quoted shares	4,940	-	-	4,940	-	-	-	-	4,940	4,940
- Unquoted shares	-	-	1,575	1,575	-	-	-	-	1,575	1,575
- Corporate bonds and sukuk	-	284,141	-	284,141	-	-	-	-	284,141	284,141
AC										
- Malaysian government securities	-	-	-	-	-	15,115	-	15,115	15,115	15,240
- Government investment issues	-	-	-	-	-	39,857	-	39,857	39,857	39,821
- Malaysian government guaranteed loans	-	-	-	-	-	85,432	-	85,432	85,432	85,000
- Corporate bonds and sukuk	-	-	-	-	-	43,319	-	43,319	43,319	43,302
	953,898	1,207,880	1,575	2,163,353	-	183,723	-	183,723	2,347,076	2,346,716

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

29. FINANCIAL INSTRUMENTS (CONTINUED)

29.3 Fair value information (continued)

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2022										
Financial assets										
Designated at FVOCI										
- Quoted shares	951,672	-	-	951,672	-	-	-	-	951,672	951,672
Mandatorily at FVTPL										
- Unit trusts	-	896,981	-	896,981	-	-	-	-	896,981	896,981
- Real estate investment trusts	3,165	-	-	3,165	-	-	-	-	3,165	3,165
- Exchange-traded fund	587	-	-	587	-	-	-	-	587	587
- Quoted shares	4,180	-	-	4,180	-	-	-	-	4,180	4,180
- Unquoted shares	-	-	1,472	1,472	-	-	-	-	1,472	1,472
- Corporate bonds and sukuk	-	233,949	-	233,949	-	-	-	-	233,949	233,949
AC										
- Malaysian government securities	-	-	-	-	-	14,897	-	14,897	14,897	15,300
- Government investment issues	-	-	-	-	-	38,981	-	38,981	38,981	39,795
- Malaysian government guaranteed loans	-	-	-	-	-	84,035	-	84,035	84,035	85,000
- Corporate bonds and sukuk	-	-	-	-	-	49,860	-	49,860	49,860	50,712
	959,604	1,130,930	1,472	2,092,006	-	187,773	-	187,773	2,279,779	2,282,813

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29. FINANCIAL INSTRUMENTS (CONTINUED)

29.3 Fair value information (continued)

Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	RM'000	RM'000
2023										
Financial assets										
Designated at FVOCI										
- Quoted shares	**912,069**	**-**	**-**	**912,069**	**-**	**-**	**-**	**-**	**912,069**	**912,069**
2022										
Financial assets										
Designated at FVOCI										
- Quoted shares	918,447	-	-	918,447	-	-	-	-	918,447	918,447

Level 1 and Level 2 fair values

The valuation techniques and inputs used in determining the fair values of the financial assets is disclosed in Note 9(d).

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2022: no transfer in either directions).

Level 3 fair value

The following table shows a reconciliation of Level 3 fair values:

	Group 2023 RM'000	Group 2022 RM'000
Unquoted shares		
Balance as at 1 January	**1,472**	1,392
Fair value gains recognised in profit or loss	**103**	80
Balance as at 31 December	**1,575**	1,472

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29. FINANCIAL INSTRUMENTS (CONTINUED)

29.3 Fair value information (continued)

Level 3 fair value (continued)

The following table shows the valuation technique used in the determination of fair value within Level 3, as well as the key unobservable inputs used in the valuation model.

Financial instrument carried at fair value

Type	Description of valuation technique and inputs used	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Unquoted shares	The fair value is determined to approximate the net assets value of the investee as it is immaterial in the context of the financial statements.	Net assets value	The higher the value of net assets the higher the fair value.

30. REGULATORY CAPITAL REQUIREMENTS

The Group's and the Company's capital management policy is to optimise the efficient and effective use of resources to maximise the return on equity and provide an appropriate level of capital to protect policyholders and meet regulatory requirements.

The subsidiary of the Company, Lonpac Insurance Bhd ("Lonpac") is required to comply with the regulatory capital requirement prescribed in the Risk-Based Capital ("RBC") Framework which is imposed by the Ministry of Finance. Under the RBC Framework issued by Bank Negara Malaysia, insurance companies are required to satisfy a minimum capital adequacy ratio of 130%. As at year end, Lonpac has a capital adequacy ratio in excess of the minimum requirement.

The capital structure of Lonpac as at 31 December 2023, as prescribed under the RBC Framework is provided below:

	2023 RM'000	2022 RM'000
Eligible Tier 1 Capital		
Share capital (paid-up)	**200,000**	200,000
Retained earnings as prescribed under the RBC Framework	**957,714**	929,716
	1,157,714	1,129,716
Tier 2 Capital		
Eligible reserves as prescribed under the RBC Framework	**63,533**	52,699
Total capital available	**1,221,247**	1,182,415

31. SIGNIFICANT RELATED PARTY DISCLOSURES

For the purpose of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial or operational decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities. Related party transactions have been entered into in the normal course of business and under normal commercial terms. The related parties of the Group and of the Company are:

(i) Subsidiary

Details of the subsidiary are shown in Note 7.

(ii) Associated company

An associated company is a company in which the Group holds an interest of between 20% to 50% and can exercise significant influence, but not control, over its financial and operating policies. Details of the associated company are disclosed in Note 8.

(iii) Key management personnel

Key management personnel includes the Company's and subsidiary's Executive and Non-Executive Directors and are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group or of the Company either directly or indirectly. Compensation of key management personnel are disclosed in Note 23.

(iv) Companies under common significant influence

These are entities in which power to participate in the financial and operating policy decisions where such entities resides directly or indirectly, common with the Group and the Company.

31. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

Significant related party transactions and balances

(a) The significant related party transactions of the Group and of the Company, other than key management personnel compensation, are as follows:

Group	Note	Associated company 2023 RM'000	Associated company 2022 RM'000	Companies under common significant influence 2023 RM'000	Companies under common significant influence 2022 RM'000
Income earned:					
Premium income		**427**	520	**38,249**	40,561
Dividend income	20(b)	**-**	-	**30,869**	43,431
Fixed deposits income		**-**	-	**1,817**	2,107
Interest/ profit income from corporate bonds and sukuk		**-**	-	**1,397**	1,387
Information technology services		**54**	320	**-**	-
		481	840	**72,332**	87,486
Expenditure incurred:					
Rental paid		**-**	-	**(3,996)**	(3,996)
Reimbursement of utilities		**-**	-	**(316)**	(296)
Insurance commission		**(109)**	(126)	**(51,070)**	(49,730)
		(109)	(126)	**(55,382)**	(54,022)
Other transaction:					
Purchase of corporate bonds and sukuk		**-**	-	**(20,000)**	(25,000)

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31. SIGNIFICANT RELATED PARTY DISCLOSURES (CONTINUED)

Significant related party transactions and balances (continued)

(a) The significant related party transactions of the Group and of the Company, other than key management personnel compensation, are as follows (continued):

Company	Note	Subsidiary 2023 RM'000	Subsidiary 2022 RM'000	Companies under common significant influence 2023 RM'000	Companies under common significant influence 2022 RM'000
Income earned:					
Dividend income	20(b)	**220,000**	210,000	**29,764**	41,883
Fixed deposits income		**-**	-	**495**	361
		220,000	210,000	**30,259**	42,244
Expenditure incurred:					
Premium paid		**(18)**	(26)	**-**	-
Rental paid		**(47)**	(47)	**-**	-
Management fees		**(658)**	(674)	**-**	-
		(723)	(747)	**-**	-

(b) The significant outstanding balances of the Group and of the Company with its related parties as at 31 December are as follows:

	Companies under common significant influence — Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Balances with related parties:				
Placements in fixed and call deposits	**44,536**	36,240	**100**	8,100
Bank balances	**14,409**	11,202	**130**	604
Corporate bonds and sukuk	**45,487**	34,758	**-**	-
	104,432	82,200	**230**	8,704

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FOR THE YEAR ENDED 31 DECEMBER 2023

32. CONTINGENT LIABILITIES

On 22 February 2017, Lonpac received a Notice of Proposed Decision by the Malaysia Competition Commission ("MyCC") under Section 36 of the Competition Act 2010 ("the Act").

