RITAMIX GLOBAL LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock code: 1936

ANNUAL REPORT 2022

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Dato'Sri Lee Haw Yih *(Chairman and Chief Executive Officer)*
Datin Sri Yaw Sook Kean

Non-Executive Director

Mr. Lee Haw Shyang

Independent Non-Executive Directors

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

COMPANY SECRETARY

Ms. Wong Po Lam, *CPA (HKICPA)*

AUTHORISED REPRESENTATIVES

Ms. Wong Po Lam, *CPA (HKICPA)*
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

Room 1910, 19/F, C C Wu Building
302–308 Hennessy Road
Wan Chai
Hong Kong

AUDITOR

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

PRINCIPAL SHARE REGISTRAR

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

HONG KONG BRANCH SHARE REGISTRAR

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

PRINCIPAL BANKERS

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

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

STOCK CODE

1936

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**"), I am pleased to present the annual results of Ritamix Global Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") for the financial year ended 31 December 2022 (the "**Financial Year**").

During the Financial Year, the significant easing of epidemic prevention policies in Malaysia and reopening of borders have further brought about normalcy to the business activities. However, the Group continues to face with uncertainties brought on by geopolitical risks and inflationary pressures. These have contributed to higher commodity, energy and operating costs.

Despite the challenges, the Group continues to adapt, optimize and manage the Group's resources prudently by adjusting selling price and focusing on better margin products especially in distribution segment. This led to the Group recorded higher revenue in the Financial Year amidst the prevailing economic situation and difficult time. Moving forward, the Group will continue to take active steps to reinforce the Group's business fundamentals and competitiveness. Furthermore, the Group will strive to explore and monetize new business opportunities to facilitate the business growth according to the market conditions.

BUSINESS REVIEW

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

The distribution business 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 recorded a higher revenue of approximately RM134.2 million for the Financial Year as compared to RM120.1 million for the financial year ended 31 December 2021, an increase of approximately RM14.1 million or 11.7%. This was mainly driven by the increase in both revenue from the distribution and manufacturing business primarily due to the surge in sale price for both animal feeds and human food ingredients, as well as the increase in the sales of vitamin premix and mixed feed.

Despite the higher revenue, the Group recorded a lower profit after tax of approximately RM11.3 million for the Financial Year as compared to RM11.8 million for the financial year ended 31 December 2021, representing a decrease of approximately 4.2%. This was mainly due to unrealised fair value loss amounted to approximately RM5.3 million recorded on the Group's short-term investments which was adversely impacted by the US Federal Reserve interest rates hike. Earnings per share were approximately RM2.40 cents and RM2.41 cents for the financial years ended 31 December 2022 and 2021, respectively. The Group's results are discussed in detail under the section headed "Management Discussion and Analysis" in this annual report.

OUTLOOK

The transition towards COVID-19 endemicity and the reopening of Malaysia's international borders on 1 April 2022 are among the factors that had kept the growth momentum going throughout the Financial Year. As a result, Malaysia's economy recorded an encouraging performance with the GDP for the Financial Year recording 8.7%, far exceeds the 3.1% economic growth achieved in year 2021.

However, other downside risks include the conflict in Eastern Europe, moderation in China's growth and tighter global monetary policy. These exacerbates existing issues such as supply chain disruptions and soaring commodity prices, raising concerns about global growth prospects. In line with the World Bank and the IMF's downward revision of global growth, all these developments will also impact Malaysia's economic growth prospects, with Malaysia's GDP growth projected to moderate between 4% and 5% in 2023.

As the growth environment becomes more challenging amid more treacherous global headwinds, the Group will be closely managing the cost structure and supply chain disruptions so as to minimize the adverse impact to the Group. Simultaneously, the Group will continue to monitor the change of global economy and remain cautiously optimistic to explore potential business opportunities both in Malaysia and overseas.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to extend my sincere gratitude to our valued customers, business partners, suppliers and shareholders for their unwavering support and trust, and thank my fellow Directors for their dedication and support throughout the past years. I would also like to express my appreciation to the management team and employees for their valuable contribution and commitment to the Group.

Dato'Sri Lee Haw Yih (Howard)
Chairman

Malaysia, 27 March 2023

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 financial years ended 31 December 2022 and 2021:

	2022		2021	
	RM'000	Approximately %	RM'000	Approximately %
Manufacturing	37,747	28.1	36,772	30.6
Distribution	96,435	71.9	83,366	69.4

The Group's revenue increased by approximately 11.7% from approximately RM120.1 million for the financial year ended 31 December 2021 to approximately RM134.2 million for the Financial Year.

Manufacturing

Revenue from manufacturing business increased from approximately RM36.8 million for the financial year ended 31 December 2021 to approximately RM37.7 million for the Financial Year, representing an increase of approximately 2.4%, or approximately RM0.9 million. Such increase was mainly due to an increase in the sales of vitamin premix and mixed feed.

Distribution

Revenue from distribution business increased from approximately RM83.4 million for the financial year ended 31 December 2021 to approximately RM96.4 million for the Financial Year, representing an increase of approximately 15.6%, or approximately RM13.0 million. The increase was primarily due to the surge in sale price for both animal feeds as well as human food ingredients.

Cost of sales

The Group's cost of sales mainly comprises cost of inventories, direct labour cost, manufacturing overheads and others. The following table sets out the breakdown of the Group's direct costs during the financial years ended 31 December 2022 and 2021:

	2022		2021	
	RM'000	Approximately %	RM'000	Approximately %
Cost of inventories	101,061	98.9	91,172	98.9
Direct labour cost, manufacturing overheads and others	1,167	1.1	1,057	1.1

Gross profit and gross profit margin

In line with the increase in revenue, the Group's gross profit increased from approximately RM27.9 million for the financial year ended 31 December 2021 to approximately RM32.0 million for the Financial Year, representing an increase of approximately 14.7%. The increase was mainly due to increase in selling price which outweighed the hike in cost of sales of the distribution segment. With combined effects of revenue and cost of sales, the Group's gross profit margin improved slightly from approximately 23.2% to approximately 23.8% for the financial years ended 31 December 2021 and 2022, respectively.

Other (loss)/income

The Group's other income decreased from approximately RM2.4 million for the financial year ended 31 December 2021 to a loss of approximately RM2.4 million for the Financial Year. This was mainly due to unrealised fair value loss amounted to approximately RM5.3 million recorded on the Group's short-term investments which was adversely impacted by the US Federal Reserve interest rates hike. The Group's short-term investments are managed and invested into fixed income securities by a fund management company.

Administrative and other operating expenses

The Group's administrative and other operating expenses decreased by approximately RM0.8 million or 7.0% from approximately RM11.4 million for the financial year ended 31 December 2021 to approximately RM10.6 million for the Financial Year. This was mainly due to decrease in staff costs, auditor's remuneration and exchange loss. The administrative and other operating expenses of the Group primarily consist of depreciation, repair and maintenance and office expenses.

Finance costs

Finance costs represented interest on bank borrowings and lease liabilities. For the financial years ended 31 December 2022 and 2021, the Group recorded finance costs of approximately RM24,000 and approximately RM31,000, respectively.

Income tax expenses

The Group's income tax expenses were approximately RM5.3 million and approximately RM4.3 million for the financial years ended 31 December 2022 and 2021, respectively. The effective tax rate for the financial years ended 31 December 2022 and 2021 was approximately 31.8% and 26.9%, respectively. The increase in effective tax rate was mainly attributed by the non-deductible expenses in relation to the unrealised fair value loss on the short-term investments recorded.

