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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Dato' Sri Lee Haw Yih (*Chairman and chief executive officer*)

Datin Sri Yaw Sook Kean

### Non-Executive Director

Mr. Lee Haw Shyang

### Independent Non-Executive Directors

Ms. Ng Siok Hui

Mr. Lim Chee Hoong

Mr. Lim Heng Choon

## COMPANY SECRETARY

Sir Kwok Siu Man KR (resigned on 30 November 2020)

Ms. Leung Ho Yee (appointed on 30 November 2020)

## AUTHORISED REPRESENTATIVES

Sir Kwok Siu Man KR (resigned on 30 November 2020)

Dato' Sri Lee Haw Yih

Ms. Leung Ho Yee (appointed on 30 November 2020)

## BOARD COMMITTEES

### Audit Committee

Mr. Lim Chee Hoong (*Chairperson*)

Mr. Lim Heng Choon

Ms. Ng Siok Hui

### Remuneration Committee

Ms. Ng Siok Hui (*Chairperson*)

Mr. Lim Chee Hoong

Dato' Sri Lee Haw Yih

### Nomination Committee

Mr. Lim Heng Choon (*Chairperson*)

Ms. Ng Siok Hui

Dato' Sri Lee Haw Yih

## REGISTERED OFFICE

Windward 3, Regatta Office Park

PO Box 1350

Grand Cayman KY1-1108

Cayman Islands

## HEADQUARTERS

No. 7, Jalan TP7

UEP Industrial Park

40400 Shah Alam

Selangor Darul Ehsan

Malaysia

## PRINCIPAL PLACE OF BUSINESS IN HONG KONG

31st Floor

148 Electric Road

North Point

Hong Kong

## HONG KONG LEGAL ADVISER

ONC Lawyers

19th Floor, Three Exchange Square

8 Connaught Place

Central

Hong Kong

## COMPLIANCE ADVISER

Messis Capital Limited

Room 1606, 16th Floor

Tower 2, Admiralty Centre

18 Harcourt Road

Hong Kong

## CORPORATE INFORMATION (CONTINUED)



### JOINT AUDITORS

Mazars CPA Limited  
*Certified Public Accountants, Hong Kong*  
42/F, Central Plaza  
18 Harbour Road  
Wanchai  
Hong Kong

Mazars PLT  
*Chartered Accountants, Malaysia*  
Wisma Golden Eagle Realty  
11/F, South Block  
142-A Jalan Ampang, 50450 Kuala Lumpur  
Malaysia

### COMPANY'S WEBSITE

[www.ritamix-global.com](http://www.ritamix-global.com)

### PRINCIPAL SHARE REGISTRAR

Ocorian Trust (Cayman) Limited  
Windward 3, Regatta Office Park  
PO Box 1350  
Grand Cayman KY1-1108  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited  
2103B, 21st Floor  
148 Electric Road  
North Point  
Hong Kong

### PRINCIPAL BANKERS

HSBC Bank Malaysia Berhad  
17-23, Jalan Sultan  
46200 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia

Malayan Banking Berhad  
Subang Business Centre  
2nd Floor, No. B-13, Jalan USJ 25/I  
Garden Shoppe, One City, USJ 25  
47650 Subang Jaya  
Selangor Darul Ehsan  
Malaysia

### LISTING INFORMATION

#### Place of Listing

The Main Board of The Stock Exchange of  
Hong Kong Limited

### STOCK CODE

1936

### BOARD LOTS

2,000 shares

# CHAIRMAN'S STATEMENT

Dear shareholders of the Company (the “Shareholders”),

On behalf of the board (the “Board”) of directors (the “Directors”) of Ritamix Global Limited (the “Company”) and its subsidiaries (together with the Company, the “Group”), I am pleased to present the annual results of the Group for the year ended 31 December 2020 (“Financial Year”).

The shares (the “Shares”) of the Company were successfully listed (the “Listing”) on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 13 May 2020 (the “Listing Date”). The Listing marked a milestone for the Group to strengthen its corporate profile, which has not only allowed the Group to access the capital market for fund raising but also enhanced the credibility of the Group with customers, suppliers and other business partners, as well as the Group's ability to recruit, motivate and retain key management personnel. We believe that the net proceeds from the Listing will assist the implementation of the Group's future development and business strategies as set out in prospectus of the Company dated 24 April 2020 (the “Prospectus”).

However, due to the sudden and rapid spread of the novel coronavirus disease 2019 (“COVID-19”) pandemic across the globe in 2020, a series of precautionary and control measures have been undertaken by governments across the world including Malaysia. The Malaysian Government announced the implementation of the movement control order (“MCO”) effective from 18 March 2020. The MCO has adversely affected the usual business activities of the country and disrupted the Group's daily operations for the Financial Year.

In June 2020, the Malaysian Government announced the recovery movement control order (“RMCO”). Under the RMCO, most of the economic sectors are allowed to operate (subject to Standard Operating Procedures (“SOP”) being implemented) although the country's border would remain closed.

As part of the new norm under the MCO and RMCO, the Group has implemented the required SOP and took extra preventive measures including, but not limited to, mandatory COVID-19 testing for all site workers, frequent disinfection within the Group's premises as well as practising social distancing.

The management of the Group has taken the relevant actions to minimise the unfavourable impact on the Group and is closely monitoring this situation. We believe the adverse impact of COVID-19 pandemic will eventually come to an end and the global economy will recover in the following years.

On 7 January 2021, Ritamix (HK) Limited, a wholly-owned subsidiary of the Company, entered into the cooperation agreement with Shifengfu (Hainan) Health Biotechnology Co., Ltd.<sup>#</sup> (世豐福(海南)健康生物科技公司). Pursuant to the cooperation agreement, Hainan Ritamix Biological Science Co., Ltd.<sup>#</sup> (海南利特米生物科學有限公司) (“Hainan Ritamix”) was established. For details, please refer to the announcement of the Company titled “Discloseable transaction in relation to the Cooperation Agreement with Shifengfu (Hainan)” dated 7 January 2021.

<sup>#</sup> For identification purpose only

## BUSINESS REVIEW

The Group is a Malaysia-based company principally engaging in (i) distribution of animal feed additives and, to a lesser extent, human food ingredients; and (ii) manufacturing of animal feed additives premixes with operational history since 1982.

The distribution business is basically a principal to principal business whereby the Group purchases brand products from suppliers and sells them independently to customers on the Group's own account. The Group will advise on the application of different types of products and provide technical supports to customers, as well as provide after sales services to keep track of the effects of the products on poultry and livestock.

## CHAIRMAN'S STATEMENT (CONTINUED)



The manufacturing business on the other hand involves the Group sourcing of raw materials from suppliers for the production of own brand animal feed additives premixes. The Group provides customized services to customers by formulating premixes with specific dosage and combination of ingredients that fit the customers' needs to, among others, improve fertility and livability of poultry, strengthen egg shell and colouring properties of egg yolks and improve feed conversion rate of livestock.

During the Financial Year under review, the Group's revenue decreased by approximately 8.1% from approximately RM126.1 million for the year ended 31 December 2019 to approximately RM115.9 million for the Financial Year. The decrease was mainly attributable to overseas sales which was impacted by the drastic increase in the international freight cost as was globally faced due to shortages of shipping containers. Two of the Group's main export destinations, namely Bangladesh and the Philippines, were under lockdown and the demands from both countries were negatively affected as a result. The Group was allowed to continue its operation and exempted from the restrictions of the MCO and RMCO as the Group's businesses considered as essential services to the economy.

The Group's profit was approximately RM8.5 million and RM13.7 million for the Financial Year and for the year ended 31 December 2019, respectively. Earnings per share was approximately RM1.86 sen and RM3.66 sen for the Financial Year and for the year ended 31 December 2019, respectively.

### OUTLOOK

The World Bank noted in its "Global Economic Prospects" report issued in January 2021 that the COVID-19 pandemic has caused the broad collapse of the global economy. The world economy is estimated to have contracted 4.3% in 2020.

On the local front, the Malaysian Central Bank, Bank Negara Malaysia announced in February 2021 that Malaysia's gross domestic product contracted by 5.6% in 2020. However, Malaysia's economy is expected to recover in 2021 with growth projected at 6.5%.

At the time of writing, there remains uncertainty on the extent of the COVID-19 pandemic's impact, which depends on multiple factors including the path and mutation of the disease, efficacy of containment efforts, successful development and deployment of vaccines, and government fiscal and monetary policies. This situation is further complicated by the unprecedented instability of the current government with a marginal simple majority in parliament following the sudden change of government in February 2020. Coupled with the COVID-19 pandemic and the on-going Sino-US trade tension, this instability has affected Malaysia's business and economic environment. Against this backdrop, we expect the current financial year of 2021 to be fairly challenging for the Group due to the ongoing COVID-19 pandemic.

On the other hand, though far-reaching, we believe the adverse impact of COVID-19 pandemic will eventually come to an end and the global economy will recover in the following years. In this regard, the Group is actively exploring opportunities both in Malaysia and overseas.

### APPRECIATION

On behalf of the Board, I would like to express my sincerest gratitude to our valued customers, business partners, suppliers, and Shareholders for their persistent support, while also expressing my appreciation to the management team and employees for their valuable contribution to the development of the Group.

**Dato' Sri Lee Haw Yih**

*Chairman*

Malaysia, 25 March 2021

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group is a Malaysia-based company principally engaging in (i) distribution of animal feed additives and, to a lesser extent, human food ingredients; and (ii) manufacturing of animal feed additives premixes.

The following table sets forth the breakdown of the revenue of the Group by business segments for the years ended 31 December 2020 and 2019:

	2020		2019	
	RM'000	Approximate %	RM'000	Approximate %
Manufacturing	39,055	33.7	47,482	37.7
Distribution	76,827	66.3	78,571	62.3

The Group's revenue decreased by approximately 8.1% from approximately RM126.1 million for the year ended 31 December 2019 to approximately RM115.9 million for the Financial Year.

### Manufacturing

Revenue from the manufacturing business decreased from approximately RM47.5 million for the year ended 31 December 2019 to approximately RM39.1 million for the Financial Year, representing a decrease of approximately 17.7%. Such decrease was mainly attributable to the reduced overseas sales from Bangladesh and the Philippines during the Financial Year. The Group's overseas sales were impacted by the drastic increase in the international freight cost as was globally faced due to shortages of shipping containers. Two of the Group's main export destinations, namely Bangladesh and the Philippines, were under lockdown and the demands from both countries were negatively affected as a result. In addition, the Philippines had an outbreak of the African swine fever in 2020, and more than 350,000 pigs were culled during the Financial Year.

### Distribution

Revenue from the distribution business decreased from approximately RM78.6 million for the year ended 31 December 2019 to approximately RM76.8 million for the Financial Year, representing a decrease of approximately 2.3%. The decrease was mainly attributable to the decrease in the sales of human food ingredients by approximately RM1.9 million during the Financial Year as the food and beverage industry was heavily affected from prolonged MCO.

### Cost of goods sold

The Group's cost of goods sold mainly comprises cost of inventories, freight cost, direct labour cost, manufacturing overheads and others. The following table sets out the breakdown of the Group's direct costs during the years ended 31 December 2020 and 2019:

	2020		2019	
	RM'000	Approximate %	RM'000	Approximate %
Cost of inventories	87,835	97.9	95,071	98.2
Freight cost, direct labour cost, manufacturing overheads and others	1,924	2.1	1,720	1.8



### Gross profit and gross profit margin

In line with the decrease in revenue, the Group's gross profit decreased from approximately RM29.3 million for the year ended 31 December 2019 to RM26.1 million for the Financial Year, representing a decrease of approximately 10.9%. The decrease was mainly due to the decrease in sales from overseas customers. With combined effects of revenue and cost of goods sold, the Group's gross profit margin decreased slightly from approximately 23.2% for the year ended 31 December 2019 to 22.5% for the Financial Year.

### Administrative and other operating expenses

The Group's administrative and other operating expenses increased from approximately RM7.4 million for the year ended 31 December 2019 to approximately RM9.8 million for the Financial Year. Such increase was mainly attributable to the net effect of the increases in (i) the staff costs; and (ii) professional fees after the Listing. The administrative and other operating expenses of the Group primarily consist of depreciation, staff costs, repair and maintenance and legal and professional fees and other charges.

### Finance costs

Finance costs represented interest expenses on bank borrowings and lease liabilities. For the years ended 31 December 2020 and 2019, the Group recorded finance costs of approximately RM50,000 and RM146,000, respectively.

### Listing expenses

The Group's Listing expenses primarily consist of professional fees and underwriting commission in relation to the Listing. The Listing expenses were estimated to be approximately RM30.3 million, of which approximately RM17.3 million was directly attributable to the issue of new Shares and deducted from equity in accordance with the relevant accounting standards. The remaining amount of approximately RM6.8 million, RM1.9 million and RM4.3 million were charged to the consolidated statements of profit or loss and other comprehensive income for the years ended 31 December 2018, 2019 and 2020, respectively.

### Income tax expenses

The Group's income tax expenses were approximately RM4.1 million and RM5.2 million for the years ended 31 December 2020 and 2019, respectively.

### Profit for the year and earnings per Share

As a result of the foregoing, the Group's profit was approximately RM8.5 million and RM13.7 million for the Financial Year and for the year ended 31 December 2019, respectively. The decrease in the Group's profit for the Financial Year was mainly attributable to the decrease in revenue and increased Listing expenses as mentioned above. Earnings per Share attributable to the equity holders of the Company were approximately RM1.86 sen and RM3.66 sen for the Financial Year and for the year ended 31 December 2019, respectively.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Key financial ratios

	Notes	As at/for the year ended 31 December	
		2020	2019
Current ratio (times)	1	17.5	7.5
Quick ratio (times)	2	13.0	4.6
Gearing ratio (times)	3	*	0.02
Net debt to equity (times)	4	N/A	N/A
Return on equity (%)	5	6.0	16.3
Return on total assets (%)	6	5.7	14.3

\* Represent amount less than 0.01 time.

#### Notes:

1. Current ratio is total current assets divided by total current liabilities.
2. Quick ratio is total current assets less inventories divided by total current liabilities.
3. Gearing ratio is total debt (i.e. sum of lease liabilities and borrowings) divided by total equity.
4. Debt to equity ratio is total debt (i.e. sum of lease liabilities and borrowings) less cash and cash equivalents divided by total equity.
5. Return on equity is profit for the year divided by total equity and multiplied by 100%.
6. Return on assets is profit for the year divided by total assets and multiplied by 100%.

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2020,

1. the Company's issued capital was HK\$5.0 million (equivalent to approximately RM2.8 million) and the number of its issued ordinary Shares was 500,000,000 Shares of HK\$0.01 each;
2. the Group had total pledged time deposits and bank balances as well as cash and cash equivalents of approximately RM1.7 million (2019: RM1.7 million) and approximately RM15.2 million (2019: RM6.5 million) respectively, most of which were denominated in United States dollars ("US\$"), Hong Kong dollars ("HK\$") and Malaysian Ringgit ("RM");
3. the Group had lease liabilities and bank borrowings of approximately RM61,000 (2019: RM31,000) and nil (2019: RM1.5 million), respectively. All of the lease liabilities and bank borrowings were denominated in RM; and
4. the Group's total equity attributable to owners of the Company was approximately RM140.7 million (2019: RM84.2 million). The capital of the Company mainly comprises share capital and reserves.





## TREASURY POLICY

The Group has adopted a prudent treasury management policy to (i) ensure that the Group's funds are properly and efficiently collected and deployed such that there is no material shortfall in cash which may interrupt the Group's daily business obligations; (ii) maintain sufficient level of funds to settle the Group's capital commitment when they fall due; and (iii) maintain adequate liquidity to cover the Group's operation cash flows and administrative expenses. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities, and other commitments can meet its funding requirements all the time.

## DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the Financial Year (2019: Nil).

## SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Except for the item as disclosed in Note 17 to the consolidated financial statements in this annual report and save as disclosed in the Prospectus, the Group has no other significant investments, material acquisitions or disposals of subsidiaries and associated companies during the Financial Year. The following table sets forth the fair value of the significant investments of the Group as of the Relevant Period:

	For the year ended		Approximate		As at
	31 December		percentage to		31 December
	2020	As at 31 December 2020	as at		2019
Financial assets measured at	Income	Fair value	31 December		Fair value
fair value through profit or loss	distribution	gain/(loss)*	Fair value	2020	RM'000
	RM'000	RM'000	RM'000		
<b>Significant Investments</b>					
Affin Hwang Aiiman Money Market Fund	231	21	19,210	12.9%	3,325
Affin Hwang USD Cash Fund	53	(321)	13,645	9.2%	—
Affin Hwang Select Bond Fund	297	—	20,219	13.6%	—

\* The fair value loss was mainly due to unrealised exchange losses as US\$ weakened against RM during the Financial Year.

All of the above significant investments were managed by Affin Hwang Asset Management Berhad, an independently-managed, bank-backed asset management firm in Malaysia that started its roots in 2001 and specialises in customised solutions and invests into equities, bonds, money market, structured products and other alternative investment instruments to generate returns for its clients.

The Board is of the view that reasonable and effective use of temporary idle funds will enhance the overall capital gain of the Group. The investments were made for treasury management purpose with a view to increasing the return on the unutilised funds of the Group and generating better investment return to the Company and its Shareholders as a whole after taking into account, among others, the level of risk and return on investment. Prior to making such investments, the Group had ensured that there remains sufficient working capital for the Group's business needs, operating activities and capital expenditures even after making the investments. The Board considers that they are conservative investments with a satisfactory expected return, acceptable risk and high liquidity, are in line with the internal risk management and treasury management of the Group, and have not caused any adverse impact on the working capital of the Group. As part of its treasury management, the Group has been closely monitoring the performance of the investments and its cash flow position.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### CAPITAL COMMITMENTS

As at 31 December 2020 and 2019, the Group had no significant capital commitments.

### CHARGE ON THE GROUP'S ASSETS

As at 31 December 2020, the total banking facilities granted to the Group amounted to approximately RM12.3 million. As at 31 December 2020, the Group has no bank borrowing (2019: RM1.51 million). During the years ended 31 December 2020 and 2019, Dato' Sri Lee Haw Yih, Datin Sri Yaw Sook Kean, Mr. Lee Haw Shyang and Mr. Lee Haw Hann (collectively referred to as the "**Ultimate Controlling Parties**") and/or their close family member have issued personal guarantees in favour of the banks amounting to approximately RM20,318,000 and approximately RM20,318,000 as at 31 December 2020 and 2019, respectively, to secure banking facilities granted to the Group.

Subsequent to the year ended 31 December 2020, the Group completed the release of the collaterals and guarantees provided by the Ultimate Controlling Parties by replacement of corporate guarantees provided by the Company in favour of the banks.

### PLEDGE OF ASSETS

Details of pledge of assets of the Group as at 31 December 2020 and 2019 are set out in Note 18 to the consolidated financial statements in this annual report.

### FUTURE PLAN FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in this annual report and the Prospectus, the Group does not have any concrete plan for material investments or capital assets for the coming year.

### CONTINGENT LIABILITIES

As at 31 December 2020 and 2019, the Group did not have any contingent liabilities.

### PRINCIPAL RISKS AND UNCERTAINTIES

The key risk and uncertainties identified by the Group relating to its business are as follows:

- (i) the outbreak of animal diseases or any other similar epidemic could adversely affect its business;
- (ii) the demand for and market price of products offered by it fluctuate at times and are largely determined by forces outside its control which could materially affect its financial performance;
- (iii) its business, financial condition and operating results may be adversely affected by the volatility of prices and the interruption of supply of animal feed additives and human food ingredients sourced from chemical and feed ingredients companies;



- (iv) the fluctuation of product demand may affect the effectiveness of its inventory management and result in an excessive inventory level;
- (v) it requires various licenses, permits and government approvals to operate its business in Malaysia and for importing, exporting and manufacturing its animal feed additives and human food ingredients. Failure to obtain and maintain one or all of these licenses and permits could adversely affect its business and future expansion plans;
- (vi) its distribution business depends on a stable source of supply and its business relationship with suppliers;
- (vii) its business and reputation may be affected by the quality, safety and performance of brand products and raw materials sourced from suppliers which are beyond its control; and
- (viii) any major disruption at its manufacturing plant, such as a breakdown of machinery, power or utilities shortage, could adversely affect its business, financial condition, results of operations and prospects.

For other risks and uncertainties facing the Group, please refer to the section headed “Risks Factors” in the Prospectus.

### FOREIGN CURRENCY RISK

The Group operates mainly in Malaysia and as a result, fluctuations in the RM's value against other currencies will create foreign currency translation gains or losses and may have an adverse effect on the Group's business, financial condition and results of operations. Any imposition, variation or removal of foreign exchange controls may adversely affect the value, translated or converted into US\$ or HK\$, of the Group's net assets, earnings or any declared dividends. Consequently, this may adversely affect the Group's ability to pay dividends or satisfy other foreign exchange requirements.

The management will monitor foreign currency exposure of the Group and will consider undertaking foreign exchange hedging activities to reduce the impact of foreign exchange rate movements on the Group's operating results. The Group had not used any derivative financial instrument during the Financial Year.

### EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2020, the Group had 57 (2019: 55) employees, all of whom were directly hired by the Group. The Group's employees are invaluable assets of the Group and it is dedicated to managing human capital. The Directors believe that continuous staff training and development will not only improve the Group's staff's performance, but will also enhance loyalty and staff morale. For its new recruits, the Group offers induction training courses which cover practical and technical aspects of their works, together with its corporate culture and core value. Remuneration package offered by the Group to its staff includes basic salary, discretionary bonuses and allowance. For the Financial Year, the Group's employee costs, including Directors' emoluments, were approximately RM5.5 million (2019: RM5.3 million). The Directors review the performance of the Group's employees on a periodical basis in order to determine salary adjustment and promotions and keep the Group's remuneration package competitive.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### USE OF PROCEEDS

The net proceeds (the “**Net Proceeds**”) received from the Listing by the Group amounted to approximately HK\$72.4 million, after deducting the underwriting fees, commissions and other Listing expenses. At 31 December 2020, approximately HK\$5.7 million of the Net Proceeds had been utilised. As at 31 December 2020, all of the unused proceeds were deposited in licensed banks in Hong Kong and Malaysia. During the period from the Listing Date and up to 31 December 2020 (the “**Relevant Period**”), the Net Proceeds had been applied as follows:

	Planned use of the Net Proceeds in total HK\$' million	Planned use of the Net Proceeds during the Relevant Period HK\$' million	Actual use of the Net Proceeds during the Relevant Period HK\$' million	Unutilised amount at 31 December 2020 HK\$' million	Expected timeline to use the Net Proceeds
Construct a new manufacturing plant	42.1	28.8	—	42.1	30 June 2022
Acquire/partner with company selling animal feed additives products	13.4	13.4	—	13.4	31 December 2021
Conduct sales and marketing activities	1.7	0.3	—	1.7	30 June 2022
Set up a new testing laboratory	3.5	1.8	—	3.5	30 June 2022
Set up a centralised enterprise resource planning system	3.7	2.0	—	3.7	31 December 2022
Hire additional workforce	3.0	0.7	0.7	2.3	31 December 2022
Purchase trucks for logistics services and vehicle for sales personnel	1.4	1.4	1.4	—	
General working capital ( <i>Note</i> )	3.6	N/A	3.6	—	
<b>TOTAL</b>	<b>72.4</b>	<b>48.4</b>	<b>5.7</b>	<b>66.7</b>	

*Note:* Net Proceeds to be applied to working capital depend on the actual requirement in operation of the Group.

The progress of the use of proceeds has been slowed down due to the prolonged MCO with strict SOPs being in place, which has reduced economic and social activities. The Directors believe that once MCO being lifted and economy is stable, the Group will actively proceed with the plan of utilising the fund. In view of the current low interest rate environment, the Directors decided to temporarily invest the unused Net Proceeds in conservative investments with a satisfactory expected return, acceptable risk and high liquidity. Part of the unutilised Net Proceeds were invested in the US\$ Hedged-class Units of Affin Hwang Select Bond Fund for an aggregate amount of US\$5 million, with details set out in the Company’s announcement dated 28 August 2020. The Company will redeem part or all of the investment in the fund when the Company utilises the Net Proceeds according to the disclosure made in the Prospectus. The Company will ensure that there will be no adverse impact to the utilisation of the Net Proceeds and there will be no change in the final use of the Net Proceeds as planned.

# BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT



## EXECUTIVE DIRECTORS

**Dato' Sri Lee Haw Yih**, aged 51, was appointed as a Director on 29 October 2018 and was re-designated as an executive Director on 18 December 2018. He also serves as the chairman of the Board and the chief executive officer (the “**CEO**”) of the Group. He is a member of the Company’s remuneration committee (the “**Remuneration Committee**”) and nomination committee (the “**Nomination Committee**”). He is primarily responsible for the overall management and formulation of business strategies of the Group. He is the spouse of Datin Sri Yaw Sook Kean and brother of Mr. Lee Haw Shyang.

Dato' Sri Lee Haw Yih has over 25 years of experience in the animal feed additives products industry. In August 1995, Dato' Sri Lee Haw Yih joined the Group and started working as a product development promotion executive in Gladron Chemicals Sdn. Bhd. (“**Gladron Chemicals**”). Since June 1996, he has been serving as a director of Gladron Chemicals and involving in the management of the Group. He currently serves as a director of all the subsidiaries of the Group, namely Ritamix International Limited, Gladron Chemicals, Ritamix Sdn. Bhd. (“**Ritamix**”), Kevon Sdn. Bhd. (“**Kevon**”), Ritamix (HK) Limited and Hainan Ritamix.

Dato' Sri Lee Haw Yih graduated from McMaster University in Canada in June 1992 with a bachelor’s degree in science and obtained a master’s degree in business administration from McMaster University in Canada in June 1994.

**Datin Sri Yaw Sook Kean**, aged 50, was appointed as a Director on 29 October 2018 and was re-designated as an executive Director on 18 December 2018. She is primarily responsible for the strategic planning and overall financial management of the Group. She is the spouse of Dato' Sri Lee Haw Yih and sister-in-law of Mr. Lee Haw Shyang.

Datin Sri Yaw Sook Kean has over 20 years of experience in the animal feed additives products industry. From July 1993 to March 1994, she worked in Accredited Leasing Corporation Sdn. Bhd., a company engaging in leasing business, as an accounts assistant. From January 1995 to May 1996, she worked in L&M Prestressing Specialist Sdn. Bhd. which engaged in the business of prestressing and post-tensioning of buildings and civil engineering structures as a senior account clerk. She worked in Mac Food Services (M) Sdn. Bhd., a producer and supplier of meat and poultry products to restaurants, as an account supervisor in June 1996. In November 1998, Datin Sri Yaw Sook Kean joined the Group and started serving as the financial controller of Gladron Chemicals. Since June 2004 and May 2007, Datin Sri Yaw Sook Kean has been serving as a director in Kevon and Ritamix, respectively.

Datin Sri Yaw Sook Kean completed the senior middle three education from the Chung Hua High School in Seremban, Malaysia in October 1989. She became a member of the Association of Chartered Certified Accountants in May 1999. She became a member of the Malaysian Institute of Accountants in November 2001.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

### NON-EXECUTIVE DIRECTOR

**Mr. Lee Haw Shyang**, aged 45, was appointed as a non-executive Director on 18 December 2018. He is primarily responsible for providing advice to the Board. He is a brother of Dato' Sri Lee Haw Yih and brother-in-law of Datin Sri Yaw Sook Kean.

Since June 1996, he has been serving as a director of Gladron Chemicals. Since May 2007, he has been serving as a director of Ritamix. From September 2002 to June 2013, he served as a director of Johnson Medical International Sdn. Bhd., which engaged in manufacturing of medical equipment. Since November 2012, he has been serving as a director of Magical Milestone Sdn. Bhd., engaging in the letting of properties. Since January 2014, he has been serving as a director of Cross Creation Sdn. Bhd., engaging in medical laboratories, management consultation and trading of medical products. Since November 2017, he has been serving as the managing director of Eemed International Sdn. Bhd., engaging in designing, installing and servicing of medical devices.

Mr. Lee Haw Shyang graduated from University of Melbourne, Australia, with a bachelor's degree in engineering in March 2001.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Ms. Ng Siok Hui**, aged 52, was appointed as an independent non-executive Director on 8 April 2020. She is the chairperson of the Remuneration Committee and a member of the audit committee of the Company (the "**Audit Committee**") and the Nomination Committee.

Ms. Ng has over 25 years of experience in the legal industry. From January 1996 to April 1997, she worked in Khaw & Hussein, a law firm in Malaysia, as a legal assistant. From April 1997 to May 1999, she worked in Ng Yook Woon Andrew T C Saw & Co., a law firm in Malaysia, as a legal assistant. Ms. Ng joined Mak, Ng & Lim, a law firm in Malaysia, in 1999 and her current position is partner.

Ms. Ng obtained her bachelor's degree in laws in July 1992 from University of Leicester, United Kingdom. She was admitted as a member of the Malaysian Bar in December 1995.

**Mr. Lim Chee Hoong**, aged 60, was appointed as an independent non-executive Director on 8 April 2020. He is the chairperson of the Audit Committee and a member of the Remuneration Committee.

Mr. Lim Chee Hoong has over 35 years of experience in accounting and auditing field. From May 1981 to August 1988, he worked in Coopers & Lybrand, an accounting firm in Malaysia, as an articled clerk. From August 1988 to January 1990, he worked in Seal Inc. Bhd., a company engaged in property development and management, as an accounts supervisor. From January 1990 to March 1991, he worked in Kinta Properties Sdn. Bhd., a company engaged in property development, as a senior accounts executive. From March 1991 to June 1993, he worked in Kassim Chan & Co, an accounting firm in Malaysia, with his last position as an audit senior. From July 1993 to July 1997, he worked in companies in the commercial sectors as an accountant. From December 2001 to October 2013, he was a partner in Lee Teik Swee & Co, an accounting firm in Malaysia. Mr. Lim Chee Hoong started Lim Chee Hoong & Co (currently known as CHI-LLTC), an accounting firm in Malaysia, in November 1997 and is currently a partner. Since July 2003, Mr. Lim Chee Hoong has been appointed as an independent non-executive director of PRG Holdings Berhad (stock code: 7168 and stock name: PRG), an investment holding company of its subsidiaries engaging in property development and manufacturing of furniture webbing and elastic yarn and listed on the Main Market of Bursa Malaysia Securities Berhad. Since July 2011, Mr. Lim Chee Hoong has been appointed as an independent non-executive director of Choo Bee Metal Industries Berhad (stock code: 5797 and stock name: CHOOBEE), a company engaging in manufacturing and sales of flat-based steel products and listed on the Main Market of Bursa Malaysia Securities Berhad. Since June 2019, Mr. Lim Chee Hoong has also been appointed as an independent non-executive director of Pelikan International Corporation Berhad (stock code: 5231 and stock name: PELIKAN), a company engaging in manufacturing and distribution of writing instruments, art, painting and hobby products, school and office stationery, papeterie products and provision of logistics services and listed on the Main Market of Bursa Malaysia Securities Berhad.

## BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Mr. Lim Chee Hoong obtained his higher school certificate in 1980. Mr. Lim became a member of the Malaysian Association of Certified Public Accountants in January 1993, a member of the Malaysian Institute of Accountants in July 1993 and a member of the Malaysian Institute of Taxation in September 2008.

**Mr. Lim Heng Choon**, aged 50, was appointed as an independent non-executive Director on 8 April 2020. He is the chairperson of the Nomination Committee and a member of the Audit Committee.

Mr. Lim Heng Choon worked in the Boston Consulting Group in Kuala Lumpur, Malaysia from March 1996 to September 2003, with the last position as a consultant. From November 2004 to September 2010, he worked in hiSoft Technology International Ltd, engaging in IT services, covering positions as a vice president of corporate development department and chief operating officer, with the last position as an advisor. He has been a director and chief financial officer in International Liquid Packaging Solutions Pte Ltd, engaging in industrial packaging, since July 2011. He is also an advisor to Pactera Technology International Ltd, engaging in IT services, since November 2013, and a director in Hyperion Connect Ltd, engaging in consulting services, since August 2016.

Mr. Lim Heng Choon obtained his bachelor's degree in engineering from Monash University in Australia in July 1996 and a master's degree in business administration from Kellogg Graduate School of Management, Northwestern University in the United States in June 2001.

### SENIOR MANAGEMENT

**Dr. Choy Foon Seng**, aged 38, is the business development manager of the Group and is responsible for overseeing the animal health and pet division of the Group. Dr. Choy has over 9 years of experience in the animal feed additives industry. From January 2010 to March 2012, he served as a staff veterinarian in Zoo Taiping and Night Safari. In March 2012, he joined Gladron Chemicals as a business development manager. Dr. Choy obtained the Doctor of Veterinary Medicine degree from Universiti Putra Malaysia in June 2007.

**Dr. Koh Jiun Ting**, aged 32, is the technical executive of the Group and is responsible for providing technical support to the Group's sales team. Dr. Koh has over 6 years of experience in the animal feed additives industry. From November 2013 to November 2014, he worked at the Faculty of Veterinary Medicine of Universiti Putra Malaysia as a veterinarian. In December 2014, he joined Ritamix as a technical executive. He obtained the Doctor of Veterinary Medicine degree from Universiti Putra Malaysia in July 2013.

**Ms. Ting Poh Cheng**, aged 40, is the sales manager of the Group and is responsible for the sales and marketing of the human food ingredients products of the Group. Ms. Ting has over 10 years of experience in the human food ingredients industry. In December 2008, she joined Kevon as a sales executive. She was promoted to senior sales executive in March 2013, assistance sales manager in May 2015 and further promoted to sales manager in September 2018. She obtained a bachelor's degree in science from Universiti Kebangsaan Malaysia in August 2004 and obtained a master's degree in business management in University of Northumbria in United Kingdom in June 2007.

### COMPANY SECRETARY

Ms. Leung Ho Yee ("**Ms. Leung**") is a senior corporate secretarial manager of Boardroom Corporate Services (HK) Limited. She is a member of The Hong Kong Institute of Certified Public Accountants and a fellow of The Hong Kong Institute of Chartered Secretaries. Ms. Leung has over 10 years' experience in the fields of corporate secretarial, financial management and corporate finance.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT



## ABOUT THIS REPORT

This Environmental, Social and Governance (“ESG”) Report (the “Report”) outlines the sustainability performance of the Group covering the financial year from 1 January 2020 to 31 December 2020 (“FY2020”). We have established an ESG working group to coordinate and implement the initiatives under our sustainability strategy, and formalised a reporting structure with oversight from the CEO of the Group.

For information relating to the Group’s corporate governance practices, please refer to our annual report which is available on the website of the Stock Exchange and the Group’s website at [www.ritamix-global.com](http://www.ritamix-global.com).

This Report has also been uploaded to the website of the Stock Exchange and the Group’s website at [www.ritamix-global.com](http://www.ritamix-global.com).

## SCOPE OF THIS REPORT

This Report focuses on the operations of the Group at its principal place of business in Malaysia. The disclosure in this Report are mainly extracted from the Group’s statistical reports and documents. There have been no changes in the Company’s organisational structure during FY2020.

## REPORTING FRAMEWORK

This Report is set out in accordance with the ‘comply or explain’ provisions in accordance with the Environmental, Social and Governance Reporting Guide (the “ESG Reporting Guide”) as set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange, and has taken the four reporting principles specified therein — materiality, quantitative, balance and consistency as basis in the preparation of this Report. For ease of comparison of the Group’s yearly performance, the structure of the subsequent reports will align with this Report as closely as possible.

In accordance with the “key performance indicators” in the ESG Reporting Guide, the Group disclosed quantitative indicators in the “environment” category and explained indicators with no materiality. Quantitative indicators in the “social” category were disclosed to the greatest extent and we will be improving on the collection in internal date and expanding disclosure scope in the future.



# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)



## STAKEHOLDERS' ENGAGEMENT

We have identified our key stakeholder groups. We maintain on-going communication with our stakeholders through various channels of communication as set out in the table below:

Stakeholders	Channels of Communication	Expectations and Demands
Shareholders and investors	<ul style="list-style-type: none"> <li>• Announcements</li> <li>• Corporate website</li> <li>• General meetings</li> <li>• Corporate email</li> <li>• Annual reports</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Investment returns</li> </ul>
Business partners and suppliers	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Site visits</li> <li>• Emails</li> </ul>	<ul style="list-style-type: none"> <li>• Product quality</li> <li>• Competitive pricing</li> <li>• Stable business relationship</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Regular meetings</li> <li>• Site visits</li> <li>• Emails</li> </ul>	<ul style="list-style-type: none"> <li>• Product quality</li> <li>• Timely delivery</li> <li>• Stable business relationship</li> </ul>
General public and community	<ul style="list-style-type: none"> <li>• Donations</li> <li>• Charity events</li> </ul>	<ul style="list-style-type: none"> <li>• Community engagement</li> </ul>
Employees	<ul style="list-style-type: none"> <li>• Performance review</li> <li>• Meetings and internal discussions</li> <li>• Emails and notice boards</li> </ul>	<ul style="list-style-type: none"> <li>• Remuneration</li> <li>• Career development</li> <li>• Occupational health and safety in workplace</li> </ul>
Regulatory bodies	<ul style="list-style-type: none"> <li>• Meetings</li> <li>• Regulatory newsletters</li> </ul>	<ul style="list-style-type: none"> <li>• Regulatory compliance</li> <li>• Occupational health and safety in workplace</li> </ul>

Through effective communication with our stakeholders, we are able to better identify and understand their views and address their concerns with regards to our business operations and sustainability performance. We regularly engage our stakeholders on our strategic development and decision making.

### A. Environmental

#### A1. Emission

*Key Performance Indicators ("KPIs")*

*Type of emissions and respective data emission*

During FY2020, the vehicles owned and operated by the Group generated air emission.

	2020 In Kilogram ("kg")
Nitrogen Oxides ("SOx")	0.4
Sulphur Oxides ("NOx")	2.0
Particulate Matters ("PM")	0.1

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## Total Greenhouse Emissions

Greenhouse gases (“GHG”) are emitted through various activities, including the use of diesel by our vehicles and the consumption of electricity. The following table outlined our GHG emissions and intensity of the Group for FY2020.

	2020 In Tonnes of CO <sub>2</sub> e
Scope 1 — Direct GHG Emissions (Petrol — vehicles)	63.4
Scope 2 — Energy Indirect Emission (Electricity)	384.3
<b>Total GHG Emission</b>	<b>447.7</b>
Intensity of CO <sub>2</sub> emission (CO <sub>2</sub> per revenue RM'000)	0.00

## Total amount of non-hazardous waste

### Packaging Material

The Group did not use substantial packaging materials during FY2020 for its services and during delivery. In our administration office, we encourage our employees to bring their own food containers, reusable or biodegradable bags.

## A2 Use of Resources

The Group strongly advocates and practises a culture of recycling amongst our employees. We segregate our waste by separating the waste into different bins — general waste, paper & cardboard, plastics and metals, and appointed recycled service providers to manage these wastes. The Group promotes reduction of paper consumption by encouraging electronic communication via email and use of double-sided printing and does not use any packaging material for its production output sold to its customers.

Paper, ink cartridges and tonners consumed in offices are identified as non-hazardous wastes in our operation. Used ink cartridges and tonners were returned to the vendors for recycling purpose.

We aim to continue encouraging recycling and reuse throughout our value chain and in the wider community through various initiatives and campaigns. These initiatives include capturing weightage of wastes and monitoring the quantity of wastes generated and how we can improve our operations to minimise waste generation.

### Energy efficiency

Electricity was consumed in the Group's office typically for lighting, air conditioning and office operations while diesel was consumed by the vehicles for logistics purpose. The Group's sustainability practices include turning off lights and air conditioning after use and during lunch time — such practices may seem trivial, but it can help to reduce the Group's electricity consumption in long term.

The Group is committed to monitoring the energy usage in order to reduce the electricity consumption for sustainability purpose. In achieving the said objective, the Group is currently improving the monitoring process.

KPIs	2020
Electricity Consumption (kWh)	574,023
Intensity of electricity (kWh per revenue RM'000)	4.9
Diesel (litre)	10,200
Intensity of Petrol (litre per revenue RM'000)	0.09

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## *Water and Effluents*

In the Group, water is not used in the principal business operations, but only for cleaning and office hygiene purposes. Water used is regular pipe-supplied water from local utility supplier. We ensure that there are no leaking water pipes.

The business operation produces zero discharge of any waste water or effluents into the surrounding waterways, we continuously monitor our operation and will develop the process of water consumption and effluents monitoring if the needs arise.

KPIs	2020
Water Consumption (cubic meter ("m <sup>3</sup> "))	2,956
Intensity of water (m <sup>3</sup> per revenue RM'000)	0.03

## A3 The Environment and Natural Resources

### *Environmental impact management*

Our environmental policies are to minimise impact to our environment as part of our effort to reduce the negative impacts on the environment and natural resources caused by the Group's business activities. We are developing environmental monitoring processes to address and mitigate the environmental risks, including monitoring all environmental risks relevant to our business operation. In addition, we regularly review our environmental practices to identify improvement opportunities.

### *Air Pollutant Emission*

Our Group engages in (i) distribution of animal feed additives and human food ingredients; and (ii) manufacturing of animal feed additives premixes which in general do not have material environmental impact. Due to the nature of our business, our manufacturing business does not emit any form of waste that is subject to the environmental regulations in Malaysia.

Exhaust emissions from delivery trucks is another source of air pollution. All our trucks strictly follow the Malaysia's Road Transport Act 1987 regulation and undergone the mandatory trucks inspection.

### *Environmental Compliance*

The businesses that the Group operates do not generate significant environmental impacts relating to air and greenhouse gas emissions, discharges into water and land sources, and other hazardous and non-hazardous waste generation. We continuously monitor our compliance with the environmental regulation although our operations do not fall under the scope of Environmental Quality Act 1974 of Malaysia, and the amendments to the Act in 2007 and 2012. During FY2020, we have not been fined or penalised for any significant environment violation by the Department of Environment.

## B. Social

The Group believes in managing human resources risks and opportunities on a regular basis. In doing so, it will create a sustainable value with our business activities. This objective unites our employees and is consistent with our corporate values which guides our decision making and our actions.