MyCC informed that pursuant to its investigation, the commission on the preliminary basis finds that Lonpac together with the other 21 members of Persatuan Insurans Am Malaysia ("PIAM") had infringed the prohibition under Section 4(2)(a) of the Act for fixing parts trade discounts and labour rates for repair workshops and therefore liable for an infringement under Section 4(3) of the Act.

Lonpac had on 25 September 2020 received a Notice of Finding of An Infringement ("Notice") by MyCC under Section 40 of the Act. MyCC determined that Lonpac had infringed Section 4 prohibition of the Act.

In the view of the impact of the COVID-19 pandemic, MyCC had granted a reduction of 25% of the financial penalties imposed on the 22 general insurers. The financial penalty imposed on Lonpac after taking into account the 25% reduction amounted to RM5,914,780.

Lonpac believes that it has always conducted its business in full compliance with all relevant laws and regulations and had filed an appeal to the Competition Appeal Tribunal ("CAT") on 13 October 2020.

On 2 September 2022, the CAT had allowed Lonpac to appeal and set aside MyCC's decision.

MyCC has applied to the High Court for leave to apply for judicial review of CAT's decision dated 2 September 2022 and Lonpac had filed its Affidavit in Opposition in the High Court.

On 16 January 2024, the High Court dismissed MyCC's application for leave to commence judicial review against the CAT's decision. On 15 February 2024, MyCC filed a Notice of Appeal to the Court of Appeal against the High Court's decision. The Court of Appeal has fixed a case management session for this matter on 15 May 2024.

Save as disclosed above, the Group does not have any other contingent assets and liabilities since the last annual balance sheet date of 31 December 2022.

33. CHANGES IN MATERIAL ACCOUNTING POLICY

The Group has initially applied MFRS 17 from 1 January 2023, replacing MFRS 4. The standard establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts and reinsurance contracts held. This standard has brought significant changes to the accounting for insurance contracts and reinsurance contracts held. As a result, the Group has restated certain comparative amounts and presented a third statement of financial position as at 1 January 2022.

The nature and effects of the key changes in the Group's accounting policies resulting from its adoption of MFRS 17 are summarised below.

(i) Identifying contracts in the scope of MFRS 17

The Group has not identified any significant changes for contracts that fall in the scope of MFRS 17 against MFRS 4.

(ii) Level of aggregation, measurement and presentation of insurance contracts

Level of aggregation

The level of aggregation requirements of MFRS 17 limit the offsetting of gains on groups of profitable contracts, which are generally deferred as contractual service margin ("CSM"), against losses on groups of onerous contracts, which are recognised immediately. Compared with the level at which the liability adequacy test is performed under MFRS 4 (i.e. portfolio of contracts level), the level of aggregation under MFRS 17 is more granular and has resulted in more contracts being identified as onerous and losses on onerous contracts being recognised sooner.

Contract boundaries

Under MFRS 17, the measurement of a group of contracts includes all of the future cash flows within the boundary of each contract in the group. Compared with the previous accounting, for certain contracts, the MFRS 17 contract boundary requirements change the scope of cash flows to be included in the measurement of existing recognised contracts, as opposed to future unrecognised contracts. The period covered by the premiums within the contract boundary is the 'coverage period', which is relevant when applying a number of requirements in MFRS 17.

Measurement

MFRS 17 introduces a discounted measurement approach as the general measurement model ("GMM") for all insurance contracts. The Group has determined that it will apply GMM to all its contracts issued and reinsurance contracts held.

Presentation and disclosure

MFRS 17 significantly changes how insurance contracts and reinsurance contracts held are presented and disclosed in the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

33. CHANGES IN MATERIAL ACCOUNTING POLICY (CONTINUED)

(ii) Level of aggregation, measurement and presentation of insurance contracts (continued)

Presentation and disclosure (continued)

Under MFRS 17, portfolio of insurance contracts that are assets and those that are liabilities, and portfolios of reinsurance contracts held that are assets and those that are liabilities, are presented separately in the statement of financial position. All rights and obligations arising from a portfolio of contracts are presented on a net basis; therefore, balances such as insurance receivables and payables are no longer presented separately. Any assets or liabilities for cash flows arising before the recognition of the related group of contracts are also presented in the same line item as the related portfolios of contracts.

Under MFRS 17, amounts recognised in the statement of profit or loss and other comprehensive income ("OCI") are disaggregated into an insurance service result, comprising insurance revenue and insurance service expenses, and insurance finance income or expenses. Amounts from reinsurance contracts held are presented separately.

Insurance revenue and insurance service expenses exclude any investment components and recognised as follows:

- **Insurance service result**

  - The Group recognises insurance revenue as it provides services under groups of insurance contracts. Insurance revenue for each year represents the changes in the liabilities for remaining coverage that relate to services for which the Group expects to receive consideration (i.e., a release of CSM, changes in the risk adjustment for non-financial risk relating to current services, expected claims and other insurance service expense incurred and other relevant items, if any) and an allocation of premiums that relate to recovering insurance acquisition cash flows. The allocation of premiums that relate to recovering insurance acquisition cash flows to each period is done in a systematic way based on the passage of time. The Group recognises the allocated amount, without any adjustment for the interest accretion, as insurance revenue and an equal amount as insurance service expenses.

  - Expenses that relate directly to the fulfilment of contracts are recognised in profit or loss as insurance service expenses, generally when they are incurred. Expenses that do not relate directly to the fulfilment of contracts are presented outside the insurance service results. The expenses recognised in profit or loss are the following items:

    - Incurred claims and other insurance service expenses;
    - Amortisation of insurance acquisition cash flows;
    - Losses on onerous contracts and reversals of such losses; and
    - Adjustments to the liabilities for incurred claims that do not arise from the effects of the time value of money, financial risk and changes therein.

  - Amounts recovered from reinsurers and reinsurance expenses are no longer presented separately, because the Group presents them on a net basis as 'net expenses from reinsurance contracts held' in the insurance service results.

  - The Group disaggregates changes in the risk adjustment for non-financial risk between the insurance service result and insurance finance income or expenses.

33. CHANGES IN MATERIAL ACCOUNTING POLICY (CONTINUED)

(ii) Level of aggregation, measurement and presentation of insurance contracts (continued)

Presentation and disclosure (continued)

- **Insurance finance income and expenses**

  Under MFRS 17, changes in the carrying amounts of groups of contracts arising from the effects of the time value of money, financial risk and changes therein are generally presented as insurance finance income or expenses.

  The Group disaggregates insurance finance income or expenses between profit or loss and OCI. The amount included in profit or loss is determined by a systematic allocation of the expected total insurance finance income or expenses over the duration of the group of contracts. The systematic allocation is determined using the discount rates determined on initial recognition of the group of contracts.

- **Net expenses from reinsurance contracts held**

  Net expenses from reinsurance contracts held comprise an allocation of reinsurance premiums paid less amounts recovered from reinsurers. The Group recognises an allocation of reinsurance premiums paid in profit or loss as it receives services under groups of reinsurance contracts held. The allocation of reinsurance premiums paid relating to services received for each period represents the total of the changes in the assets for remaining coverage that relate to services for which the Group expects to pay consideration.

  For a group of reinsurance contracts held covering onerous underlying contracts, the Group establishes a loss-recovery component of the asset for remaining coverage to depict the recovery of losses recognised:

  - on recognition of onerous underlying contracts, if the reinsurance contract held covering those contracts is entered into before or at the same time as those contracts are recognised; and

  - for changes in fulfilment cash flows of the group of reinsurance contracts held relating to future services that result from changes in fulfilment cash flows of the onerous underlying contracts.