Profit for the financial year and earnings per share

As a result of the foregoing, the Group's profit was approximately RM11.3 million and approximately RM11.8 million for the financial years ended 31 December 2022 and 2021, respectively. Earnings per share were approximately RM2.40 cents and RM2.41 cents for the financial years ended 31 December 2022 and 2021, respectively.

Key Financial Ratio

		As at/for the financial years ended 31 December	
	Note	2022	2021
Current ratio (times)	1	14.5	10.8
Quick ratio (times)	2	10.5	6.8
Gearing ratio (%)	3	*	*
Return on equity (%)	4	7.6	8.4
Return on total assets (%)	5	7.1	7.7

* 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 financial year divided by total equity.
5. Return on assets is profit for the financial year divided by total assets.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 31 December 2022,

1. the Company's issued capital was HK$4.72 million (equivalent to approximately RM2.6 million) and the number of its issued ordinary shares was 472,000,000 shares of HK$0.01 each. There has been no change in the Company's share capital since 31 December 2021;

2. the Group's restricted bank balances was approximately RM1.6 million (2021: approximately RM1.7 million) and the Group's bank balances and cash was approximately RM43.9 million (2021: approximately RM11.7 million), most of which were denominated in USD, HKD and RM;

3. the Group did not have any outstanding bank borrowings (2021: Nil). The Group had lease liabilities of approximately RM87,000 (2021: approximately RM122,000). All of the lease liabilities were denominated in RM; and

4. the Group's total equity attributable to owners of the Company was approximately RM148.6 million (2021: 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 (2021: 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 in the Fund (as defined herein) of the Group as at 31 December 2022:

Financial assets measured at FVTPL	For the financial year ended 31 December 2022 Income distribution RM'000	Fair value gain/(loss) RM'000	As at 31 December 2022 Fair value RM'000	Approximate percentage to the total assets as at 31 December 2022	As at 31 December 2021 Fair value RM'000
Significant Investments					
Affin Hwang Aiiman Money Market Fund	2	29	—	—	2,014
Affin Hwang Select Bond Fund	840	(5,328)	30,480	19.2%	41,322
	842	(5,299)	30,480		43,336

*(Affin Hwang Aiiman Money Market Fund and Affin Hwang Select Bond Fund are collectively referred to as the "**Fund**").*

All of the above significant investments were managed by AHAM Asset Management Berhad (formerly known as Affin Hwang Asset Management Berhad), an independently managed, institutionally-owned asset management firm in Malaysia that started its roots in 2001 and specialises in customised solutions and invests into equities, bonds, money market, structured products and other alternative investment instruments to generate returns for its clients. More details of investments in financial assets measured at FVTPL are set out in note 19 to the consolidated financial statements in this annual report.

On 6 October 2021, 25 April 2022 and 13 May 2022, the Company made a redemption of Units of USD Hedged-class of the Bond Fund with a redemption amount of US$1,000,000 (equivalent to approximately RM4,176,000), US$500,000 (equivalent to approximately RM2,144,568) and US$500,000 (equivalent to approximately RM2,168,409), respectively. On 23 December 2021, Ritamix Sdn Bhd, an indirect wholly-owned subsidiary of the Company, made a redemption of Units of RM Class of the Bond Fund, with a redemption amount of RM350,000 ("**Redemptions**").

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Bond Fund, the Manager, the respective trustees of the Bond Fund (capitalised terms shall have the same meanings as defined in the circular of the Company dated 18 May 2021) and their respective ultimate beneficial owners are independent of and not connected with the Company or any connected persons (as defined under the Listing Rules) of the Company.

As the Redemptions as disclosed above were made by the Group within a 12-month period and were all entered into with the Manager, pursuant to Rule 14.22 of the Listing Rules, the Redemptions would be aggregated as a series of transactions. As the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in relation to the Redemptions exceeds 5% but is less than 25%, the Redemptions (on an aggregate basis) constituted a discloseable transaction of the Company which is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Details of the Redemptions have been set out in the announcement of the Company dated 13 May 2022.

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 had 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. 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 does 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**").

When assessing the investment opportunities in VetCell, China's economy recorded a 9.8% growth from a year earlier in the first three quarters of 2021. However, in March 2022, a new wave of COVID-19 infections caused by the super-spreading Omicron variant hit many provinces. Accordingly, lockdowns were established in major cities and resulted in restrictions to travel within the Mainland China in order to curb COVID-19 outbreak. As a consequence, VetCell's expansion plan to the Mainland China was postponed multiple times and experienced disruptions which caused further loss and a depletion in its cash runway.

Based on the Directors' assessment of Vetcell's financial position as at the end of the Financial Year, the probability of VetCell continuing its business in the foreseeable future was remote. On 27 January 2023, VetCell had been placed under voluntary winding-up. With reference to the substance of the circumstances of VetCell, the fair value of the investment was determined as nil as at the end of the Financial Year.

CAPITAL COMMITMENTS

Save as disclosed in note 16 to the consolidated financial statements in this annual report, where the Group had contracted but not provided capital commitment of RMB25,500,000 (equivalent to approximately RM16,172,100) in respect of investment in Hainan Ritamix (the "**Investment**"), the Group had no other significant capital commitments as at 31 December 2022 and 2021.

For details of the Investment, please also refer to the announcement of the Company titled "Discloseable transaction in relation to the Cooperation Agreement with Shifengfu (Hainan)" dated 7 January 2021.

CHARGES ON THE GROUP'S ASSETS

There was no charge on the Group's assets as at 31 December 2022 and 2021.

PLEDGE OF ASSETS

Details of pledge of assets of the Group as at 31 December 2022 and 2021 are set out in note 20 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 2022 and 2021, 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.

However, the above is not an exhaustive list. Investors are advised to make their own judgment or consult their own investment advisors before making any investment in the shares of the Company (the "**Shares**").

The Company has implemented various measures to mitigate these risks and uncertainties. Further reviews are set out in the section headed "Corporate Governance Report — Risk Management and Internal Controls" in this annual report.

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, of the Group's net assets, earnings or any declared dividends. Consequently, this may adversely affect the Group's ability to pay dividends or satisfy other foreign exchange requirements.

The management will monitor foreign currency exposure of the Group and will consider undertaking foreign exchange hedging activities to reduce the impact of foreign exchange rate movements on the Group's operating results. The Group had not used any derivative financial instrument during the financial years ended 31 December 2022 and 2021.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, the Group had 52 (2021: 53) 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 on-going and continuous staff training and development will not only improve the Group's employees 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. The Group's total staff costs (including Directors' emoluments) for the Financial Year were approximately RM5.9 million (2021: approximately RM6.2 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 also requisite contributions to the Employees Provident Fund Scheme (the "**EPF Scheme**") and Social Security Organisation ("**SOCSO**") under the Employees Provident Fund Act 1991 and Employee Insurance System Act 2017, respectively 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 2022 and 2021.

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 of the Company (the "**Shareholders**") as a whole. For more information about the Change of Use in Net Proceeds, please refer to the Company's announcement dated 4 October 2021.