### B1 Employment

The Group is committed to providing fair and equal opportunities and to nurturing diversity across its business landscape. The Group's Code of Business Ethics and Corporate Conduct prohibits discrimination based on age, gender, nationality, and ethnicity.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

Our employee handbook includes guidelines on compensation and dismissal, rest periods, anti-discrimination, and other benefits and welfare to ensure compliance with the Employment Act 1955 of Malaysia and the relevant laws and regulations.

We take pride in maintaining a harmonious and diverse workforce spanning different generations, culture, nationalities and skill sets. The Group believes that the existing recruitment, training and staff development planning processes were guided by their commitment, skills, and experience and that provide fair and equal opportunities.

We have put in place various employees' incentives to encourage high performance culture.

We encourage diversity and we believe it enriches our corporate culture as well as our long-term competitiveness. Moving forward, we are committed to ensuring, whenever possible, increased equality of gender representation.

Within the states of our operations, we seek to hire locally based employees.

## Gender profile

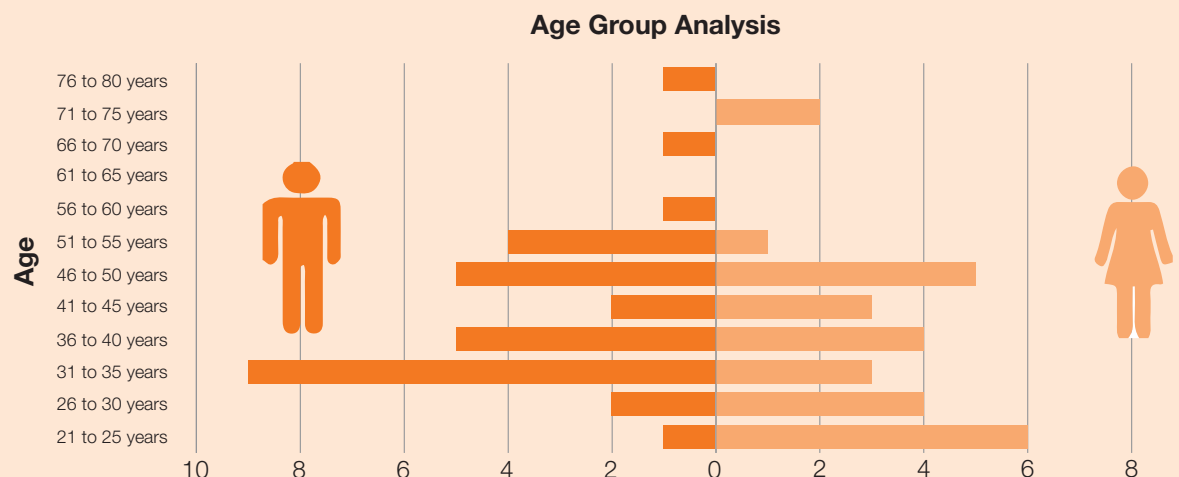


## Age profile



Turnover rate (per category) = (Employees in the category leaving employment/No. of employees in the category) \*100

As at 31 December 2020, the Group had 57 full-time employees, of which 53% is male and 47% is female. All employees are based in Malaysia. The chart below illustrates the age group and gender of the Group's employees:





## B2 Occupational Health and Safety

We prioritise the importance of a safe and healthy work environment for all our employees as well as external parties who come to our facilities. In complying with the Occupational Safety and Health Act 1994, the Group has set up a Safety and Health Policy to ensure adequate protection of its employees, customers and other third parties.

Some of the health and safety measure adopted are ensuring first aid kits and fire extinguishing equipment are located prominently and properly maintained, evaluating hazard sources once a year, offer training on safety operation rules on a regular basis, and performing evacuation and fire drills on an annual basis. In addition, all employees shall comply with the Group's Safety and Health Policy and are encouraged to practice good safety habits such wearing appropriate protective equipment or attire. We also have regular maintenance schedule to keep our production machines and equipment in good condition for its intended use.

In FY2020, there are no reported incidences of work-related injuries or fatalities. We take an extremely serious view of workplace safety and any accidents will be thoroughly investigated. Our goal is to maintain zero-fatality incident rate.

## B3 Development and Training

We believe our employees are valuable assets to our business and we are committed to unlocking their potential and providing them with career development opportunities. To this extent, the Group provides certain funding for employees to attend professional seminars and external training, which is decided on a case-to-case basis based on recommendation by department heads. While the Group does not have a formal training programme, it also provides learning opportunities for employees through internal workshops, on-the-job training, education on occupational safety and health and other various training necessary to improve employees' job functions and capability.

## B4 Labour Standards

The Group has complied with laws and regulations in Malaysia applicable to employment matters such as the Employment Act 1955 and Children and Young Persons (Employment) (Amendment) Act 2010. During FY2020, the Group does not employ any children or young persons under the age of 18 years and there are no reported cases of forced labour. Although the Group does not formulate relevant policies to prevent child or forced labour, our Human Resources Department does checks on identification documents of potential hires and employment contracts are made based on mutual agreement between the Group and the employees. The Human Resources Department also closely monitors all overtime hours proposed and allowed overtime hours based on urgency of the business operations.

## OPERATING PRACTICES

### B5 Supply Chain Management

Over the years, we have established a international supplier base from which we source animal feed additives and human food ingredients. In FY2020, the Group procured over 300 brands from over 70 suppliers.

We have a process in place in the selection and evaluation of our suppliers. Prior to engaging a supplier, potential suppliers are evaluated based on their price offer, reputation, track record, compliance with local laws, policies on managing environmental and social risks, and regulations and expertise in their field to ensure common standards across the Group's business units. We will also visit the operation premises of the potential supplier to assess its business operations, product quality and logistics capability. For engagements that are complex or entail high financial risks, due diligence is carried out to ascertain their financial standing and track record for heightened risks. We perform periodic evaluation of our suppliers.

## B6 Product Responsibility

The products manufactured and distributed by the Group are mainly sold to feedmills, integrators, home mixing farms and human food manufacturers in Malaysia. During FY2020, we did not receive any complaint from our customers.

As our manufacturing activities involve only sieving, weighing and homogenising, the Group does not generally generate industrial pollutants. During FY2020, there are no instances of non-compliance in respect of any applicable Malaysian environmental protection laws, rules and regulations and there are no environmental issue in relation to the scrapyards where the Group carries out processing activities.

We are committed to protecting our data assets which include customer information, intellectual property and privacy. During FY2020, we did not receive any complaints on disclosure of client information.

## B7 Anti-corruption

We have, and will continue to have, zero tolerance towards any form of corruption and bribery in our business and operations. During FY2020, there were no legal cases regarding corrupt practices brought against the Group or its employees. The Group's Code of Business Ethics and Corporate Conduct strictly prohibits any form of bribery, abuse of power, conflict of interest and financial misconduct, amongst others, in compliance with the Malaysian Anti-Corruption Commission Act (Amendment) 2018.

As part of our continuous effort towards upholding a culture of integrity in the Group, we have reviewed and are in the midst of updating our Fraud Detection Policy to meet the changing needs of the Group.

The Group, relying on these policies and channels for whistleblowing, is not aware of any non-compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering that have a significant impact on the Group in FY2020.

### *Whistleblowing Policy*

We believe that operating our business with high level of accountability, openness, honesty and integrity are essential to minimise and prevent the occurrence of potential improper behavior or misconduct. We ensure all our staff adhere to the standard prescribed by our Code of Business Ethics and Corporate Conduct. The Group has established a Whistleblowing Policy to encourage our employees, customers and suppliers to report on any suspected or actual business misconduct, malpractice and other form of impropriety. Meanwhile, the Whistleblowing Policy also ensures those who disclose information shall be protected and granted confidentiality.

The Group will investigate any report raised by the whistleblowers thoroughly to assess the validity of the assertions and to determine the actions to be taken. We will review every report which discloses a possible criminal offence to the Audit Committee. The Audit Committee shall consult with our legal advisers to decide if the matter should be referred to the authorities for further action. A final report will be prepared by the Audit Committee and the recommendations will be made to the Board.

## B8 Community Investment

The Group's community investment comprises mainly sponsorships and donations. During FY2020, the Group contributed approximately RM61,000 in cash and in-kind donations to various charitable organisations in Malaysia. Looking ahead, the Group aims to continuously engage with and contribute to the community where it operates.

# CORPORATE GOVERNANCE REPORT



## CORPORATE GOVERNANCE

The Company is committed to fulfilling its responsibilities to the Shareholders and protecting and enhancing Shareholders' value through good corporate governance.

The Board recognises the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. The Company has adopted the principles and all relevant code provisions as set out under the Corporate Governance Code (the "**CG code**") set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") since the Listing Date.

Save for the deviation from code provision A.2.1 of the CG Code as disclosed in this annual report, the Board is satisfied that the Company has complied with the CG Code during the Relevant Period and up to the date of this annual report. The Board will periodically review the Company's corporate governance functions and will continuously improve the Company's corporate governance practices by assessing their effectiveness with evolving standards to meet changing circumstances and needs. As for the deviation from code provision A.2.1 of the CG Code, please refer to the paragraph headed "Chairman and Chief Executive Officer" in this corporate governance report.

## SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its own code of conduct regarding Directors' securities transactions. Having made specific enquiries of the Directors, all the Directors have confirmed that they have complied with the requirements of the Model Code during the Relevant Period and the Board is of the view that the Model Code has been fully complied with during the Relevant Period.

## BOARD OF DIRECTORS

### Responsibilities, accountabilities and contributions of the Board and management

The Board is primarily responsible for overseeing and supervising the management of the business affairs and the overall performance of the Group. The Board sets the Group's mission and standards and ensures that the requisite financial and human resources support is in place for the Group to achieve its objectives.

In accordance with the requirements of the Listing Rules, the Company has established the Audit Committee, the Remuneration Committee and the Nomination Committee with specific written terms of reference which are published on the respective websites of the Stock Exchange and the Company.

The Board may from time to time delegate certain functions to senior management of the Group if and when considered appropriate. The management of day-to-day operation of the Group's businesses and implementation of the business plans, strategies and policies adopted by the Board has been delegated to the senior management of the Group. The delegation of authority includes responsibilities for:

- (a) developing and formulating business plans, budgets, strategies, business and financial objectives of the Company for consideration by the Board, and to the extent approved by the Board, implementing these plans, budgets, strategies and objectives;
- (b) operating the Company's businesses within the parameters set by the Board from time to time, and keeping the Board informed of material developments of the Company's businesses;
- (c) where proposed transactions, commitments or arrangements exceed the parameters set by the Board, referring the matter to the relevant Board committee or the Board for its consideration and approval;
- (d) identifying and managing operation and other risks, and where those risks could have a material impact on the Company's businesses, formulating strategies for managing these risks for consideration by the Board;

## CORPORATE GOVERNANCE REPORT (CONTINUED)

- (e) ensuring that the Board is provided with sufficient information and explanation on a timely basis in regard to the Company's businesses, and in particular with respect to the Company's performance, financial condition, operating results and prospects, to facilitate the Board to fulfill its governance responsibilities and to enable it to make an informed assessment for matters including financial information put before the Board for approval;
- (f) providing the Board with monthly updates giving a balanced and understandable assessment of the Company's performance under Listing Rules;
- (g) implementing the policies, processes, CG code and, Model Code approved by the Board; and
- (h) implementing policies, processes and procedures for the management and development of the Company's employees.

The Directors have full access to information of the Group and are entitled to seek independent professional advice in appropriate circumstances at the Company's expense.

### CORPORATE GOVERNANCE FUNCTION

The Board recognises that corporate governance should be the collective responsibility of the Directors which includes the following:

- (a) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (b) to review and monitor the training and continuous professional development of the Directors and senior management;
- (c) to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors;
- (d) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board and report to the Board on such matters;
- (e) to review the Company's compliance with the CG Code and disclosure in the annual report; and
- (f) to review and monitor the Company's compliance with the Company's whistleblowing policy.

### BOARD DIVERSITY POLICY

The Group has adopted a board diversity policy on 8 April 2020 (the "**Board Diversity Policy**") which sets out the approach to achieve and maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Group's business growth. Pursuant to the Board Diversity Policy, selection of candidates will be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Board's composition will be disclosed in the corporate governance report annually.

The Nomination Committee is responsible for ensuring the diversity of the Board and reviewing the Board Diversity Policy from time to time to ensure its continued effectiveness and the Group will disclose the implementation of the Board Diversity Policy in the corporate governance report on an annual basis.





## NOMINATION POLICY

The Group has also adopted a nomination policy on 8 April 2020 (the “**Nomination Policy**”) which provides for the nomination procedures and the process and criteria adopted by the Nomination Committee in the selection and recommendation of candidates for directorship. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee shall ensure the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company’s business.

The selection criteria listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate, including but not limited to, character and integrity; qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company’s business and corporate strategy; accomplishment and experience in the business from time to time conducted, engaged in or invested in by any member of the Group; commitment in respect of available time and relevant interest; requirement for the Board to have independent directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in the Listing Rules; the Board Diversity Policy and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board; and such other perspectives appropriate to the Company’s business. These factors are for reference only, and not meant to be exhaustive and decisive. The Nomination Committee has the discretion to nominate any person, as it considers appropriate.

### Nomination Procedures

If the Board determines that an additional or replacement Director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from Directors, Shareholders, management, advisors of the Company and external executive search firms. Upon compilation and interview of the list of potential candidates, the Nomination Committee will shortlist candidates for consideration by the Board based on the selection criteria and such other factors that it considers appropriate. The Board has the final authority on determining suitable Director candidate for appointment.

### Composition

The Company is committed to the view that the Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors (the “**INED(s)**”)) so that there is an independent element on the Board, which can effectively exercise independent judgement, and that non-executive Directors should be of sufficient caliber and number for their views to carry weight. As at the date of this annual report, the Board comprises the following six Directors:

#### Executive Directors

Dato’ Sri Lee Haw Yih (*Chairman and CEO*)  
Datin Sri Yaw Sook Kean

#### Non-executive Director

Mr. Lee Haw Shyang

#### INEDs

Ms. Ng Siok Hui  
Mr. Lim Chee Hoong  
Mr. Lim Heng Choon

The biographical details of each of the Directors are set out in the section headed “Biographical Details of Directors and Senior Management” of this annual report.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

Save as disclosed in the section headed “Biographical Details of Directors and Senior Management” of this annual report, there was no financial, business, family or other material/relevant relationship among the Directors and senior management members.

The INEDs have brought in a wide range of business and financial expertise, experiences and independent judgement to the Board. Through active participation in the Board meetings and serving on various Board committees, all INEDs will continue to make various contributions to the Company.

The Company has appointed three INEDs, representing half of the Board members in compliance with Rule 3.10(1) and 3.10A of the Listing Rules, which stipulate that every board of directors of a listed company must include at least three INEDs and the number of INEDs must represent at least one-third of the Board members, and has met the requirement that at least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise during the Relevant Period and up to the date of this annual report.

The Company has received a written confirmation from each of the INEDs in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all INEDs are independent.

During the Relevant Period and up to the date of this annual report, an appropriate and adequate directors' liability insurance is in place to protect the Directors from legal action arising from the performance of their duties as a Director. Such insurance coverage will be reviewed and renewed on an annual basis.

### CONTINUING PROFESSIONAL DEVELOPMENT

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant. Every newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Directors' responsibilities and obligations under the Listing Rules and relevant statutory requirements. Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills.

All Directors confirmed that they have complied with the code provision A.6.5 of the CG Code on Directors' training. During the Relevant Period, all Directors namely, Dato' Sri Lee Haw Yih, Datin Sri Yaw Sook Kean, Mr. Lee Haw Shyang, Ms. Ng Siok Hui, Mr. Lim Heng Choon and Mr. Lim Chee Hoong have participated in continuous professional development by attending seminars, courses or conferences or read related materials to develop and refresh their knowledge and skills.

According to the training records maintained by the Company, the continuous professional development programmes received by each of the Directors during the Relevant Period are summarised as follows:

Directors	Type of Training
Dato' Sri Lee Haw Yih	A&B
Datin Sri Yaw Sook Kean	A&B
Mr. Lee Haw Shyang	A&B
Ms. Ng Siok Hui	A&B
Mr. Lim Chee Hoong	A&B
Mr. Lim Heng Choon	A&B

A: attending training sessions, including but not limited to, seminars, briefings, conferences, forums and workshops.

B: reading newspapers, journals and updates relating to the economy, general business, corporate governance and directors' duties and responsibilities.



## MEETINGS OF BOARD AND DIRECTORS' ATTENDANCE RECORDS

The Board shall meet regularly at least four times a year with notice given to the Directors at least 14 days in advance. For all other Board meetings, notice is given in a reasonable time in advance. The Directors are allowed to include any other matters in the agenda that is required for discussion and resolution at the meeting. To enable the Directors to be properly briefed on issues arising at the Board meetings and to make informed decisions, an agenda and the accompanying Board papers together with all appropriate and relevant information in relation to the matters of the meetings are sent to all Directors at least three days before the intended date of each regular Board meeting and three days or such other period as agreed before each other Board meeting. All Directors should have access to the advice and services of the company secretary of the Company (the "Company Secretary") with a view to ensuring that Board procedures and all applicable rules and regulations are followed. The Company Secretary is responsible for keeping all Board meetings' minutes. Draft and final versions of the minutes will be circulated to the Directors for their comments and records within a reasonable time after each meeting and the final version is open for the Directors' inspection. According to the Listing Rules, any Directors and their close associates (as defined in the Listing Rules) with a material interest in the transactions to be discussed at the Board meetings will abstain from voting on resolutions approving such transactions and are not counted in the quorum of the meetings.

During the Relevant Period, the Board held three meetings at which the Directors discussed and approved, among other matters, (i) the Group's unaudited financial statements and the interim results announcement and report for the six months ended 30 June 2020; (ii) the change of Company Secretary and authorised representative; and (iii) the overall strategic direction and objectives of the business and other significant matters of the Group. Subsequent to 31 December 2020 and up to the date of this annual report, the Board held one meeting at which the Directors discussed and approved, among other matters, the annual audited financial statements, results announcement and annual report for the Financial Year. The attendance of each Director at the Board meetings during the Relevant Period and up to the date of this annual report is as follows:

Name of Directors	Number of attendance/Number of Board meetings
<b>Executive Directors</b>	
Dato' Sri Lee Haw Yih	4/4
Datin Sri Yaw Sook Kean	4/4
<b>Non-executive Director</b>	
Mr. Lee Haw Shyang	4/4
<b>INEDs</b>	
Ms. Ng Siok Hui	4/4
Mr. Lim Heng Choon	4/4
Mr. Lim Chee Hoong	4/4

Apart from the Board meetings, the Chairman held a meeting with the INEDs without the presence of the other executive Director during the Relevant Period.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

During the Relevant Period, an extraordinary general meeting of the Company was held on 30 December 2020 (the “2020 EGM”). The attendance of each Director at the 2020 EGM is as follows:

Name of Directors	Number of attendance/Number of meeting
<b>Executive Directors</b>	
Dato’ Sri Lee Haw Yih	1/1
Datin Sri Yaw Sook Kean	1/1
<b>Non-executive Director</b>	
Mr. Lee Haw Shyang	1/1
<b>INEDs</b>	
Ms. Ng Siok Hui	1/1
Mr. Lim Heng Choon	1/1
Mr. Lim Chee Hoong	1/1

### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 of the CG Code stipulates that the roles of chairman (the “Chairman”) and the CEO should be separate and should not be performed by the same individual. Dato’ Sri Lee Haw Yih currently holds both positions. Since the inception of the Group, Dato’ Sri Lee Haw Yih has been managing the Group’s business and overall strategic planning for over 20 years. Taking into account the continuous implementation of the business plans, the Board believes that vesting the roles of both chairman and the CEO in the same person provides the Company with strong and consistent leadership, and allows for effective and efficient planning and implementation of business decisions and strategies. The Board will continue to review and consider splitting the roles of the Chairman and the CEO at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

### NON-EXECUTIVE DIRECTORS

Each of the non-executive Director and INEDs has entered into an appointment letter with the Company commencing from the Listing Date. Each appointment letter is for an initial term of one year commencing from the Listing Date and shall continue thereafter unless terminated by either party giving at least three month’s notice in writing. All Directors are subject to retirement by rotation and re-election at annual general meeting (the “AGM”) in accordance with the Company’s articles of association (the “Articles”).

### BOARD COMMITTEES

The Board has established three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee to oversee particular aspects of the Company’s affairs. The Board committees are provided with sufficient resources to discharge their duties. The written terms of reference for Board committees are posted on the respective websites of the Stock Exchange and the Company.



## Audit Committee

The Audit Committee was established on 8 April 2020 with written terms of reference in compliance with Rule 3.22 of the Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee comprises three INEDs, namely Ms. Ng Siok Hui, Mr. Lim Chee Hoong and Mr. Lim Heng Choon. The chairperson of the Audit Committee is Mr. Lim Chee Hoong.

The roles of the Audit Committee include reviewing and monitoring the Group's external auditor's independence and objectivity and the effectiveness of the audit process, monitoring the integrity of the Group's financial information and reviewing significant financial reporting judgement and overseeing the Group's financial reporting system and risk management and internal control systems.

