

# RITAMIX GLOBAL LIMITED

# 利特米有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1936

## ANNUAL REPORT 2021





## CONTENTS

Corporate Information	02
Chairman's Statement	04
Management Discussion and Analysis	06
Directors and Senior Management	14
Environmental, Social and Governance Report	17
Corporate Governance Report	25
Report of the Directors	38
Independent Joint Auditors' Report	48
Consolidated Statement of Profit or Loss and Other Comprehensive Income	53
Consolidated Statement of Financial Position	54
Consolidated Statement of Changes in Equity	56
Consolidated Statement of Cash Flows	57
Notes to the Consolidated Financial Statements	59
Five-Year Financial Summary	110

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

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

Datin Sri Yaw Sook Kean

### Non-Executive Directors

Mr. Lee Haw Shyang

### Independent Non-Executive Directors

Ms. Ng Siok Hui

Mr. Lim Chee Hoong

Mr. Lim Heng Choon

## COMPANY SECRETARY

Ms. Leung Ho Yee (*resigned on 1 September 2021*)

Ms. Wong Po Lam, CPA (HKICPA)  
(*appointed on 1 September 2021*)

## AUTHORISED REPRESENTATIVES

Ms. Leung Ho Yee (*resigned on 1 September 2021*)

Ms. Wong Po Lam, CPA (HKICPA)  
(*appointed on 1 September 2021*)

Dato'Sri Lee Haw Yih

## BOARD COMMITTEES

### Audit Committee

Mr. Lim Chee Hoong (*Chairman*)

Mr. Lim Heng Choon

Ms. Ng Siok Hui

### Remuneration Committee

Ms. Ng Siok Hui (*Chairman*)

Mr. Lim Chee Hoong

Dato'Sri Lee Haw Yih

### Nomination Committee

Mr. Lim Heng Choon (*Chairman*)

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

Unit B, 13 Floor

Winsan Tower

98 Thomson Road

Wanchai

Hong Kong

## COMPLIANCE ADVISER

Messis Capital Limited

Room 1001, 10/F

OfficePlus@Wanchai

303 Hennessy 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 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

### STOCK CODE

1936

### PRINCIPAL SHARE REGISTRAR

Ocorian Trust (Cayman) Limited  
Cliffon House  
75 Fort Street  
PO Box 1350  
Grand Cayman, KY1-1108  
Cayman Islands

### HONG KONG BRANCH SHARE REGISTRAR

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

# CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of Ritamix Global Limited (the “**Company**”) and its subsidiaries (the “**Group**”), I am pleased to present the annual results of the Group for the year ended 31 December 2021 (the “**Financial Year**”).

Since 2020, the sudden and rapid spread of the novel coronavirus disease 2019 (“**COVID-19**”) pandemic across the globe is still ongoing as at the Financial Year. In 2021, there was a development of virus mutant widely known as 'stealth omicron' (“**Omicron**”), being the most transmissible COVID-19 variant after the delta variant. A series of precautionary and control measures have been undertaken by governments across the world including Malaysia. However, the highly transmissible Omicron has worsened the supply chain issues and adversely affected the usual business activities of the country, causing slight disruptions in the Group's daily operations, particularly in the Group's manufacturing segment for the Financial Year.

Despite the challenges, the Group has approached such condition by adjusting selling price and focusing on better margin products especially in distribution segment. This has in turn, sustained the revenue growth for the Financial Year. Moving forward, the Group will strive to explore various opportunities to facilitate the business growth according to the market conditions.

In addition, as part of the efforts to curb the COVID-19 spread, the Group has also implemented the required standard operating procedures and took extra preventive measures including, but not limited to, mandatory COVID-19 testing, use of face masks and practising social distancing among all the staff and site workers, frequent disinfection within the Company premises as well as workforce capacity management.

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.

## 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 the 1982.

The distribution business was basically a principal to principal business whereby the Group purchased brand products from suppliers and sold independently to customers on our 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.

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, the Group's revenue increased by approximately 3.7% from approximately RM115.9 million for the year ended 31 December 2020 to approximately RM120.1 million for the Financial Year. The increase was mainly driven by increase in sales of decoction tea in distribution segment as well as higher selling price for certain human food ingredient products. The distribution segment was not impacted much by the COVID-19 situations but the manufacturing segment has encountered slight disruptions in the daily operations due to the global supply chain issues.

## CHAIRMAN'S STATEMENT (CONTINUED)



As a result of the foregoing, the Group's profit was approximately RM8.5 million and RM11.8 million for the year ended 31 December 2020 and 2021, respectively. Earnings per share was approximately RM1.86 cents and RM2.41 cents for the year ended 31 December 2020 and 2021, respectively.

### OUTLOOK

According to the Global Economic Prospects issued by World Bank Group in January 2022, it is worth noting that the global economy is set to decelerate markedly amid continued COVID-19 flare-ups, diminished policy support and lingering supply bottlenecks. After rebounding to an estimated 5.5% in 2021, global growth is expected to decelerate markedly to 4.1% in 2022. Further, Malaysia's real GDP growth is expected to rebound to 5.8% in 2022, as domestic demand improved amid high vaccination rates, but ease to 4.5% in 2023, reflecting diminishing support from exports and a drag from fiscal and monetary policy tightening.

In February 2022, Bank Negara Malaysia (BNM) announced that Malaysia's GDP performance expanded 3.1% in 2021, rebounding from the 5.6% drop in 2020, the country's worst annual performance since the 1998 Asian Financial Crisis. From the current economic standing, the performance in 2021 is still below its pre-pandemic level in 2019. However, the economic performance for the fourth quarter of 2021 has surpassed the level of fourth quarter of 2019 by 0.01%.

In conclusion, Malaysia's outlook is tentatively optimistic as the domestic business activities have been revived with the movement restrictions are unlikely to be reinstated despite the Omicron wave. In this regard, the Group will consistently expand the business while adapting to the new normal, in the time of COVID-19.

The Company believes 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 (Howard)**

*Chairman*

Malaysia, 29 March 2022

# 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 by nature of works for the years ended 31 December 2021 and 2020:

	2021		2020	
	RM'000	Approximately %	RM'000	Approximately %
Manufacturing	36,772	30.6	39,055	33.7
Distribution	83,366	69.4	76,827	66.3

The Group's revenue increased by approximately 3.7% from approximately RM115.9 million for the year ended 31 December 2020 to approximately RM120.1 million for the Financial Year.

### Manufacturing

Revenue from manufacturing business decreased from approximately RM39.1 million for the year ended 31 December 2020 to approximately RM36.8 million for the Financial Year, representing a decrease of approximately 5.8%, or approximately RM2.3 million. Such decrease was mainly due to increasing market competition and supply chain issues due to COVID-19 pandemic.

### Distribution

Revenue from distribution business increased from approximately RM76.8 million for the year ended 31 December 2020 to approximately RM83.4 million for the Financial Year, representing an increase of approximately 8.5%. The increase was mainly attributable to the increase in sales of decoction tea by approximately RM4.4 million.

### Cost of sales

The Group's cost of sales 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 2021 and 2020:

	2021		2020	
	RM'000	Approximately %	RM'000	Approximately %
Cost of inventories	90,392	98.0	87,835	97.9
Freight cost, direct labour cost, manufacturing overheads and others	1,837	2.0	1,924	2.1

### Gross profit and gross profit margin

In line with the increase in revenue, the Group's gross profit increased from approximately RM26.1 million to approximately RM27.9 million for the year ended 31 December 2020 and 2021, respectively, representing an increase of approximately 6.8%. The increase was mainly due to increase in the sales from distribution segment after emerging with the change in business norm. With combined effects of revenue and cost of sales, the Group's gross profit margin improved slightly from approximately 22.5% to approximately 23.2% for the year ended 31 December 2020 and 2021, respectively.



## Administrative and other operating expenses

The Group's administrative and other operating expenses increased from approximately RM9.8 million for the year ended 31 December 2020 to approximately RM11.4 million for the Financial Year. Such increase was mainly attributable to the net effect of the increase in the product registration fees, staff costs as well as professional and consultation fees incurred by the Group. The administrative and other operating expenses of the Group primarily consist of depreciation, repair and maintenance and office expenses and loss on exchange.

## Finance costs

Finance costs represented interest on bank borrowings and lease liabilities. For the year ended 31 December 2021 and 2020, the Group recorded finance costs of approximately RM31,000 and approximately RM50,000, respectively.

## Income tax expenses

The Group's income tax expenses were approximately RM4.3 million and approximately RM4.1 million for the year ended 31 December 2021 and 2020, respectively. The effective tax rate for the year ended 31 December 2021 and 2020 (after adjusting for the listing expenses) were approximately 26.9% and approximately 24.5%, respectively.

## Profit for the year and earnings per Share

As a result of the foregoing, the Group's profit was approximately RM11.8 million and approximately RM8.5 million for the year ended 31 December 2021 and 2020, respectively. Earnings per Share was approximately RM2.41 cents and RM1.86 cents for the year ended 31 December 2021 and 2020, respectively.

## Key Financial Ratio

		As at/for the year ended	
	Note	31 December	
		2021	2020
Current ratio (times)	1	10.8	17.5
Quick ratio (times)	2	6.8	13.0
Gearing ratio (%)	3	*	*
Return on equity (%)	4	8.4	6.0
Return on total assets (%)	5	7.7	5.7

\* Negligible

### 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 which comprised of lease liabilities only divided by total equity.
4. Return on equity is profit for the year divided by total equity.
5. Return on assets is profit for the year divided by total assets.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2021,

1. the Company's issued capital was HK\$4.72 million (equivalent to approximately RM2.6 million) (2020: HK\$5.0 million (equivalent to approximately RM2.8 million)) and the number of its issued ordinary Shares was 472,000,000 Shares of HK\$0.01 each (2020: 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 (2020: approximately RM1.7 million) and approximately RM11.7 million (2020: approximately RM15.2 million) respectively, most of which were denominated in USD, HKD and RM;
3. the Group had lease liabilities and bank borrowings of approximately RM122,000 (2020: approximately RM61,000) and nil (2020: Nil), respectively. All of the lease liabilities were denominated in RM; and
4. the Group's total equity attributable to owners of the Company was approximately RM140.7 million (2020: approximately RM140.7 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 does not recommend the payment of a final dividend for the Financial Year (2020: Nil).