  The loss-recovery component determines the amounts that are subsequently presented in profit or loss as reversals of recoveries of losses from the reinsurance contracts held and are excluded from the allocation of reinsurance premiums paid. It is adjusted to reflect changes in the loss component of the onerous group of underlying contracts, but it cannot exceed the portion of the loss component of the onerous group of underlying contracts that the Group expects to recover from the reinsurance contracts held.

For an explanation of how the Group accounts for insurance contracts and reinsurance contracts held under MFRS 17, see Note 2(j).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023

33. CHANGES IN MATERIAL ACCOUNTING POLICY (CONTINUED)

(iii) Transition

Changes in accounting policies resulting from the adoption of MFRS 17 are applied using a full retrospective approach to the extent practicable. If it is impracticable to apply a full retrospective approach to a group of contracts, then the Group has chosen between the modified retrospective approach and the fair value approach. However, if the Group cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it will apply the fair value approach.

Generally, the Group has considered the application of full retrospective approach impracticable across certain groups of contracts due to following reasons:

- The information required has not been collected with sufficient granularity or is unavailable without incurring a significant cost and effort due to the Group's data retention policies. Such information includes expectations about the profitability of groups of contract and risks of it becoming onerous required for identifying groups of contracts, or information about historical cash flows required for determining the estimates of cash flows on initial recognition and subsequent changes on a retrospective basis;

- The full retrospective approach requires assumptions about what the Group's management's intentions would have been in previous periods or significant accounting estimates that cannot be made without the use of hindsight. Such assumptions and estimates include for example cash flows run-off patterns, discount rates and loss ratio assumptions to the required level of granularity.

Full retrospective approach

Under the full retrospective approach, at 1 January 2022 the Group:

- Identified, recognised and measured each group of insurance contracts and reinsurance contracts held as if MFRS 17 had always been applied;

- Derecognised previously reported balances that would not have existed if MFRS 17 had always been applied;

- Recognised any resulting net difference in equity.

33. CHANGES IN MATERIAL ACCOUNTING POLICY (CONTINUED)

(iii) Transition (continued)

Modified retrospective approach

The objective of the modified retrospective approach is to achieve the closest outcome to retrospective application possible using reasonable and supportable information available without undue cost or effort. The Group has applied each of the following modifications only to the extent it did not have reasonable and supportable information to apply MFRS 17 retrospectively:

- The Group adopted the groupings identified as at the transition date for the contracts issued prior to the transition date;

- The Group grouped all contracts prior to the transition date into a cohort for transition;

- The Group determined the discount rate at initial recognition based on the discount rate at transition date; and

- The Group applied the risk adjustment for non-financial risk at transition date for the expected release of risk before the transition date.

The Group has adopted the full retrospective approach for long-term medical contracts and the modified retrospective approach for all other insurance contracts issued or reinsurance contracts held.

The Group has applied the transition provision in MFRS 17 and has not disclosed the impact of the adoption of MFRS 17 on each financial statement line item and earnings per share. The effects of adopting MFRS 17 on the financial statements at 1 January 2022 are presented in the statement of changes in equity.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 155 to 303 are drawn up in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and of their financial performance and cash flows for the year then ended.

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

Lee Chin Guan
Director

Tan Kok Guan
Director

Date: 26 February 2024

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Tan Kok Guan**, the Director primarily responsible for the financial management of LPI Capital Bhd, do solemnly and sincerely declare that the financial statements set out on pages 155 to 303 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Tan Kok Guan, in Kuala Lumpur on 26 February 2024.

Tan Kok Guan

Before me:

Commissioner for Oath

Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LPI CAPITAL BHD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of LPI Capital Bhd, which comprise the statements of financial position as at 31 December 2023 of the Group and of the Company, and the statements of profit or loss, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 155 to 303.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LPI CAPITAL BHD

Key Audit Matters (continued)

Valuation of general insurance contract liabilities Refer to Note 2(j), Note 13 and Note 28.1 to the financial statements	
The key audit matter	**How the matter was addressed in our audit**
The insurance contract liabilities of RM2,199,820,000 representing 96% of the Group's total liabilities comprise liabilities for remaining coverage ("LRC") and liabilities for incurred claims ("LIC") as explained in Note 2(j). Due to the level of subjectivity inherent in determining and estimating the LRC and LIC, the valuation of insurance contract liabilities is a key judgemental area where our audit is concentrated on. Judgement is required in determining the assumptions used in the estimation of fulfilment cash flows and contractual service margin ("CSM").	Our audit procedures included, among others: • Evaluated the design and tested the operating effectiveness of the key controls around reserving process with the support of our own IT audit. • Tested the reliability of information used in calculating insurance contract liabilities of the Group to source documents on a sample basis. • Assessed the appropriateness of the methods and model used to estimate the fulfilment cash flows including the measurement of the loss components, whether they are in line with the requirements of MFRS 17. • Assessed and challenged the assumptions used in the valuation methods including the claims development factors, loss ratios, unpaid claims, risk-adjustment for non-financial risk, expense ratio, discount rate and other assumptions by reference to the Group's and industry's historical experience and data with the support of our own actuarial specialist. • Recalculated and assessed the reasonableness of the CSM, including its initial recognition and subsequent release, with the support of our own actuarial specialist. • Assessed the adequacy of the Group's disclosures in relation to insurance contract liabilities required by MFRS 17, including historical claims development, sensitivity analysis of insurance contract liabilities on movement in key assumptions of the estimation and explanation for key assumptions about the future, and other major sources of estimation uncertainty.

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LPI CAPITAL BHD

Key Audit Matters (continued)

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

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LPI CAPITAL BHD

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF LPI CAPITAL BHD

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

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

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

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

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

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Lee Yeit Yeen
Approval Number: 03484/02/2026 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 26 February 2024

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Tee Choon Yeow
Independent Non-Executive Chairman
B.Com.; CA (NZ); CA (M'sia); FCPA (Aust)

Mr. Tan Kok Guan
Chief Executive Officer/ Executive Director
Chartered Insurer
B.Sc. (Hons.); MBA; ACII; AMII

Mr. Lee Chin Guan
Independent Non-Executive Director
B.Sc. (Hons); BCL (Oxon);
LLM (Cantab); JD (Chicago-Kent);
Barrister-at-Law (Middle Temple)

Mr. Quah Poh Keat
Non-Independent Non-Executive Director
FCCA (UK); CA (M'sia); CPA (M'sia);
ACMA (UK); Fellow MIT (M'sia)
(Date of cessation as Director: 1 January 2024)

Ms. Chan Kwai Hoe
Independent Non-Executive Director
BEc (Hons) Analytical Econs

Ms. Soo Chow Lai
Independent Non-Executive Director
BA Econs (Hons)

Dato' Chia Lee Kee
Independent Non-Executive Director
FCIS (CS) (CGP)

Encik Mohamed Raslan Bin Abdul Rahman
Independent Non-Executive Director
B.Com.; MICPA; MIA; CAANZ
(Appointed on 31 January 2024)

COMPANY SECRETARY

Ms. Kong Thian Mee
Chartered Secretary and
Chartered Governance Professional
FCIS (CS) (CGP)
SSM PC No. : 202008001185
MAICSA 7024050
Tel No. : (03) 2262 8688
Email : lpicosec@lonpac.com

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Email : lpicosec@lonpac.com

AUDITORS

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Chartered Accountants
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Fax No. : (03) 7721 3399

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

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Fax No. : (03) 2783 9222
Email : is.enquiry@my.tricorglobal.com

Tricor Customer Service Centre:
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59200 Kuala Lumpur, Malaysia

STOCK EXCHANGE LISTING

Listed on the Main Market of
Bursa Malaysia Securities Berhad
Listing Date : 8 January 1993
Stock Name : LPI
Stock Code : 8621

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INVESTOR RELATIONS

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Mr. Ng Seng Khin
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Tel No. : (03) 2723 7835
Email : skng@lonpac.com

ANALYSIS OF SHAREHOLDINGS

AS AT 24 JANUARY 2024

Number of issued shares : 398,382,753 ordinary shares
Class of shares : Ordinary shares
Voting rights : One (1) vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS BASED ON RECORD OF DEPOSITORS

	Shareholders				No. of Shares Held			
	Malaysia		Foreign		Malaysia		Foreign	
Size of Shareholdings	No.	%	No.	%	No.	%	No.	%
Less than 100 shares	938	8.66	15	0.14	13,626	*1	224	*1
100 – 1,000 shares	3,740	34.52	46	0.42	2,104,562	0.53	21,727	0.01
1,001 – 10,000 shares	4,549	41.99	96	0.89	16,770,857	4.21	411,929	0.10
10,001 – 100,000 shares	1,203	11.10	76	0.70	33,122,410	8.32	2,185,701	0.55
100,001 to 19,919,136 (less than 5% of issued shares)	150	1.38	19	0.18	132,867,279	33.35	6,585,878	1.65
19,919,137 (5% of issued shares) and above	1	0.01	1	0.01	170,274,240	42.74	34,024,320	8.54
Total	**10,581**	**97.66**	**253**	**2.34**	**355,152,974**	**89.15**	**43,229,779**	**10.85**
Grand Total	**10,834 (100%)**				**398,382,753 (100%)**			

Note:
*1 Less than 0.01%.