During the Relevant Period, the Audit Committee held one meeting. Subsequent to 31 December 2020 and up to the date of this annual report, the Audit Committee held one meeting.

The attendance of each member at the Audit Committee meetings during the Relevant Period and up to the date of this annual report is as follows:

Name of Directors	Number of attendance/Number of meetings
Mr. Lim Chee Hoong	2/2
Mr. Lim Heng Choon	2/2
Ms. Ng Siok Hui	2/2

The following is a summary of the work performed by the Audit Committee since the Listing Date and up to the date of this annual report:

- (i) reviewed and discussed the annual audited financial statements, results announcement and report for the Financial Year, the interim financial statements, results announcement and report for the six months ended 30 June 2020, the related accounting principles and practices adopted by the Group, the report from the management on the Company's review of the risk management and internal control systems;
- (ii) recommendation of the re-appointment of the external auditors at the forthcoming AGM;
- (iii) reviewed the annual audit plan of Mazars CPA Limited and Mazars PLT including the nature and scope of the audit, the fee payable to them, their reporting obligations and their work plan; and
- (iv) reviewed the effectiveness and performance of the Group's financial reporting system, risk management and internal control systems and internal audit plan.

The Audit Committee has reviewed the consolidated financial statements and the Group's annual results for the Financial Year. The Audit Committee is of the view that the financial statements have been prepared in accordance with the applicable accounting standards and in compliance with the Listing Rules and relevant statutory provisions, and is satisfied that sufficient disclosure has been made. There is no disagreement between the Board and the Audit Committee regarding the appointment of external auditors.

## Remuneration Committee

The Remuneration Committee was established on 8 April 2020 with written terms of reference in compliance with Rule 3.26 of the Listing Rules and code provision B.1.2 of the CG Code. The Remuneration Committee comprises an executive Director, Dato' Sri Lee Haw Yih and two INEDs, namely Ms. Ng Siok Hui and Mr. Lim Chee Hoong. The chairperson of the Remuneration Committee is Ms. Ng Siok Hui.

The roles of the Remuneration Committee include (i) making recommendations to the Board on the Group's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing the Group's remuneration policy, (ii) reviewing and approving management's remuneration proposals, determining or making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, making recommendations to the Board on the remuneration of Directors, (iii) reviewing and approving compensation payable to executive Directors and senior management for loss of office; and (iv) reviewing and approving compensation arrangements relating to the dismissal or removal of Directors and ensuring that no Director or his/her associate is involved in deciding his/her own remuneration.

The Remuneration Committee did not hold any meeting during the Relevant Period. Subsequent to 31 December 2020 and up to the date of this annual report, the Remuneration Committee held one meeting.

The attendance of each member at the Remuneration Committee meeting during the Relevant Period and up to the date of this annual report is as follows:

Name of Directors	Number of attendance/Number of meeting
Ms. Ng Siok Hui	1/1
Mr. Lim Chee Hoong	1/1
Dato' Sri Lee Haw Yih	1/1

The following is a summary of the work performed by the Remuneration Committee since the Listing Date and up to the date of this annual report:

- (i) reviewed the remuneration of Directors and senior management members; and
- (ii) made recommendations to the Board on the remuneration of individual Directors and senior management members.

## Nomination Committee

The Nomination Committee was established on 8 April 2020 with written terms of reference in compliance with code provision A.5.2 of the CG Code. The Nomination Committee comprises an executive Director, Dato' Sri Lee Haw Yih and two INEDs, namely Mr. Lim Heng Choon and Ms. Ng Siok Hui. The chairperson of the Nomination Committee is Mr. Lim Heng Choon.

The roles of the Nomination Committee include (i) conducting an annual review of the structure, size and composition of the Board and making recommendations on any proposed changes to the Board, (ii) identifying suitably qualified individuals to become Board members and making recommendations to the Board on the selection of individuals nominated for Board membership, (iii) assessing the independence of the INEDs; and (iv) making recommendations to the Board on the appointment and re-appointment of Directors and succession planning for Directors.

## CORPORATE GOVERNANCE REPORT (CONTINUED)



The Nomination Committee did not hold any meeting during the Relevant Period. Subsequent to 31 December 2020 and up to the date of this annual report, the Nomination Committee held one meeting.

The attendance of each member at the Nomination Committee meeting during the Relevant Period and up to the date of this annual report is as follows:

Name of Directors	Number of attendance/Number of meeting
Mr. Lim Heng Choon	1/1
Ms. Ng Siok Hui	1/1
Dato' Sri Lee Haw Yih	1/1

The following is a summary of the work performed by the Nomination Committee since the Listing Date and up to the date of this annual report:

- (i) reviewed and considered the composition and diversity of the Board;
- (ii) considered the appointment and re-appointment of the Directors;
- (iii) assessed the INEDs' independence;
- (iv) reviewed the succession planning for Directors; and
- (v) reviewed the existing terms of reference of the Nomination Committee.

### AUDITORS' REMUNERATION

For the Relevant Period, Mazars CPA Limited and Mazars PLT (together "Mazars") were engaged as the Group's independent joint auditors. The remuneration paid/payable to Mazars for the Relevant Period is set out below:

Categories of Services	Amount (RM'000)
Audit services	548
Non-audit services:	
— Agreed-upon procedures on interim financial information for the six months ended 30 June 2020	58
— Professional services in connection to the initial listing as joint reporting accountants ( <i>Note</i> )	2,165

*Note:* The amount represents the total fee for the entire-professional services in connection to the initial listing as the joint reporting accountants. Such professional fees have been recognised in various accounting periods.

### ACCOUNTABILITY AND AUDIT

The Board is committed to providing a balanced, clear and comprehensive assessment of the Group's performance, position and prospects in annual and interim reports, and other financial disclosures required by the Listing Rules. The Directors acknowledge their responsibility for the preparation of the consolidated financial statements of the Group which give a true and fair view of the state of affairs of the Company and the Group's financial statements and cash flows for the Relevant Period and are properly prepared on a going concern basis in accordance with the applicable statutory requirements and accounting standards.

The management will provide the Board with monthly updates giving a balanced and understandable assessment of the Group's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.

The Directors were not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

In addition, Mazars has stated in the independent auditors' report its reporting responsibilities on the Company's consolidated financial statements for the Financial Year.

### RISK MANAGEMENT AND INTERNAL CONTROL

The Directors confirmed that during the ordinary course of the Group's business, the Group is exposed to various types of risks, including

- (i) country risks relating to Malaysia;
- (ii) regulatory risks in relation to the Group's business; and
- (iii) operational risks.

The Group has designed and implemented risk management policies to address these potential risks identified in relation to the Group's business. The Group's risk management system sets out procedures to identify, analyse, assess, mitigate and monitor any potential risks. The executive Directors are responsible for overseeing the overall risk management and each department carries out their own risk management identification exercise and proposes risk response plan according to the overall risk assessment program. Each department of the Group is required to set up appropriate risk management strategies based on the risk identified and their proposed risk response plan and is responsible for the implementation and supervision. For material deficiency or risks identified, the relevant department should report the situation to the Board for further investigation, internal control review and enhancement and supervision.

The Group has adopted the following corporate governance and internal control measures to monitor the ongoing implementation of its risk management policies and corporate governance measures after the Listing. The Directors believe that the Group's internal control system is sufficient in terms of comprehensiveness, practicability and effectiveness. The Group will refine and enhance its internal control systems to respond to any new requirements of its operations as appropriate. To strengthen the Group's internal control and ensure future compliance with the applicable laws and regulations (including the Listing Rules), it has adopted the following additional internal control measures:

- (i) the Group has established an Audit Committee and established formal arrangements to apply financial reporting and internal control principles in accounting and financial matters to ensure compliance with the Listing Rules and all relevant laws and regulations;
- (ii) the Group's internal control measures, policies and procedures which were codified, adopted and implemented by it, have been updated and revised;





- (iii) subject to recommendation from the Group's Audit Committee, it will appoint an external internal control adviser to perform periodic review of its internal control system to evaluate the effectiveness and formulate plans and recommendations for improvement of its internal control measures and policies;
- (iv) the Group has appointed Messis Capital Limited as its compliance adviser to provide advice to its Directors and management team in respect of matters relating to the Listing Rules; and
- (v) each of the Directors has received and reviewed a training memorandum prepared by the Group's Hong Kong legal advisers and attended a training session conducted by its Hong Kong legal advisers in relation to responsibilities and duties of directors of a listed company in Hong Kong before Listing.

In preparation for the listing of the Shares and during the Relevant Period, the Group engaged an external independent internal control consultant to review the Group's financial procedures, system and internal control systems. Based on review and procedures conducted, the Board considers that the Group's risk management and internal control systems are effective and adequate. The Board will conduct review on the Company's risk management and internal control system annually. However, the risk management and internal control systems of the Group are designed to manage rather than to eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. The Company has its internal audit function, which primarily carries out the analysis and independent appraisal of the adequacy and effectiveness of risk management and internal control systems, and reports their findings to the Board.

### HANDLING AND DISSEMINATION OF INSIDE INFORMATION

The Group acknowledges its responsibilities under the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO") and the Listing Rules and the overriding principle that inside information should be announced promptly when it is the subject of a decision. The Company has established and maintained the procedures and internal controls for the handling and dissemination inside information. The Company has adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Other employees of the Group who are likely to be in possession of inside information of the Company are also subject to dealing restrictions. The Group has strictly prohibited unauthorized use of confidential or insider information or any use of such information for the advantage of himself or others. Any inside information and any information which may potentially constitute inside information is promptly identified, assessed and escalated to the Board and for the Board to decide on the need for disclosure. Inside information and other information which is required to be disclosed pursuant to the Listing Rules will be announced on the respective websites of the Stock Exchange and the Company in due course.

### DELEGATION BY THE BOARD

In general, the Board oversees the Company's strategic development and determines the objectives, strategies and policies of the Group. The Board also monitors and controls operating and financial performance and sets appropriate policies for risk management in pursuit of the Group's strategic objectives. The Board delegates the implementation of strategies and day-to-day operation of the Group to the management.

### COMPANY SECRETARY

Sir Kwok Siu Man KR has resigned as the Company Secretary with effect from 30 November 2020. The Board has appointed Ms. Leung of Boardroom Corporate Services (HK) Limited ("Boardroom"), an external service provider, as the Company Secretary under an engagement letter made between the Company and Boardroom effective from 30 November 2020.

During the Relevant Period, Ms. Leung had undertaken no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules. The primary person at the Company with whom Ms. Leung has been contacting in respect of company secretarial matters is Dato' Sri Lee Haw Yih, an executive Director.

### SHAREHOLDERS' RIGHTS

#### Procedures for Shareholders to require an extraordinary general meeting (the "EGM") (including making proposals/moving a resolution at the EGM) to be called by the Board

In accordance with Article 64 of the Articles, any one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit, the Board fails to proceed to convene such EGM, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

The requisition must state clearly the name of the requisitionist(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an EGM, the agenda of the EGM including the details of the business(es) proposed to be transacted at the EGM, signed by the requisitionist(s) concerned.

As regards proposing a person for election as a Director, please refer to the "Procedures for nomination of directors by shareholders" of the Company which is posted on the Company's website.

#### Putting Forward Proposals at General Meetings

To put forward proposals at a general meeting, Shareholders should submit a written notice of those proposals with detailed contact information to the Company Secretary at the Company's principal place of business in Hong Kong at 31/F., 148 Electric Road, North Point, Hong Kong. The request will be verified by the Company's branch share registrar and transfer office in Hong Kong and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the resolution in the agenda for the general meeting.

Any Shareholder who wishes to nominate a person to stand for election as a Director at a general meeting must lodge with the Company Secretary within the lodgment period specified in the relevant shareholder circular (a) a written nomination of the candidate, (b) written confirmation from such nominated candidate of his/her willingness to stand for election, and (c) biographical details of such nominated candidate as required under Rule 13.51(2) of the Listing Rules. Particulars of the candidate so proposed will be sent to all Shareholders for information by a supplementary circular.

#### Procedures for Shareholders to send enquires to the Board

Shareholders may direct their queries regarding their shareholdings, share transfer/registration, payment of dividend and change of correspondence address to the Company's branch share registrar and transfer office in Hong Kong, Boardroom Share Registrars (HK) Limited:

Address: 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong  
Tel: (852) 2153 1688  
Fax: (852) 3020 5058

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong at 31/F., 148 Electric Road, North Point, Hong Kong for the attention of the Company Secretary.



### COMMUNICATION WITH THE SHAREHOLDERS

The Company is committed to providing Shareholders and other stakeholders (including potential investors) with balanced and understandable information about the Company.

Information will be communicated to the Shareholders through convening the AGM or general meetings, and publication of (a) directors' report and annual accounts together with a copy of the auditor's report and where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) notice of meeting; (d) listing document; (e) circular and (f) proxy form. The corporate communication of the Company will be published on the Stock Exchange's website ([www.hkex.com.hk](http://www.hkex.com.hk)) and the Company's website in a timely and consistent manner as required by the Listing Rules.

### CONSTITUTIONAL DOCUMENTS

There was no change to the Company's constitutional documents during the Relevant Period and up to the date of this annual report. The amended and restated Articles is available on the websites of the Stock Exchange and the Company.

### DIVIDEND POLICY

Declaration of dividends is subject to the discretion of the Directors, depending on the Group's results of operations, working capital, cash position, future operations, and capital requirements, as well as any other factors which the Directors may consider relevant. As the payment of dividends are at the discretion of the Directors, there is no assurance that any particular dividend amount or any dividend at all, will be distributed. Such discretion is subject to the applicable laws and regulations including the Companies Law of the Cayman Islands and the Articles. Any final dividends declared by the Company must be approved by an ordinary resolution of the Shareholders at an AGM and must not exceed the amount recommended by the Board. Historical dividend payments are not indicative of the Company's payment of any future dividends. The dividend policy of the Company will continue to be reviewed from time to time and there can be no assurance that a dividend will be proposed or declared in any specific periods.

# REPORT OF THE DIRECTORS

The Board are pleased to present the report of the Directors together with the audited consolidated financial statements of the Group for the Financial Year.

## CORPORATE REORGANISATION AND LISTING

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 29 October 2018. In preparation for the Listing, the Group has undergone the reorganisation (the “**Reorganisation**”), details of which are set out in the section headed “History, Reorganisation and Corporate Structure” of the Prospectus. On 13 May 2020, the Shares were initially listed on the Main Board of the Stock Exchange and 125,000,000 shares of HK\$0.01 each were issued at the offer price of HK\$1 per share by way of share offer (the “**Share Offer**”). The gross proceeds from the Share Offer were HK\$125 million.

## PRINCIPAL ACTIVITIES AND SUBSIDIARIES

The principal activity of the Company is investment holding. The Group is based in Malaysia and principally engages in (i) distribution of animal feed additives and, to a lesser extent, human food ingredients; and (ii) manufacturing of animal feed additives premixes. The principal activities of the Company’s principal subsidiaries are set forth in Note 13 to the consolidated financial statements.

## BUSINESS REVIEW AND ANALYSIS OF KEY FINANCIAL PERFORMANCE INDICATORS

The business review and analysis of key financial performance indicators of the Group for the Financial Year are set out in the “Management Discussion and Analysis” of this annual report.

## FINANCIAL RESULTS AND FINANCIAL POSITION

The results of the Group for the Financial Year are set out in the consolidated statement of profit or loss and other comprehensive income on P.51 of this annual report. The financial position of the Group and the Company as at 31 December 2020 are set forth on pages 52 to 53 and 92 to 93, respectively of this annual report. Please also refer to the accompanying notes to the consolidated financial statements.

## FINAL DIVIDEND

The Board resolved not to recommend the payment of a final dividend for the Financial Year (2019: Nil).

## ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 15 June 2021 to Friday, 18 June 2021 (both days inclusive), during which period no transfer of Shares will be registered, for ascertaining Shareholders’ entitlement to attend and vote at the 2021 AGM which will be held on Friday, 18 June 2021. In order to qualify for attending and voting at the 2021 AGM, Shareholders must lodge all duly completed transfer forms accompanied by the relevant share certificates with the Company’s Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited for registration no later than 4:30 p.m. on Friday, 11 June 2021. The address of Boardroom Share Registrars (HK) Limited is 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong.



## SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last four years, as extracted from the audited consolidated financial statements of the Company or the Prospectus, is set out on page 102 of this annual report. This summary does not form part of the consolidated financial statements for the Financial Year.

## PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the Financial Year are set out in Note 14 to the consolidated financial statements.

The valuation of the property owned by the Group was approximately RM21.5 million as at 31 January 2020, details of which was disclosed in Appendix III to the Prospectus. Had the property been included in the consolidated financial statements at such valuation amount throughout the Financial Year, an additional depreciation charge of approximately RM303,000 would have been recognised in the consolidated statement of profit or loss and other comprehensive income for the Financial Year.

## SHARE CAPITAL

Details of the Company's share capital are set out in Note 24 to the consolidated financial statements.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles or the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

## RESERVES

Details of movements in the reserves of the Company and of the Group during the Financial Year are set out in Note 26 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

## DISTRIBUTABLE RESERVES

As at 31 December 2020, the Group's reserves available for distribution to the Shareholders (comprising share premium, capital reserve, exchange reserve and accumulated retained earnings) amounted to approximately RM137.9 million.

## SHARE OPTION SCHEME

Pursuant to the written resolutions of all the Shareholders passed on 8 April 2020, the Company adopted the share option scheme of the Company (the "**Share Option Scheme**"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules, which became effective from the Listing Date. The purpose of the Share Option Scheme is to enable the Board to grant options to employees, any supplier of goods or services, any customer, any person or entity that provides research, development or other technological support, any shareholder or other participants who contributes to the development and growth of the Group or any invested entity (the "**Eligible Persons**") as incentives or rewards for their contribution or potential contribution to the Group and to recruit and retain high calibre Eligible Persons and attract human resources that are valuable to the Group.

## REPORT OF THE DIRECTORS (CONTINUED)

Subject to the provisions in the Share Option Scheme, the Directors may grant options at any time and from time to time within a period of 10 years commencing from the date of adoption of the Share Option Scheme at their absolute discretion and subject to such terms, conditions, restrictions or limitations as they may think fit offer, at the consideration of HK\$1.00 to grant option to the Eligible Persons. The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company shall not, in aggregate, exceed 30% of the total number of Shares in issue from time to time.

The total number of Shares in respect of which options may be granted under the Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 50,000,000 Shares, being 10% of the total number of Shares (assuming no options are granted under the Share Option Scheme) in issue on the Listing Date (the “**Scheme Limit**”) unless approved by its Shareholders pursuant to the paragraph below. Options lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of the Company shall not be counted for the purpose of calculating the Scheme Limit.

The Company may seek separate approval of the Shareholders in general meeting for refreshing the Scheme Limit provided that such limit as refreshed shall not exceed 10% of the total number of Shares (assuming no options are granted under the Share Option Scheme) in issue as at the date of the approval of the Shareholders on the refreshment of the Scheme Limit. Options previously granted under the Share Option Scheme or any other share option schemes of the Company (including options outstanding, cancelled, lapsed in accordance with the terms of the Share Option Scheme or any other share option scheme of the Company or exercised) will not be counted for the purpose of calculating the limit as refreshed.

The total number of Shares issued and which may fall to be issued upon exercise of the options under the Share Option Scheme and the options granted under any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

An offer under the Share Option Scheme may remain open for acceptance by the Eligible Persons (and by no other person) for a period of up to 21 days from the date, which must be a business day, on which the offer is made. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to the grantee thereof, and in the absence of such determination, from the date of acceptance of the offer of such option to the earlier of (i) the date on which such option lapses under the relevant provisions of the Share Option Scheme; and (ii) the date falling 10 years from the offer date of that option.

The subscription price in respect of any option shall be at the discretion of the Directors, provided that it shall not be less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheet for trade in one or more board lots of the Shares on the offer date; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the offer date; and (iii) the nominal value of a Share.

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

During the Relevant Period, no share options had been granted, exercised, cancelled or lapsed under the Share Option Scheme since the adoption of the Share Option Scheme and up to the date of this annual report. As at 31 December 2020, the total number of Shares available for issue under the Share Option Scheme was 50,000,000, representing 10% of the entire issued share capital of the Company.

### EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report relating to the Share Option Scheme, the Company did not have equity-linked agreements that (i) will or may result in the Company issuing Shares or (ii) require the Company to enter into any agreements that will or may result in the Company issuing Shares during the Financial Year or subsisted at the end of the Financial Year.



### PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

The Shares have been listed on the Main Board of the Stock Exchange on 13 May 2020. No purchase, sale or redemption of the Company's listed securities was made by the Company or any of its subsidiaries during the Relevant Period.

### MAJOR CUSTOMERS AND SUPPLIERS

During the Financial Year, the five largest suppliers of the Group accounted for approximately 38.7% of the Group's cost of sales and the largest supplier accounted for approximately 12.2% of its cost of sales.

During the Financial Year, the five largest customers of the Group accounted for approximately 23.5% which was under 30% of the Group's total revenue and the largest customer accounted for approximately 5.5% of its total revenue.

Based on the information publicly available to the Company and to the best knowledge of the Directors, none of the Directors, their respective close associates (as defined in the Listing Rules) or any Shareholders (which to the best knowledge of the Directors, own more than 5% of the Shares) had any beneficial interest in any of the Group's five largest customers or suppliers referred to above.