During the period from the Listing Date and up to 31 December 2022 (the "**Relevant Period**"), the Net Proceeds had been applied as follows:

	Planned use of the Net Proceeds per Prospectus HK$ million	Actual use of the Net Proceeds during the Relevant Period HK$ million	Unutilised amount as at 31 December 2022 HK$ million	Expected deadline to use the Net Proceeds from 31 December 2022
Construct a new manufacturing plant	42.1	—	42.1	30 June 2024
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	0.2	1.5	30 June 2024
Set up a new testing laboratory	3.5	—	3.5	30 June 2024
Set up a centralised Enterprise Resources Planning system	3.7	—	3.7	31 December 2023
Hire additional workforce	3.0	1.0	2.0	31 December 2023
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
Total	72.4	14.0	58.4	

Further, as at 31 December 2022, 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$2.9 million (equivalent to approximately HK$22.9 million). The Company will redeem part of the investment in the fund as and when the Company utilise 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 2022, the remaining unused proceeds were deposited in licensed banks in Hong Kong and Malaysia.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Dato'Sri Lee Haw Yih ("Dato'Sri Lee"), aged 54, 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 feed supplements and additives, food supplements and 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 52, 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 feed supplements and additives, food supplements and additives products industry. From July 1993 to March 1994, she worked in Accredit 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 DIRECTOR

Mr. Lee Haw Shyang ("Mr. HS Lee"), aged 47, 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 54, 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 63, 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, and left the firm on 31 December 2022.

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 53, 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, for the period from November 2013 to December 2019, and a director in Hyperion Connect Ltd, engaging in consulting services, since August 2016. He is also Chief Financial Officer and a director of Centific Global Solutions Inc, a US company providing AI and data curation services, since June 2022.

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 41, 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 11 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 35, 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 43, 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 14 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 32, 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 Michong Metaverse (China) Holdings Group Limited *(formerly known as 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 2022 to 31 December 2022 ("**FY2022**"). 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. The Group has also adopted the relevant risk management policies for its ESG risks to avoid potential financial or reputational damage.

We are satisfied with the Group's ESG performance for the FY2022. There were no reported breaches of laws and regulations in Malaysia, where the Group's operations are geographically located.

This Report has also been uploaded to the website of the Stock Exchange and the Group's website at 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. Unless otherwise stated, the scope of this Report remains the same as last year.

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. The reporting principles were applied consistently throughout the report.

Reporting Principles	Description
Materiality	The Group reports on material topics that are considered as posing significant impacts on environment and society and are important to stakeholders. The issues are presented together with Group's management measures in the report.
Quantitative	The Group prepares the Report in accordance with the ESG Reporting Guide and discloses key performance indicators ("**KPIs**") in a quantitative manner, wherever appropriate.
Balance	The Group reports based on an objective manner and provides data comparisons with the prior reporting period to enhance comparison of our ESG performance from time to time. The Group is committed to improve on the collection of internal data and expanding disclosure scope in the future.
Consistency	The Group ensures that the reporting scope and structure aligns with the previous financial year as closely as possible to ensure a meaningful comparison.

STAKEHOLDERS' ENGAGEMENT

The Group recognises the importance of understanding our key stakeholders' perspectives and expectations on the Group's ESG issues. 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	• Announcements and circulars • Corporate website • General meetings • Corporate email • Annual and interim reports	• Corporate governance • Investment returns
Business partners and suppliers	• Regular meetings and teleconferences • Site visits • Emails	• Product quality • Competitive pricing • Stable business relationship
Customers	• Regular meetings • Site visits • Emails	• Product quality • Timely delivery • Stable business relationship
General public and community	• Donations • Charity events	• Community engagement
Employees	• Performance review • Meetings and internal discussions • Training and development • Emails and notice boards	• Remuneration and benefits • Career development • Occupational health and safety
Regulatory bodies	• Meetings • Regulatory newsletters	• Regulatory compliance • Occupational health and safety

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 in our strategic development and decision making in order to create sustainable value for the wider community.

A. Environmental

A1. Emission

KPIs

Type of emissions and respective emission

During the financial years ended 31 December 2022 and 2021, the vehicles owned and operated by the Group generated air emission. The Group's exhaust gas emission performance, based on the mileage travelled and the fuel consumes by our vehicles, was as follows:

	2022 In Kilogram ("kg")	2021 In Kilogram ("kg")
Nitrogen Oxides ("**NOx**")	0.8	0.9
Sulphur Oxides ("**SOx**")	4.3	4.5
Particulate Matters ("**PM**")	0.3	0.3

Total Greenhouse Gases Emissions

Greenhouse gases ("**GHG**") are emitted through various activities, including the use of petrol and diesel by our vehicles and the consumption of electricity. The following table outlined our GHG emissions for the reporting period.

	2022 In Tonnes of CO_2e	2021 In Tonnes of CO_2e
Scope 1 — Direct GHG Emissions (Fuel — vehicles)	216.3	193.9
Scope 2 — Energy Indirect GHG Emissions (Electricity)	284.6	279.3
Total GHG Emissions	500.9	473.2
Intensity of GHG emissions (tonnes of CO_2e per revenue RM'000)	0.00	0.00

Notes:

1. GHG emissions data is presented in terms of carbon dioxide equivalent and are based on The "Avoided Emissions and Generation Tool" issued by the United States Environmental Protection Agency.

2. For the FY2022, the Group's total revenue was approximately RM134,182,000. This data will also be used for calculating other intensity data in the Report.

The Group will continue to explore and evaluate the possibility of carbon reduction through the use of cleaner source of energy and more efficient use of its transportation capacity, where the situations permit. The Group targets to minimise its GHG emission intensity from time to time.

Packaging Material

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

Generation of Hazardous Waste and Non-Hazardous Waste

The Group is not aware of any hazardous waste generated from its activities during FY2022. Non-hazardous waste generated from the Group's activities is minimal. The Group will continuously monitor the potential impacts of its activities on the environment.

A2 Use of Resources

The Group strongly advocates and practises a waste management principle of "Reduce, Reuse and Recycle" amongst its employees. We segregate our waste by separating the waste into different bins — general waste, paper and cardboard, plastics and metals, and appointed recycled service providers to manage these wastes. To reduce paper consumption, the Group encourages electronic communication via email and the use of recycled papers for printing and advocates double-sided printing.

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

Energy efficiency

The Group encourages our employees to consume electricity in an efficient and responsible manner. Energy-saving measures and practices have been implemented to show our commitment to energy efficiency, including switching off unnecessary lighting and air conditioning during lunch time and upon leaving the office — 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. During FY2022, the Group's energy consumption performance was as follows:

KPIs	2022	2021
Electricity Consumption (kWh)	657,988	645,690
Intensity of electricity consumption (kWh per revenue RM'000)	5.5	5.4
Fuel — vehicles (litre)	92,128	82,583
Intensity of fuel consumption (litre per revenue RM'000)	0.69	0.69

Water and Effluents

Water is not used in the Group's principal business operations, but only for cleaning and office hygiene purposes. Water used is regular pipe-supplied water from local utility supplier. We regularly inspect water pipes and taps, and repair leakages promptly to minimize water leakages.

The Group's business operation produces zero discharge of any wastewater 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	2022	2021
Water Consumption (cubic meter ("**m^3**"))	4,195	2,874
Intensity of water consumption (m^3 per revenue RM'000)	0.03	0.02

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 committed to develop a comprehensive environmental monitoring processes to address and mitigate the negative environmental impacts relevant to our business operation. In addition, we regularly assess 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. 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 Group's business operation does 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 FY2022, we have not been fined or penalised for any significant environment violation by the Department of Environment Malaysia.

A4 Climate Change

In response to the community's growing concern about climate change and its related issues, the Group has been closely monitoring the climate-related risk across its business operations to mitigate and adapt to such risk, and also capturing the opportunities arising from climate change. The Group had not identified any significant climate-related issues which had impacted the Group for the FY2022. The Group will continue its effort and initiative in contributing to a low-carbon economy by mitigating its carbon footprint, such as implementing energy conservation policies in its office.