ANALYSIS OF SHAREHOLDINGS
AS AT 24 JANUARY 2024

ANALYSIS OF SHAREHOLDINGS
AS AT 24 JANUARY 2024

TOP THIRTY SECURITIES ACCOUNT HOLDERS BASED ON RECORD OF DEPOSITORS

(Without aggregating the securities from different securities accounts belonging to the same Depositor)

	Name of Shareholders	No. of Shares Held	% of Issued Shares
1.	Consolidated Teh Holdings Sdn Berhad	170,274,240	42.74
2.	Sompo Japan Insurance Inc	30,928,320	7.76
3.	Public Invest Nominees (Tempatan) Sdn Bhd Public Bank Group Officers' Retirement Benefits Fund	18,765,504	4.71
4.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)	14,647,308	3.68
5.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	9,959,900	2.50
6.	Late Tan Sri Dato' Sri Dr. Teh Hong Piow	5,621,760	1.41
7.	AmanahRaya Trustees Berhad Public Savings Fund	5,228,396	1.31
8.	AmanahRaya Trustees Berhad Public Index Fund	3,981,312	1.00
9.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Consolidated Chan Realty Sdn.Bhd (E-KUG)	3,571,680	0.90
10.	Seah Yee Sheau	3,550,000	0.89
11.	Muar Management Sdn Bhd	3,481,920	0.87
12.	AmanahRaya Trustees Berhad Amanah Saham Malaysia	3,411,940	0.86
13.	AmanahRaya Trustees Berhad Amanah Saham Malaysia 3	3,342,180	0.84
14.	AmanahRaya Trustees Berhad Public Growth Fund	3,335,496	0.84
15.	Sompo Japan Insurance Inc	3,096,000	0.78
16.	Tunku Zahrah Binti Tunku Osman	3,081,600	0.77
17.	AmanahRaya Trustees Berhad Public Equity Fund	2,602,984	0.65
18.	AmanahRaya Trustees Berhad Public Dividend Select Fund	2,210,460	0.55
19.	Teh Cheng Hua	2,035,282	0.51
20.	Lee Chin Guan	1,940,000	0.49
21.	CIMB Commerce Trustee Berhad Public Focus Select Fund	1,791,936	0.45
22.	AmanahRaya Trustees Berhad Public Sector Select Fund	1,393,392	0.35
23.	Teh Moh Lee	1,366,200	0.34
24.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Beng Poh (E-BMM)	1,294,200	0.32
25.	AmanahRaya Trustees Berhad Public South-East Asia Select Fund	1,166,308	0.29
26.	CIMSEC Nominees (Tempatan) Sdn Bhd CIMB for Tee Choon Yeow (PB)	1,152,000	0.29
27.	Maybank Nominees (Tempatan) Sdn Bhd Maybank Trustees Berhad for PB ASEAN Dividend Fund (270334)	1,129,680	0.28
28.	Cartaban Nominees (Asing) Sdn Bhd BBH (LUX) SCA for Fidelity Funds ASEAN	1,054,900	0.26
29.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Phua Kiap Wite (E-KTN)	969,300	0.24
30.	Olive Lim Swee Lian	936,000	0.23
	Total	**307,320,198**	**77.11**

SUBSTANTIAL SHAREHOLDERS BASED ON REGISTER OF SUBSTANTIAL SHAREHOLDERS

		Direct Interest		Deemed Interest		Total Interest	
	Name of Shareholders	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1.	Late Tan Sri Dato' Sri Dr. Teh Hong Piow	5,621,760	1.41%	170,274,240[*1]	42.74%	175,896,000	44.15%
2.	Consolidated Teh Holdings Sdn Berhad	170,274,240	42.74%	-	-	170,274,240	42.74%
3.	Sompo Japan Insurance Inc	34,024,320	8.54%	-	-	34,024,320	8.54%

Note:

[*1] Deemed interest held by other corporations by virtue of Section 8(4) of the Companies Act 2016.

ANALYSIS OF SHAREHOLDINGS

AS AT 24 JANUARY 2024

DIRECTORS' DIRECT AND INDIRECT INTERESTS IN SHARES IN THE COMPANY BASED ON REGISTER OF DIRECTORS' SHAREHOLDINGS

		Direct Interest		Deemed Interest		Total Interest	
	Name of Directors	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1.	Mr. Tee Choon Yeow	1,152,000	0.29%	-	-	1,152,000	0.29%
2.	Mr. Tan Kok Guan	356,400	0.09%	273,600*2	0.07%	630,000	0.16%
3.	Mr. Lee Chin Guan	2,300,000	0.58%	-	-	2,300,000	0.58%
4.	Ms. Chan Kwai Hoe	-	-	-	-	-	-
5.	Ms. Soo Chow Lai	-	-	-	-	-	-
6.	Dato' Chia Lee Kee	-	-	-	-	-	-

KEY SENIOR MANAGEMENT'S DIRECT AND INDIRECT INTERESTS IN SHARES IN THE COMPANY

		Direct Interest		Deemed Interest		Total Interest	
	Name of Key Senior Management	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares	No. of Shares Held	% of Issued Shares
1.	Mr. Tan Kok Guan	356,400	0.09%	273,600*2	0.07%	630,000	0.16%
2.	Mr. Looi Kong Meng	8,400	*3	3,600*2	*3	12,000	*3
3.	Mr. Chuang Chee Hing	61,616	0.02%	-	-	61,616	0.02%
4.	Mr. Yow Kai Fook	-	-	-	-	-	-

Note:

*2 Deemed interest held by person(s) connected as defined per Section 197 of the Companies Act 2016 and by virtue of Section 59(11)(c) of the Companies Act 2016.

*3 Less than 0.01%.

SHARE CAPITAL

AS AT 24 JANUARY 2024

The total number of issued shares as at 24 January 2024 is RM398,382,753. The changes in the number of issued shares are as follows:

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
04.10.1962	2	Subscribers' Shares	2
28.03.1963	999,998	Allotment of Shares to Essex Securities Ltd and Montreal Trust Company	1,000,000
28.06.1972	2,000,000	Bonus Issue 1:2 of 500,000 ordinary shares of RM1.00 each and Allotment of 1,500,000 ordinary shares of RM1.00 each to Kuala Lumpur Holdings Sdn. Berhad, Far Eastern Oriental Sdn. Berhad and Mr. Fred Eu Keng Fai	3,000,000
30.12.1972	3,000,000	Allotment of ordinary shares of RM1.00 each to Wei Woo Estates & Investment Limited, Hong Kong, in exchange of 6,000,000 shares of HK$1.00 each in Wei Woo Estates & Investment Limited	6,000,000
18.01.1973	2,000,000	Rights Issue 1:3 at RM1.00	8,000,000
10.06.1980	6,000,000	Allotment of 7 1/2% Convertible Preference Shares of RM0.50 each to Selected Holdings Sdn. Berhad	11,000,000
29.10.1992	8,800,000	Capitalisation of share premium account, capital reserve account and revenue reserve account (Bonus Issue 4:5)	19,800,000
22.06.1994	9,900,000	Capitalisation of share premium account and revenue reserve account (Bonus Issue 1:2)	29,700,000
01.11.1996	11,880,000	Capitalisation of unappropriated profits (Bonus Issue 2:5)	41,580,000
10.12.1996	11,880,000	Rights Issue 2:5 at RM7.00	53,460,000
15.01.1999	53,460,000	Capitalisation of share premium reserve account (Bonus Issue 1:1)	106,920,000
12.04.2000	435,000	Exercise of share options under LPI ESOS at option price of RM2.60 per share	107,355,000
18.10.2001	43,000	Exercise of share options under LPI ESOS at option price of RM2.60 per share	107,398,000
24.07.2002	10,739,000	Subscription of new ordinary shares of LPI by NIPPONKOA INSURANCE CO., LTD. at RM3.81 per share	118,137,000
08.01.2003	473,000	Exercise of share options under LPI ESOS at option price of RM3.29 per share	118,610,000
21.08.2003	1,117,000	Exercise of share options under LPI ESOS at option price of RM3.29 per share	119,727,000
30.09.2003	432,000	Exercise of share options under LPI ESOS at option price of RM3.29 per share	120,159,000

SHARE CAPITAL

AS AT 24 JANUARY 2024

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
08.01.2004	1,237,000	Exercise of share options under LPI ESOS at option price of RM3.29 per share	121,396,000
29.03.2004	1,857,000	Exercise of share options under LPI ESOS as follows: - 1,773,000 shares at option price of RM3.29 - 84,000 shares at option price of RM3.76	123,253,000
04.06.2004	619,000	Exercise of share options under LPI ESOS as follows: - 592,000 shares at option price of RM3.29 - 27,000 shares at option price of RM3.76	123,872,000
27.08.2004	921,000	Exercise of share options under LPI ESOS as follows: - 675,000 shares at option price of RM3.29 - 4,000 shares at option price of RM3.76 - 242,000 shares at option price of RM3.66	124,793,000
22.10.2004	1,545,000	Exercise of share options under LPI ESOS as follows: - 1,050,000 shares at option price of RM3.29 - 15,000 shares at option price of RM3.76 - 480,000 shares at option price of RM3.66	126,338,000
29.11.2004	980,000	Exercise of share options under LPI ESOS as follows: - 624,000 shares at option price of RM3.29 - 37,000 shares at option price of RM3.76 - 319,000 shares at option price of RM3.66	127,318,000
24.12.2004	1,583,000	Exercise of share options under LPI ESOS as follows: - 567,000 shares at option price of RM3.29 - 71,000 shares at option price of RM3.76 - 756,000 shares at option price of RM3.66 - 189,000 shares at option price of RM4.30	128,901,000
24.01.2005	1,257,000	Exercise of share options under LPI ESOS as follows: - 391,000 shares at option price of RM3.29 - 255,000 shares at option price of RM3.76 - 526,000 shares at option price of RM3.66 - 85,000 shares at option price of RM4.30	130,158,000
08.02.2005	5,653,000	Exercise of share options under LPI ESOS as follows: - 94,000 shares at option price of RM3.29 - 594,000 shares at option price of RM3.76 - 4,888,000 shares at option price of RM3.66 - 77,000 shares at option price of RM4.30	135,811,000

SHARE CAPITAL
AS AT 24 JANUARY 2024

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
18.04.2005	435,000	Exercise of share options under LPI ESOS as follows: - 27,000 shares at option price of RM3.29 - 161,000 shares at option price of RM3.76 - 112,000 shares at option price of RM3.66 - 27,000 shares at option price of RM4.30 - 108,000 shares at option price of RM5.94	136,246,000
11.07.2005	192,000	Exercise of share options under LPI ESOS as follows: - 3,000 shares at option price of RM3.29 - 11,000 shares at option price of RM3.76 - 47,000 shares at option price of RM3.66 - 27,000 shares at option price of RM4.30 - 104,000 shares at option price of RM5.94	136,438,000
21.07.2005	930,000	Exercise of share options under LPI ESOS as follows: - 1,000 shares at option price of RM3.29 - 37,000 shares at option price of RM3.76 - 87,000 shares at option price of RM3.66 - 46,000 shares at option price of RM4.30 - 759,000 shares at option price of RM5.94	137,368,000
07.10.2005	288,000	Exercise of share options under LPI ESOS as follows: - 3,000 shares at option price of RM3.29 - 26,000 shares at option price of RM3.76 - 26,000 shares at option price of RM3.66 - 8,000 shares at option price of RM4.30 - 150,000 shares at option price of RM5.94 - 75,000 shares at option price of RM6.29	137,656,000
20.10.2005	271,000	Exercise of share options under LPI ESOS as follows: - 42,000 shares at option price of RM3.29 - 11,000 shares at option price of RM3.66 - 3,000 shares at option price of RM4.30 - 127,000 shares at option price of RM5.94 - 88,000 shares at option price of RM6.29	137,927,000

SHARE CAPITAL

AS AT 24 JANUARY 2024

Date of Allotment	No. of Shares Allotted	Consideration	Total Number of Issued Shares
17.11.2005	23,000	Exercise of share options under LPI ESOS as follows: - 1,000 shares at option price of RM3.29 - 19,000 shares at option price of RM5.94 - 3,000 shares at option price of RM6.29	137,950,000
30.11.2005	61,000	Exercise of share options under LPI ESOS as follows: - 26,000 shares at option price of RM3.66 - 20,000 shares at option price of RM5.94 - 15,000 shares at option price of RM6.29	138,011,000
14.12.2005	165,000	Exercise of share options under LPI ESOS as follows: - 55,000 shares at option price of RM3.76 - 31,000 shares at option price of RM3.66 - 51,000 shares at option price of RM5.94 - 25,000 shares at option price of RM6.29 - 3,000 shares at option price of RM6.95	138,176,000
27.12.2005	547,000	Exercise of share options under LPI ESOS as follows: - 3,000 shares at option price of RM3.29 - 10,000 shares at option price of RM3.76 - 12,000 shares at option price of RM3.66 - 1,000 shares at option price of RM4.30 - 380,000 shares at option price of RM5.94 - 67,000 shares at option price of RM6.29 - 74,000 shares at option price of RM6.95	138,723,000
29.09.2010	68,834,150	Capitalisation of share premium reserve account (Bonus Issue 1:2)	207,557,150
29.09.2010	13,766,830	Rights Issue 1:10 at RM7.00	221,323,980
24.03.2015	110,661,828	Capitalisation of share premium reserve account (Bonus Issue 1:2)	331,985,808
11.04.2018	66,396,945	Capitalisation of share premium reserve account and retained earnings account (Bonus Issue 1:5)	398,382,753

PARTICULARS OF PROPERTY HELD BY THE GROUP

Location	Units 02-39, 02-41, 02-43 and 02-45 Goldhill Plaza Newton Road Singapore
Description	2nd floor of 6 storey building
Current use	Rented out to third parties
Tenure	Leasehold 999 years
Remaining lease period (Expiry date)	947 years (26 February 2971)
Age of property	52 years
Built-up area	4,952 sq. ft
Net book value	RM33,977,000
Date of acquisition	26 February 1972
Date of last revaluation	18 December 2023

GROUP CORPORATE DIRECTORY

GROUP CORPORATE DIRECTORY

HEAD OFFICE

6th Floor, Bangunan Public Bank
6 Jalan Sultan Sulaiman
50000 Kuala Lumpur, Malaysia
Tel : (03) 2262 8688 / 2723 7888
Fax : (03) 2078 7455
Website : www.lpicapital.com

SUBSIDIARY

LONPAC INSURANCE BHD
Head Office
6th Floor, Bangunan Public Bank
6 Jalan Sultan Sulaiman
50000 Kuala Lumpur
P.O. Box 10708, 50722 Kuala Lumpur
Tel : (03) 2262 8688 / 2723 7888
Fax : (03) 2715 1332
Website : www.lonpac.com