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

Save as disclosed below, the Group has no significant investments, material acquisitions or disposals of subsidiaries and associated companies during the Financial Year.

### Investments in financial assets measured at fair value through profit or loss (“FVTPL”)

The following table sets forth the fair value of the significant investments of the Group for the Financial Year:

Financial assets measured at FVTPL	For the year ended	As at		Approximate percentage to the total assets as at	As at
	31 December 2021	31 December 2021	31 December 2021	31 December 2021	31 December 2020
	Income distribution RM'000	Fair value gain/(loss)* RM'000	Fair value RM'000		Fair value RM'000
<b>Significant Investments</b>					
Affin Hwang Aiiman Money Market Fund	77	609	2,014	1%	19,210
Affin Hwang USD Cash Fund	—	4	—	0%	13,645
Affin Hwang Select Bond Fund	1,336	(448)	41,322	27%	20,219
	1,413	165	43,336		53,074

\* 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 customized solutions and invests into equities, bonds, money market, structured products and other alternative investment instruments to generate returns for its clients. More details of investments in financial assets measured at FVTPL are set out in note 18 to the consolidated financial statements in this annual report.

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 unutilized 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)

### Investment in financial asset measured at fair value through other comprehensive income (“FVTOCI”)

Further, on 6 October 2021, a wholly-owned subsidiary of the Company, Ritamix (HK) Limited has entered into a Share Subscription Agreement with Wincathel Group Limited for subscribing 667 shares of VetCell International Limited (“**VetCell**”) at USD1.0 million (equivalent to approximately HKD7.8 million), representing 6.67% equity interest of VetCell, a private entity incorporated in Hong Kong, which is principally engaged in manufacturing and distribution of comprehensive pet care products. At the date of initial recognition, the Group irrevocably designated the unlisted equity investment as FVTOCI (non-recycling) as the Group intends to hold for long-term for strategic purpose. More details of investments in VetCell are set out in note 15 to the consolidated financial statements in this annual report.

The investment in VetCell is not constitute a notifiable transaction for the Company under Chapter 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

### CAPITAL COMMITMENTS

Save as disclose in note 13(a) to the consolidated financial statements, where the Group had contacted but not provided capital commitment of RMB25,500,000 (equivalent to approximately RM16,641,000) in respect of investment in Hainan Ritamix, the Group had no other significant capital commitments as at 31 December 2021 and 2020.

### CHARGES ON THE GROUP’S ASSETS

There was no charge on the Group’s assets as at 31 December 2021.

As at 31 December 2020, the total banking facilities granted to the Group amounted to approximately RM12.3 million. During the year ended 31 December 2020, 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 as at 31 December 2020, to secure banking facilities granted to the Group.

Subsequent to the year end 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 2021 and 2020 are set out in note 19 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 of the Company dated 24 April 2020 (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 2021 and 2020, 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, fluctuations in the Malaysian ringgit'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 USD or HKD, 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.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 2021, the Group had 53 (2020: 57) 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 year ended 31 December 2021, the Group's employee costs, including Directors' emoluments, were approximately RM6.1 million (2020: approximately RM5.5 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.

The Group has participated in the Employees Provident Fund Scheme (the "**EPF Scheme**") under the Employees Provident Fund Act 1991 for qualifying employees of the Group in Malaysia. The Group has contributed 13% of relevant monthly salaries for the employees who render monthly salaries of RM5,000 or below; and 12% of relevant monthly salaries for the employees who render monthly salaries of more than RM5,000 to the EPF Scheme. The Group's contributions to the EPF Scheme vest fully and immediately with the employees. Accordingly, there were no forfeited contributions which arose upon employees leaving the EPF Scheme before their interests in the Group's contribution became fully vested and thus there were no such forfeited contributions which were available to reduce the Group's existing level of contributions to the EPF Scheme as at 31 December 2021 and 2020.

### USE OF PROCEEDS

The net proceeds (the "**Net Proceeds**") received by the Company from successfully listed on the Main Board of Stock Exchange on 13 May 2020 (the "**Listing Date**") through the share offer amounted to approximately HK\$72.4 million, after deducting the underwriting fees, commissions and other listing expenses.

On 4 October 2021, the Board resolved to reallocate the use in its unutilised net proceeds (the "**Unutilised Net Proceeds**") in acquiring or partnering with a company selling animal feed additives products amounted to approximately HK\$13.4 million to invest in a company engaged in animal feed additives and/or veterinary related industry (the "**Change of Use in Net Proceeds**"), the Board considers that the Change of Use in Net Proceeds will broaden the choices available to the Group when shortlisting investment candidates and will be beneficial to the Company and the Shareholders as a whole. For more information about the change of use in the Change of Use in Net Proceeds, please refer to the Company's announcement dated 4 October 2021.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

During the period from the Listing Date and up to 31 December 2021 (the “**Relevant Period**”), the Net Proceeds had been applied as follows:

	<b>Planned use of the Net Proceeds per Prospectus</b> HK\$ million	<b>Actual use of the Net Proceeds during the Relevant Period</b> HK\$ million	<b>Unutilised amount as at 31 December 2021</b> HK\$ million	<b>Expected deadline to use the Net Proceeds from 31 December 2021</b>
Construct a new manufacturing plant	42.1	—	42.1	30 June 2023
Funding potential investment in company which is engaged in animal feed additives and/or veterinary related industry	13.4	7.8	5.6	31 December 2023
Conduct sales and marketing activities	1.7	—	1.7	30 June 2022
Set up a new testing laboratory	3.5	—	3.5	30 June 2022
Set up a centralised Enterprise Resources Planning system	3.7	—	3.7	31 December 2022
Hire additional workforce	3.0	1.0	2.0	31 December 2022
Purchase trucks for logistics services and vehicle for sales personnel	1.4	1.4	—	Not applicable
General working capital	3.6	3.6	—	Not applicable
<b>Total</b>	<b>72.4</b>	<b>13.8</b>	<b>58.6</b>	

Further, 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\$4.6 million (equivalent to approximately HKD35.5 million) during the Financial Year. The full details of the investment were set out in the Company’s announcement dated 28 August 2020. The Company has redeemed part of the investment in the fund as and when the Company utilised the Net Proceeds according to the abovementioned planned use. The Company will ensure that there is no adverse impact to the use of the Net Proceeds and no change in the planned use of the Net Proceeds. As at 31 December 2021, the remaining unused proceeds were deposited in licensed banks in Hong Kong and Malaysia.

With the slowdown in the progress of the use of Net Proceeds due to the COVID-19 impacts, the Group will actively keep up with the plan in utilising the Net Proceeds following the revival of economy in the coming year.

# DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**Dato'Sri Lee Haw Yih ("Dato'Sri Lee")**, aged 53, 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 our Board and the chief executive officer of our Group (the "**Chief Executive Officer**"). He is a member of our remuneration committee and nomination committee. He is primarily responsible for the overall management and formulation of business strategies of our Group. He is the spouse of Datin Sri Yaw and brother of Mr. HS Lee.

Dato'Sri Lee has over 20 years of experience in the animal feed additives products industry. In August 1995, Dato'Sri Lee joined our Group and started working as a product development promotion executive in Gladron Chemicals. Since June 1996, he has been serving as a director of Gladron Chemicals and involving in the management of our Group. He currently serves as a director of all the subsidiaries of our Group.

Dato'Sri Lee 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 ("Datin Sri Yaw")**, aged 51, 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 our Group. She is the spouse of Dato'Sri Lee and sister-in-law of Mr. HS Lee.

Datin Sri Yaw 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 MacFood 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 joined our Group and started serving as the financial controller of Gladron Chemicals. Since June 2004 and May 2007, Datin Sri Yaw has been serving as a director in Kevon and Ritamix, respectively.

Datin Sri Yaw 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.



### NON-EXECUTIVE DIRECTORS

**Mr. Lee Haw Shyang (“Mr. HS Lee”)**, aged 46, was appointed as a non-executive Director on 18 December 2018. He is primarily responsible for providing advice to our Board. He is a brother of Dato’ Sri Lee and brother-in-law of Datin Sri Yaw.

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. HS Lee graduated from University of Melbourne, Australia, with a bachelor’s degree in engineering in March 2001.

### INDEPENDENT NON-EXECUTIVE DIRECTORS

**Ms. Ng Siok Hui (“Ms. Ng”)**, aged 53, was appointed as an independent non-executive Director on 8 April 2021. She is the chairperson of our remuneration committee and a member of our audit committee and nomination committee.

Ms. Ng has over 20 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 (“Mr. CH Lim”)**, aged 62, was appointed as an independent non-executive Director on 8 April 2021. He is the chairperson of our audit committee and a member of our remuneration committee.

Mr. CH Lim 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. CH Lim 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. CH Lim 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. CH Lim 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 2020, Mr. CH Lim 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. In the same month, Mr. CH Lim was also appointed as a Partner at TNL Partners PLT, an accounting firm in Malaysia.



## DIRECTORS AND SENIOR MANAGEMENT (CONTINUED)

Mr. CH Lim obtained his higher school certificate in 1980. Mr. CH 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 (“Mr. HC Lim”)**, aged 52, was appointed as an independent non-executive Director on 8 April 2021. He is the chairperson of our nomination committee and a member of our audit committee.

Mr. HC Lim 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. HC Lim 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 (“Dr. Choy”)**, aged 40, is the business development manager of our Group and is responsible for overseeing the animal health and pet division of our Group. Dr. Choy has over 8 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 (“Dr. Koh”)**, aged 34, is the technical executive of our Group and is responsible for providing technical support to our 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 (“Ms. Ting”)**, aged 42, is the sales manager of our Group and is responsible for the sales and marketing of the human food ingredients products of our 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. Wong Po Lam (黃寶琳) (“Ms. Wong”)**, aged 31, has been appointed as a company secretary and an authorised representative of the Company on 1 September 2021. Ms. Wong is a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants, she obtained a Bachelor Degree in Accounting from the City University of Hong Kong in November 2012. Ms. Wong has approximately ten years of experience in financial reporting, auditing, financial management, corporate secretarial and regulatory compliance in listed companies in Hong Kong. She has also been serving as a company secretary and an authorised representative of Nexion Technologies Limited (a company listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), stock code: 8420) and Nomad Technologies Holdings Limited (a company listed on the Stock Exchange, stock code: 8645).