B. Social

The Group believes that employees are of utmost importance for the Group to achieve continuous success and sustainable business development. The Group manages human resources risks and opportunities on a regular basis in order to create a sustainable value within our business activities. This objective unites our employees and is consistent with our corporate values which guides our decision making and 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, including but not limited to the Employment Act 1955 of Malaysia, the Minimum Wages Order 2022, the Employees Provident Fund Act 1991, the Employees' Social Security Act 1969, and the Employment Insurance System Act 2017 of Malaysia.

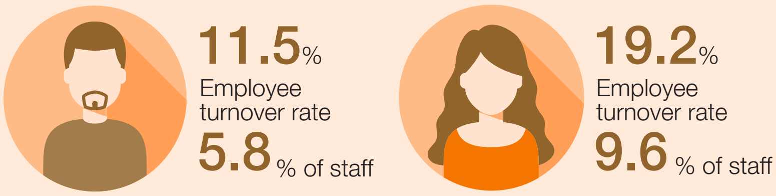
We take pride in maintaining a harmonious and diverse workforce spanning different generations, culture, nationalities and skill sets. The Group believes that the existing recruitment, training and staff development planning processes were guided by their commitment, skills, and experience and that provide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

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

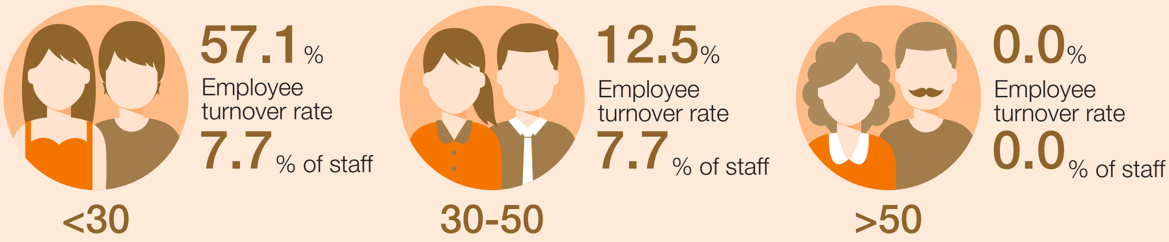
We encourage diversity and we believe it enriches our corporate culture as well as our long-term competitiveness. Moving forward, we are committed to ensuring, whenever possible, increased equality of gender representation.

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

Gender profile

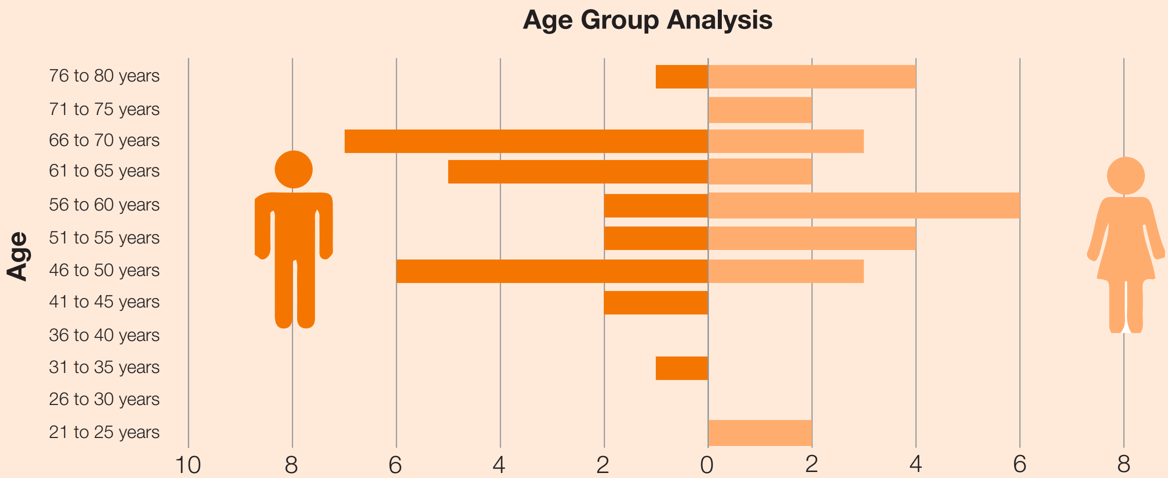


Age profile



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

As at 31 December 2022, the Group had 52 full-time employees, of which 50% is male and 50% 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 visit our facilities to avoid work-related injury and ill health. In complying with the Occupational Safety and Health Act 1994, the Group has established a Safety Policy, Rules and Regulations to ensure adequate protection of its employees, customers and other third parties.

Some of the health and safety measures adopted are ensuring first aid kits and fire extinguishing equipment are located prominently and properly maintained, evaluating hazard sources and performing evacuation and fire drills on an annual basis. The Group also actively strengthens the occupational safety awareness of employees by offering training on safety operation rules on a regular basis. In addition, all employees shall comply with the Group's Safety and Health Policy and are encouraged to practice good safety habits such as wearing appropriate protective equipment or attire. Our production machines and equipments are subject to regular maintenance to ensure normal functioning.

There were no work-related fatalities which occurred in the FY2022 and the past 3 years. There were no lost day due to work injuries in the FY2022. We take an extremely serious view of workplace safety and any accidents will be thoroughly investigated. Our goal is to maintain zero-fatality incident rate.

B3 Development and Training

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

In addition, a series of training was organized by the human resources department of the Company (the "**Human Resources Department**"), mainly focus on induction training for newly recruited employees, management development training, professional skills and continuing education. A total of 15 number of employees participated in the respective training and an average of 12 hours of training per employee was carried out during FY2022.

Percentage of employees trained#:

By gender	
Male	53%
Female	47%
By employee category	
Senior management	33%
Middle management	67%

Percentage of employees trained is calculated by number of employees trained in their specified categories over the total number of employees trained.

Average training hours completed per employee^:

By gender	
Male	12.06
Female	11.50
By employee category	
Senior management	12.30
Middle management	11.55

^ Average training hours are calculated by total number of hours trained during FY2022 in their specified categories over the number of employees as at that financial year end in their specified categories.

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. Child and forced labour are strictly prohibited during the Group's recruitment process in accordance to the laws and regulations. During FY2022, the Group strictly abides by local laws and does not employ any children or young persons under the age of 18 and there are no reported cases of forced labour. Our Human Resources Department takes reasonable efforts to avoid illegal employment of child and forced labour such as check to the 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 an international supplier base from which we source animal feed additives and human food ingredients. In FY2022, the Group has procured from different suppliers including local and international brand names, with the geographical location breakdown was as follows:

	Number of suppliers
Overseas	
— Europe	114
— North America	27
— Asia (excluding Malaysia)	293
— Australia	13
— Others	9
Local	
— Malaysia	194
	650

We have rigorous controls over our supply chain management system including the selection and evaluation of our suppliers. In order to promote improvements in environmental performance, the Group encourages its suppliers to consider and manage their environmental and social issues in their operations. Prior to engaging a supplier, potential suppliers are evaluated based on stringent criteria such as 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 the quality meet the Group's requirement. We will also perform site visits to the operation premises of the potential supplier to assess and evaluate 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. The Group maintains close communication with the suppliers to receive updates on any changes to their business ethics, environmental protection, labour standards and occupational healthy and safety practices.

B6 Product Responsibility

The products manufactured and distributed by the Group are mainly sold to feedmills, integrators, home mixing farms and human food manufacturers in Malaysia. During FY2022, we have not received any complaint from our customers and there were no product recalls due to health and safety reasons.

As our manufacturing activities involves only sieve, weight and homogenise, the Group does not generally generate industrial pollutants. During FY2022, 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.