NORTHERN REGION I

Head of Northern Region I & East Coast Region
Mr. James Kong Wai Mun
Tel : (05) 254 0340
Fax : (05) 254 2119 / 255 2657
Email : jameskong@lonpac.com

Taiping Branch
No. 9, Ground & 1st Floor
Persiaran Taiping
34000 Taiping
Perak

Head of Branch
Ms. Ang Gaik Hua
Tel : (05) 809 1666 / 809 1667
Fax : (05) 809 1668
Email : ghang@lonpac.com

Sitiawan Branch
No. 10, Jalan PPMP 3/1
Pusat Perniagaan Manjung Point 3
32040 Seri Manjung
Perak

Head of Branch
Mr. Teh Kok Wei
Tel : (05) 688 9961 / 688 9962
Fax : (05) 688 9960
Email : kwteh@lonpac.com

Ipoh Branch
Lot 12 & 14
Jalan Yeop Abdul Rani
30300 Ipoh
Perak

Head of Branch
Mr. Moh Wai Kit
Tel : (05) 254 0340
Fax : (05) 254 2119 / 255 2657
Email : wkmoh@lonpac.com

NORTHERN REGION II

Head of Northern Region II
Ms. Lillian Koh Gim Ping
Tel : (04) 217 0998
Fax : (04) 217 0898
Email : lilliankoh@lonpac.com

Alor Setar Branch
No. 4 & 5, 2nd Floor
No. 55, Bangunan Emum 55
Jalan Gangsa
Kawasan Perusahaan Mergong 2
05150 Alor Setar
Kedah

Head of Branch
Mr. Beh Seng Tong
Tel : (04) 731 4413
Fax : (04) 733 6100
Email : stbeh@lonpac.com

Penang Branch
Level 3A, Sunrise Gurney
No. 68, Persiaran Gurney
10250 Pulau Pinang

Head of Branch
Ms. Ooi Yen Lew
Tel : (04) 217 0998
Fax : (04) 217 0898
Email : ylooi@lonpac.com

CENTRAL REGION

Head of Central Region
Mr. Gavin Tan Poh Teck
Tel : (06) 601 5677
Fax : (06) 601 6768
Email : pttan@lonpac.com

Kajang Branch
A-G-17 & A-1-17
Jalan Prima Saujana 2/1A
Taman Prima Saujana, Seksyen 2
43000 Kajang
Selangor

Head of Branch
Mr. Gilbert Heng Wei Chun
Tel : (03) 8736 9130
Fax : (03) 8736 9135
Email : gilbertheng@lonpac.com

Klang Branch
No. 2-08, 8th Floor
Menara Empire, Jalan Empayar
Off Persiaran Sultan Ibrahim/KU1
41050 Klang Bandar Diraja
Selangor

Head of Branch
Mr. Sebastian Tan York Chung
Tel : (03) 3341 9133
Fax : (03) 3341 9233
Email : sebastiantan@lonpac.com

Seremban Branch
No. 496, Jalan Haruan 4/4
Oakland Commercial Centre
70300 Seremban
Negeri Sembilan

Tel : (06) 601 5677
Fax : (06) 601 6768

SOUTHERN REGION I

Johor Bahru Branch
Suite No. 25.02-25.04, 25th Floor
Public Bank Tower
No. 19, Jalan Wong Ah Fook
80000 Johor Bahru
Johor

Head of Branch
Mr. Ryan Leong Chee Woei
Tel : (07) 222 1368
Fax : (07) 223 0549
Email : ryanleong@lonpac.com

SOUTHERN REGION II

Head of Southern Region II
Mr. Yong Chee Chean
Tel : (06) 282 5169
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Email : ccyong@lonpac.com

Melaka Branch
No. 7 & 9, Jalan Melaka Raya 11
Taman Melaka Raya
75000 Melaka

Head of Branch
Mr. James Goo Chee Siang
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Batu Pahat Branch
13, Jalan Flora Utama 1
Taman Flora Utama
83000 Batu Pahat
Johor

Head of Branch
Mr. Dennis Chong Shiung Tiam
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Segamat Branch
No. 23, Jalan Genuang Perdana
Taman Genuang Perdana
85000 Segamat
Johor

Head of Branch
Mr. Chan Eng Huat
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Email : ehchan@lonpac.com

EAST COAST REGION

Kuantan Branch
B-62B, 1st & 2nd Floor
Lorong Tun Ismail 8
Sri Dagangan II
25000 Kuantan
Pahang

Head of Branch
Mr. Chen Fan Yen
Tel : (09) 514 4107
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Email : fychen@lonpac.com

Kuala Terengganu Branch
Lot 5032-B
Jalan Sultan Zainal Abidin
20000 Kuala Terengganu
Terengganu

Head of Branch
En. Yaakub Bin Abu Bakar
Tel : (09) 622 2088 / 622 2099
Fax : (09) 622 2123
Email : yaakubabubakar@lonpac.com

Kota Bharu Branch
No. PT 286, Tingkat 1 & 2
Jalan Kebun Sultan
15300 Kota Bharu
Kelantan

Head of Branch
Ms. Angelinne Fong Geok Lan
Tel : (09) 744 3166 / 744 3066
Fax : (09) 744 9948
Email : glfong@lonpac.com

SARAWAK REGION

Head of Sarawak Region
Mr. Wong Shon Kwang
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Kuching Branch
Lot 258 & 259
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Jalan Chan Chin Ann
93100 Kuching
Sarawak

Head of Branch
Mr. Joseph Pang Neng Liong
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Sibu Branch
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Lorong Dr. Wong Soon Kai 20A
96000 Sibu
Sarawak

Head of Branch
Mr. Luke Heu
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Miri Branch
Lot 3528, 1st & 2nd Floor
Al-Bayt Square
(Miri 101 Commercial Centre)
Jalan Miri-Pujut
98000 Miri
Sarawak

Head of Branch
Mr. Teng Nyen Chung
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GROUP CORPORATE DIRECTORY

SABAH REGION

Head of Sabah Region
Mr. Nicholas Wong Kok Choong
Tel : (088) 217 922
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Kota Kinabalu Branch
Level 9, Wisma Fook Loi
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88000 Kota Kinabalu
Sabah

Head of Branch
Ms. Veronica Chin Nyuk Lan
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Email : veronicachin@lonpac.com

Sandakan Branch
4th Floor, Menara Rickoh
Indah Commercial Complex
Bandar Indah
Mile 4, North Road
90000 Sandakan
Sabah

Head of Branch
Mr. Edwin Chin Kat Keen
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Email : edwinchin@lonpac.com

Tawau Branch
TB4427 & TB4428
1st Floor, Block C
Sabindo Square, Jalan Dunlop
91000 Tawau
Sabah

Head of Branch
Mr. Peter Gau Fui Ming
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SINGAPORE OFFICE

300 Beach Road
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Chief Executive
Mr. Quek Sun Hui
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Email : shquek@lonpac.com
Website : www.lonpac.com.sg

ASSOCIATED COMPANY

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Head Office
7th Floor, Campu Bank Building
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(Street No. 114)
Sangkat Phsar Thmey II
Khan Daun Penh
120202 Phnom Penh
Cambodia

Chief Executive Officer
Mr. Tio Soon Keong
Tel : (855) 23 966 966 / 23 998 200 / 23 986 279
Fax : (855) 23 986 273 / 23 986 308
Email : jef@campulonpac.com.kh
Website : www.campulonpac.com.kh

NOTICE OF THE 63RD ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 63rd Annual General Meeting (AGM) of LPI Capital Bhd (LPI) will be held on Friday, 5 April 2024 at 10.00 a.m. and will be conducted as a virtual AGM at the Broadcast Venue at 29th Floor, Menara Public Bank, 146 Jalan Ampang, 50450 Kuala Lumpur, Malaysia.