# 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 2021 to 31 December 2021 (“FY2021”). 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 Chief Executive Officer.

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 of Hong Kong 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 of Hong Kong and the Group’s website at [www.ritamix-global.com](http://www.ritamix-global.com).

## SCOPE OF THIS REPORT

Our 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 FY2021.

## REPORTING FRAMEWORK

This Report is set out in accordance with the ‘comply or explain’ provisions in accordance with the ESG Reporting Guide as set out in Appendix 27 of the Rules Governing the Listing of Securities on the Main Board of The Stock Exchange of Hong Kong, 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 this Report aligns with the first ESG 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 data 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.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)



## A. Environmental

### A1. Emission

#### Key Performance Indicator (“KPIs”)

#### Type of emissions and respective emission

During the year ended 31 December 2021 and 2020, the vehicles owned and operated by the Group generated air emission. Based on the mileage travelled and the fuel consumes by our vehicles:

	2021 In Kilogram (“kg”)	2020 In Kilogram (“kg”)
Nitrogen Oxides (“NOx”)	0.9	0.4
Sulphur Oxides (“SOx”)	4.5	2.0
Particulate Matters (“PM”)	0.3	0.1

#### 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 the period.

	2021 In Tonnes of CO <sub>2</sub> e	2020 In Tonnes of CO <sub>2</sub> e
Scope 1 — Direct GHG Emissions (Diesel — vehicles)	141.4	63.4
Scope 2 — Energy Indirect Emission (Electricity)	457.6	384.2
<b>Total GHG Emission</b>	<b>599.0</b>	<b>447.7</b>
Intensity of CO <sub>2</sub> emission (CO <sub>2</sub> per revenue RM’000)	0.00	0.00

#### Total amount of non-hazardous waste

##### Packaging Material

The Group did not use substantial packaging materials during the year 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 advocate and practice 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.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

## 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 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 monitor 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	2021	2020
Electricity Consumption (kWh)	457,589	574,023
Intensity of electricity (kWh per revenue RM'000)	3.8	4.9
Diesel (litre)	60,241	72,729
Intensity of diesel (litre per revenue RM'000)	0.50	0.63

## 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	2021
Water Consumption (cubic meter ("m <sup>3</sup> "))	2,874
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 we are governed by Malaysia's Environmental Quality Act, 1974 (Act 127), 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 the year, we have not been fined or penalised for any significant environment violation by the Department of Environment.

### **A4 Climate Change**

In FY 2021, the United Nations Climate Change Conference (COP26), once again brought the country leaders together to discuss and search for solutions to address global challenges caused by climate change. Every nation has stepped up their efforts to further accelerate the transition into a net zero economy to further protect the ecosystem and the society from the devastating impacts of climate change. Likewise, the Group has been closely monitoring the risk and capturing the opportunities from climate change. As at the Financial Year, the Group has a very low intensity of GHG emission (zero) which the Group will continue its effort in contributing to a low-carbon economy.

## **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 consistent with our corporate values which guides our decision making and our actions.

### **B1 Employment**

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

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.

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT (CONTINUED)

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

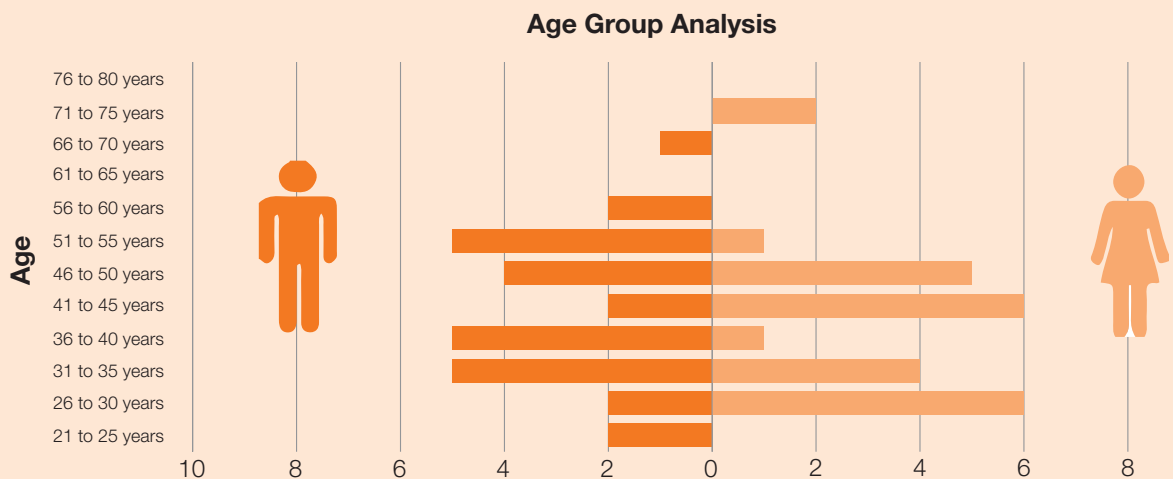


## Age profile



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

As at 31 December 2021, the Group had 53 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 Policy, Rules and Regulations 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 FY2021, 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 provide 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.

In addition, a series of training was organized by the human resources department of the Company (the "**Human Resources Department**"), mainly focus on new employee induction training, management development training, professional skills and continuing education. A total of more than 25 number of employees participated in the respective training and an average of 7 hours of training per employee was carried out during the Financial Year.

## 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 FY2021, 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 FY2021, the Group procures 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 distribute by the Group are mainly sold to feedmills, integrators, home mixing farms and human food manufacturers in Malaysia. During FY2021, we have not received any complaint from our customers.

As our manufacturing activities involves only sieve, weight and homogenise, the Group does not generally generate industrial pollutants. During FY2021, 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 FY2021, 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 FY2021, 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 FY2021.

### *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 (the "**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 FY2021, the Group has contributed approximately RM21,000 (FY2020: 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 Company's shareholders (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") contained in Appendix 14 to the Listing Rules.

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 Financial Year 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 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 Financial Year.

## 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 an audit committee (the "Audit Committee"), a remuneration committee (the "Remuneration Committee") and a nomination committee (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 responsibility 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;

## CORPORATE GOVERNANCE REPORT (CONTINUED)

- (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;
- (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 position 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 (including gender, age, professional qualifications, industry experience etc.) 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 Procedure

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 relevant Nomination Committee will shortlist candidates for consideration by the Nomination Committee/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 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

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

## CORPORATE GOVERNANCE REPORT (CONTINUED)

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

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 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 Financial Year and up to the date of this annual report, an appropriate and adequate Directors' liability insurance 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 Director's 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 Financial Year, 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 business days before the intended date of each regular Board Meeting and three business 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 Financial Year, the Board held four meetings, at which the Directors discussed and approved, amongst other matter, (i)(a) the Group's audited financial statements, annual results announcement and report for the year ended 31 December 2020, (b) the Group's unaudited financial statements, interim results announcement and report for the six months ended 30 June 2021, (c) the environmental, social and governance report; (ii) the change of the Company Secretary and authorised representative of the Company; and (iii) the overall strategic direction and objectives of the business and other significant matter of the Group. The attendance of each Director at the Board meeting during the Financial Year 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>Independent Non-executive Director</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 executive Directors during the Financial Year.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

During the Financial Year, an annual general meeting of the Company was held on 18 June 2021 (the “2021 AGM”). The attendance of each Director at the 2021 AGM is as follows:

Name of Directors	Number of attendance/Number of meetings
<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

According to the code provision A.2.1 of the CG Code, the roles of the chairman (the “**Chairman**”) and the chief executive officer (the “**CEO**”) should be separated and performed by different individuals to ensure a balance of power and authority so that power is not concentrated in any one 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 the 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 a letter of appointment with the Company on 8 April 2020. Each letter of appointment is for an initial term of one year and shall be renewed and extended automatically by one year on the expiry of such initial term and on the expiry of every successive period of one year thereafter and shall continue thereafter unless terminated by either party giving at least three months’ notice in writing. All Directors are subject to retirement by rotation and re-election at annual general meeting 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 chairman of the Audit Committee is Mr. Lim Chee Hoong.

The role of the Audit Committee includes 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.

The Audit Committee held two meetings during the Financial Year. The attendance of each member at the Audit Committee meeting during the Financial Year is as follows:

Name of Directors	Number of attendance/Number of Board 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 during the Financial Year:

- (i) reviewed and discussed (a) the annual audited financial statements, results announcement and report for the year ended 31 December 2020, (b) the interim financial statements, results announcement and report for the six months ended 30 June 2021, (c) the related accounting principles and practices adopted by the Group, and (d) 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 chairman 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 held one meeting during the Financial Year. The attendance of each member at the Remuneration Committee meeting during the Financial Year is as follows:

Name of Directors	Number of attendance/ Number of meeting
Ms. Ng Siok Hui	1/1
Mr. Lim Chee Hoong	1/1
Mr. Lim Heng Choon	1/1

The following is a summary of the work performed by the Remuneration Committee during the Financial Year:

- (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 chairman of the Nomination Committee is Mr. Lim Heng Choon. The Company has met the code provision A.5.1 of the CG Code of having a majority of the Nomination Committee members being INEDs and being chaired by an INED.

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 held one meeting during the Financial Year. The attendance of each member at the Nomination Committee meeting during the Financial Year is as follows:

Name of Directors	Number of attendance/ Number of meeting
Ms. Ng Siok Hui	1/1
Mr. Lim Chee Hoong	1/1
Mr. Lim Heng Choon	1/1

The following is a summary of the work performed by the Nomination Committee during the Financial Year:

- (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 year ended 31 December 2021 and 2020, Mazars CPA Limited and Mazars PLT (collectively referred to as "Mazars") was engaged as the Group's independent joint auditors. The remuneration paid/payable to Mazars is set out below:

Categories of Services	2021 (RM'000)	2020 (RM'000)
Audit services – Annual audit	530	548
Non-audit services*	—	2,223

Note:

- \* The amount in year ended 31 December 2020 is inclusive of the 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 provide 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 results and cash flows for the Financial Year and are properly prepared on a going concern basis in accordance with the applicable statutory requirements and accounting standards.