An essential part of the Group's quality control is to check the certificate of analysis accompanying the imported products provided by our suppliers. Further, certain subsidiaries within the Group were accredited with ISO 9001:2015 for compliance with the requirements of quality management system standard applicable to distribution of feed ingredients, animal health supplement and pharmaceuticals, manufacturing of feed ingredients and animal health supplement and distribution of food ingredients.

As at 31 December 2022, the Group had 17 and 19 trademark registrations in Malaysia and overseas, respectively. The Group had also registered 5 domain names to prevent others from using the same domain names during the subsisting registration period. The Group conducts regular checks to ensure that there is no infringement of intellectual property rights.

The Group recognizes that the protection of confidential information is the key to its success. We are committed to protecting our data assets which include customer information, intellectual property and privacy. During FY2022, we did not receive any complaints on disclosure of client information.

B7 Anti-corruption

We strive to maintain a high level of ethical corporate culture by emphasising the importance of integrity, honesty and fairness. We have zero tolerance towards any form of corruption and bribery in our business and operations. The Group has formulated and established an anti-corruption and bribery policy that amongst others, is in compliance with the Malaysian Anti-Corruption Commission (Amendment) Act 2018 as part of its Code of Business Ethics and Corporate Conduct on 8 April 2020 (the "**Anti-Bribery & Corruption Policy**"). The Anti-Bribery & Corruption Policy strictly prohibits any form of bribery, abuse of power, conflict of interest and financial misconduct.

As part of our continuous effort towards upholding a culture of integrity in the Group, we regularly review and update the Anti-Bribery & Corruption Policy to meet the changing needs of the Group. The Group, relying on these policies and channels for whistleblowing, is not aware of any material non-compliance with relevant laws and regulations relating to bribery, extortion, fraud and money laundering in FY2022. There were no legal cases regarding corrupt practices brought against the Group or its employees during FY2022.

During FY2022, the Group had provided publications on anti-corruption practices to our Directors and employees regularly.

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**") on 8 April 2020 to encourage its employees, customers and suppliers to report any suspected or actual business misconduct, malpractice and other form of impropriety, without the fears of unfair treatments against them. As part of our continuous effort towards upholding a culture of integrity in the Group, we also regularly review and update the Whistleblowing Policy to meet the changing needs of the Group.

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 our legal advisers or professional service providers 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 FY2022, we continued to support our local communities and have contributed approximately RM95,000 (FY2021: approximately RM21,000). The donation is made in cash and in-kind to various charitable organisations and institutions of public character in Malaysia such as schools, religious institutions and NGOs. Looking ahead, the Group aims to continuously engage with and contribute to the community where it operates.

CORPORATE GOVERNANCE

The Board recognises the importance of good corporate governance in management and internal procedures so as to achieve effective accountability and to protect and enhance shareholders' value. The Company has adopted the principles and all relevant code provisions as set out under the Corporate Governance Code, as amended effective on 1 January 2022 (the "**CG code**") contained in Appendix 14 to the Listing Rules.

The Group has on 8 April 2020, adopted Corporate Governance Framework which identifies the key participants involved in ensuring the application of good governance practices and policies within the Group and the relationships between those participants. The framework spells out the background and structure to the explanations of the actions, policies, practices and procedures with an aim to follow and ensure the standards meet the stakeholders' expectations.

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, save for the deviation from code provision C.2.1 of the CG Code. For the deviation from code provision C.2.1 of the CG Code, please refer to the paragraph headed "Chairman and Chief Executive Officer" in this corporate governance report. The Board will review the Company's corporate governance structure from time to time and will continuously improve the Company's corporate governance practices by assessing their effectiveness with evolving standards to meet changing circumstances and needs.

SECURITIES TRANSACTIONS BY DIRECTORS

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

CORPORATE STRATEGY, BUSINESS MODEL AND CULTURE

The Company believes that with high commitment of adhering to corporate governance, practices and principles which emphasise on accountability, responsibility and fairness, is the essential core for sustaining the Group's long-term performance and value creation for our Shareholders, investing public and other stakeholders.

The Company's purpose is to safely manufacture animal feed additives premixes and sustainably distribute animal feed additives and human food ingredients, with the vision to be the leader in the industry, and the first choice partner for its customers and other stakeholders. In order to achieve this long-term vision, the Company's strategic priorities include, (i) offer quality products to its customers; (ii) products innovation and improvement; (iii) supply chain management; and (iv) enhance operational efficiency. The Company's culture and values of acting lawfully, ethically, and responsibly are integral to its operations, long-term growth and sustainability and is essential to its success. The Board reviews the implementation and strategic planning in support of its purpose annually.

In addition, our ability to achieve our vision and deliver our strategic priorities depends on the Company's culture, which dictate the way our business operates. Our Company's culture encourages employees to continuously achieve high performance. The Human Resources Department interviews and selects employees who would most likely fit in and foster the Company's culture. Further, our employee handbook also serves as a guideline to promote a harmonious and diverse workforce by providing a supporting working environment. The Group believes our employees are our valuable assets and we are committed to unlock their potential and providing them with career development opportunities.

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 Group for consideration by the Board, and to the extent approved by the Board, implementing these plans, budgets, strategies and objectives;

(b) operating the Group's businesses within the parameters set by the Board from time to time, and keeping the Board informed of material developments of the Group's businesses;

(c) where proposed transactions, commitments or arrangements exceed the parameters set by the Board, referring the matter to the relevant Board Committee or the Board for its consideration and approval;

(d) identifying and managing operation and other risks, and where those risks could have a material impact on the Group'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 Group's businesses, and in particular with respect to the Group'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 Group's performance under Listing Rules;

(g) implementing the policies, processes, the CG code and the Model Code approved by the Board; and

(h) implementing policies, processes and procedures for the management and development of the Group's employees.

The Directors have full and timely access to all relevant information as well as the advice of the company secretary of the Company. Each Director is also entitled to seek independent professional advice in appropriate circumstances at the Company's expense. Board members are also encouraged to seek inputs from other members, employees and other stakeholders in appropriate circumstances to ensure that different perspectives are taken into account in the decision-making process.

CORPORATE GOVERNANCE FUNCTION

The Board is responsible for performing the corporate governance duties under code provision A.2.1 of the CG Code which include 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 as well as monitor the effectiveness of corporate governance framework of the Company;

(f) to review and monitor the Company's compliance with the Company's whistleblowing policy as well as promote and support the system in relation to anti-corruption laws and regulations; and

(g) to review and monitor the effectiveness of the Company's board diversity policy annually.

The Directors have disclosed to the Board the number and nature of offices held in public companies or organizations and other significant commitments. The Board will regularly review the contribution required by each Director to perform his roles and responsibilities to the Company and whether he is spending sufficient time performing his duties.

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 in the content of the talents 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. 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 sets out the nomination procedures, the selection criteria and the process of recommending 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 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 used in assessing the suitability of a candidate by the Nomination Committee include, inter alia, such candidate's character and integrity; academic background and 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.

The Board and the Nomination Committee has reviewed the implementation and effectiveness of the Board Diversity and the Nomination Policy and considered that they remain effective and appropriate for the Company. As the Board currently comprises two female members, the Board considers its diversity of gender is appropriate and no additional measurable objective is necessary in this respect.

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.

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 is in place to protect the Directors from legal action arising from the performance of their duties as a Director. Such insurance coverage will be reviewed and renewed on an annual basis.