The 63rd AGM will be held for the following purposes:

AGENDA

As Ordinary Business

1.	To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2023 and the Reports of the Directors and Auditors thereon.	(Please refer to Explanatory Note 1)
2.	To re-elect the following Directors who retire by rotation in accordance with Clause 89 of the Company's Constitution and who being eligible, offer themselves for re-election:	(Please refer to Explanatory Note 2)
	i. Mr. Tee Choon Yeow	Ordinary Resolution 1
	ii. Dato' Chia Lee Kee	Ordinary Resolution 2
3.	To re-elect Encik Mohamed Raslan Bin Abdul Rahman who retires in accordance with Clause 94 of the Company's Constitution and who being eligible, offer himself for re-election.	Ordinary Resolution 3
4.	To approve the payment of Directors' Fees and Board Committee Chairman Fee of RM1,325,000 for the financial year ended 31 December 2023.	Ordinary Resolution 4 (Please refer to Explanatory Note 3)
5.	To approve the payment of Directors' Benefit on Allowances for Directors amounting to RM352,500 for the financial year ended 31 December 2023.	Ordinary Resolution 5 (Please refer to Explanatory Note 4)
6.	To approve the Directors' Benefit on Insurance Coverage for Non-Executive Directors from 63rd AGM to 64th AGM of the Company.	Ordinary Resolution 6 (Please refer to Explanatory Note 5)
7.	To re-appoint Messrs. KPMG PLT as Auditors of the Company for the financial year ending 31 December 2024 and to authorise the Directors to fix the Auditors' remuneration.	Ordinary Resolution 7

By Order of the Board

KONG THIAN MEE
(MAICSA 7024050)/ SSM PC No.: 202008001185
Company Secretary

Kuala Lumpur
29 February 2024

NOTICE OF THE 63RD ANNUAL GENERAL MEETING

NOTES:

1. The AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting (RPV) facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at https://tiih.online. Please follow the procedures provided in the Administrative Notes of LPI AGM in order to register, participate and vote remotely via the RPV facilities.

2. The Broadcast Venue of the AGM is strictly for the purpose of complying with Section 327 of the Companies Act, 2016. Members/proxies are not allowed to attend the AGM in person at the Broadcast Venue on the day of the AGM.

3. Only depositors whose names appear in the Record of Depositors as at 27 March 2024 shall be regarded as members and entitled to attend, speak (questions posted to the Board via real time submission of typed texts) and vote (collectively, "participate") at the meeting via RPV facilities.

4. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may but need not be a member of the Company.

5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

6. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the said Act.

8. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.

9. The instrument appointing a proxy must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than 3 April 2024 at 10.00 a.m. You can also have the option to submit the proxy appointment electronically via Tricor's TIIH Online website at https://tiih.online no later than 3 April 2024 at 10.00 a.m.

10. A member who has appointed a proxy or attorney or authorised representative to participate at this 63rd AGM via RPV facilities must request his/her proxy or attorney or authorised representative to register himself/herself for RPV facilities via TIIH Online website at https://tiih.online.

11. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of Meeting will be put to vote by poll.

NOTICE OF THE 63RD ANNUAL GENERAL MEETING

EXPLANATORY NOTES:

1. The Audited Financial Statements are for discussion only as they do not require shareholders' approval pursuant to the provision of Sections 248(2) and 340(1)(a) of the Companies Act 2016. Hence, this matter will not be put for voting.

2. The profiles of Directors seeking re-election are set out in the Board of Directors' Profiles section of the Company's Integrated Annual Report 2023.

   The Board, on the recommendation of the Nomination and Remuneration Committee, supported the re-election of the retiring Directors. The Board and the Nomination and Remuneration Committee had reviewed the assessment results of the Board Evaluation Exercise conducted for the financial year ended 31 December 2023 and were satisfied with the performance and contributions of the retiring Directors that they had effectively discharged their duties and responsibilities well.

3. The breakdown of the proposed payment of Directors' Fees and Board Committee Chairman Fee of RM1,325,000 for the financial year ended 31 December 2023 is as set out below:

Each Director's Fees and Board Committee Chairman Fee (per annum)		
Chairman	Chairman of Audit Committee and Nomination and Remuneration Committee	Other Directors
RM300,000	RM200,000	RM165,000

4. The breakdown of the proposed payment of Directors' Allowances amounting to RM352,500 for the financial year ended 31 December 2023 is as set out below:

Meeting Attendance Allowances (per meeting attended)	Per Member
• Board Meeting	RM1,500
• Audit Committee Meeting	RM1,500
• Risk, Compliance and Sustainability Committee Meeting	RM1,500
• Nomination and Remuneration Committee Meeting	RM1,500

Board Committees Membership Allowance (per month)	RM3,000 per Director

5. Proposed Directors' Benefit on Insurance Coverage for Non-Executive Directors is as per following:

Insurance
(i) Hospitalisation and Surgical Insurance
(ii) Personal Accident Insurance
(iii) Travel Insurance

GLOBAL REPORTING INITIATIVE ("GRI") CONTENT INDEX

Statement of use	LPI Capital Bhd has reported in reference with the GRI Standards for the period from 1 January 2023 to 31 December 2023.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	GRI Disclosure		Page Reference
GENERAL DISCLOSURES			
GRI 2: General Disclosures 2021	**The organisation and its reporting practices**		
	2-1	Organisational details	Page 6 - 9
	2-2	Entities included in the organisation's sustainability reporting	Page 6 - 9
	2-3	Reporting period, frequency and contact point	Page 2 - 3
	2-4	Restatements of information	Page 16 - 23 and page 84
	2-5	External assurance	Page 95 - 99
	Activities and workers		
	2-6	Activities, value chain and other business relationships	Page 6 - 9, page 14 - 36 and page 39 - 41
	2-7	Employees	Page 4 and page 68 - 70
	2-8	Workers who are not employees	N/A
	Governance		
	2-9	Governance structure and composition	Page 112 - 121
	2-10	Nomination and selection of the highest governance body	Page 118 - 119
	2-11	Chair of the highest governance body	
	2-12	Role of the highest governance body in overseeing the management of impacts	
	2-13	Delegation of responsibility for managing impacts	Page 118 - 119
	2-14	Role of the highest governance body in sustainability reporting	Page 118 - 119
	2-15	Conflicts of interest	Page 112
	2-16	Communication of critical concerns	Page 48 - 50
	2-17	Collective knowledge of the highest governance body	Page 124 - 125
	2-18	Evaluation of the performance of the highest governance body	Page 111
	2-19	Remuneration policies	Page 120 - 121
	2-20	Process to determine remuneration	Page 120 - 121
	2-21	Annual total compensation ratio	N/A

GRI Standard	GRI Disclosure		Page Reference
GRI 2: General Disclosures 2021 (continued)	**Strategy, policies and practices**		
	2-22	Statement on sustainable development strategy	Page 47 - 54
	2-23	Policy commitments	Page 56 - 57, 60 - 61, 68, 73
	2-24	Embedding policy commitments	
	2-25	Processes to remediate negative impacts	
	2-26	Mechanisms for seeking advice and raising concerns	
	2-27	Compliance with laws and regulations	Page 59
	2-28	Membership associations	Page 52
	Stakeholder engagement		
	2-29	Approach to stakeholder engagement	Page 52 and page 127 - 128
	2-30	Collective bargaining agreements	N/A
MATERIAL TOPICS			
GRI 3: Material Topics 2021	3-1	Process to determine material topics	Page 51 - 54
	3-2	List of material topics	Page 54
GOVERNANCE			
Anti-Bribery and Corruption			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 55 - 56
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	
	205-2	Communication and training about anti-corruption policies and procedures	
	205-3	Confirmed incidents of corruption and actions taken	
Cybersecurity, Privacy and Data Protection			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 57
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Page 57