## CORPORATE GOVERNANCE REPORT (CONTINUED)

The management of the Company 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 auditor's 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 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.

During the Financial Year, the Group engaged an 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. 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.

### 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

Ms. Leung Ho Yee resigned as the Company Secretary with effect from 1 September 2021. Ms. Wong Po Lam was appointed by the Board as the Company Secretary on the same date. The biographical details of Ms. Wong are set out in the section headed "Directors and Senior Management" of this annual report.

During the Financial Year, Ms. Wong 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. Wong 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 Unit B, 13/F, Winsan Tower, 98 Thomson Road, Wanchai, 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 1533

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 Unit B, 13/F, Winsan Tower, 98 Thomson Road, Wanchai, 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 annual general meeting or general meeting, 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) a notice of meeting; (d) a listing document; (e) a circular and (f) a 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 Financial Year. 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 is 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 in this annual report.

## 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 page 53 of this annual report. The financial position of the Group and the Company as at 31 December 2021 are set forth on pages 54 to 55 and 98 to 100, respectively of this annual report. Please also refer to the accompanying notes to the consolidated financial statements in this annual report.

## FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Financial Year (2020: Nil).

## ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 15 June 2022 to Monday, 20 June 2022 (both days inclusive), during which period no transfer of Shares will be registered, for ascertaining Shareholders’ entitlement to attend and vote at the 2022 AGM which will be held on Monday, 20 June 2022. In order to qualify for attending and voting at the 2022 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 Tuesday, 14 June 2022. The address of Boardroom Share Registrars (HK) Limited is 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong.

# REPORT OF THE DIRECTORS (CONTINUED)



## SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five years, as extracted from the audited consolidated financial statements of the Company, is set out on page 110 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 in this annual report.

## SHARE CAPITAL

Details of the Company's share capital are set out in note 24 to the consolidated financial statements in this annual report.

## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's 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, in this annual report respectively.

## DISTRIBUTABLE RESERVES

At 31 December 2021, the Group's reserves available for distribution to the Shareholders (comprising share premium, capital redemption reserve, capital reserve, exchange reserve, FVTOCI reserve and accumulated profits) amounted to approximately RM138.1 million (2020: approximately RM137.9 million). The details of movements are set out in the consolidated statement of changes in equity in this annual report.

## 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. 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 30% 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 Financial Year, no share options had been granted, exercised, cancelled or lapsed under the Share Option Scheme since the adoption of the Share Option Scheme. As at 31 December 2021, the total number of Shares available for issue under the Share Option Scheme was 50,000,000, representing approximately 10.6% of the entire issued share capital of the Company as at 31 December 2021 and 10.0% of the total number of Shares in issue at the time dealing the Shares first commence on the Stock Exchange.

## REPORT OF THE DIRECTORS (CONTINUED)



### 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

During the Financial Year, the Company repurchased and cancelled 28,000,000 of Shares (2020: Nil). Details are set out in note 24(iv) to the consolidated financial statements in this annual report.

### MAJOR CUSTOMERS AND SUPPLIERS

During the Financial Year, the five largest suppliers of the Group accounted for about 46% (2020: 39%) of the Group's cost of sales and the largest supplier accounted for about 13% (2020: 12%) of the cost of sales.

During the Financial Year, the five largest customers of the Group accounted for about 21% (2020: 24%) of the Group's total revenue and the largest customer accounted for about 6% (2020: 6%) of the 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

Save as disclosed in the note 29 to the consolidated financial statements in this annual report, there were no other related parties transactions, 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.

### 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, including the Environmental Quality Act 1974. 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 17 to 24 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.

## REPORT OF THE DIRECTORS (CONTINUED)

### PERMITTED INDEMNITY PROVISIONS

The Articles provides that the Directors, Secretary and other officers and every Auditor 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 Financial Year, the Company has arranged appropriate insurance coverage 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 annual 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.

## REPORT OF THE DIRECTORS (CONTINUED)



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.

### DIRECTORS

The Directors during the Financial Year and up to the date of this annual report were:

#### 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

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. The Directors retiring by rotation at the 2022 AGM are (i) Mr. Lee Haw Shyang; and (ii) Mr. Lim Heng Choon. They will retire and being eligible, offer themselves for re-election as Directors at the 2022 AGM.

### BIOGRAPHIES OF DIRECTORS

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

### APPOINTMENT AND RE-ELECTION OF DIRECTORS

Each of the executive Directors has entered into a service contract with the Company commencing from the Listing Date. The terms and conditions of each of such service contracts are similar in all material aspects. Each service contract 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 independent non-executive Directors has entered into a letter of appointment with the Company commencing from the Listing Date. Each letter of appointment 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 one month's notice in writing.

None of the Directors proposed for re-election at the forthcoming AGM has a service contract/letter of appointment 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 in this annual report.

### 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 2021, 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 Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("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 Mode Code, to be notified to the Company and the Stock Exchange were as follows:

#### (i) Interests in the Company

Name of Directors	Capacity/Nature of Interest	Number of Shares (Note 1)	Percentage of Holding
Dato'Sri Lee Haw Yih (Note 2 and 3)	Interest in a controlled corporation/interest held with others	337,500,000(L)	71.5%
Mr. Lee Haw Shyang (Note 3)	Interest held jointly with others	337,500,000(L)	71.5%
Datin Sri Yaw Sook Kean (Note 3)	Interest held jointly with others	337,500,000(L)	71.5%

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")) 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 71.5% of the entire issued share capital of the Company.

## REPORT OF THE DIRECTORS (CONTINUED)

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

Name of Directors	Associate corporation	Capacity/Nature of interest	Number of Shares	Percentage of Holding
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 2021, 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 2021, 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 of Directors	Capacity	Number of Shares (Note 1)	Percentage of Holding
Garry-Worth (Note 2)	Beneficial owner	337,500,000	71.5%
Mr. Lee Haw Hann (Note 3)	Interest jointly with others	337,500,000	71.5%
Ms. Lim Ee Min (Note 4)	Interest of spouse	337,500,000	71.5%
Ms. Yee Mei Loon (Note 5)	Interest of spouse	337,500,000	71.5%
Warrants Capital Ltd ("Warrants Capital") (Note 6)	Beneficial owner	27,482,000	5.8%
Mr. Voon Sze Lin (Note 6)	Interest in controlled corporation	27,482,000	5.8%

#### 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 2020 and entered into among the Parties, together control 337,500,000 Shares, representing 71.5% 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.
- 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.
- Warrants Capital is the beneficial owner of 27,482,000 Shares. Warrants Capital is owned 100% by Mr. Voon Sze Lin. By virtue of the SFO, Mr. Voon Sze Lin is deemed to be interested in the same number of Shares held by Warrants Capital.

## REPORT OF THE DIRECTORS (CONTINUED)



Save as disclosed above, as at 31 December 2021, the Company has not been notified of any other persons (other than the Directors or the chief executive 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 Financial Year 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, Controlling Shareholders 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 Financial Year 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 Financial Year 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 since the Listing Date up to the date of this annual report.

### 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 in 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 Financial Year.

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.

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 and 2020.

## REPORT OF THE DIRECTORS (CONTINUED)



### EVENTS AFTER THE REPORTING PERIOD

The Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2021 and up to the date of this annual report.

### 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 25 to 37 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 RM21,000 (2020: approximately RM61,000).

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

Malaysia, 29 March 2022



# INDEPENDENT JOINT AUDITORS' REPORT



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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 53 to 109, which comprise the consolidated statement of financial position at 31 December 2021, 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 2021, 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>At 31 December 2021, the gross amount of trade receivables and its related allowance for ECL amounted to approximately RM26,909,000 (2020: approximately RM27,073,000) and approximately RM1,788,000 (2020: approximately RM1,676,000), 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, 17 and 30 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, on a sample basis;</li> <li>(c) assessing and challenging 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>

### OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the 2021 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.

Those charged with governance are 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.



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

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.
- 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 those charged with governance 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 those charged with governance 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.

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

From the matters communicated with those charged with governance, 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

29 March 2022

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

29 March 2022

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 2021

	Notes	2021 RM'000	2020 RM'000
<b>Revenue</b>	5	120,138	115,882
Cost of goods sold		(92,229)	(89,759)
<b>Gross profit</b>		27,909	26,123
Other income	6	2,370	2,756
Selling and distribution costs		(2,546)	(2,283)
Administrative and other operating expenses		(11,406)	(9,808)
Finance costs	7	(31)	(50)
(Provision for) Reversal of loss allowance of trade receivables	17(b)	(112)	133
Listing expenses		—	(4,291)
<b>Profit before tax</b>	7	16,184	12,580
Income tax expenses	10	(4,346)	(4,129)
<b>Profit for the year</b>		11,838	8,451
<b>Other comprehensive income (loss)</b>			
<i>Items that will not be reclassified to profit or loss</i>			
Changes in fair value of equity investment at fair value through other comprehensive income ("FVTOCI")	15	174	—
Exchange differences on translation of the Company's financial statements to presentation currency		1,601	(3,723)
<b>Other comprehensive income (loss) for the year</b>		1,775	(3,723)
<b>Total comprehensive income for the year</b>		13,613	4,728
<b>Earnings per share attributable to equity holders of the Company</b>			
Basic and diluted	12	2.41 RM cents	1.86 RM cents


# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	Notes	2021 RM'000	2020 RM'000
<b>Non-current assets</b>			
Property, plant and equipment	14	14,576	14,725
Equity investment at FVTOCI	15	4,299	—
		<b>18,875</b>	<b>14,725</b>
<b>Current assets</b>			
Inventories	16	49,406	34,912
Trade and other receivables	17	28,920	29,467
Other investments	18	43,336	53,074
Restricted bank balances	19	1,677	1,670
Bank balances and cash	20	11,666	15,171
		<b>135,005</b>	<b>134,294</b>
<b>Current liabilities</b>			
Trade and other payables	21	12,153	7,096
Lease liabilities	22	94	61
Income tax payables		307	513
		<b>12,554</b>	<b>7,670</b>
<b>Net current assets</b>		<b>122,451</b>	<b>126,624</b>
<b>Total assets less current liabilities</b>		<b>141,326</b>	<b>141,349</b>
<b>Non-current liabilities</b>			
Lease liabilities	22	28	—
Deferred tax liabilities	23	614	636
		<b>642</b>	<b>636</b>
<b>NET ASSETS</b>		<b>140,684</b>	<b>140,713</b>