During the Financial Year, the Board has implemented different mechanisms to ensure independent views and input are available to the Board, which include the following:

(a) the appointment of at least three INEDs and at least one-third of the Board being INEDs, with at least one INED possessing appropriate professional qualifications, or accounting or related financial management expertise;

(b) the Nomination Committee strictly adheres to the Group's nomination policy and is mandated to assess annually the independence of all INEDs to ensure that they can continually exercise independent judgement; and

(c) the access to independent professional advice by the INEDs upon reasonable request to assist them in the decision-making process.

The implementation and effectiveness of such mechanism was reviewed on an annual basis. The Board considered that the abovementioned mechanisms remain effective to ensure a strong independence element on the Board during the Financial Year.

ANTI-BRIBERY & CORRUPTION POLICY

The Group has also adopted the Anti-Bribery & Corruption Policy as we strive to maintain a high level of ethical corporate culture by emphasising the importance of integrity, honesty and fairness. We have zero tolerance towards any form of corruption and bribery in our business and operations. The Group has formulated the Anti-Bribery & Corruption Policy that amongst others, is in compliance with the Malaysian Anti-Corruption Commission (Amendment) Act 2018. This policy strictly prohibits any form of bribery, abuse of power, conflict of interest and financial misconduct. As part of our continuous effort towards upholding a culture of integrity in the Group, we regularly review and update our Anti-Bribery & Corruption Policy to meet the changing needs of the Group.

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 the Whistleblowing Policy to encourage its employees, customers and suppliers to report any suspected or actual business misconduct, malpractice and other form of impropriety, without the fears of unfair treatments against them. As part of our continuous effort towards upholding a culture of integrity in the Group, we also regularly review and update the Whistleblowing Policy to meet the changing needs of the Group.

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 our legal advisers or professional service providers 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.

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 C.1.4 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 Financial Year 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 2021, (b) the Group's unaudited financial statements, interim results announcement and report for the six months ended 30 June 2022, (c) the environmental, social and governance report; and (ii) 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
Executive Directors	
Dato'Sri Lee Haw Yih	4/4
Datin Sri Yaw Sook Kean	4/4
Non-executive Director	
Mr. Lee Haw Shyang	4/4
Independent Non-executive Directors	
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.

During the Financial Year, an annual general meeting of the Company was held on 20 June 2022 (the "**2022 AGM**"). The attendance of each Director at the 2022 AGM is as follows:

Name of Directors	Number of attendance/Number of meetings
Executive Directors	
Dato'Sri Lee Haw Yih	1/1
Datin Sri Yaw Sook Kean	1/1
Non-executive Director	
Mr. Lee Haw Shyang	1/1
INEDs	
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 C.2.1 of the CG Code, the roles of the chairman of the Board (the "**Chairman**") and the chief executive officer of the Company (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. Further, the Company has put in place an appropriate checks and balances mechanism through the Board and three independent non-executive Directors. 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 (the "**AGM**") in accordance with the Company's amended and restated articles of association (the "**Articles of Association**").

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. The terms of reference are of no less exacting terms than those set out in the code provision D.3.3 and D.3.7 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 2021, (b) the interim financial statements, results announcement and report for the six months ended 30 June 2022, (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 auditor at the forthcoming AGM;

(iii) reviewed the annual audit plan of Mazars PLT including the nature and scope of the audit, auditor's remuneration, reporting obligations and 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 auditor.

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. The terms of reference are of no less exacting terms than those set out in the code provision E.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
Dato'Sri Lee Haw Yih	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. The terms of reference are of no less exacting terms than those set out in the code provision B.3.1 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 is also in compliance with Rule 3.27A of the Listing Rules 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.

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
Mr. Lim Heng Choon	1/1
Ms. Ng Siok Hui	1/1
Dato'Sri Lee Haw Yih	1/1

The following is a summary of the work performed by the Nomination Committee 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 Financial Year, Mazars PLT was engaged as the Group's independent auditor (2021: Mazars CPA Limited and Mazars PLT as independent joint auditors). The remuneration paid/payable to the independent auditor (2021: independent joint auditors) is set out below:

	2022 (RM'000)	2021 (RM'000)
Audit services — Annual audit	290	530

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.

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 PLT 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;

(iii) operational risks; and

(iv) ESG 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. 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 the 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) the Group has engaged an external internal control consultant 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.

A new class of risks has emerged in recent years and is known as ESG risks that address environmental, social and governance issues. Accordingly, the Group has adopted the relevant risk management policies for its ESG risks to avoid potential financial or reputational damage.

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. Wong Po Lam was appointed by the Board as the Company Secretary on 1 September 2021. 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 of Association, any one or more Shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the voting rights at general meetings on a one vote per Share basis in the share capital 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 Room 1910, 19/F, C C Wu Building, 302-308 Hennessy Road, Wan Chai, 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 Room 1910, 19/F, C C Wu Building, 302-308 Hennessy Road, Wan Chai, 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. These will also be published on the websites of the Stock Exchange and the Company in a timely and consistent manner as required by the Listing Rules.

The Board regularly reviews our existing channels of communication with Shareholders and investors to make sure that they remain effective and provides recommendations for improvements when needed. The Board considers our current practices were all properly implemented throughout the year and achieved satisfactory results.

CONSTITUTIONAL DOCUMENTS

The memorandum of the Company and the Articles of Association have been amended and restated with effect from 20 June 2022, the latest version of which are available from the websites of the Company and the Stock Exchange.

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 of Association. 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 this report together with the audited consolidated financial statements of the Group for the Financial Year.

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 16 to the consolidated financial statements in this annual report. There were no significant changes in the nature of the Group's principal activities during the Financial Year.

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 58 of this annual report. The financial position of the Group and the Company as at 31 December 2022 are set forth on pages 59 to 60 and 98 to 99, 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 (2021: Nil).

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 14 June 2023 to Monday, 19 June 2023 (both days inclusive), during which period no transfer of the Shares will be registered, for ascertaining the Shareholders' entitlement to attend and vote at the 2023 AGM which will be held on Monday, 19 June 2023 ("**2023 AGM**"). In order to qualify for attending and voting at the 2023 AGM, the 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, 13 June 2023. The address of Boardroom Share Registrars (HK) Limited is 2103B, 21st Floor, 148 Electric Road, North Point, Hong Kong.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five years, as extracted from the audited consolidated financial statements, is set out on page 110 of this annual report. This summary does not form part of the audited 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 22 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 of Association 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 Group during the Financial Year are set out in note 24 to the consolidated financial statements and in the consolidated statement of changes in equity, in this annual report respectively.

DISTRIBUTABLE RESERVES

At 31 December 2022, the Group's reserves available for distribution to the Shareholders (comprising share premium, capital redemption reserve, capital reserve, exchange reserve, FVTOCI reserve and retained profits) amounted to approximately RM146.0 million (2021: approximately RM138.1 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 (the "**Share Option Scheme**"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

(a) Purpose of the Share Option Scheme

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.

(b) Grant of options

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.

(c) Maximum number of Shares

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.

(d) Maximum entitlement of each Eligible Person

The total number of Shares issued and which may fail 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.

(e) Period for acceptance of an option

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.

(f) Period within which the securities must be exercised under an option

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.

(g) Basis for determining the subscription price

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.

(h) Remaining life

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 2022, 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 2022 and 10.0% of the total number of Shares in issue at the time dealing the Shares first commence on the Stock Exchange.

EQUITY-LINKED AGREEMENTS

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

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

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

MAJOR CUSTOMERS AND SUPPLIERS

During the Financial Year, the five largest suppliers of the Group accounted for about 38% (2021: 46%) of the Group's cost of sales and the largest supplier accounted for about 8% (2021: 13%) of the cost of sales.