### RELATED PARTIES TRANSACTIONS AND CONNECTED TRANSACTIONS

The Shares have been listed on the Main Board of the Stock Exchange on 13 May 2020. During the Financial Year, there were no connected transactions or continuing connected transactions of the Company as defined under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent Shareholders' approval requirements under the Listing Rules.

Related parties transactions of the Group during the Financial Year are disclosed in Note 28 to the consolidated financial statements.

### ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is aware of and is committed to its corporate responsibility to the society. In order to meet the Group's customers' requirement on different health, safety and environmental aspects, an effective control on quality assurance measures is maintained during daily operations. A full implementation on health, safety and environmental management system has facilitated the Group to prevent potential industrial accidents and ensure a safe workplace is provided for workers. The Group ensures that environmental compliance and protection measures are properly implemented for its projects.

Besides its own corporate responsibility, the Group is required to comply with the laws and regulations in relation to environmental protection in Malaysia. Given the Group's substantial experience in the industry and its established operation workflow which includes preliminary site visits by its staff to determine possible environmental compliance issues, the Group has been able to address such environmental compliance issues. For further information in relation to the environmental policies and performance of the Group, please refer to the Group's Environment, Social and Governance Report for the Financial Year on pages 16 to 22 of this annual report.

To the best knowledge of the Directors, the Group was in compliance with applicable environmental laws and regulations in all material respects during the Financial Year.

### PERMITTED INDEMNITY PROVISIONS

The Articles provides that the Directors and other officers for the time being of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty.

During the Relevant Period, the Company has arranged appropriate insurance cover for Directors' liabilities in respect of potential legal actions against the Directors arising out of corporate activities.

### COMPLIANCE WITH LAWS AND REGULATIONS

The Group and its activities are subject to requirements under various laws in Malaysia, Cayman Islands and Hong Kong and all applicable regulations, guidelines, policies and licence terms issued or promulgated under or in connection with these statutes. In addition, the Listing Rules also apply to the Company. The Company seeks to ensure compliance with these requirements through various measures such as internal controls and approval procedures, training and oversight of various business units with the designated resources at different levels of the Group.

The Group has compliance and risk management policies and procedures, and members of the senior management are delegated with the continuing responsibility to monitor adherence and compliance with all significant legal and regulatory requirements. As at the date of this report, the Group is not aware of any material non-compliance with the relevant laws and regulations that have significant impact on the business of the Group.

### KEY RELATIONSHIP WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group is committed to operating in a sustainable manner while balancing the interests of its various stakeholders including employees, customers and suppliers.

The Group's employees are invaluable assets of the Group and it is dedicated to managing human capital. Remuneration package the Group's offer to its staff includes basic salary, discretionary bonuses and allowance. The Directors review the performance of the Group's employees on a periodical basis in order to determine salary adjustment and promotions and keep the Group's remuneration package competitive. The Group also provides ongoing training programmes for its employees and provide subsidies to staff for recognised courses. The Group's workers are also provided with training on workplace safety and in other job related areas to facilitate them to maintain their qualifications on site. The Directors believe that these measures will also serve as a means to retain quality staff.

The Group has been operating in Malaysia since 1982. The Directors believe that, as a result of the Group's high quality, technical proficiency, effective management programme, diversified experience and capabilities as well as its market reputation, the Group has successfully established strong and long-term business relationship with key customers and business partners as well as suppliers. In particular, the Group has established strong and long-term business relationships with a number of key customers who are reputable major players in the industry. The Group has maintained strong and long-term business relationships with some of its customers for as long as over 20 years. The Directors also believe that the Group's strong and long-term relationships with these key customers provide it with a competitive advantage to secure a steady flow of repeat business and revenue.

The Group has also established close and long-term working relationships with suppliers in different areas of specialty, including a Fortune 500 company and also one of the world largest chemical producers in the world. The Directors believe that the Group's established relationships with them have greatly enhanced and will continue to enhance the Group's overall service to its customers.

In view of the above and as at the date of this annual report, there is no circumstance or any event which will have a significant impact on the Group's business and on which the Group's success depends.



# REPORT OF THE DIRECTORS (CONTINUED)



## DIRECTORS

The Directors during the Relevant Period and up to the date of this annual report were:

### Executive Directors

Dato' Sri Lee Haw Yih (*Chairman and CEO*)

Datin Sri Yaw Sook Kean

### Non-executive Director

Mr. Lee Haw Shyang

### Independent Non-executive Directors

Ms. Ng Siok Hui

Mr. Lim Chee Hoong

Mr. Lim Heng Choon

Article 112 of the Articles provides that any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting. Any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following AGM and shall then be eligible for re-election. As such, all Directors shall retire at the forthcoming AGM and shall be eligible to offer themselves for re-election.

Article 108 of the Articles provides that (1) one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation at each AGM, provided that every Director shall be subject to retirement by rotation at least once every three years and (2) a retiring Director shall be eligible for re-election. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of Directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election.

## BIOGRAPHIES OF DIRECTORS

The biographical details of the Directors are set out under the section headed "Biographical Details of Directors and Senior Management" of this annual report.

## APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service agreement with the Company commencing from the Listing Date. The terms and conditions of each of such service agreement are similar in all material aspects. Each service agreement is for an initial term of three years with effect from the Listing Date and shall continue thereafter unless and until it is terminated by the Company or the executive Director giving to the other not less than three months' prior notice in writing.

Each of the non-executive Director and INEDs has entered into an appointment letter with the Company commencing from the Listing Date. Each appointment letter is for an initial term of one year commencing from the Listing Date and shall continue thereafter unless terminated by either party giving at least three month's notice in writing.

None of the Directors proposed for re-election at the forthcoming AGM has a service agreement/appointment letter with the Company, which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

## REPORT OF THE DIRECTORS (CONTINUED)

### DIRECTORS' REMUNERATION

Details of the remuneration of Directors are set out in Note 8 to the consolidated financial statements.

### DIRECTORS' EMOLUMENT POLICY

The Remuneration Committee was established for reviewing and determining the remuneration and compensation packages of the Directors and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors and performance of the Group.

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2020, the interests or short positions of the Directors and the chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein (the "Register"); or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

#### (i) Interests in the Company

Name of Director/ chief executive	Capacity/Nature of Interest	Number of Shares held (Note 1)	Percentage of the Company's issued share capital
Dato' Sri Lee Haw Yih (Notes 2 and 3)	Interest in a controlled corporation/ interest held jointly with others	337,500,000(L)	67.5%
Mr. Lee Haw Shyang (Note 3)	Interest held jointly with others	337,500,000(L)	67.5%
Datin Sri Yaw Sook Kean (Note 3)	Interest held jointly with others	337,500,000(L)	67.5%

Notes:

1. The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.
2. Garry-Worth Investment Limited ("Garry-Worth") is the beneficial owner of 337,500,000 Shares. Garry-Worth is owned as to 53.37% by Dato' Sri Lee Haw Yih, the chairman of the Board and an executive Director. Under the SFO, Dato' Sri Lee Haw Yih is deemed to be interested in the same number of the Shares held by Garry-Worth.
3. Dato' Sri Lee Haw Yih, Mr. Lee Haw Hann, Mr. Lee Haw Shyang and Datin Sri Yaw Sook Kean are parties acting in concert (the "Parties") (having the meaning as ascribed thereto in The Codes on Takeovers and Mergers and Share Buy-backs (the "Takeovers Code") issued by the Securities and Futures Commission in Hong Kong) pursuant to the confirmation and undertaking dated 26 January 2019 and entered into among the Parties. As such, the Parties together control 337,500,000 Shares, representing 67.5% of the entire issued share capital of the Company.

## REPORT OF THE DIRECTORS (CONTINUED)

### (ii) Interests in associated corporation of the Company

Name of Director/ chief executive	Associated corporation	Capacity/ Nature of interest	Number of shares held	Percentage of shareholding
Dato' Sri Lee Haw Yih	Garry-Worth	Beneficial owner	5,337	53.37%
Mr. Lee Haw Shyang	Garry-Worth	Beneficial owner	2,017	20.17%
Datin Sri Yaw Sook Kean	Garry-Worth	Beneficial owner	629	6.29%

Save as disclosed above, as at 31 December 2020, none of the Directors or chief executives of the Company had, or was deemed to have, any interests or short positions in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required (i) to be notified the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to Section 352 of the SFO, to be entered in the Register; or (iii) to be notified to the Company and the Stock Exchange pursuant to the Model Code.

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2020, so far as was known to the Directors, the following persons/entities (other than the Directors or chief executives of the Company) had, or were deemed to have, interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name	Capacity	Number of Shares held (Note 1)	Percentage of the Company's issued share capital
Garry-Worth (Note 2)	Beneficial owner	337,500,000 (L)	67.5%
Mr. Lee Haw Hann (Note 3)	Interest held jointly with others	337,500,000 (L)	67.5%
Ms. Lim Ee Min (Note 4)	Interest of spouse	337,500,000 (L)	67.5%
Ms. Yee Mei Loon (Note 5)	Interest of spouse	337,500,000 (L)	67.5%
Warrants Capital Ltd ("Warrants Capital") (Note 6)	Beneficial owner	37,500,000 (L)	7.5%
Mr. Lee Soo Kai (Note 6)	Interest in controlled corporation	37,500,000 (L)	7.5%
Mr. Voon Sze Lin (Note 6)	Interest in controlled corporation	37,500,000 (L)	7.5%
Ms. Wong Ching Ying (Note 7)	Interest of spouse	37,500,000 (L)	7.5%

#### Notes:

- The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.
- Garry-Worth is owned as to 53.37% by Dato' Sri Lee Haw Yih, 20.17% by Mr. Lee Haw Shyang, 20.17% by Mr. Lee Haw Hann and 6.29% by Datin Sri Yaw Sook Kean. Under the SFO, Dato' Sri Lee Haw Yih is deemed to be interested in the same number of the Shares held by Garry-Worth.
- The Parties are parties acting in concert (having the meaning as ascribed thereto in the Takeovers Code) pursuant to the confirmation and undertaking dated 26 January 2019 and entered into among the Parties, together control 337,500,000 Shares, representing 67.5% of the entire issued share capital of the Company.
- Ms. Lim Ee Min, the spouse of Mr. Lee Haw Shyang, is deemed under the SFO to be interested in the same number of the Shares in which Mr. Lee Haw Shyang is interested in.

## REPORT OF THE DIRECTORS (CONTINUED)

5. Ms. Yee Mei Loon, the spouse of Mr. Lee Haw Hann, is deemed under the SFO to be interested in the same number of the Shares in which Mr. Lee Haw Hann is interested in.
6. Warrants Capital is the beneficial owner of 37,500,000 Shares. Warrants Capital is owned as to 50% and 50% by Mr. Lee Soo Kai and Mr. Voon Sze Lin, respectively. By virtue of the SFO, each of Mr. Lee Soo Kai and Mr. Voon Sze Lin is deemed to be interested in the same number of Shares held by Warrants Capital.
7. Ms. Wong Ching Ying, the spouse of Mr. Lee Soo Kai, is deemed under the SFO to be interested in the same number of the Shares in which Mr. Lee Soo Kai is interested in.

Save as disclosed above, as at 31 December 2020, the Company has not been notified of any other persons (other than the Directors or the chief executives of the Company) who or entities which had or deemed or taken to have an interest or a short position in the Shares or underlying Shares of the Company, which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the Prospectus, at no time during the Relevant Period was the Company or its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### COMPETING INTERESTS

As confirmed by the Directors, the Directors, controlling shareholders of the Company and their respective close associates do not have any interests in any business, apart from the business operated by members of the Group, which competes or is likely to compete, directly or indirectly, with the business of the Group during the Relevant Period and up to the date of this annual report.

### DEED OF NON-COMPETITION

The controlling shareholders of the Company have confirmed to the Company of their compliance with the non-competition undertakings provided to the Company under a deed of non-competition dated 21 April 2020 (the "**Deed of Non-competition**"). The Board and the INEDs are not aware of any circumstance which would affect the compliance and enforcement of the terms under the Deed of Non-competition during the Relevant Period and up to the date of this annual report.

### SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed minimum public float for its shares as required under the Listing Rules.

### DIRECTORS' INTEREST IN SIGNIFICANT CONTRACTS

Save as disclosed in this annual report and the Prospectus, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted during the Relevant Period.

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Financial Year.

## REPORT OF THE DIRECTORS (CONTINUED)



There is no Director's service contract with the Company or any of its subsidiary which is not determinable by the Company or its subsidiary within on year without payment of compensation (other than statutory compensation) as at 31 December 2021.

### EVENTS AFTER THE REPORTING PERIOD

On 7 January 2021, Ritamix (HK) Limited, a wholly-owned subsidiary of the Company, entered into a cooperation agreement with Shifengfu (Hainan) Health Biotechnology Co., Ltd.<sup>#</sup> (世豐福(海南)健康生物科技有限公司). Pursuant to the cooperation agreement, Hainan Ritamix was established. For details, please refer to the announcement of the Company titled "Discloseable transaction in relation to the Cooperation Agreement with Shifengfu (Hainan)" dated 7 January 2021.

Subsequent to passing of a special resolution at the 2020 EGM, the adoption of "利特米有限公司" as the Chinese name of the Company has become effective. The Chinese stock short name of "利特米" for trading of the Shares on the Stock Exchange had become effective from 9:00 a.m. on 18 February 2021. For details, please refer to the announcement of the Company titled "Adoption of Chinese Name" dated 10 February 2021.

Save as disclosed above, there is no event subsequent to the end of the reporting period and up to the date of this report which requires disclosure.

<sup>#</sup> For identification purpose only

### INDEPENDENT JOINT AUDITORS

The consolidated financial statements for the Financial Year were audited by Mazars CPA Limited and Mazars PLT, the independent joint auditors, who shall retire and, being eligible, offer themselves for re-appointment at the forthcoming AGM. A resolution will be proposed at the forthcoming AGM to re-appoint Mazars CPA Limited and Mazars PLT as joint auditors and to authorise the Directors to fix their remuneration.

### CORPORATE GOVERNANCE

The particulars of the principal corporate governance practices of the Company are set out in the Corporate Governance Report on pages 23 to 35 of this annual report.

### TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to Shareholders by reason of their holding of the Company's securities.

### CHARITABLE DONATIONS

During the Financial Year, the Group made charitable donations of approximately RM61,000.

On behalf of the Board  
**Dato' Sri Lee Haw Yih**  
Chairman

Malaysia, 25 March 2021

# INDEPENDENT JOINT AUDITORS' REPORT



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**mazars**

To the members of

**Ritamix Global Limited**

*(Incorporated in the Cayman Islands with limited liability)*

## OPINION

We have audited the consolidated financial statements of Ritamix Global Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) set out on pages 51 to 101, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

## BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). Our responsibilities under those standards are further described in the “Joint Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements” section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<p><b><i>Expected credit loss (“ECL”) assessment of trade receivables</i></b></p> <p>As at 31 December 2020, the gross amount of trade receivables and its related allowance for ECL amounted to approximately RM27,073,000 (2019: approximately RM36,883,000) and approximately RM1,676,000 (2019: approximately RM1,809,000), respectively.</p> <p>At each reporting date, the management of the Group estimates the amount of lifetime ECL of trade receivables based on provision matrix that is based on historical data and is adjusted for forward-looking information of respective trade receivables.</p> <p>The management of the Group believes that they have considered reasonable and supportable information that is relevant and available without undue cost and effort for this purpose. Such assessment has taken the quantitative and qualitative historical information and also, the forward-looking analysis.</p> <p>We have identified the management’s ECL assessment of trade receivables as a key audit matter because the carrying amount of trade receivables was significant to the consolidated financial statements and the ECL assessment of these balances required significant judgement and involved high level of uncertainty.</p> <p>Related disclosures are included in Notes 2, 16 and 29 to the consolidated financial statements.</p>	<p>Our procedures, among others, included:</p> <ul style="list-style-type: none"> <li>(a) understanding of the Group’s credit risk management and practices and assessing the Group’s impairment policy in accordance with the requirements of applicable accounting standards;</li> <li>(b) assessing and challenging the application of impairment methodology of ECL, and checking the assumptions and key parameters to external data sources where available;</li> <li>(c) assessing the reasonableness and relevancy of the external information used by the Group as the forward-looking information;</li> <li>(d) testing, on a sample basis, the accuracy of ageing categories of trade receivables based on relevant delivery notes, sales invoices and sales contracts; and</li> <li>(e) checking the calculation of ECL based on the methodology adopted by the Group and adequacy of the Group’s disclosures in relation to credit risk exposed by the Group in the consolidated financial statements.</li> </ul>

## KEY AUDIT MATTERS (Continued)

Key audit matter	How our audit addressed the key audit matter
<p><b>Recognition of expenses for the initial listing of the Group</b></p> <p>Relevant costs incurred for the initial listing of the shares of the Company are allocated and classified among (i) profit or loss as listing expenses, and (ii) equity as a reduction of share premium upon the capitalisation issue, on the basis that whether the costs are (a) costs for the Company to obtain the listing status, or (b) incremental costs for the Company to raise additional funds from the issue of new shares. Such allocation of costs involved significant judgement of the management of the Group.</p> <p>During the year ended 31 December 2020, costs attributable to obtain the listing status of approximately RM4,291,000 (2019: approximately RM1,928,000) and incremental costs for the Company to raise additional funds from the issue of new shares of approximately RM17,291,000 (2019: Nil) were charged to profit or loss and equity as a reduction of share premium, respectively.</p> <p>We have identified the above matter as a key audit matter because the amounts involved are significant and the classification and allocation of relevant costs incurred involves a significant degree of management judgement and therefore is subject to an inherent risk of error.</p> <p>Related disclosure is included in Notes 2 and 24(iii) to the consolidated financial statements.</p>	<p>Our procedures, among others, included:</p> <ul style="list-style-type: none"> <li>(a) obtaining an understanding of and enquiring of the management of the Group on the bases of classification and allocation of the relevant costs and assessing the reasonableness of these bases with reference to the applicable accounting standards and guidelines; and</li> <li>(b) checking samples of items that made up the total costs incurred for the initial listing of the shares of the Company to invoices and agreements to confirm the nature of the items and checking whether these items have been correctly classified and allocated according to the bases determined by the management of the Group.</li> </ul>

## OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2020 annual report of the Company, but does not include the consolidated financial statements and our joint auditors' report thereon.

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

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





### RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGE WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB, and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

### JOINT AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a joint auditors' report that includes our opinion. This report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs 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 consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the directors of the Company and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our joint auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our joint auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

### JOINT AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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 Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our joint auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **Mazars CPA Limited**

*Certified Public Accountants, Hong Kong*  
42nd Floor, Central Plaza  
18 Harbour Road, Wanchai  
Hong Kong

25 March 2021

The engagement director of Mazars CPA Limited on the audit jointly resulting in this independent joint auditors' report is:

#### **She Shing Pang**

Practising Certificate number: P05510

#### **Mazars PLT**

*Chartered Accountants, Malaysia*  
Wisma Golden Eagle Realty  
11th Floor, South Block  
142-A Jalan Ampang, 50450 Kuala Lumpur  
Malaysia

25 March 2021

The engagement partner of Mazars PLT on the audit jointly resulting in this independent joint auditors' report is:

#### **Lee Soo Eng**

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Notes	2020 RM'000	2019 RM'000
<b>Revenue</b>	5	115,882	126,053
Cost of goods sold		(89,759)	(96,791)
<b>Gross profit</b>		26,123	29,262
Other income	6	2,756	1,542
Selling and distribution costs		(2,283)	(2,125)
Administrative and other operating expenses		(9,808)	(7,433)
Finance costs	7	(50)	(146)
Reversal of (Provision for) loss allowance of trade receivables	16(b)	133	(287)
Listing expenses		(4,291)	(1,928)
<b>Profit before tax</b>	7	12,580	18,885
Income tax expenses	10	(4,129)	(5,167)
<b>Profit for the year</b>		8,451	13,718
<b>Other comprehensive loss</b>			
<i>Item that will not be reclassified to profit or loss:</i>			
Exchange differences on translation of the Company's financial statements to presentation currency		(3,723)	—
<b>Total comprehensive income for the year</b>		4,728	13,718
<b>Earnings per share attributable to equity holders of the Company</b>			
Basic and diluted	12	1.86 sen	3.66 sen

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 RM'000	2019 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	14	14,725	14,168
<b>Current assets</b>			
Inventories	15	34,912	31,611
Trade and other receivables	16	29,467	38,528
Other investments	17	53,074	3,325
Restricted bank balances	18	1,670	1,670
Bank balances and cash	19	15,171	6,482
		134,294	81,616
<b>Current liabilities</b>			
Trade and other payables	20	7,096	8,979
Interest-bearing borrowings	21	—	1,509
Lease liabilities	22	61	17
Income tax payables		513	404
		7,670	10,909
<b>Net current assets</b>		126,624	70,707
<b>Total assets less current liabilities</b>		141,349	84,875
<b>Non-current liabilities</b>			
Lease liabilities	22	—	14
Deferred tax liabilities	23	636	626
		636	640
<b>NET ASSETS</b>		140,713	84,235

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2020

	Notes	2020 RM'000	2019 RM'000
<b>Capital and reserves</b>			
Share capital	24	2,769	—*
Reserves	26	137,944	84,235
<b>TOTAL EQUITY</b>		<b>140,713</b>	<b>84,235</b>

\* Represents amount less than RM1,000.