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2021



	Notes	2021 RM'000	2020 RM'000
<b>Capital and reserves</b>			
Share capital	24	2,614	2,769
Reserves	26	138,070	137,944
<b>TOTAL EQUITY</b>		<b>140,684</b>	<b>140,713</b>

The consolidated financial statements on pages 53 to 109 were approved and authorised for issue by the Board of Directors on 29 March 2022 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 2021

	Attributable to equity holders of the Company							Total RM'000
	Share capital RM'000 (Note 24)	Share premium RM'000 (Note 26(a))	Capital redemption reserve RM'000 (Note 26(b))	Capital reserve RM'000 (Note 26(c))	Exchange reserve RM'000 (Note 26(d))	FVTOCI reserve RM'000 (Note 26(e))	Accumulated profits RM'000	
<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> <i>Items 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)	—	—	(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(iii))	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)
<b>Total transactions with owners</b>	2,769	48,981	—	—	—	—	—	51,750
At 31 December 2020	2,769	48,981	—	14,344	(3,723)	—	78,342	140,713
<i>Year ended 31 December 2021</i>								
<b>At 1 January 2021</b>	2,769	48,981	—	14,344	(3,723)	—	78,342	140,713
Profit for the year	—	—	—	—	—	—	11,838	11,838
<b>Other comprehensive income</b> <i>Items that will not be reclassified to profit or loss</i>								
Changes in fair value of equity investment at FVTOCI (Note 15)	—	—	—	—	—	174	—	174
Exchange differences on translation of the Company's financial statements to presentation currency	—	—	—	—	1,601	—	—	1,601
<b>Total other comprehensive income for the year</b>	—	—	—	—	1,601	174	—	1,775
<b>Total comprehensive income for the year</b>	—	—	—	—	1,601	174	11,838	13,613
<b>Transactions with owners</b> <i>Contributions and distributions</i>								
Purchase of own shares during the year (Note 24(iv))								
— par value paid	(155)	—	—	—	—	—	—	(155)
— premium paid	—	(13,487)	—	—	—	—	—	(13,487)
— transfer between reserves	—	(155)	155	—	—	—	—	—
<b>Total transactions with owners</b>	(155)	(13,642)	155	—	—	—	—	(13,642)
<b>At 31 December 2021</b>	2,614	35,339	155	14,344	(2,122)	174	90,180	140,684

\* Represents amount less than RM1,000.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2021

	Notes	2021 RM'000	2020 RM'000
<b>OPERATING ACTIVITIES</b>			
Profit before tax		16,184	12,580
Adjustments for:			
Depreciation		1,587	1,343
Gain on disposal of property, plant and equipment		(27)	(83)
Fair value (gain) loss on other investments		(165)	300
Provision for (Reversal) of loss allowance of trade receivables	17(b)	112	(133)
Interest income		(152)	(238)
Interest expenses		31	50
Investment income arising from other investments		(1,413)	(581)
Exchange differences		1,601	(3,723)
<b>Cash flows from operations before movements in working capital</b>		<b>17,758</b>	<b>9,515</b>
Changes in working capital:			
Inventories		(14,494)	(3,301)
Trade and other receivables		435	9,194
Trade and other payables		5,057	(1,883)
<b>Cash generated from operations</b>		<b>8,756</b>	<b>13,525</b>
Income tax paid		(4,574)	(4,010)
<b>Net cash from operating activities</b>		<b>4,182</b>	<b>9,515</b>
<b>INVESTING ACTIVITIES</b>			
Increase in restricted bank balances		(7)	—
Interest received		152	238
Investment income received from other investments		1,413	581
Purchases of equity investment at FVTOCI	15	(4,125)	—
Purchases of property, plant and equipment		(752)	(1,308)
Proceeds from disposal of property, plant and equipment		28	83
Purchases of other investments		(40,158)	(58,716)
Redemption of other investments		50,061	8,667
<b>Net cash from (used in) investing activities</b>		<b>6,612</b>	<b>(50,455)</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 December 2021

	Notes	2021 RM'000	2020 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		2,401	4,443
Repayment of interest-bearing borrowings		(2,401)	(5,952)
Interest paid		(10)	(30)
Repayment of lease liabilities		(647)	(582)
Payment for repurchase of shares which were subsequently cancelled by the Company	24(iv)	(13,642)	—
<b>Net cash (used in) from financing activities</b>		<b>(14,299)</b>	<b>49,629</b>
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(3,505)</b>	<b>8,689</b>
<b>Cash and cash equivalents at beginning of the reporting period</b>		<b>15,171</b>	<b>6,482</b>
<b>Cash and cash equivalents at end of the reporting period, represented by bank balances and cash</b>		<b>11,666</b>	<b>15,171</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

## 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 “**Listing**”). 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 Unit B, 13 Floor, Winsan Tower, 98 Thomson Road, Wanchai, 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 consolidated financial statements are presented in Malaysian Ringgit (“**RM**”) and all amounts have been rounded to the nearest thousand (“**RM’000**”), unless otherwise indicated.

The consolidated financial statements have been prepared on a basis consistent with the accounting policies adopted in the 2020 consolidated financial statements except for the adoption of the following new/revised IFRSs that are relevant to the Group and effective from the current year as set out below.

### Adoption of new/revised IFRSs

The Group has applied, for the first time, the following new/revised IFRSs:

Amendments to IAS 39, IFRSs 4, 7, 9 and 16 Interest Rate Benchmark Reform — Phase 2

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

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

### Adoption of new/revised IFRSs (Continued)

The amendments address issues that might affect financial reporting when a company replaces the old interest rate benchmark with an alternative benchmark rate as a result of the interest rate benchmark reform (the “**Reform**”). The amendments complement those issued in September 2019 and relate to:

- changes to contractual cash flows — a company will not have to derecognise or adjust the carrying amount of financial instruments for changes required by the Reform, but will instead update the effective interest rate to reflect the change to the alternative benchmark rate;
- hedge accounting — a company will not have to discontinue its hedge accounting solely because it makes changes required by the Reform, if the hedge meets other hedge accounting criteria; and
- disclosures — a company will be required to disclose information about new risks arising from the reform and how it manages the transition to alternative benchmark rates.

The adoption of the amendments does not have any significant impact on the consolidated financial statements.

### Basis of measurement

The measurement basis used in the preparation of these consolidated financial statements is historical cost basis, except for equity investment at FVTOCI, and other investments in unlisted investments classified as financial assets at fair value through profit or loss (“**FVTPL**”), which are measured at fair values as explained in the accounting policies set out below.

### Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries. 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. The results of subsidiaries are consolidated 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021



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

### Basis of consolidation (Continued)

#### 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.

### 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:

Right-of-use assets	Shorter of assets useful lives or over the unexpired term of lease
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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

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

### Property, plant and equipment (Continued)

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.

### 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 FVTOCI; (iii) equity investment measured at FVTOCI; or (iv) measured at FVTPL.

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.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021



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

### Financial instruments (Continued)

#### Financial assets (Continued)

##### Classification and measurement (Continued)

##### (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 FVTPL:

- (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.

##### (2) Equity investment as at designated FVTOCI

Upon initial recognition, the Group may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies in other comprehensive income. The classification is determined on an instrument-by-instrument basis.

These equity investments are subsequently measured at fair value and are not subject to impairment. Dividends are recognised in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other gains or losses are recognised in other comprehensive income and shall not be subsequently reclassified to profit or loss. Upon derecognition, the cumulative gain or loss is transferred directly to accumulated profits or losses.

The Group's financial equity investments as at designated FVTOCI include unlisted equity investment.

##### (3) Financial assets measured at FVTPL

These investments include financial assets that are not measured at amortised cost or FVTOCI, including financial assets held for trading, financial assets designated upon initial recognition as at FVTPL, 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 FVTPL. 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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

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

### Financial instruments (Continued)

#### Financial assets (Continued)

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

##### *(3) Financial assets measured at FVTPL (Continued)*

Financial assets are designated at initial recognition as at FVTPL 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 measured at FVTPL 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 FVTPL, 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 FVTPL, 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.

#### 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

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

### Financial instruments (Continued)

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

##### 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. In particular, the following information is taken into account in the assessment:

- the debtor's failure to make payments of principal or interest on the due dates;
- an actual or expected significant deterioration in the financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- actual or expected changes in the technological, market, economic or legal environment that have or may have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

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.

##### 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 30 to the consolidated financial statements, the Group's restricted bank balances and bank balances and cash are determined to have low credit risk.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

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

### Financial instruments (Continued)

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

##### *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.

### 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021



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

### Revenue recognition (Continued)

#### 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).

#### 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 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 (Continued)*

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.

### Contract assets and contract liabilities

If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, the contract is presented as a contract asset, excluding any amounts presented as a receivable. Conversely, if a customer pays consideration, or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the contract is presented as a contract liability when the payment is made or the payment is due (whichever is earlier). A receivable is the Group's right to consideration that is unconditional or only the passage of time is required before payment of that consideration is due.

For a single contract or a single set of related contracts, either a net contract asset or a net contract liability is presented. Contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

For the business of the Group, it is common for the Group to receive from the customer the whole or some of the contractual payments before the services are completed or when the goods are delivered (i.e. the timing of revenue recognition for such transactions). The Group recognises a contract liability until it is recognised as revenue. During that period, any significant financing components, if applicable, will be included in the contract liability and will be expensed as accrued unless the interest expense is eligible for capitalisation.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

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

### 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. The Company's functional currency is Hong Kong Dollars ("**HK\$**").

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.

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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

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

### 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.

### 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021



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

### 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.

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.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

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

### Leases (Continued)

#### The Group as lessee (Continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date of the contract.

The lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

- (a) fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- (b) variable lease payments that depend on an index or a rate;
- (c) amounts expected to be payable under residual value guarantees;
- (d) exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- (e) payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease payments are discounted using the interest rate implicit in the lease, or where it is not readily determinable, the incremental borrowing rate of the lessee.