During the Financial Year, the five largest customers of the Group accounted for about 28% (2021: 21%) of the Group's total revenue and the largest customer accounted for about 7% (2021: 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 PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Save as disclosed in note 31 to the consolidated financial statements in this annual report, there were no other related party 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 its corporate responsibility to the society and is dedicated to enhance its environmental stewardship. 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 26 of this annual report.

To the best knowledge of the Directors, the Group was not aware of any material non-compliance with the applicable environmental laws and regulations that have a significant impact on the Group during the Financial Year.

PERMITTED INDEMNITY PROVISIONS

The Articles of Association provides that the Directors, Secretary, other officers and 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.

Such provisions were in force throughout the Financial Year and are currently in force. 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. The Group offers remuneration package to its staff which 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 subsidies for recognised courses. The Group's workers are also provided with training on workplace safety and in other job-related areas to facilitate them to maintain their qualifications on site. The Directors believe that these measures will also serve as a means to retain quality staff.

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

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

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

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 of Association 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 2023 AGM are (i) Datin Sri Yaw Sook Kean; and (ii) Ms. Ng Siok Hui. They will retire and being eligible, offer themselves for re-election as Directors at the 2023 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 three months 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.

DIRECTORS' REMUNERATION

Details of the remuneration of Directors are set out in note 10 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 2022, 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 Model 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.

(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 2022, 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 2022, 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 Shareholders	Capacity	Number of Shares *(Note 1)*	Percentage of Holding
Garry-Worth *(Note 2)*	Beneficial owner	337,500,000(L)	71.5%
Mr. Lee Haw Hann *(Note 3)*	Interest jointly with others	337,500,000(L)	71.5%
Ms. Lim Ee Min *(Note 4)*	Interest of spouse	337,500,000(L)	71.5%
Ms. Yee Mei Loon *(Note 5)*	Interest of spouse	337,500,000(L)	71.5%
Warrants Capital Ltd ("**Warrants Capital**") *(Note 6)*	Beneficial owner	27,482,000(L)	5.8%
Mr. Voon Sze Lin *(Note 6)*	Interest in controlled corporation	27,482,000(L)	5.8%

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 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.

3. The Parties are parties acting in concert (having the meaning as ascribed thereto in the Takeovers Code) pursuant to the confirmation and undertaking dated 26 January 2019 and entered into among the Parties, together control 337,500,000 Shares, representing 71.5% of the entire issued share capital of the Company.

4. 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.

5. Ms. Yee Mei Loon, the spouse of Mr. Lee Haw Hann, is deemed under the SFO to be interested in the same number of the Shares in which Mr. Lee Haw Hann is interested in.

6. Warrants Capital is the beneficial owner of 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.

Save as disclosed above, as at 31 December 2022, 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 herein, 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 as at the date of this annual report.

DIRECTORS' INTEREST IN SIGNIFICANT CONTRACTS

Save as disclosed in this annual report, 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 one year without payment of compensation (other than statutory compensation) as at 31 December 2022 and 2021.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 December 2022, the Group's equity instrument in VetCell International Limited has been placed under voluntary winding-up, as set out in note 15 to the consolidated financial statements in this annual report.

Save as disclosed above, the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2022 and up to the date of this annual report.

INDEPENDENT AUDITOR

Mazars CPA Limited and Mazars PLT had been the independent joint auditors since the Listing. On 20 June 2022, Mazars CPA Limited retired as one of the independent joint auditors and Mazars PLT became the sole independent auditor. Further details can be found on the Company's announcement dated 20 April 2022.

The consolidated financial statements for the Financial Year were audited by Mazars PLT 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 PLT as independent auditor 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 27 to 41 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 RM95,000 (2021: approximately RM21,000).

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

Malaysia, 27 March 2023

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 (collectively referred to as the "**Group**"), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, as set out on pages 58 to 109.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with International Financial Reporting Standards 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 International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENCE AND OTHER ETHICAL RESPONSIBILITIES

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("**IESBA Code**"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

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

Expected Credit Losses of Trade Receivables

Refer to Significant Accounting Judgements and Estimates in note 4; and Trade Receivables in note 18 to the consolidated financial statements.

The risk:

The Group's gross trade receivables and loss allowance for expected credit losses ("**ECL**") as at 31 December 2022 amounted to RM25,013,000 and RM1,144,000 respectively.

At each reporting date, management of the Company estimates the amount of ECL of trade receivables using a provision matrix that is based on historical data of trade receivables and is also adjusted for forward-looking information relevant to trade receivables.

Management of the Company 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 into consideration the quantitative and qualitative historical information, and the applicable forward-looking information.

We have identified the management's ECL assessment of trade receivables as a key audit matter because the carrying amount of trade receivables is significant to the consolidated financial statements; and the ECL assessment of trade receivables requires significant judgement exercised by management and involves high level of estimation uncertainty.

Our response:

Our audit procedures included, among others, obtained an understanding of the Group's methodology and the basis used by management in the measurement of ECL of trade receivables. We evaluated the appropriateness of the methodology used by management in the measurement of ECL of trade receivables. We tested, on a sampling basis, the accuracy of trade receivables' ageing profile. We tested and challenged the key assumptions and data used by management in the measurement of ECL, including, but not limited to, the development of our ECL of trade receivables. In developing our ECL of trade receivables, we had taken into consideration trade receivables' historical default, ageing profile and collection subsequent to the reporting date, as well as the forward looking factors relevant to the trade receivables. We evaluated the overall reasonableness of ECL of trade receivables recognised by management based on the outcome of our testing and ECL calculated by us.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's 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 THE DIRECTORS 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 International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance. The directors of the Company are also responsible for such internal control as the directors determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors of the Company, as assisted by the audit committee, are responsible for overseeing the Group's financial reporting process.

AUDITOR'S 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 an auditor's report that includes our opinion. This report is made solely to the members of the Company, 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

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

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

- Identify and assess the risks of material misstatement of the 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 directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

We also provide the audit committee of the Company 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.

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

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

The engagement partner on the audit resulting in this independent auditor's report is Lee Soo Eng.

MAZARS PLT
Chartered Accountants
Kuala Lumpur, Malaysia

27 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Note	2022 RM'000	2021 RM'000
Revenue	6	134,182	120,138
Cost of sales		(102,228)	(92,229)
Gross profit		31,954	27,909
Other (loss)/income	7	(2,308)	2,370
Selling and distribution costs		(2,629)	(2,546)
Administrative and other operating expenses		(10,647)	(11,406)
Finance costs		(24)	(31)
Impairment losses (including reversals of impairment losses) on trade receivables		247	(112)
Profit before tax	8	16,593	16,184
Income tax expenses	9	(5,280)	(4,346)
Profit for the financial year		11,313	11,838
Other comprehensive (loss)/income for the financial year			
Items that will not be reclassified subsequently to profit or loss:			
(Loss)/Gain on equity investment		(4,299)	174
Exchange differences on translation of the Company's financial statements to presentation currency		1,102	1,601
		(3,197)	1,775
Item that may be reclassified to profit or loss:			
Exchange differences on consolidation		(197)	—
Other comprehensive (loss)/income for the financial year		(3,394)	1,775
Total comprehensive income for the financial year		7,919	13,613
Earnings per share attributable to equity holders of the Company			
Basic and diluted	12	2.40 RM cents	2.41 RM cents