These consolidated financial statements on pages 51 to 101 were approved and authorised for issue by the Board of Directors on 25 March 2021 and signed on its behalf by

**Dato' Sri Lee Haw Yih**  
Director

**Datin Sri Yaw Sook Kean**  
Director

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

	Attributable to equity holders of the Company					Total RM'000
	Share capital RM'000 (Note 24)	Share premium RM'000 (Note 26(a))	Capital reserve RM'000 (Note 26(b))	Exchange reserve RM'000 (Note 26(c))	Accumulated profits RM'000	
<i>Year ended 31 December 2019</i>						
<b>At 1 January 2019</b>	—*	—	14,344	—	56,173	70,517
Profit and total comprehensive income for the year	—	—	—	—	13,718	13,718
<b>At 31 December 2019</b>	—*	—	14,344	—	69,891	84,235
<i>Year ended 31 December 2020</i>						
<b>At 1 January 2020</b>	—*	—	14,344	—	69,891	84,235
Profit for the year	—	—	—	—	8,451	8,451
<b>Other comprehensive loss</b>						
Exchange differences on translation of Company's financial statements to presentation currency	—	—	—	(3,723)	—	(3,723)
<b>Total comprehensive income for the year</b>	—	—	—	(3,723)	8,451	4,728
<b>Transactions with owners</b>						
<i>Contributions and distributions</i>						
Issue of shares pursuant to the Capitalisation Issue (Note 24(ii))	2,079	(2,079)	—	—	—	—
Issue of shares pursuant to the Share Offer (Note 24(iii))	690	68,351	—	—	—	69,041
Transaction costs attributable to issue of shares (Note 24(iii))	—	(17,291)	—	—	—	(17,291)
	2,769	48,981	—	—	—	51,750
<b>At 31 December 2020</b>	<b>2,769</b>	<b>48,981</b>	<b>14,344</b>	<b>(3,723)</b>	<b>78,342</b>	<b>140,713</b>

\* Represents amount less than RM1,000.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Notes	2020 RM'000	2019 RM'000
<b>OPERATING ACTIVITIES</b>			
Profit before tax		12,580	18,885
Adjustments for:			
Depreciation		1,343	1,431
Gain on disposal of property, plant and equipment		(83)	(98)
Fair value loss/(gain) on other investments		300	(68)
(Reversal of) Provision for loss allowance of trade receivables	16(b)	(133)	287
Interest income		(238)	(199)
Interest expenses		50	146
Investment income arising from other investments		(581)	(103)
Exchange differences		(3,723)	—
<b>Cash flows from operations before movements in working capital</b>		<b>9,515</b>	<b>20,281</b>
Changes in working capital:			
Inventories		(3,301)	(3,622)
Trade and other receivables		9,194	(9,846)
Trade and other payables		(1,883)	(4,699)
<b>Cash generated from operations</b>		<b>13,525</b>	<b>2,114</b>
Income tax paid		(4,010)	(5,353)
<b>Net cash from (used in) operating activities</b>		<b>9,515</b>	<b>(3,239)</b>
<b>INVESTING ACTIVITIES</b>			
Increase in restricted bank balances		—	(290)
Interest received		238	199
Investment income received from other investments		581	103
Purchases of property, plant and equipment		(1,308)	(690)
Proceeds from disposal of property, plant and equipment		83	98
Purchases of other investments		(58,716)	(603)
Redemption of other investments		8,667	6,049
<b>Net cash (used in) from investing activities</b>		<b>(50,455)</b>	<b>4,866</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2020

	Notes	2020 RM'000	2019 RM'000
<b>FINANCING ACTIVITIES</b>			
Proceeds from the Share Offer	24(iii)	69,041	—
Payment for transaction costs attributed to issue of shares	24(iii)	(17,291)	—
Inception of interest-bearing borrowings		4,443	8,556
Repayment of interest-bearing borrowings		(5,952)	(9,219)
Interest paid		(30)	(128)
Repayment of lease liabilities		(582)	(576)
<b>Net cash from (used in) financing activities</b>		<b>49,629</b>	<b>(1,367)</b>
<b>Net increase in cash and cash equivalents</b>		<b>8,689</b>	<b>260</b>
<b>Cash and cash equivalents at beginning of the reporting period</b>		<b>6,482</b>	<b>6,222</b>
<b>Cash and cash equivalents at end of the reporting period, represented by bank balances and cash</b>		<b>15,171</b>	<b>6,482</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

## 1. GENERAL INFORMATION

Ritamix Global Limited (the “**Company**”, together with its subsidiaries are collectively referred to as the “**Group**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 29 October 2018. The Company’s shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 13 May 2020. The Company’s immediate and ultimate holding company is Garry-Worth Investment Limited (“**Garry-Worth**”), which was incorporated in the British Virgin Islands (the “**BVI**”). The ultimate controlling parties of the Group are Dato’ Sri Lee Haw Yih, Datin Sri Yaw Sook Kean, Mr. Lee Haw Shyang and Mr. Lee Haw Hann (collectively referred to as the “**Ultimate Controlling Parties**”). The registered office of the Company is situated at Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The Company’s principal place of business in Hong Kong is situated at 31st Floor, 148 Electric Road, North Point, Hong Kong and the Group’s headquarters is situated at No. 7, Jalan TP 7, UEP Industrial Park, 40400 Shah Alam, Selangor Darul Ehsan, Malaysia.

The principal activity of the Company is investment holding. The Group is based in Malaysia and principally engages in (i) distribution of animal feed additives and, to a lesser extent, human food ingredients; and (ii) manufacturing of animal feed additives premixes.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (the “**IASB**”), which collective term includes all applicable individual IFRSs, International Accounting Standards (“**IASs**”) and Interpretations issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The measurement basis used in preparation of the consolidated financial statements is historical cost basis, except for other investments in unlisted investments classified at fair value through profit or loss (“**FVPL**”) which are measured at fair value. The consolidated financial statements are presented in RM and all amounts have been rounded to the nearest thousand (“**RM’000**”), unless otherwise indicated.

Except for the new/revised IFRSs as describe below, the Group has consistently applied all IFRSs which are effective for the Group’s financial year beginning on 1 January 2019 for the consolidated financial statements.

### Adoption of new/revised IFRSs

The Group has applied, for the first time, the following new/revised IFRSs that are relevant to the Group:

Amendments to IASs 1 and 8	Definition of Material
Amendments to IAS 39, IFRSs 7 and 9	Interest Rate Benchmark Reform — Phase 1
Amendments to IFRS 3	Definition of a Business
Amendments to IFRS 16	COVID-19-Related Rent Concessions

The adoption of the new/revised IFRSs that are relevant to the Group and effective from the current year had no significant effects on the results and financial position of the Group for the current and prior years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is historical cost basis, except for the other investments in unlisted investments classified as financial assets at fair value through profit or loss which are measured at fair value as explained in the accounting policy set out below.

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company using consistent accounting policies.

All intra-group balance, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred. The results of subsidiaries are consolidated/combined from the date on which the Group obtains control and continue to be consolidated until the date that such control ceases.

Non-controlling interests are presented, separately from owners of the Company, in the consolidated statement of profit or loss and other comprehensive income and within equity in the consolidated statement of financial position. The non-controlling interests in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in event of liquidation, are measured initially either at fair value or at the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are initially measured at fair value, unless another measurement basis is required by IFRSs.

### Allocation of total comprehensive income

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

### Changes in ownership interest

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

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest determined at the date when control is lost and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests at the date when control is lost. The amounts previously recognised in other comprehensive income in relation to the disposed subsidiary are accounted for on the same basis as would be required if the parent had directly disposed of the related assets or liabilities. Any investment retained in the former subsidiary and any amounts owed by or to the former subsidiary are accounted for as a financial asset, associate, joint venture or others as appropriate from the date when control is lost.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020



## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### Subsidiaries

A subsidiary is an entity that is controlled by the Group. 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. The Group reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control.

In the Company's statement of financial position as set out in Note 25 to the consolidated financial statements, an investment in a subsidiary is stated at cost less impairment loss. The carrying amount of the investments is reduced to its recoverable amount on an individual basis, if it is higher than the recoverable amount. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

### Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation, except for a freehold land that has an unlimited useful life, and accumulated impairment losses. The freehold land has an unlimited useful life and therefore is not depreciated. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment, over their estimated useful lives as set out below from the date on which they are available for use and after taking into account their estimated residual values, using the straight-line method. Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis and depreciated separately:

Buildings	50 years
Leasehold improvements	4–10 years
Furniture, fixtures and office equipment	3–5 years
Plant and machineries	5 years
Motor vehicles	4–5 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### Financial instruments

#### Financial assets

##### *Recognition and derecognition*

Financial assets are recognised when and only when the Group becomes a party to the contractual provisions of the instruments and on a trade date basis.

A financial asset is derecognised when and only when (i) the Group's contractual rights to future cash flows from the financial asset expire or (ii) the Group transfers the financial asset and either (a) it transfers substantially all the risks and rewards of ownership of the financial asset, or (b) it neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but it does not retain control of the financial asset.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises the financial asset to the extent of its continuing involvement and an associated liability for amounts it may have to pay.

##### *Classification and measurement*

Financial assets (except for trade receivables without a significant financing component) are initially recognised at their fair value plus, in the case of financial assets not carried at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Such trade receivables are initially measured at their transaction price.

On initial recognition, a financial asset is classified as (i) measured at amortised cost; (ii) debt investment measured at fair value through other comprehensive income; (iii) equity investment measured at fair value through other comprehensive income; or (iv) measured at FVPL.

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing them, in which case all affected financial assets are reclassified on the first day of the first annual reporting period following the change in the business model.

##### *(1) Financial assets measured at amortised cost*

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

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

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses arising from impairment, derecognition or through the amortisation process are recognised in profit or loss.

The Group's financial assets at amortised cost include trade and other receivables, restricted bank balances and bank balances and cash.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Financial assets (Continued)

##### *Classification and measurement (Continued)*

##### *(2) Financial assets measured at FVPL*

These investments include financial assets held for trading, financial assets designated upon initial recognition as at FVPL, financial assets resulting from a contingent consideration arrangement in a business combination to which IFRS 3 applies and financial assets that are otherwise required to be measured at FVPL. They are carried at fair value, with any resultant gain and loss recognised in profit or loss, which does not include any dividend or interest earned on the financial assets. Dividend or interest income is presented separately from fair value gain or loss.

A financial asset is classified as held for trading if it is:

- (i) acquired principally for the purpose of selling it in the near term;
- (ii) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking on initial recognition; or
- (iii) a derivative that is not a financial guarantee contract or not a designated and effective hedging instrument.

Derivatives embedded in a hybrid contract in which a host is an asset within the scope of IFRS 9 are not separated from the host. Instead, the entire hybrid contract is assessed for classification.

Financial assets are designated at initial recognition as at FVPL only if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different bases.

The Group's financial assets mandatorily measured at FVPL include the other investments in unlisted investments.

#### Financial liabilities

##### *Recognition and derecognition*

Financial liabilities are recognised when and only when the Group becomes a party to the contractual provisions of the instruments.

A financial liability is derecognised when and only when the liability is extinguished, that is, when the obligation specified in the relevant contract is discharged, cancelled or expires.

##### *Classification and measurement*

Financial liabilities are initially recognised at their fair value plus, in the case of financial liabilities not carried at FVPL, transaction costs that are direct attributable to the issue of the financial liabilities.

The Group's financial liabilities include trade and other payables, interest-bearing borrowings and lease liabilities. All financial liabilities, except for financial liabilities at FVPL, are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be insignificant, in which case they are stated at cost.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Impairment of financial assets and other items under IFRS 9

The Group recognises loss allowances for expected credit losses (“ECL”) on financial assets that are measured at amortised cost which the impairment requirements apply in accordance with IFRS 9. Except for the specific treatments as detailed below, at each reporting date, the Group measures a loss allowance for a financial asset at an amount equal to the lifetime ECL if the credit risk on that financial asset has increased significantly since initial recognition. If the credit risk on a financial asset has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL.

#### Measurement of ECL

ECL is a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument.

For financial assets, a credit loss is the present value of the difference between the contractual cash flows that are due to an entity under the contract and the cash flows that the entity expects to receive.

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

Where ECL is measured on a collective basis, the financial instruments are grouped based on the past due information of shared credit risk.

#### Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that the Group may not receive the outstanding contractual amounts in full if the financial instrument that meets any of the following criteria:

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

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

#### Assessment of significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 30 days past due, except for the trade receivables from associates and related companies for which the Group has reasonable and supportable information to demonstrate.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020



## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### Financial instruments (Continued)

#### Impairment of financial assets and other items under IFRS 9 (Continued)

##### *Low credit risk*

A financial instrument is determined to have low credit risk if:

- (i) it has a low risk of default;
- (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
- (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

As detailed in Note 29 to the consolidated financial statements, the Group's restricted bank balances and bank balances and cash are determined to have low credit risk.

##### *Simplified approach of ECL*

For trade receivables, the Group applies a simplified approach in calculating ECL. The Group recognises a loss allowance based on lifetime ECL at each reporting date and has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

##### *Credit-impaired financial asset*

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

- (a) significant financial difficulty of the issuer or the borrower.
- (b) a breach of contract, such as a default or past due event.
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.
- (e) the disappearance of an active market for that financial asset because of financial difficulties.
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

##### *Write-off*

The Group writes off a financial asset when the Group has no reasonable expectations of recovering the contractual cash flows on a financial asset in its entirety or a portion thereof. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities under the Group's procedures for recovery of amounts due, taking into account legal advice if appropriate. Any subsequent recovery is recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### Cash equivalents

For the purpose of the consolidated statements of cash flows, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, net of bank overdrafts (if any).

### Revenue recognition

#### Interest income

Interest income from financial assets is recognised using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the assets while it is applied to the amortised cost (i.e. the gross carrying amount net of loss allowance) in case of credit-impaired financial assets.

#### Revenue from contracts with customers within IFRS 15

The Group adopts a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in contract
- Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

#### Nature of goods or services

The natures of the goods or services provided by the Group are (i) manufacturing and distribution animal feed additives products and (ii) distribution of human food ingredient products.

#### Identification of performance obligations

At contract inception, the Group assesses the goods or services promised in a contract with a customer and identifies as a performance obligation each promise to transfer to the customer either:

- (a) a good or service (or a bundle of goods or services) that is distinct; or
- (b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

A good or service that is promised to a customer is distinct if both of the following criteria are met:

- (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer (i.e. the good or service is capable of being distinct); and
- (b) the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (i.e. the promise to transfer the good or service is distinct within the context of the contract).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020



## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### Revenue recognition (Continued)

#### Revenue from contracts with customers within IFRS 15 (Continued)

##### *Timing of revenue recognition*

Revenue is recognised when (or as) the Group satisfies a performance obligation by transferring a promised good or service (i.e. an asset) to a customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- (b) the Group's performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or
- (c) the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time when the customer obtains control of the promised asset. In determining when the transfer of control occurs, the Group considers the concept of control and such indicators as legal title, physical possession, right to payment, significant risks and rewards of ownership of the asset, and customer acceptance.

Manufacturing and distribution income are recognised at a point in time at which the customer obtains the control of the promised asset, which generally coincides with the time when the goods are delivered to customers and the title is passed.

The Group has applied the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for the effect of the significant financing component if the period of financing is one year or less.

### Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in the currency of RM, which is also the functional currency of the operating subsidiaries of the Group in Malaysia, and rounded to the nearest thousands unless otherwise indicated.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### Foreign currency translation (Continued)

The results and financial position of all the group entities that have a functional currency different from the presentation currency (“**foreign operations**”) are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented, are translated at the closing rate at the end of each reporting period;
- income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rate;
- all resulting exchange differences arising from the above translation and exchange differences arising from a monetary item that forms part of the Group’s net investment in a foreign operation are recognised as a separate component of equity;
- on the disposal of a foreign operation, which includes a disposal of the Group’s entire interest in a foreign operation and a disposal involving the loss of control over a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to the foreign operation that is recognised in other comprehensive income and accumulated in the separate component of equity is reclassified from equity to profit or loss when the gain or loss on disposal is recognised;
- on the partial disposal of the Group’s interest in a subsidiary that includes a foreign operation which does not result in the Group losing control over the subsidiary, the proportionate share of the cumulative amount of the exchange differences recognised in the separate component of equity is re-attributed to the non-controlling interests in that foreign operation and are not reclassified to profit or loss; and
- on all other partial disposals, which includes partial disposal of associates that do not result in the Group losing significant influence or joint control, the proportionate share of the cumulative amount of exchange differences recognised in the separate component of equity is reclassified to profit or loss.

### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises all costs of purchase and, where applicable, other costs that have been incurred in bringing the inventories to their present location and condition, is calculated using the weighted average cost method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold/utilised, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period of the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### Impairment of other assets, other than goodwill

At the end of each reporting period, the Group reviews internal and external sources of information to determine whether there is any indication that its property, plant and equipment, right-of-use assets and the Company's investment in subsidiaries may be impaired or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated, based on the higher of its fair value less costs of disposal and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the smallest group of assets that generates cash flows independently (i.e. cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense in profit or loss immediately.

A reversal of impairment loss is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior periods. Reversal of impairment loss is recognised as income in profit or loss immediately.

### Borrowing costs

Borrowing costs incurred, net of any investment income on the temporary investment of the specific borrowings, that are directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

### Leases

#### The Group as lessee

The Group leases various properties. Rental contracts are typically made for fixed periods of 2 to 5 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may be used as security for borrowing purposes.

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

Leases are recognised as a right-of-use asset (included in property, plant and equipment) and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is measured at cost less impairment and depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis after initial recognition.

At the inception of a contract that contains a lease component, as a lessee, the Group allocated the consideration in the contract to each lease component on the basis of their relative stand-alone-price. The Group, as a lessee assessed its leases for non-lease components and separated non-lease components from lease components for certain classes of assets if the non-lease components were material.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### Leases (Continued)

#### The Group as lessee (Continued)

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments that are not paid:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease if the lease term reflects the Group exercising an option to terminate the lease.

Right-of-use assets are measured at cost comprising the followings:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentive received;
- any initial direct costs; and
- restoration costs unless those costs are incurred to produce inventories.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis over the lease term as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Group has applied the practical expedient provided in Amendments to IFRS 16: *COVID-19-Related Rent Concessions* and does not assess whether eligible rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modification. The Group accounts for any change in lease payments resulting from the rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of the covid-19 pandemic and only if all of the following conditions are met:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

The Group has applied the practical expedient consistently to all eligible rent concessions with similar characteristics and in similar circumstances.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020



## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### Employee benefits

#### Short term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the period in which the associated services are rendered by employees.

#### Defined contribution plans

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The obligations for contributions to defined contribution retirement scheme are recognised as an expense in profit or loss as incurred. The assets of the scheme are held separately from those of the Group in an independently administered fund.

### Taxation

The charge for current income tax is based on the results for the period as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each reporting period between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, any deferred tax arising from initial recognition of goodwill; or other asset or liability in a transaction other than a business combination that at the time of the transaction affects neither the accounting profit nor taxable profit or loss is not recognised.

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

Deferred tax is provided on temporary differences arising on investment in subsidiaries and associates, except where the timing of the reversal of the temporary differences is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

### Related parties

A related party is a person or entity that is related to the Group, that is defined as:

- (a) A person or a close member of that person's family is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or of a holding company of the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### Related parties (Continued)

- (b) An entity is related to the Group if any of the following conditions applies:
- (i) the entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
  - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) both entities are joint ventures of the same third party.
  - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
  - (vi) the entity is controlled or jointly controlled by a person identified in (a).
  - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
  - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to a holding company of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture.

### Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to Group's most senior executive management for the purpose of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individual material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management of the Group in the preparation of the consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. Where appropriate, revisions to accounting estimates are recognised in the period of revision and future periods, in case the revision also affects future periods.

### Key sources of estimation uncertainty

#### (i) *Useful lives of property, plant and equipment (including right-of-use assets)*

The management of the Group determines the estimated useful lives of the Group's property, plant and equipment based on the historical experience of the actual useful lives of the relevant assets of similar nature and functions. The estimated useful lives could be different as a result of technical innovations which could affect the related depreciation charges included in profit or loss.

#### (ii) *Impairment of property, plant and equipment (including right-of-use assets)*

The management of the Group determines whether the Group's property, plant and equipment are impaired when an indication of impairment exists. This requires an estimation of the recoverable amount of the property, plant and equipment, which is equal to the higher of fair value less costs of disposal and value in use. Estimating the value in use requires the management of the Group to make an estimate of the expected future cash flows from the property, plant and equipment and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Any impairment will be charged to profit or loss.

#### (iii) *Impairment of receivables*

Allowance for ECL is made when the Group will not collect all amounts due. The allowance is determined by grouping together debtors with similar risk characteristics and collectively, or individually assessing them for likelihood of recovery. The allowance reflects either 12-month ECL, or lifetime ECL depending on whether there has been a significant increase in credit risk except for trade receivables and contract assets for which loss allowance is determined on lifetime basis. Judgement has been applied in determining the level of allowance for ECL taking into account the credit risk characteristics of debtors and the likelihood of recovery assessed on a combination of collective and individual bases as relevant. While allowances are considered to be appropriate, changes in estimation basis or in economic conditions could lead to a change in the level of allowances recorded and consequently on the charge or credit to profit or loss.