Subsequently, the lease liability is measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The lease liability is remeasured using a revised discount rate when there are changes to the lease payments arising from a change in the lease term or the reassessment of whether the Group will be reasonably certain to exercise a purchase option.

The lease liability is remeasured by using the original discount rate when there is a change in the residual value guarantee, the in-substance fixed lease payments or the future lease payments resulting from a change in an index or a rate (other than floating interest rate). In case of a change in future lease payments resulting from a change in floating interest rates, the Group remeasures the lease liability using a revised discount rate.

The Group recognises the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. If the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Group recognises any remaining amount of the remeasurement in profit or loss.

A lease modification is accounted for as a separate lease if

- (a) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- (b) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

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

### Leases (Continued)

#### The Group as lessee (Continued)

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.

### 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

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

### Taxation (Continued)

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.
- (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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021



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

### Related parties (Continued)

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.

### 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

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

### Critical accounting estimates and judgements (Continued)

#### Key sources of estimation uncertainty (Continued)

##### (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 writes down inventories that are identified as obsolete, slow-moving or no longer recoverable. The management of 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.

##### (vi) *Fair value of equity investment at FVTOCI*

As disclosed in Note 15 to the consolidated financial statements, the equity investment is related to the equity interests in a private entity incorporated in Hong Kong which was engaged in manufacturing and distribution of comprehensive pet care products, and its fair value at the end of the reporting period was determined by using discounted cash flow valuation method.

Where the fair value of financial assets recorded in the consolidated statement of financial position cannot be derived from active markets, it is determined using valuation techniques including the discounted cash flow valuation model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021



## 3. FUTURE CHANGES IN IFRSs

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

Amendments to IFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 <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 <sup>3</sup>
Amendments to IAS 1	Disclosure of Accounting Policies <sup>3</sup>
Amendments to IAS 8	Definition of Accounting Estimates <sup>3</sup>
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction <sup>3</sup>
IFRS 17	Insurance Contracts <sup>3</sup>
Amendment to IFRS 17	Initial Application of IFRS 17 and IFRS 9 — Comparative Information <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 April 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 directors of the Company do 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.

## 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 4. SEGMENT INFORMATION (Continued)

### Segment revenue and results (Continued)

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.

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
<b>For the year ended 31 December 2021</b>			
Revenue from external customers and reportable segment revenue within IFRS 15			
– Distribution	58,603	24,763	83,366
– Manufacturing	36,772	—	36,772
<b>Total</b>	<b>95,375</b>	<b>24,763</b>	<b>120,138</b>
Gross profit			
– Distribution	10,196	6,617	16,813
– Manufacturing	11,096	—	11,096
<b>Total</b>	<b>21,292</b>	<b>6,617</b>	<b>27,909</b>
Selling and distribution costs	(2,000)	(546)	(2,546)
Provision for loss allowance of trade receivables	(112)	—	(112)
<b>Segment results</b>	<b>19,180</b>	<b>6,071</b>	<b>25,251</b>
<i>Unallocated income and expenses</i>			
Other income			2,370
Administrative and other operating expenses			(11,406)
Finance costs			(31)
<b>Profit before tax</b>			<b>16,184</b>
Income tax expenses			(4,346)
<b>Profit for the year</b>			<b>11,838</b>
<i>Other information:</i>			
Depreciation (Note i)	154	—	154
Additions to property, plant and equipment (Note ii)	180	—	180

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 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 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)
Profit before tax			12,580
Income tax expenses			(4,129)
Profit for the year			8,451
<i>Other information:</i>			
Depreciation (Note i)	108	—	108
Additions to property, plant and equipment (Note ii)	213	—	213

Notes:

- (i) Depreciation not included in the measure of segment results during the year ended 31 December 2021 amounted to approximately RM1,433,000 (2020: approximately RM1,235,000).
- (ii) Additions to property, plant and equipment not included in the measure of segment results during the year ended 31 December 2021 amounted to approximately RM1,259,000 (2020: approximately RM1,687,000).



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 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 2021 and 2020.

## 5. REVENUE

	2021 RM'000	2020 RM'000
<b>Revenue from contracts with customers within IFRS 15</b>		
Distribution income	83,366	76,827
Manufacturing income	36,772	39,055
	<b>120,138</b>	<b>115,882</b>

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

	2021 RM'000	2020 RM'000
<i>Timing of revenue recognition:</i>		
<b>— at a point of time</b>		
Distribution income	83,366	76,827
Manufacturing income	36,772	39,055
	<b>120,138</b>	<b>115,882</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 6. OTHER INCOME

	2021 RM'000	2020 RM'000
Bank interest income	152	238
Exchange gain, net	—	1,408
Gain on disposal of property, plant and equipment	27	83
Fair value gain on other investments	165	—
Investment income arising from other investments	1,413	581
Sundry income	613	446
	2,370	2,756

## 7. PROFIT BEFORE TAX

This is stated after charging (crediting):

	2021 RM'000	2020 RM'000
<b>Finance costs</b>		
Interest expenses on interest-bearing borrowings	10	30
Interest expenses on lease liabilities	21	20
	31	50
<b>Staff costs (including directors' emoluments)</b>		
Salaries, allowances and other benefits in kinds	5,581	4,916
Contributions to defined contribution plans	571	562
Total staff costs (charged to "cost of goods sold", "selling and distribution costs" and "administrative and other operating expenses", as appropriate)	6,152	5,478
<b>Other items</b>		
Auditors' remuneration	530	606
Cost of goods sold	92,229	89,759
Depreciation (charged to "cost of goods sold" and "administrative and other operating expenses", as appropriate)	1,587	1,343
Exchange loss (gain), net	450	(1,408)
Fair value (gain) loss on other investments	(165)	300
Gain on disposal of property, plant and equipment	(27)	(83)
Provision for (Reversal of) loss allowance of trade receivables	112	(133)

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

As at 31 December 2021 and 2020, the Group had no forfeited contributions available to reduce its contribution to the retirement schemes in future years.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 8. DIRECTORS' REMUNERATION

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

For the year ended 31 December 2021

	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	—	853	—	84	937
Datin Sri Yaw Sook Kean	—	486	—	42	528
<i>Non-executive director</i>					
Mr. Lee Haw Shyang	108	—	—	—	108
<i>Independent non-executive directors</i>					
Ms. Ng Siok Hui (Note a)	60	—	—	—	60
Mr. Lim Chee Hoong (Note a)	60	—	—	—	60
Mr. Lim Heng Choon (Note a)	60	—	—	—	60
	288	1,339	—	126	1,753

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
	200	1,076	—	113	1,389

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 8. DIRECTORS' REMUNERATION (Continued)

Note:

- (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.

### (a) Directors' remuneration

During the years ended 31 December 2021 and 2020, no emoluments were paid or payable by the Group to any of the directors of the Company 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 2021 and 2020.

### (b) Loans, quasi-loans and other dealings in favour of directors

There are no loans, quasi-loans or other dealings in favour of the directors of the Company that were entered into or subsisted during the years ended 31 December 2021 and 2020.

### (c) Directors' material interests in transactions, arrangements or contracts

After consideration, the directors of the Company are of the opinion that no transactions, arrangements and contracts of significance in relation to the Company's business to which the Company was a party and in which a director of the Company, or connected entity of the directors of the Company, had a material interest, whether directly or indirectly, subsisted at the end of the year ended 31 December 2021 or at any time during the years ended 31 December 2021 and 2020.

## 9. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the years ended 31 December 2021 and 2020 is as follows:

	Number of individuals	
	2021	2020
Director	2	2
Non-director	3	3
	5	5

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

	2021 RM'000	2020 RM'000
Salaries, allowances and other benefits in kinds	685	763
Discretionary bonus	—	—
Contributions to defined contribution plans	81	56
	766	819

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 9. FIVE HIGHEST PAID INDIVIDUALS (Continued)

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

	Number of individuals	
	2021	2020
Nil to HK\$1,000,000	3	3

During the years ended 31 December 2021 and 2020, 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 2021 and 2020.

## 10. INCOME TAX EXPENSES

	2021 RM'000	2020 RM'000
<b>Current tax</b>		
Malaysia corporate income tax ("CIT")	4,368	4,119
<b>Deferred tax</b>		
Changes in temporary differences (Note 23)	(22)	10
	4,346	4,129

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 incurred a loss for taxation purpose in Hong Kong for the year ended 31 December 2021.

The enterprise income tax of the People's Republic of China (the "PRC") has not been provided for as the Group incurred a loss for taxation purpose in the PRC for the year ended 31 December 2021.

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 2021 and 2020.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 10. INCOME TAX EXPENSES (Continued)

### Reconciliation of income tax expenses

	2021 RM'000	2020 RM'000
Profit before tax	16,184	12,580
Income tax at applicable tax rate	3,885	3,019
Non-deductible expenses	778	1,128
Tax exempt revenue	(281)	(52)
Others	(36)	34
Income tax expenses	4,346	4,129

## 11. DIVIDENDS

No dividend has been paid or declared by the Company for the year ended 31 December 2021 (2020: Nil). The directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: 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:

	2021 RM'000	2020 RM'000
Profit for the year attributable to the equity holders of the Company, used in basic and diluted earnings per share calculation	11,838	8,451
	<b>Number of shares</b>	
	2021	2020
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	490,845,638	454,576,503

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 2020 and the effect of shares repurchased as mentioned in Note 24(iv).

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 2021 and 2020.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 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
			2021	2020	
<i>Directly held by the Company:</i>					
Ritamix International Limited	The BVI, 21 September 2018	United States Dollars ("US\$") 1	100%	100%	Investment holding, Malaysia
<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%	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%	51%	Not yet commenced business, The PRC

\* English name is for identification purpose only.