GRI CONTENT INDEX

GRI Standard	GRI Disclosure		Page Reference
SOCIAL			
Employee Health, Safety and Well-being			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 60 - 61
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Page 61
	403-2	Hazard identification, risk assessment, and incident investigation	Page 60 - 61
	403-3	Occupational health services	Page 61
	403-4	Worker participation, consultation, and communication on occupational health and safety	Page 61
	403-5	Worker training on occupational health and safety	Page 61
	403-6	Promotion of worker health	Page 61
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Page 61
	403-8	Workers covered by an occupational health and safety management system	Page 61
	403-9	Work-related injuries	Page 61
	403-10	Work-related ill health	Page 61
Employee Competency			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 64 and page 71
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	Page 65 and page 71
	404-2	Programs for upgrading employee skills and transition assistance programs	Page 64
	404-3	Percentage of employees receiving regular performance and career development reviews	N/A
Diversity and Inclusion			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 68
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	Page 68 - 70
	405-2	Ratio of basic salary and remuneration of women to men	N/A
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	Page 68
Social Responsibility			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 72
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	Page 72 - 73
	413-2	Operations with significant actual and potential negative impacts on local communities	Page 72 - 73
Supply Chain Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 73
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	Page 73

GRI CONTENT INDEX

GRI Standard	GRI Disclosure		Page Reference
ENVIRONMENTAL			
Energy, Water and Waste Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 79
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	Page 85
	302-2	Energy consumption outside of the organisation	N/A
	302-3	Energy intensity	N/A
	302-4	Reduction of energy consumption	Page 79
	302-5	Reductions in energy requirements of products and services	N/A
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	N/A
	303-2	Management of water discharge-related impacts	N/A
	303-3	Water withdrawal	N/A
	303-4	Water discharge	N/A
	303-5	Water consumption	Page 85
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Page 79
	306-2	Management of significant waste-related impacts	Page 79
	306-3	Waste generated	Page 84
	306-4	Waste diverted from disposal	Page 84
	306-5	Waste directed to disposal	Page 84
Emissions Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	Page 78
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	Page 84
	305-2	Energy indirect (Scope 2) GHG emissions	Page 84
	305-3	Other indirect (Scope 3) GHG emissions	Page 84
	305-4	GHG emissions intensity	Page 84
	305-5	Reduction of GHG emissions	Page 78
	305-6	Emissions of ozone-depleting substances (ODS)	N/A
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	N/A

SUSTAINABILITY ACCOUNTING STANDARDS BOARD CONTENT INDEX

Topic	Metric	Code	Pages
Transparent Information & Fair Advice for Customers	Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers	FN-IN-270a.1	59
	Complaints-to-claims ratio	FN-IN-270a.2	63
	Customer retention rate	FN-IN-270a.3	63
	Description of approach to informing customers about products	FN-IN-270a.4	63
Incorporation of Environmental, Social and Governance Factors in Investment Management	Description of approach to incorporation of environmental, social and governance (ESG) factors in investment management processes and strategies	FN-IN-410a.2	74
Policies Designed to Incentivise Responsible Behaviour	Net premiums written related to energy efficiency and low-carbon technology	FN-IN-410b.1	75
	Discussion of products or product features that incentivise health, safety or environmentally responsible actions or behaviours	FN-IN-410b.2	74
Financed Emissions	Absolute gross financed emissions, disaggregated by (1) Scope 1, (2) Scope 2 and (3) Scope 3	FN-IN-410c.1	84
	Gross exposure for each industry by asset class	FN-IN-410c.2	86
	Percentage of gross exposure included in the financed emissions calculation	FN-IN-410c.3	-
	Description of the methodology used to calculate financed emissions	FN-IN-410c.4	-
Physical Risk Exposure	Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes	FN-IN-450a.1	82
	The total amount of monetary losses attributable to insurance pay-outs from (1) modelled natural catastrophes and (2) non-modelled natural catastrophes, by type of event and geographical segment (net and gross of reinsurance)	FN-IN-450a.2	85
	Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of entity-level risks and capital adequacy	FN-IN-450a.3	76
Systemic Risk Management	Exposure to derivative instruments by category: (1) total potential exposure to non-centrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives	FN-IN-550a.1	-
	Total fair value of securities lending collateral assets	FN-IN-550a.2	-
	Description of approach to managing capital and liquidity-related risks associated with systemic non-insurance activities	FN-IN-550a.3	58
Activity Metrics	Number of policies in force, by segment: (1) property and casualty, (2) life, (3) assumed reinsurance	FN-IN-000.A	62

LPI CAPITAL BHD 196201000175 (4688-D)
(Incorporated in Malaysia)

PROXY FORM

I/ We ______________________________ NRIC (New)/ Company No. : ____________________
(INSERT FULL NAME IN BLOCK CAPITAL)
of ____
(FULL ADDRESS)
being a member/ members of **LPI CAPITAL BHD**, hereby appoint* ______________________________
(INSERT FULL NAME IN BLOCK CAPITAL)
NRIC (New) No. : ____________________ of ______________________________
(FULL ADDRESS)
and ______________________________ NRIC (New) No. : ____________________
(INSERT FULL NAME IN BLOCK CAPITAL)
of ____
(FULL ADDRESS)

or failing him, the Chairman of the Meeting as *my/ our proxy/ proxies to participate and vote for *me/ us on *my/ our behalf, at the 63rd Annual General Meeting of the Company to be held on Friday, 5 April 2024 at 10.00 a.m. at the Broadcast Venue at 29th Floor, Menara Public Bank, 146 Jalan Ampang, 50450 Kuala Lumpur, or any adjournment thereof, to vote as indicated below :-

NO.	RESOLUTION	FOR	AGAINST
Ordinary Business			
1.	Re-election of Mr. Tee Choon Yeow as Director.		
2.	Re-election of Dato' Chia Lee Kee as Director.		
3.	Re-election of Encik Mohamed Raslan Bin Abdul Rahman as Director.		
4.	Approval of payment of Directors' Fees and Board Committee Chairman Fee.		
5.	Approval of payment of Directors' Allowances.		
6.	Approval of Insurance Coverage for Non-Executive Directors.		
7.	Re-appointment of Messrs. KPMG PLT as Auditors of the Company and authority to the Directors to fix the Auditors' remuneration.		

(Please indicate with an "X" in the space provided above on how you wish your vote to be cast. If you do not do so, the Proxy(ies) will vote or abstain from voting at his discretion.)

Dated this ________ day of ____________ 2024

____
Signature of Member/ Common Seal

No. of ordinary shares held	:		
CDS Account No.	:		
Proportion of shareholdings to be represented by proxies	:	First Proxy Second Proxy	: ________% : ________%
Contact No.	:		

Notes:
1. The AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting (RPV) facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's TIIH Online website at https://tiih.online. Please follow the procedures provided in the Administrative Notes of LPI AGM in order to register, participate and vote remotely via the RPV facilities.
2. The Broadcast Venue of the AGM is strictly for the purpose of complying with Section 327 of the Companies Act, 2016. Members/proxies are not allowed to attend the AGM in person at the Broadcast Venue on the day of the AGM.
3. Only depositors whose names appear in the Record of Depositors as at 27 March 2024 shall be regarded as members and entitled to attend, speak (questions posted to the Board via real time submission of typed texts) and vote (collectively, "participate") at the meeting via RPV facilities.
4. A member entitled to attend and vote at the meeting is entitled to appoint not more than two (2) proxies (or in the case of a corporation, a duly authorised representative) to attend and vote in his stead. A proxy may but need not be a member of the Company.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act, 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.
7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with the provisions of subsection 25A(1) of the said Act.
8. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if the appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
9. The instrument appointing a proxy must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia no later than 3 April 2024 at 10.00 a.m. You can also have the option to submit the proxy appointment electronically via Tricor's TIIH Online website at https://tiih.online no later than 3 April 2024 at 10.00 a.m.
10. A member who has appointed a proxy or attorney or authorised representative to participate at this 63rd AGM via RPV facilities must request his/her proxy or attorney or authorised representative to register himself/herself for RPV facilities via TIIH Online website at https://tiih.online.
11. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice of Meeting will be put to vote by poll.

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STAMP

Share Registrar
Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South,
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur,
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Fold Here

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