#### (iv) *Write down of inventories*

The management of the Group reviews the condition of inventories at the end of each reporting period and inventories that are identified as obsolete, slow-moving or no longer recoverable. The management of the write down the Group carries out the inventory review on a product-by-product basis and write down the inventories, if any, by reference to the latest market prices and current market conditions.

#### (v) *Income taxes*

Significant estimates are required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain where the final tax outcome of these matters may be different from the amounts that were initially recorded and such differences will affect the income tax and deferred tax provision in the period in which such determination is made.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES (Continued)

### Critical accounting estimates and judgements (Continued)

#### Critical judgements made in applying accounting policies

(i) *Recognition of expenses for the initial listing*

The management of the Group determines the allocation and classification of relevant costs incurred for Listing among (i) profit or loss as listing expenses and (ii) equity as a reduction of share premium upon the capitalisation issue based on its judgement on whether such costs are (i) costs for the Company to obtain the listing status or (ii) incremental costs for the Company to raise additional funds from the issue of new shares, respectively.

## 3. FUTURE CHANGES IN IFRSs

At the date of approving the consolidated financial statements, the IASB has issued the following new/revised IFRSs that are not yet effective for the current financial year, which the Group has not early adopted:

Amendments to IAS 39, IFRSs 4, 7, 9 and 16	Interest Rate Benchmark Reform — Phase 2 <sup>1</sup>
Amendments to IAS 16	Proceeds before Intended Use <sup>2</sup>
Amendments to IAS 37	Cost of Fulfilling a Contract <sup>2</sup>
Amendments to IFRS 3	Reference to the Conceptual Framework <sup>2</sup>
Annual Improvements to IFRSs	2018–2020 Cycle <sup>2</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies <sup>3</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>3</sup>
IFRS 17	Insurance Contracts <sup>3</sup>
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>4</sup>

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2021

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2022

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>4</sup> The effective date to be determined

The management of the Group does not anticipate that the adoption of the new/revised IFRSs in future periods will have any material impact on the Group's consolidated financial statements.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 4. SEGMENT INFORMATION

Information reported to the executive Directors of the Company, being identified as the chief operating decision makers (“**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services rendered. No operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group’s reportable and operating segments are as follows:

- (1) Animal feed additives products segment: manufacturing and distribution of animal feed additives products; and
- (2) Human food ingredient products segment: distribution of human food ingredient products.

### Segment revenue and results

The accounting policies of the operating segments are the same as the Group’s accounting policies described in Note 2 to the consolidated financial statements.

Segment revenue represents revenue derived from (i) manufacturing and distribution of animal feed additives products and (ii) distribution of human food ingredient products.

Segment results represent the gross profit less selling and distribution costs and reversal of or provision for loss allowance of trade receivables incurred by each segment without allocation of other income, administrative and other operating expenses, finance costs, listing expenses and income tax expenses. This is the measure reported to the CODM of the Group for the purposes of resource allocation and performance assessment.

No analysis of the Group’s assets and liabilities by operating segments is presented as it is not regularly provided to the CODM for review.

In addition, the Group’s place of domicile is Malaysia, where the central management and control is located.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 4. SEGMENT INFORMATION (Continued)

### Segment revenue and results (Continued)

The followings are analysis of the Group's revenue and results by reportable and operating segments:

	Animal feed additives products RM'000	Human food ingredient products RM'000	Total RM'000
For the year ended 31 December 2020			
Revenue from external customers and reportable segment revenue within IFRS 15			
— Distribution	60,713	16,114	76,827
— Manufacturing	39,055	—	39,055
<b>Total</b>	<b>99,768</b>	<b>16,114</b>	<b>115,882</b>
Gross profit			
— Distribution	10,750	3,163	13,913
— Manufacturing	12,210	—	12,210
<b>Total</b>	<b>22,960</b>	<b>3,163</b>	<b>26,123</b>
Selling and distribution costs	(1,937)	(346)	(2,283)
Reversal of loss allowance of trade receivables	133	—	133
<b>Segment results</b>	<b>21,156</b>	<b>2,817</b>	<b>23,973</b>
<i>Unallocated income and expenses</i>			
Other income			2,756
Administrative and other operating expenses			(9,808)
Finance costs			(50)
Listing expenses			(4,291)
<b>Profit before tax</b>			<b>12,580</b>
Income tax expenses			(4,129)
<b>Profit for the year</b>			<b>8,451</b>
<i>Other information:</i>			
Depreciation (Note i)	108	—	108
Additions to property, plant and equipment (Note ii)	213	—	213

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 4. SEGMENT INFORMATION (Continued)

### Segment revenue and results (Continued)

	Animal feed additives products RM'000	Human food ingredient products RM'000	Total RM'000
For the year ended 31 December 2019			
Revenue from external customers and reportable segment revenue within IFRS 15			
— Distribution	60,560	18,011	78,571
— Manufacturing	47,482	—	47,482
<b>Total</b>	<b>108,042</b>	<b>18,011</b>	<b>126,053</b>
Gross profit			
— Distribution	11,325	3,240	14,565
— Manufacturing	14,697	—	14,697
<b>Total</b>	<b>26,022</b>	<b>3,240</b>	<b>29,262</b>
Selling and distribution costs	(1,854)	(271)	(2,125)
(Provision for) Reversal of loss allowance of trade receivables	(293)	6	(287)
<b>Segment results</b>	<b>23,875</b>	<b>2,975</b>	<b>26,850</b>
<i>Unallocated income and expenses</i>			
Other income			1,542
Administrative and other operating expenses			(7,433)
Finance costs			(146)
Listing expenses			(1,928)
<b>Profit before tax</b>			<b>18,885</b>
Income tax expenses			(5,167)
<b>Profit for the year</b>			<b>13,718</b>
<i>Other information:</i>			
Depreciation (Note i)	87	—	87
Additions to property, plant and equipment (Note ii)	216	—	216

Notes:

- (i) Depreciation not included in the measure of segment results during the year ended 31 December 2020 amounted to approximately RM1,235,000 (2019: approximately RM1,344,000).
- (ii) Additions to property, plant and equipment not included in the measure of segment results during the year ended 31 December 2020 amounted to approximately RM1,687,000 (2019: approximately RM474,000)

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 4. SEGMENT INFORMATION (Continued)

### Geographical information

No geographical segment analysis on the Group's revenue is provided as substantially all of the Group's revenue and contribution to results were derived from Malaysia.

No geographical analysis on segment tangible assets is provided as substantially all of the Group's tangible assets were located at Malaysia.

### Information about major customers

No single customer or group of customers under common control contributed 10% or more of the total revenue during the years ended 31 December 2020 and 2019.

## 5. REVENUE

	2020 RM'000	2019 RM'000
<b>Revenue from contracts with customers within IFRS 15</b>		
Distribution income	76,827	78,571
Manufacturing income	39,055	47,482
	<b>115,882</b>	<b>126,053</b>

In addition to the information shown in segment disclosures, the revenue from contracts with customers within IFRS 15 is disaggregated as follows:

	2020 RM'000	2019 RM'000
<i>Timing of revenue recognition:</i>		
<b>— at a point of time</b>		
Distribution income	76,827	78,571
Manufacturing income	39,055	47,482
	<b>115,882</b>	<b>126,053</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 6. OTHER INCOME

	2020 RM'000	2019 RM'000
Bank interest income	238	199
Exchange gain, net	1,408	736
Gain on disposal of property, plant and equipment	83	98
Fair value gain on other investments	—	68
Investment income arising from other investments	581	103
Sundry income	446	338
	2,756	1,542

## 7. PROFIT BEFORE TAX

This is stated after charging (crediting):

	2020 RM'000	2019 RM'000
<b>Finance costs</b>		
Interest expenses on interest-bearing borrowings	30	128
Interest expenses on lease liabilities	20	18
	50	146
<b>Staff costs (including Directors' emoluments)</b>		
Salaries, allowances and other benefits in kinds	4,916	4,764
Contributions to defined contribution plans	562	561
Total staff costs (charged to "cost of goods sold", "selling and distribution costs" and "administrative and other operating expenses", as appropriate)	5,478	5,325
<b>Other items</b>		
Auditors' remuneration	606	67
Cost of goods sold	89,759	96,791
Depreciation (charged to "cost of goods sold" and "administrative and other operating expenses", as appropriate)	1,343	1,431
Exchange gain, net	(1,408)	(736)
Fair value loss/(gain) on other investments	300	(68)
Gain on disposal of property, plant and equipment	(83)	(98)
(Reversal of) Provision for loss allowance of trade receivables	(133)	287

The Group does not recognise right-of-use assets and corresponding liabilities under short term lease and lease of low-value assets.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 8. DIRECTORS' REMUNERATION

The aggregate amounts of remuneration received and receivable by the Directors are set out below.

For the year ended 31 December 2020

	Directors' fees RM'000	Salaries, allowances and other benefits in kinds RM'000	Discretionary bonus RM'000	Contributions to defined contribution plans RM'000	Total RM'000
<i>Executive Directors</i>					
Dato' Sri Lee Haw Yih	—	704	—	75	779
Datin Sri Yaw Sook Kean	—	372	—	38	410
<i>Non-executive Director</i>					
Mr. Lee Haw Shyang	—	86	—	—	86
<i>Independent non-executive Directors</i>					
Ms. Ng Siok Hui (Note a)	—	38	—	—	38
Mr. Lim Chee Hoong (Note a)	—	38	—	—	38
Mr. Lim Heng Choon (Note a)	—	38	—	—	38
	—	1,276	—	113	1,389

For the year ended 31 December 2019

	Directors' fees RM'000	Salaries, allowances and other benefits in kinds RM'000	Discretionary bonus RM'000	Contributions to defined contribution plans RM'000	Total RM'000
<i>Executive Directors</i>					
Dato' Sri Lee Haw Yih	—	660	—	76	736
Datin Sri Yaw Sook Kean	—	363	—	39	402
<i>Non-executive Directors</i>					
Mr. Lee Haw Shyang	—	52	—	—	52
Mr. Lee Haw Hann (Note b)	—	25	—	—	25
	—	1,100	—	115	1,215

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 8. DIRECTORS' REMUNERATION (Continued)

Notes:

- (a) Ms. Ng Siok Hui, Mr. Lim Chee Hoong and Mr. Lim Heng Choon are appointed as independent non-executive Directors of the Company on 8 April 2020.
- (b) Mr. Lee Haw Hann resigned as non-executive director of the Company on 1 July 2019.

During the years ended 31 December 2020 and 2019, no emoluments were paid by the Group to any of these Directors as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2020 and 2019.

## 9. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the years ended 31 December 2020 and 2019 is as follows:

	Number of individuals	
	2020	2019
Director	2	2
Non-director	3	3
	5	5

Details of the remuneration of the above highest paid non-director individuals are as follows:

	2020 RM'000	2019 RM'000
Salaries, allowances and other benefits in kinds	763	714
Discretionary bonus	—	—
Contributions to defined contribution plans	56	52
	819	766

The number of these non-director individuals whose emoluments fell within the following emoluments band is as follows:

	Number of individuals	
	2020	2019
Nil to HK\$1,000,000	3	3

During the years ended 31 December 2020 and 2019, no remuneration was paid by the Group to any of these highest paid non-director individuals as an inducement to join or upon joining the Group, or as a compensation for loss of office. There was no arrangement under which any of these highest paid non-director individuals waived or has agreed to waive any emoluments during the years ended 31 December 2020 and 2019.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 10. INCOME TAX EXPENSES

	2020 RM'000	2019 RM'000
<b>Current tax</b>		
Malaysia corporate income tax ("CIT")	4,119	5,103
<b>Deferred tax</b>		
Changes in temporary differences (Note 23)	10	64
	4,129	5,167

The group entities established in the Cayman Islands and the BVI are exempted from CIT of those jurisdictions.

Hong Kong profits tax has not been provided for as the Group had no assessable profits in Hong Kong for the year ended 31 December 2020.

The enterprise income tax of the People's Republic of China (the "PRC") has not been provided for as the Group had no assessable profits in the PRC for the year ended 31 December 2020.

Malaysia CIT is calculated at the rate of 24% of the Group's estimated assessable profits arising from Malaysia during the years ended 31 December 2020 and 2019.

### Reconciliation of income tax expenses

	2020 RM'000	2019 RM'000
Profit before tax	12,580	18,885
Income tax at applicable tax rate	3,019	4,532
Non-deductible expenses	1,128	598
Tax exempt revenue	(52)	(43)
Others	34	80
Income tax expenses	4,129	5,167



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 11. DIVIDENDS

No dividend has been paid or declared by the Company for the year ended 31 December 2020 (2019: Nil). The Directors has resolved not to recommend the payment of a final dividend for the year ended 31 December 2020 (2019: Nil).

## 12. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share attributable to equity holders of the Company is based on the following information:

	2020 RM'000	2019 RM'000
Profit for the year attributable to the equity holders of the Company, used in basic and diluted earnings per share calculation	8,451	13,718

	Number of shares	
	2020	2019
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	454,576,503	375,000,000

The weighted average number of ordinary shares for the purpose of calculating basic and diluted earnings per share has been determined based on the assumption that the issue of shares at incorporation of the Company, from the reorganisation of the Group and from the Capitalisation Issue (as defined in Note 24 below) to the shareholders had occurred on 1 January 2019.

Diluted earnings per share are the same as the basic earnings per share as there are no dilutive potential ordinary shares in existence during the years ended 31 December 2020 and 2019.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 13. SUBSIDIARIES

Details of the subsidiaries at the end of each reporting period are as follows:

Name of subsidiaries	Place and date of incorporation	Particulars of paid up capital/ registered capital	Attributable equity interest held by the Company		Principal activities and place of operation
			2020	2019	
<i>Directly held by the Company:</i>					
Ritamix International Limited	BVI, 21 September 2018	United States Dollars ("US\$") 1	100%	100%	Investment holding, BVI
<i>Indirectly held by the Company:</i>					
Gladron Chemicals Sdn. Bhd.	Malaysia, 20 November 1982	RM9,244,355	100%	100%	Distribution of animal feed additives products, Malaysia
Kevon Sdn. Bhd.	Malaysia, 21 June 2004	RM100,000	100%	100%	Distribution of human food ingredient products, Malaysia
Ritamix Sdn. Bhd.	Malaysia, 29 May 2007	RM5,000,000	100%	100%	Manufacturing of animal feed additives premixes, Malaysia
Ritamix (HK) Limited	Hong Kong, 11 November 2020	HK\$100	100%	—	Investment holding, Hong Kong
海南利特米生物科學有限公司 (Hainan Ritamix Biological Science Co., Ltd*, "Hainan Ritamix")	The PRC, 21 December 2020	Note (a)	51%	—	Not yet commenced business, The PRC

\* English name is for identification purpose only.

Note:

- (a) Hainan Ritamix was established in the PRC as a limited liability company on 21 December 2020 with registered capital of Renminbi ("RMB") 50,000,000. The Company holds 51% indirect equity interest in Hainan Ritamix, while the remaining 49% non-controlling interest is held by an independent third party incorporated in the PRC. Details of the cooperation was disclosed in the Company's announcement dated 7 January 2021.

As at 31 December 2020, no registered capital of Hainan Ritamix has been paid-up.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 14. PROPERTY, PLANT AND EQUIPMENT

	Right-of- use assets RM'000 (Note 22)	Freehold land RM'000	Buildings RM'000	Leasehold improvements RM'000	Furniture, fixtures and office equipment RM'000	Plant and machineries RM'000	Motor vehicles RM'000	Total RM'000
<b>Reconciliation of carrying amounts – year ended 31 December 2019</b>								
At 1 January 2019	–	4,066	8,865	258	399	197	535	14,320
Adjustment on transition to IFRS 16	589	–	–	–	–	–	–	589
Additions	–	–	–	70	70	215	335	690
Depreciation	(559)	–	(197)	(65)	(171)	(87)	(352)	(1,431)
At 31 December 2019	30	4,066	8,668	263	298	325	518	14,168
<b>Reconciliation of carrying amounts – year ended 31 December 2020</b>								
At 1 January 2020	30	4,066	8,668	263	298	325	518	14,168
Additions	592	–	–	73	274	213	748	1,900
Depreciation	(563)	–	(197)	(63)	(150)	(108)	(262)	(1,343)
At 31 December 2020	59	4,066	8,471	273	422	430	1,004	14,725
<b>At 31 December 2019</b>								
Cost	589	4,066	9,850	584	2,542	4,160	4,160	25,951
Accumulated depreciation	(559)	–	(1,182)	(321)	(2,244)	(3,835)	(3,642)	(11,783)
Net carrying amounts	30	4,066	8,668	263	298	325	518	14,168
<b>At 31 December 2020</b>								
Cost	639	4,066	9,850	657	2,816	4,373	4,662	27,063
Accumulated depreciation	(580)	–	(1,379)	(384)	(2,394)	(3,943)	(3,658)	(12,338)
Net carrying amounts	59	4,066	8,471	273	422	430	1,004	14,725

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 15. INVENTORIES

	2020 RM'000	2019 RM'000
Raw materials	20,651	19,815
Finished goods	14,261	11,796
	<b>34,912</b>	<b>31,611</b>

## 16. TRADE AND OTHER RECEIVABLES

	Notes	2020 RM'000	2019 RM'000
<b>Trade receivables</b>			
From third parties		27,073	36,883
Less: Loss allowance		(1,676)	(1,809)
	16(a) & (b)	<b>25,397</b>	<b>35,074</b>
<b>Other receivables</b>			
Deposits and prepayments (Note)		4,070	3,454
		<b>29,467</b>	<b>38,528</b>

Note: The amount as at 31 December 2019 included prepaid initial listing expenses of approximately RM50,000.

### 16(a) Trade receivables

The Group grants credit period up to 90 days to its customers upon the delivery of goods.

As at 31 December 2020 and 2019, trade receivables of approximately RM949,000 and RM949,000, respectively, were secured by the property pledged by a trade debtor and the remaining balances were unsecured. The management of the Group considers the fair value of the pledged property is sufficient to cover the respective trade receivables balance as at 31 December 2020 and 2019. The amount due is interest-free and repayable on demand.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 16. TRADE AND OTHER RECEIVABLES (Continued)

### 16(a) Trade receivables (Continued)

The ageing of trade receivables (net of loss allowance) based on invoice date at the end of each reporting period is as follows:

	2020 RM'000	2019 RM'000
Within 30 days	9,328	13,272
31 to 60 days	7,201	9,467
61 to 90 days	3,874	4,619
Over 90 days	6,670	9,525
	<b>27,073</b>	<b>36,883</b>
Less: Loss allowance	<b>(1,676)</b>	<b>(1,809)</b>
	<b>25,397</b>	<b>35,074</b>

### 16(b) Loss allowance

The Group determines the loss allowance by grouping together trade receivables with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing economic conditions. For trade receivables relating to accounts which are long overdue with significant amounts or known insolvencies or non-response to collection activities, they are assessed individually for impairment allowance.

The Group applies the IFRS 9 simplified approach to measure ECL which uses a lifetime expected loss allowance for all trade receivables and the movement is as follows:

	2020 RM'000	2019 RM'000
At the beginning of the reporting period	1,809	1,522
(Reversal of) Provision for loss allowance of trade receivables	<b>(133)</b>	287
At the end of the reporting period	<b>1,676</b>	1,809

As at 31 December 2020, a decrease in overdue trade receivable balances resulted in a reversal of provision for loss allowance.

As at 31 December 2019, an increase in trade receivable balances with days past due over 90 days or the increase in the expected loss rates resulted in an addition in loss allowance.

For the purposes of estimating the ECL, the trade receivables are grouped according to whether they are secured by collateral. The Group applies a provision matrix to those groups which is based on the historical observed loss rates over the expected life of the trade receivables which is adjusted for forward-looking estimates. At the end of each reporting period, the grouping and the historical observed loss rates are updated in light of the latest information that is relevant for the credit risk assessment and changes in the forward-looking estimates are analysed.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 16. TRADE AND OTHER RECEIVABLES (Continued)

### 16(b) Loss allowance (Continued)

The following table details the risk profile of trade receivables, based on the Group's provision matrix. To measure the ECL trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL also incorporate forward looking information. The loss allowance is analysed as follows:

At 31 December 2020	Expected credit loss rate	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000	Credit- impaired
Trade receivables with shared credit risk characteristics					
Current	0.65%	10,492	68	10,424	No
Within 30 days	2.18%	6,848	149	6,699	No
31 to 60 days	4.25%	4,825	205	4,620	No
61 to 90 days	13.03%	1,220	159	1,061	No
Over 90 days	39.98%	2,739	1,095	1,644	Yes
Trade receivables secured by the property pledged by a trade debtor	0%	949	—	949	No
		<b>27,073</b>	<b>1,676</b>	<b>25,397</b>	
At 31 December 2019	Expected credit loss rate	Gross carrying amount RM'000	Loss allowance RM'000	Net carrying amount RM'000	Credit- impaired
Trade receivables with shared credit risk characteristics					
Current	1.35%	11,809	160	11,649	No
Within 30 days	1.66%	10,969	182	10,787	No
31 to 60 days	3.61%	7,064	255	6,809	No
61 to 90 days	8.11%	1,184	96	1,088	No
Over 90 days	22.74%	4,908	1,116	3,792	Yes
Trade receivables secured by the property pledged by a trade debtor	0%	949	—	949	No
		<b>36,883</b>	<b>1,809</b>	<b>35,074</b>	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 17. OTHER INVESTMENTS

	Note	2020 RM'000	2019 RM'000
<b>Financial assets mandatorily measured at FVPL</b>			
Unlisted investments — unit trust	17(a)	53,074	3,325

**17(a)** The unit trust represented unlisted investments managed by a bank in Malaysia, which mainly invested in Islamic money market instruments, including cash funds, bond funds and money market funds, etc. It can be redeemed from time to time and bear interest at floating rate ranging from 1.58% to 2.73% per annum. The fair values of the investments are reported by the bank with reference to the fair value of the underlying instruments at the end of each reporting period.