Note:

- (a) Hainan Ritamix was established in the PRC 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. As at 31 December 2021 and 2020, no registered capital of Hainan Ritamix has been paid-up. As at 31 December 2021, the Group had contracted but not provided capital commitment of RMB25,500,000 (equivalent to approximately RM16,641,000) in respect of investment in Hainan Ritamix. Details of the cooperation was disclosed in the Company's announcement dated 7 January 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 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 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)
<b>At 31 December 2020</b>	<b>59</b>	<b>4,066</b>	<b>8,471</b>	<b>273</b>	<b>422</b>	<b>430</b>	<b>1,004</b>	<b>14,725</b>
<b>Reconciliation of carrying amounts — year ended 31 December 2021</b>								
At 1 January 2021	59	4,066	8,471	273	422	430	1,004	14,725
Additions	687	—	—	328	120	180	124	1,439
Disposals	—	—	—	—	—	—	(1)	(1)
Depreciation	(626)	—	(197)	(77)	(176)	(154)	(357)	(1,587)
<b>At 31 December 2021</b>	<b>120</b>	<b>4,066</b>	<b>8,274</b>	<b>524</b>	<b>366</b>	<b>456</b>	<b>770</b>	<b>14,576</b>
<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)
<b>Net carrying amounts</b>	<b>59</b>	<b>4,066</b>	<b>8,471</b>	<b>273</b>	<b>422</b>	<b>430</b>	<b>1,004</b>	<b>14,725</b>
<b>At 31 December 2021</b>								
Cost	186	4,066	9,850	985	2,928	4,553	4,657	27,225
Accumulated depreciation	(66)	—	(1,576)	(461)	(2,562)	(4,097)	(3,887)	(12,649)
<b>Net carrying amounts</b>	<b>120</b>	<b>4,066</b>	<b>8,274</b>	<b>524</b>	<b>366</b>	<b>456</b>	<b>770</b>	<b>14,576</b>



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 15. EQUITY INVESTMENT AT FVTOCI

	2021 RM'000	2020 RM'000
Unlisted equity investment	4,299	—

The above unlisted equity investment represented the 6.67% equity interest of VetCell International Limited, a private entity incorporated in Hong Kong, which is principally engaged in manufacturing and distribution of comprehensive pet care products.

At the date of initial recognition, the Group irrevocably designated the unlisted equity investment as FVTOCI (non-recycling) as the Group intends to hold for long-term for strategic purpose. The Group considers the accounting treatments under this classification provide more relevant information for those investments. No dividends were received on this investment during the year ended 31 December 2021.

The movements of unlisted equity investment were as follows.

	2021 RM'000	2020 RM'000
At the beginning of the reporting period	—	—
Addition	4,125	—
Net unrealised gains recognised in other comprehensive income	174	—
At the end of the reporting period	4,299	—

The equity investment at FVTOCI were revalued on 31 December 2021 by AVISTA Valuation Advisory Limited, an independent professional valuer. Fair value of this unlisted equity investment is estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors of the Company to estimate the expected future cash flows including expected future dividends and proceeds on subsequent disposal of shares. The directors of the Company believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income, are reasonable.

During the year ended 31 December 2021, the net fair value gain on Designated FVTOCI of approximately RM174,000 (2020: Nil) was recognised in other comprehensive income.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 15. EQUITY INVESTMENT AT FVTOCI (Continued)

The following table shows the significant unobservable inputs used in the valuation model:

Assets	Fair value hierarchy	Valuation technique	Significant unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value	Sensitivity of unobservable inputs
Equity investment in VetCell International Limited	Level 3	Discounted cash flow method	Long-term growth rates	2%–4%	The higher long-term growth rate, the higher fair value of the investment, and vice versa	Increase/Decrease 1% result in increase/decrease in fair value by approximately RM196,000/ RM174,000
			Discount rates	19%–21%	The higher discount rate, the lower fair value of the investment, and vice versa	Increase/Decrease 1% result in increase/decrease in fair value by approximately RM383,000/ RM439,000

## 16. INVENTORIES

	2021 RM'000	2020 RM'000
Raw materials	26,547	20,651
Finished goods	22,859	14,261
	49,406	34,912

## 17. TRADE AND OTHER RECEIVABLES

	Notes	2021 RM'000	2020 RM'000
<b>Trade receivables</b>			
From third parties		26,909	27,073
Less: Loss allowance	17(b)	(1,788)	(1,676)
	17(a)	25,121	25,397
<b>Other receivables</b>			
Deposits and prepayments		3,799	4,070
		28,920	29,467

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 17. TRADE AND OTHER RECEIVABLES (Continued)

### 17(a) Trade receivables

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

As at 31 December 2021 and 2020, 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 2021 and 2020.

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

	2021 RM'000	2020 RM'000
Within 30 days	7,310	9,328
31 to 60 days	8,444	7,201
61 to 90 days	4,253	3,874
Over 90 days	6,902	6,670
	26,909	27,073
Less: Loss allowance	(1,788)	(1,676)
	25,121	25,397

### 17(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:

	2021 RM'000	2020 RM'000
At the beginning of the reporting period	1,676	1,809
Provision for (Reversal of) loss allowance of trade receivables	112	(133)
At the end of the reporting period	1,788	1,676

At 31 December 2021, increase in trade receivable balances with days past due over 90 days resulted in an addition in loss allowance.

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 17. TRADE AND OTHER RECEIVABLES (Continued)

### 17(b) Loss allowance (Continued)

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.

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 2021	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	0.98%	11,182	110	11,072	No
Within 30 days	2.70%	5,373	145	5,228	No
31 to 60 days	3.59%	4,469	160	4,309	No
61 to 90 days	12.10%	1,826	221	1,605	No
Over 90 days	37.04%	3,110	1,152	1,958	Yes
Trade receivables secured by the property pledged by a trade debtor	0%	949	—	949	No
		26,909	1,788	25,121	
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
		27,073	1,676	25,397	

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 18. OTHER INVESTMENTS

	Note	2021 RM'000	2020 RM'000
<b>Financial assets mandatorily measured at FVTPL</b>			
Unlisted investments — unit trust	18(a)	43,336	53,074

**18(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 2.36% 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 2021 Unit trust RM'000
At the beginning of the reporting period	53,074
Additions	40,158
Redemption	(50,061)
Fair value gain recognised in profit or loss	165
<b>At the end of the reporting period</b>	<b>43,336</b>

	Year ended 31 December 2020 Unit trust RM'000
At the beginning of the reporting period	3,325
Additions	58,716
Redemption	(8,667)
Fair value loss recognised in profit or loss	(300)
<b>At the end of the reporting period</b>	<b>53,074</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 19. 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 approximately RM12,270,000 as at 31 December 2021 and 2020, respectively. The Group had not utilised any banking facilities at 31 December 2021 and 2020.

## 20. BANK BALANCES AND CASH

	2021 RM'000	2020 RM'000
Cash at bank and on hand	11,666	15,171

Cash at banks earns interest at floating rates based on daily floating bank deposit rates.

## 21. TRADE AND OTHER PAYABLES

	<i>Note</i>	2021 RM'000	2020 RM'000
<b>Trade payables</b>			
To third parties	21(a)	9,985	5,581
<b>Other payables</b>			
Accruals and other payables		1,987	1,515
Contract liabilities	21(b)	181	—
		2,168	1,515
		12,153	7,096

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 21. TRADE AND OTHER PAYABLES (Continued)

### 21(a) Trade payables

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

	2021 RM'000	2020 RM'000
Within 30 days	3,297	2,665
31 to 60 days	5,090	2,361
61 to 90 days	1,597	487
Over 90 days	1	68
	<b>9,985</b>	<b>5,581</b>

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

### 21(b) Contract liabilities

The movements (excluding those arising from increases and decreases both occurred within the same reporting period) of contract liabilities from contracts with customers within IFRS 15 during the years ended 31 December 2021 and 2020 are as follows:

	2021 RM'000	2020 RM'000
At the beginning of the reporting period	—	—
Receipt of advanced payments	181	—
At the end of the reporting period	<b>181</b>	<b>—</b>

The Group applies the practical expedient and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 22. LEASES

	2021 RM'000	2020 RM'000
<b>Right-of-use assets (Note 14)</b>		
Leased properties	120	59

	2021 RM'000	2020 RM'000
<b>Lease liabilities</b>		
Current	94	61
Non-current	28	—
	122	61

### Lease liabilities:

	Lease payment		Present value of lease payments	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Amount payable:				
Within one year	97	63	94	61
More than one year, but not exceeding two years	29	—	28	—
Less: future finance charges	126 (4)	63 (2)	122 —	61 —
Total lease liabilities	122	61	122	61

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 2021 and 2020:

	2021 RM'000	2020 RM'000
<b>Depreciation charge of right-of-use assets</b>		
Leased properties	626	563

For the years ended 31 December 2021 and 2020, the total cash outflow for leases was approximately RM647,000 and RM582,000, respectively.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 23. DEFERRED TAXATION

The movement in the Group's deferred tax liabilities arising from depreciation allowance for the years ended 31 December 2021 and 2020 was as follows:

	2021 RM'000	2020 RM'000
At the beginning of the reporting period	636	626
(Credited) Charged to profit or loss (Note 10)	(22)	10
<b>At the end of the reporting period</b>	<b>614</b>	<b>636</b>

## 24. SHARE CAPITAL

	Notes	Number of shares	HK\$	Equivalent to RM
Ordinary share of HK\$0.01 each				
Authorised:				
At 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 and 2021</b>		<b>20,000,000,000</b>	<b>200,000,000</b>	<b>110,426,394</b>
Issued and fully paid:				
At 1 January 2020		100	1	—*
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
At 31 December 2020		500,000,000	5,000,000	2,769,130
Cancellation of shares during the year	(iv)	(28,000,000)	(280,000)	(155,071)
<b>At 31 December 2021</b>		<b>472,000,000</b>	<b>4,720,000</b>	<b>2,614,059</b>

\* Represents amount less than RM1.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 24. SHARE CAPITAL (Continued)

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 be 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.
- (iv) During the year ended 31 December 2021, the Company repurchased 28,000,000 ordinary shares (the "Buy-back Shares") on the Stock Exchange as follows:

Month/Year	Number of shares repurchased	Highest price paid	Lowest price paid	Aggregate price paid
		per share HK\$	per share HK\$	
July 2021	11,180,000	0.99	0.84	10,418,320
September 2021	9,502,000	1.00	0.76	9,133,500
October 2021	7,318,000	0.78	0.60	5,151,680
	28,000,000			24,703,500

The total amount paid on the repurchased shares of HK\$24,703,500 (equivalent to approximately RM13,642,000) was paid with funded from internal resources of the Company.

Up to 31 December 2021, all the Buy-back Shares were cancelled.

Pursuant to section 37(3) of the Companies Law of the Cayman Islands, 28,000,000 shares were repurchased during year ended 31 December 2021 and the repurchased shares were cancelled. Accordingly, the issued share capital of the Company was reduced by the nominal value of these shares. Pursuant to section 37(4) of the Companies Law of the Cayman Islands, an amount equivalent to the par value of the shares cancelled of approximately RM155,000 was transferred from share premium to the capital redemption reserve during year ended 31 December 2021. The premium paid on the repurchase of the shares of approximately HK\$24,423,000 (equivalent to approximately RM13,487,000) were charged to share premium for the year ended 31 December 2021.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 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	2021 RM'000	2020 RM'000
<b>Non-current assets</b>			
Investment in subsidiaries	13	—*	—*
<b>Current assets</b>			
Other receivables		80	74
Amounts due from subsidiaries	25(a)	3,860	5
Other investments	18	18,763	29,843
Bank balances and cash		614	5,094
		23,317	35,016
<b>Current liabilities</b>			
Other payables		792	561
Amounts due to a subsidiary	25(a)	1,953	213
		2,745	774
<b>Net current assets</b>		20,572	34,242
<b>NET ASSETS</b>		20,572	34,242
<b>Capital and reserves</b>			
Share capital	24	2,614	2,769
Reserves	25(b)	17,958	31,473
<b>TOTAL EQUITY</b>		20,572	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 29 March 2022 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 2021

## 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 <i>(Note 26(a))</i>	Capital redemption reserve RM'000 <i>(Note 26(b))</i>	Exchange reserve RM'000 <i>(Note 26(d))</i>	Accumulated profits RM'000	Total RM'000
<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> <i>Item that will not be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of the Company's financial statements 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 <i>(Note 24(ii))</i>	(2,079)	—	—	—	(2,079)
Issue of shares pursuant to the Share Offer <i>(Note 24(iii))</i>	68,351	—	—	—	68,351
Transaction costs attributable to issue of shares <i>(Note 24(iii))</i>	(17,291)	—	—	—	(17,291)
	48,981	—	—	—	48,981
<b>At 31 December 2020</b>	48,981	—	(3,723)	(13,785)	31,473

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

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

### 25(b) Movement of the reserves (Continued)

	Share premium RM'000 <i>(Note 26(a))</i>	Capital redemption reserve RM'000 <i>(Note 26(b))</i>	Exchange reserve RM'000 <i>(Note 26(d))</i>	Accumulated profits RM'000	Total RM'000
<i>Year ended 31 December 2021</i>					
<b>At 1 January 2021</b>	48,981	—	(3,723)	(13,785)	31,473
Loss for the year	—	—	—	(1,629)	(1,629)
<b>Other comprehensive income</b> <i>Item that will not be reclassified subsequently to profit or loss</i>					
Exchange differences on translation of the Company's financial statements to presentation currency	—	—	1,601	—	1,601
<b>Total comprehensive loss for the year</b>	—	—	1,601	(1,629)	(28)
<b>Transactions with owners</b> <i>Contributions and distributions</i>					
Purchase of own shares during the year <i>(Note 24(iv))</i>					
— premium paid	(13,487)	—	—	—	(13,487)
— transfer between reserves	(155)	155	—	—	—
	(13,642)	155	—	—	(13,487)
<b>At 31 December 2021</b>	35,339	155	(2,122)	(15,414)	17,958

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021



## 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 redemption reserve

Capital redemption reserve represents the nominal amount of the shares repurchased.

### 26(c) 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 for the Listing.

### 26(d) 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.

### 26(e) FVTOCI reserve

The FVTOCI reserve comprises the cumulative net change in the fair value of equity investment designated at FVTOCI under IFRS 9 that are held at the end of reporting period.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 27. ADDITIONAL INFORMATION ON CASH FLOWS

### Reconciliation of liabilities arising from financing activities

The movements during the years ended 31 December 2021 and 2020 in the Group's liabilities arising from financing activities are as follows:

	At 1 January 2021 RM'000	Net cash flow RM'000	Non-cash changes		At 31 December 2021 RM'000
			Additions to property, plant and equipment RM'000	Interest expenses RM'000	
<b>Year ended 31 December 2021</b>					
Interest-bearing borrowings	—	—	—	—	—
Lease liabilities	61	(647)	687	21	122
	61	(647)	687	21	122

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

## 28. MAJOR NON-CASH TRANSACTION

During the year ended 31 December 2021, the Group entered into lease arrangements in respect of right-of-use assets with a total capital value at the inception of the leases of approximately RM687,000 (2020: RM592,000).

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 29. 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 2021 and 2020:

- (a) Transactions between the group entities have been eliminated on consolidation and are not disclosed. During the years ended 31 December 2021 and 2020, 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	2021 RM'000	2020 RM'000
Related company controlled by the Ultimate Controlling Parties	Lease payments (i)	564	564

- (i) During the years ended 31 December 2021 and 2020, 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.

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

	2021 RM'000	2020 RM'000
Salaries, allowances and other benefits in kinds	2,297	1,926
Discretionary bonus	—	—
Contributions to defined contribution plans	226	168
	2,523	2,094

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise of lease liabilities, equity investment at FVTOCI, 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 FVTPL and equity investment at FVTOCI. The sensitivity analysis has been determined based on the exposure to price risk.

The following table indicates the approximate change in the Group's pre-tax results if the fair value of the investments has been 5% (2020: 5%) higher or lower while all other variables held constant at the end of reporting period.

	2021		2020	
	Higher (lower) in fair value	Effect on pre-tax results RM'000	Higher (lower) in fair value	Effect on pre-tax results RM'000
Financial assets at FVTPL	5% (5%)	2,167 (2,167)	5% (5%)	2,654 (2,654)

The following table indicates the approximate change in the Group's other comprehensive income if the fair value of the investments has been 5% higher or lower while all other variables held constant at the end of the reporting period.

	2021		2020	
	Higher (lower) in fair value	Effect on other comprehensive income RM'000	Higher (lower) in fair value	Effect on other comprehensive income RM'000
Equity investment at FVTOCI	5% (5%)	215 (215)	N/A N/A	— —

The sensitivity analysis has been determined assuming that the reasonably possible changes in the fair value of the unlisted 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 unlisted 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 2021 and 2020.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

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

### 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
HK\$	4,467	2,906	794	562
US\$	27,417	43,043	6,103	2,097
RMB	755	265	131	510

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.

	2021		2020	
	Increase (decrease) in foreign exchange rates	Effect on pre-tax results RM'000	Increase (decrease) in foreign exchange rates	Effect on pre-tax results RM'000
HK\$	10% (10%)	367 (367)	10% (10%)	234 (234)
US\$	10% (10%)	2,131 (2,131)	10% (10%)	4,095 (4,095)
RMB	10% (10%)	62 (62)	10% (10%)	(25) 25

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 2021 and 2020.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

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

### 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:

	2021 RM'000	2020 RM'000
Trade and other receivables	25,440	25,722
Restricted bank balances	1,677	1,670
Bank balances and cash	11,666	15,171
	38,783	42,563

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 of the Group considers the credit risk in respect of restricted bank balances and bank balances and cash is minimal because the counterparties are authorised financial institution with high credit ratings.

The management of the Group 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 of the Group 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 2021 and 2020, the Group had a concentration of credit risk as approximately 8.3% and 2.6% of the total trade receivables was due from the Group's largest trade debtor, respectively, and approximately 27.2% and 27.8% of the total trade receivables was due from the Group's five largest trade debtors, respectively.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

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

### 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 2021</b>				
Trade and other payables	11,972	11,972	11,972	—
Lease liabilities	122	126	97	29
	<b>12,094</b>	<b>12,098</b>	<b>12,069</b>	<b>29</b>
<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>

## 31. 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.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2021

## 31. FAIR VALUE MEASUREMENTS (Continued)

### (a) Assets measured at fair value

2021

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Assets measured at fair value</b>				
Equity investment at FVTOCI (Note 15)	—	—	4,299	4,299
Financial assets at FVTPL Other Investment: — Unlisted investments — unit trust (Note 18)	—	43,336	—	43,336

2020

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Assets measured at fair value</b>				
Financial assets at FVTPL Other Investment: — Unlisted investments — unit trust (Note 18)	—	53,074	—	53,074

During the years ended 31 December 2021 and 2020, 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 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.

The only movement in the Level 3 equity shares since 1 January 2021 was a fair value increase of approximately RM174,000 (2020: Nil), which was recorded in other comprehensive income.

### (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 2021 and 2020.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

*For the year ended 31 December 2021*



## 32. 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 2021 and 2020.

# FIVE-YEAR FINANCIAL SUMMARY

A summary of the results, and of the assets, liabilities of the Group for the last five 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	2021 RM'000
Revenue	108,062	128,600	126,053	115,882	120,138
Cost of sales	(85,494)	(92,417)	(96,791)	(89,759)	(92,229)
Gross profit	22,568	36,426	29,262	26,123	27,909
Other income	1,714	1,575	1,542	2,756	2,370
Selling and distribution cost	(1,961)	(2,257)	(2,125)	(2,283)	(2,546)
Administrative and other operating expenses	(7,299)	(8,146)	(7,433)	(9,808)	(11,406)
Finance cost	—	(15)	(146)	(50)	(31)
(Provision for) Reversal of loss allowance of trade receivable	(464)	1,388	(287)	133	(112)
Listing expenses	—	(6,806)	(1,928)	(4,291)	—
Profit before tax	14,558	22,165	18,885	12,580	16,184
Income tax expenses	(3,702)	(6,259)	(5,167)	(4,129)	(4,346)
Profit and total comprehensive income for the year	10,856	15,906	13,718	8,451	11,838
<b>Attributable to:</b>					
Owner of the Company	10,856	15,906	13,718	8,451	11,838
Total Assets	87,564	87,583	95,784	149,019	153,880
Total Liabilities	17,593	17,066	11,549	8,306	13,196
Total Equity	69,611	70,517	84,235	140,713	140,684