The movements of the other investments are analysed as follows:

	Year ended 31 December 2020		
	Non-principal guaranteed funds RM'000	Unit trust RM'000	Total RM'000
At the beginning of the reporting period	—	3,325	3,325
Additions	—	58,716	58,716
Redemption	—	(8,667)	(8,667)
Fair value changes recognised in profit or loss	—	(300)	(300)
At the end of the reporting period	—	53,074	53,074

	Year ended 31 December 2019		
	Non-principal guaranteed funds RM'000	Unit trust RM'000	Total RM'000
At the beginning of the reporting period	2,500	6,203	8,703
Additions	500	103	603
Redemption	(3,000)	(3,049)	(6,049)
Fair value changes recognised in profit or loss	—	68	68
At the end of the reporting period	—	3,325	3,325

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 18. RESTRICTED BANK BALANCES

The Group's restricted bank balances are bank deposits denominated in RM which carried interest at prevailing market rates and were pledged to secure banking facilities granted to the Group. The total banking facilities granted to the Group amounted to approximately RM12,270,000 and RM12,270,000 as at 31 December 2020 and 2019, respectively. The Group had not utilised any banking facilities of at 31 December 2020 (2019: utilised banking facilities of approximately RM1,509,000).

## 19. BANK BALANCES AND CASH

	2020 RM'000	2019 RM'000
Short-term time deposits	—	2,000
Cash at bank and on hand	15,171	4,482
	15,171	6,482

Cash at banks earns interest at floating rates based on daily floating bank deposit rates. Short-term time deposits are made between one month to three months depending on the immediate cash requirement of the Group, and earn interest at the prevailing fixed deposit rates. The Group can withdraw the short-term time deposits anytime before the maturity date without incurring any significant bank charges.

## 20. TRADE AND OTHER PAYABLES

	Note	2020 RM'000	2019 RM'000
<b>Trade payables</b>			
To third parties	20(a)	5,581	7,317
<b>Other payables</b>			
Accruals and other payables (Note)		1,515	1,662
		7,096	8,979

Note: The amount as at 31 December 2019 included accrued initial listing expenses of approximately RM807,000.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 20. TRADE AND OTHER PAYABLES (Continued)

### 20(a) Trade payables

At the end of each reporting period, the ageing analysis of the trade payables based on invoice date is as follows:

	2020 RM'000	2019 RM'000
Within 30 days	2,665	3,259
31 to 60 days	2,361	2,056
61 to 90 days	487	1,402
Over 90 days	68	600
	5,581	7,317

The credit term on trade payables is up to 90 days.

## 21. INTEREST-BEARING BORROWINGS

	2020 RM'000	2019 RM'000
Interest-bearing borrowings — secured	—	1,509

The interest-bearing borrowings are denominated in RM and wholly repayable within one year since its inception. As at 31 December 2019, the weighted average annual effective interest rate of the interest-bearing borrowings was approximately 4.98%.

As at 31 December 2020 and 2019, the interest-bearing borrowings are secured by guarantees provided by the Ultimate Controlling Parties and the restricted bank deposits placed with the banks in Malaysia as set out in Notes 28(c) and 18 to the consolidated financial statements, respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 22. LEASES

	2020 RM'000	2019 RM'000
<b>Right-of-use assets (Note 14)</b>		
Leased properties	59	30

	2020 RM'000	2019 RM'000
<b>Lease liabilities</b>		
Current	61	17
Non-current	—	14
	61	31

### Lease Liabilities:

	Lease payment		Present value of lease payment	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Amount payables				
Within one year	63	18	61	17
More than one year, but not exceeding two years	—	15	—	14
Less: future finance charges	63 (2)	33 (2)	61 —	31 —
Total lease liabilities	61	31	61	31

In addition to the information disclosed in Notes 7 and 14 to the consolidated financial statements, the Group had the following amounts relating to leases during the years ended 31 December 2020 and 2019:

	2020 RM'000	2019 RM'000
<b>Depreciation charge of right-of-use assets</b>		
Leased properties	563	559

For the years ended 31 December 2020 and 2019, the total cash outflow for leases was approximately RM582,000 and RM576,000, respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 23. DEFERRED TAXATION

The movement in the Group's deferred tax liabilities arising from depreciation allowance for the years ended 31 December 2020 and 2019 was as follows:

	2020 RM'000	2019 RM'000
At the beginning of the reporting period	626	562
Charged to profit or loss ( <i>Note 10</i> )	10	64
<b>At the end of the reporting period</b>	<b>636</b>	<b>626</b>

## 24. SHARE CAPITAL

	<i>Notes</i>	Number of shares	HK\$	Equivalent to RM
<i>Ordinary share of HK\$0.01 each</i>				
Authorised:				
At 1 January 2019, 31 December 2019 and 1 January 2020		38,000,000	380,000	200,000
Increase	(i)	19,962,000,000	199,620,000	110,226,394
<b>At 31 December 2020</b>		<b>20,000,000,000</b>	<b>200,000,000</b>	<b>110,426,394</b>
Issued and fully paid:				
At 1 January 2019, 31 December 2019 and 1 January 2020		100	1	—*
Issue of share pursuant to the Capitalisation Issue	(ii)	374,999,900	3,749,999	2,078,713
Issue of shares pursuant to the Share Offer	(iii)	125,000,000	1,250,000	690,417
<b>At 31 December 2020</b>		<b>500,000,000</b>	<b>5,000,000</b>	<b>2,769,130</b>

\* Represents amount less than RM1.

Notes:

- (i) On 8 April 2020, the authorised share capital of the Company was increased by HK\$199,620,000 by the creation of additional 19,962,000,000 shares of HK\$0.01 each.
- (ii) Pursuant to the resolutions in writing of the Shareholders passed on 8 April 2020, subject to the share premium account of the Company being credited as a result of the issue of the Company's shares under the Listing, the Directors were authorised to allot and issue a total of 374,999,900 shares of HK\$0.01 each to the then existing Shareholders, credited as fully paid at par by way of capitalisation of the sum of HK\$3,749,999 standing to the credit of the share premium account of the Company (the "Capitalisation Issue"). The Capitalisation Issue was fully completed on 13 May 2020.
- (iii) On 13 May 2020, the shares of the Company were initially listed on the Main Board of the Stock Exchange and 125,000,000 shares of HK\$0.01 each were issued at the offer price of HK\$1 per share by way of share offer (the "Share Offer"). The gross proceeds from the Share Offer amounted to HK\$125,000,000 (equivalent to approximately RM69,041,000). The expenses attributable to issue of shares pursuant to the Share Offer of approximately RM17,291,000 were recognised in the share premium account of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 25. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Pursuant to the disclosure requirement of the Hong Kong Companies Ordinance, the statement of financial position of the Company and the movement in its reserves is set out below:

	Notes	2020 RM'000	2019 RM'000
<b>Non-current assets</b>			
Investment in subsidiaries	13	—*	—*
<b>Current assets</b>			
Other receivables		74	—*
Amounts due from subsidiaries	25(a)	5	—
Other investments	17	29,843	—
Bank balances and cash		5,094	—
		35,016	—*
<b>Current liabilities</b>			
Other payables		561	—*
Amounts due to a subsidiary	25(a)	213	—
		774	—*
<b>Net current assets</b>		34,242	—*
<b>NET ASSETS</b>		34,242	—*
<b>Capital and reserves</b>			
Share capital	24	2,769	—*
Reserves	25(b)	31,473	—
<b>TOTAL EQUITY</b>		34,242	—*

\* Represents amount less than RM1,000.

The statement of financial position of the Company was approved and authorised for issue by the Board of Directors on 25 March 2021 and signed on its behalf by

**Dato' Sri Lee Haw Yih**  
Director

**Datin Sri Yaw Sook Kean**  
Director

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 25. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

### 25(a) Amounts due from (to) subsidiaries

The amounts due are unsecured, interest-free and repayable on demand.

### 25(b) Movement of the reserves

	Share premium RM'000 (Note 26(a))	Exchange reserve RM'000 (Note 26(c))	Accumulated loss RM'000	Total RM'000
<i>Year ended 31 December 2019</i>				
<b>At 1 January 2019</b>	—	—	—	—
Profit and total comprehensive income for the year	—	—	—	—
<b>At 31 December 2019</b>	—	—	—	—
<i>Year ended 31 December 2020</i>				
<b>At 1 January 2020</b>	—	—	—	—
Loss for the year	—	—	(13,785)	(13,785)
<b>Other comprehensive loss</b>				
Exchange differences on translation to presentation currency	—	(3,723)	—	(3,723)
<b>Total comprehensive loss for the year</b>	—	(3,723)	(13,785)	(17,508)
<b>Transactions with owners</b>				
<i>Contributions and distributions</i>				
Issue of shares pursuant to the Capitalisation Issue (Note 24(ii))	(2,079)	—	—	(2,079)
Issue of shares pursuant to the Share Offer (Note 24(iii))	68,351	—	—	68,351
Transaction costs attributable to issue of shares (Note 24(iii))	(17,291)	—	—	(17,291)
	48,981	—	—	48,981
<b>At 31 December 2020</b>	<b>48,981</b>	<b>(3,723)</b>	<b>(13,785)</b>	<b>31,473</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 26. RESERVES

### 26(a) Share premium

Share premium represents the excess of the net proceeds from issuance of the Company's shares over its par value. Under the laws of the Cayman Islands and the Company's Articles of Association, it is distributable to the Company's shareholders provided that the Company is able to pay its debts as they fall due in the ordinary course of business.

### 26(b) Capital reserve

Capital reserve of the Group represents the aggregate amount of the paid-up share capital of the entities now comprising the Group before completion of the Reorganisation, less consideration paid to acquire the relevant interests (if any) in relation to the Reorganisation.

### 26(c) Exchange reserve

The translation reserve comprises all foreign exchange differences arising from the translation of foreign operations for consolidation or from translation to presentation currency.

## 27. ADDITIONAL INFORMATION ON CASH FLOWS

### Reconciliation of liabilities arising from financing activities

The movements during the years ended 31 December 2020 and 2019 in the Group's liabilities arising from financing activities are as follows:

	At 1 January 2020 RM'000	Net cash flows RM'000	Non-cash changes		At 31 December 2020 RM'000
			Additions to property, plant and equipment RM'000	Interest expenses RM'000	
<i>Year ended 31 December 2020</i>					
Interest-bearing borrowings	1,509	(1,509)	—	—	—
Lease liabilities	31	(582)	592	20	61
	1,540	(2,091)	592	20	61

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 27. ADDITIONAL INFORMATION ON CASH FLOWS (Continued)

### Reconciliation of liabilities arising from financing activities (Continued)

	At 31 December 2018	Adjustment on transition to IFRS 16	At 1 January 2019	Net cash flow	Non-cash changes Interest expenses	At 31 December 2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<i>Year ended 31 December 2019</i>						
Interest-bearing borrowings	2,172	—	2,172	(663)	—	1,509
Lease liabilities	—	589	589	(576)	18	31
	2,172	589	2,761	(1,239)	18	1,540

## 28. RELATED PARTY TRANSACTIONS

In addition to the transactions/information disclosed elsewhere in the consolidated financial statements, the Group had the following related party transactions during the years ended 31 December 2020 and 2019:

- (a) Transaction between the group entities have been eliminated on consolidation and are not disclosed. During the years ended 31 December 2020 and 2019, the Group had the following significant transactions with a related company. In the opinion of the management of the Group, they are under normal commercial terms that are fair and reasonable and in the best interests of the Group.

Related party relationship	Nature of transaction	2020 RM'000	2019 RM'000
Related company controlled by the Ultimate Controlling Parties	Lease payments (i)	564	558

- (i) During the years ended 31 December 2020 and 2019, the amount represented operating lease payments paid on premises charged by Lee & Seetho Holding Sdn. Bhd., a company ultimately controlled by the Ultimate Controlling Parties.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 28. RELATED PARTY TRANSACTIONS (Continued)

(b) Remuneration for key management personnel (including Directors) of the Group:

	2020 RM'000	2019 RM'000
Salaries, allowances and other benefits in kinds	1,926	1,633
Discretionary bonus	—	—
Contributions to defined contribution plans	168	181
	2,094	1,814

Further details of the directors' remuneration are set out in Note 8 to the consolidated financial statements.

### (c) Guarantee issued as securities for banking facilities granted to the Group

During the years ended 31 December 2020 and 2019, the Ultimate Controlling Parties and/or their close family member have issued personal guarantees in favour of the banks amounting to approximately RM20,318,000 and approximately RM20,318,000 at 31 December 2020 and 2019, respectively, to secure banking facilities granted to the Group.

Subsequent to the year end, the Group completed the release of the collaterals and guarantees provided by the Ultimate Controlling Parties by replacement of corporate guarantees provided by the Company in favour of the banks.

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise of lease liabilities, interest-bearing borrowings, other investments, restricted bank balances and bank balances and cash. The main purpose of these financial instruments is to raise and maintain finance for the Group's operations. The Group has various other financial instruments such as trade and other receivables/payables, which arise directly from its business activities.

The main risks arising from the Group's financial instruments are price risk, foreign currency risk, credit risk and liquidity risk. The Group generally adopts conservative strategies on its risk management and limits the Group's exposure to these risks to a minimum level as follows:

### Price risk

The Group is exposed to price risk arising from its other investments in unlisted investments which are classified as financial assets at FVPL.

At the end of each reporting period, if the fair value of the other investments has been 5% higher/lower with all other variables held constant, the Group's pre-tax results would increase/decrease by approximately RM2,654,000 and RM166,000 for the years ended 31 December 2020 and 2019, respectively.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Price risk (Continued)

The sensitivity analysis has been determined assuming that the reasonably possible changes in the fair value of the other investments had occurred at the end of the reporting period and had been applied to the exposure to price risk in existence at that date. The stated changes represent the management's assessment of reasonably possible changes in the fair value of the other investments over the next 12 months after the end of each reporting period.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the price risk because the exposure at the end of each reporting period does not reflect the exposure during the years ended 31 December 2020 and 2019.

### Foreign currency risk

The Group's transactions are mainly denominated in RM, US\$, RMB and HK\$.

Certain financial assets and financial liabilities of the Group are denominated in currencies other than the functional currency of the respective group entities and therefore exposed to foreign currency risk. The carrying amounts of those financial assets and liabilities are analysed as follows:

	Financial assets		Financial liabilities	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
US\$	43,043	8,034	2,097	2,534
RMB	265	29	510	229

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Foreign currency risk (Continued)

The following table indicates the approximate change in the Group's pre-tax results if exchange rates of US\$ and RMB had changed against the functional currencies of the respective group entities by 10% and all other variables were held constant at the end of each reporting period.

	2020		2019	
	Increase (decrease) in foreign exchange rates	Effect on profit before tax RM'000	Increase (decrease) in foreign exchange rates	Effect on profit before tax RM'000
US\$	10% (10%)	4,095 (4,095)	10% (10%)	550 (550)
RMB	10% (10%)	(25) 25	10% (10%)	(20) 20

The sensitivity analysis has been determined assuming that the changes in foreign exchange rates had occurred at the end of each reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the next 12 months after the end of each reporting period.

In the opinion of the management of the Group, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of each reporting period does not reflect the exposure during the years ended 31 December 2020 and 2019.

### Credit risk

Credit risk refers to the risk that debtors will default on their obligations to repay the amounts due to the Group, resulting in a loss to the Group. The Group's credit risk is mainly attributable to trade and other receivables, restricted bank balances and bank balances and cash. The Group limits its exposure to credit risk by selecting the counterparties with reference to their past credit history and/or market reputation. The Group's maximum exposure to the credit risk is summarised as follows:

	2020 RM'000	2019 RM'000
Trade and other receivables	25,722	35,425
Restricted bank balances	1,670	1,670
Bank balances and cash	15,171	6,482
	42,563	43,577

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 29. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

### Credit risk (Continued)

The Group trades with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

The management considers the credit risk in respect of restricted bank balances and bank balances and cash is minimal because the counter-parties are authorised financial institution with high credit ratings.

The management limits the Group's exposure to credit risk by taking timely actions once there is any indication of recoverability problem of each individual debtor.

The management also reviews the recoverable amount of each individual debtor, including related and third parties, at the end of each reporting period to ensure adequate allowance is made for irrecoverable amount.

At 31 December 2020 and 2019, the Group had a concentration of credit risk as approximately 2.6% and 11.6% of the total trade receivables was due from the Group's largest trade debtor, respectively, and approximately 27.8% and 27.9% of the total trade receivables was due from the Group's five largest trade debtors, respectively.

### Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility. The Group has no specific policy for managing its liquidity. The undiscounted contractual maturity profile of the Group's financial liabilities at the end of each reporting period, based on the contractual undiscounted payments, is summarised below:

	Total carrying amounts RM'000	Total contractual undiscounted cash flows RM'000	Less than 1 year or on demand RM'000	1 to 2 years RM'000
<b>At 31 December 2020</b>				
Trade and other payables	7,096	7,096	7,096	—
Lease liabilities	61	63	63	—
	<b>7,157</b>	<b>7,159</b>	<b>7,159</b>	<b>—</b>
<b>At 31 December 2019</b>				
Trade and other payables	8,979	8,979	8,979	—
Interest-bearing borrowings	1,509	1,515	1,515	—
Lease liabilities	31	33	18	15
	<b>10,519</b>	<b>10,527</b>	<b>10,512</b>	<b>15</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2020

## 30. FAIR VALUE MEASUREMENTS

The following presents the assets measured at fair value or required to disclose their fair value in the Historical Financial Information on a recurring basis across the three levels of the fair value hierarchy defined in IFRS 13 “Fair Value Measurement” with the fair value measurement categorised in its entirety based on the lowest level input that is significant to the entire measurement. The levels of inputs are defined as follows:

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

### (a) Assets measured at fair value

	Level 2	
	2020	2019
	RM'000	RM'000
<b>Assets measured at fair value</b>		
Other investments		
— Unlisted investments — unit trust (Note 17)	53,074	3,325

During the years ended 31 December 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements. The details of the measurement basis and movements of the financial assets at fair value through profit or loss are set out in Note 17 to the consolidated financial statements.

The Group reviews estimation of fair values of the unlisted investments in non-principal guaranteed funds and unit trust which are categorised into Level 2 of the fair value hierarchy. Reports with estimation of the fair values are prepared by the banks on a monthly basis.

### (b) Assets and liabilities with fair value disclosure, but not measured at fair value

All other financial assets and financial liabilities are carried at amounts not materially different from their fair values at 31 December 2020 and 2019.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

*For the year ended 31 December 2020*



## **31. CAPITAL MANAGEMENT**

The objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide returns for equity owners. The Group manages its capital structure and makes adjustments, including payment of dividend to equity owners, call for additional capital from equity owners or sale of assets to reduce debts. No changes were made in the objectives, policies or processes during the years ended 31 December 2020 and 2019.

## **32. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved and authorised for issue by the Directors on 25 March 2021.

# FOUR-YEAR FINANCIAL SUMMARY

A summary of the results, and of the assets, liabilities of the Group for the last four financial years, as extracted from the published audited consolidated financial statements or the Prospectus is set out below.

	2017 RM'000	2018 RM'000	2019 RM'000	2020 RM'000
Revenue	108,062	128,600	126,053	115,882
Cost of goods sold	(85,494)	(92,174)	(96,791)	(89,759)
Gross profit	22,568	36,426	29,262	26,123
Other income	1,714	1,575	1,542	2,756
Selling and distribution costs	(1,961)	(2,257)	(2,125)	(2,283)
Administrative and other operating expenses	(7,299)	(8,146)	(7,433)	(9,808)
Finance costs	—	(15)	(146)	(50)
(Provision for) Reversal of loss allowance of trade receivables	(464)	1,388	(287)	133
Listing expenses	—	(6,806)	(1,928)	(4,291)
Profit before tax	14,558	22,165	18,885	12,580
Income tax expenses	(3,702)	(6,259)	(5,167)	(4,129)
Profit for the year	10,856	15,906	13,718	8,451
<b>Attributable to:</b>				
Owner of the Company	10,856	15,906	13,718	8,451
Total Assets	87,564	87,583	95,784	149,019
Total Liabilities	17,953	17,066	11,549	8,306
Total Equity	69,611	70,517	84,235	140,713