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Note	2022 RM'000	2021 RM'000
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	14	14,190	14,576
Equity investment	15	—	4,299
		14,190	18,875
CURRENT ASSETS			
Inventories	17	39,863	49,406
Trade and other receivables	18	29,043	28,920
Other investments	19	30,480	43,336
Restricted bank balances	20	1,646	1,677
Bank balances and cash	21	43,922	11,666
		144,954	135,005
TOTAL ASSETS		159,144	153,880
EQUITY AND LIABILITIES			
EQUITY			
Share capital	22	2,614	2,614
Reserves	24	145,989	138,070
TOTAL EQUITY		148,603	140,684
LIABILITIES			
NON-CURRENT LIABILITIES			
Lease liabilities	25	—	28
Deferred tax liability	26	552	614
		552	642

As at 31 December 2021

	Note	2022 RM'000	2021 RM'000
CURRENT LIABILITIES			
Trade and other payables	27	9,060	12,153
Lease liabilities	25	87	94
Income tax payable		842	307
		9,989	12,554
TOTAL LIABILITIES		10,541	13,196
TOTAL EQUITY AND LIABILITIES		159,144	153,880
TOTAL ASSETS LESS CURRENT LIABILITIES		149,155	141,326

The consolidated financial statements on pages 58 to 109 were approved and authorised for issue by the Board of Directors on 27 March 2023 and signed on its behalf by

Dato'Sri Lee Haw Yih
Director

Datin Sri Yaw Sook Kean
Director

The accompanying notes form an integral part of the financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2022

	Attributable to equity shareholders of the Company							
	Share capital RM'000	Share premium RM'000	Capital redemption reserve RM'000	Capital reserve RM'000	Exchange reserve RM'000	Fair value through other comprehensive income reserve RM'000	Retained profits RM'000	Total RM'000
At 1 January 2021	2,769	48,981	–	14,344	(3,723)	–	78,342	140,713
Profit for the financial year	–	–	–	–	–	–	11,838	11,838
Other comprehensive income for the financial year	–	–	–	–	1,601	174	–	1,775
Total comprehensive income for the financial year	–	–	–	–	1,601	174	11,838	13,613
Purchase of own shares during the financial year								
– per value paid	(155)	–	–	–	–	–	–	(155)
– premium paid	–	(13,487)	–	–	–	–	–	(13,487)
– transfer between reserves	–	(155)	155	–	–	–	–	–
	(155)	(13,642)	155	–	–	–	–	(13,642)
At 31 December 2021	2,614	35,339	155	14,344	(2,122)	174	90,180	140,684
At 1 January 2022	2,614	35,339	155	14,344	(2,122)	174	90,180	140,684
Profit for the financial year	–	–	–	–	–	–	11,313	11,313
Other comprehensive income/(loss) for the financial year	–	–	–	–	905	(4,299)	–	(3,394)
Total comprehensive income for the financial year	–	–	–	–	905	(4,299)	11,313	7,919
Transfer of reserve	–	–	–	–	–	4,125	(4,125)	–
At 31 December 2022	2,614	35,339	155	14,344	(1,217)	–	97,368	148,603

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	2022 RM'000	2021 RM'000
OPERATING ACTIVITIES		
Profit before tax	16,593	16,184
Adjustments for:		
Bad debts written off	675	—
Bank interest income	(402)	(152)
Depreciation on property, plant and equipment	1,780	1,587
Exchange differences	905	1,601
Fair value loss/(gain) on other investments, net	5,299	(165)
Gain on disposal of property, plant and equipment	(89)	(27)
Interest expenses	24	31
Investment income arising from other investments	(842)	(1,413)
Impairment losses (including reversals of impairment losses) on trade receivables	(247)	112
Operating profit before changes in working capital	23,696	17,758
Changes in inventories	9,543	(14,494)
Changes in receivables	(551)	435
Changes in payables	(3,093)	5,057
Cash generated from operations	29,595	8,756
Income tax paid	(4,807)	(4,574)
Net cash generated from operating activities	24,788	4,182
INVESTING ACTIVITIES		
Bank interest received	402	152
Decrease/(Increase) in restricted bank balances	31	(7)
Investment income received from other investments	842	1,413
Net redemption of other investments	7,557	9,903
Purchase of equity investment	—	(4,125)
Purchase of property, plant and equipment	(707)	(752)
Proceeds from disposal of property, plant and equipment	99	28
Net cash generated from investing activities	8,224	6,612

For the financial year ended 31 December 2022

	2022 RM'000	2021 RM'000
FINANCING ACTIVITIES		
Inception of interest-bearing borrowings	–	2,401
Interest paid	–	(10)
Payment for repurchase of shares which was subsequently cancelled by the Company	–	(13,642)
Repayment of interest-bearing borrowings	–	(2,401)
Repayment of lease liabilities	(756)	(647)
Net cash used in financing activities	(756)	(14,299)
NET CHANGES IN BANK BALANCES AND CASH	32,256	(3,505)
BANK BALANCES AND CASH AT THE BEGINNING OF THE FINANCIAL YEAR	11,666	15,171
BANK BALANCES AND CASH AT THE END OF THE FINANCIAL YEAR	43,922	11,666

The accompanying notes form an integral part of the financial statements.

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 Room 1910, 19/F, C C Wu Building, 302–308 Hennessy Road, Wan Chai, 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

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**IASB**"). 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**") and the disclosure requirements of the Hong Kong Companies Ordinance.

Application of amendments

In the current financial year, the Group has applied a number of amendments that become effective mandatorily for the financial periods beginning on or after 1 January 2022. The adoption of the amendments does not have significant impact on the disclosures or on the amounts reported in these financial statements.

2. BASIS OF PREPARATION (Continued)

(a) Statement of compliance (Continued)

New standard and amendments issued that are not yet effective

The Group has not applied the following new standard and amendments that have been issued by the IASB but are not yet effective:

		Effective Date
IFRS 17	Insurance Contracts	1 January 2023
Amendment to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information	1 January 2023
Amendments to IAS 1	Disclosure of Accounting Policies	1 January 2023
Amendments to IAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to IAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to IAS 1	Non-current Liabilities with Covenants	1 January 2024
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above new standard and amendments is not expected to have significant impact on the financial position and financial performance of the Group when they become effective.

(b) Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is historical cost basis, except for equity investment at FVTOCI, and other investments, which are measured at fair values as explained in the accounting policies set out below.

(c) Presentation currency

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.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

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.

(b) Allocation of total comprehensive income

Profit or loss and each component of other comprehensive income is 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.

(c) 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 is 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.

(d) 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, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) 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 as 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments

(i) Financial assets

Recognition and derecognition

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

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

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

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

Classification and measurement

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(i) Financial assets (Continued)

Financial assets measured at amortised cost (Continued)

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.

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 equity investments designated FVTOCI include unlisted equity investment.

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.

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 unit trusts.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(ii) 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.

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. The Group's financial liabilities at amortised cost include trade and other payables, interest-bearing borrowings and lease liabilities.

(iii) Impairment

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(iii) Impairment (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.

The Group’s restricted bank balances and bank balances and cash are determined to have low credit risk.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

(iii) Impairment (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.

(g) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Property, plant and equipment (Continued)

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

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.

(h) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Leases (Continued)

The Group as leasee (Continued)

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

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

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

The 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Leases (Continued)

The Group as lessee (Continued)

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.

(i) 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.

(j) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) 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).

(l) 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.

(m) Employee benefits

(i) 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.

(ii) Defined contribution plan

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.

(n) Revenue recognition

(i) 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Revenue recognition (Continued)

(ii) Revenue from contracts with customers

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Revenue recognition (Continued)

(ii) Revenue from contracts with customers (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.

(o) 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.

(p) Taxation

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) 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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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 ongoing 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

Impairment of trade 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 of trade receivables reflects lifetime ECL. 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.

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.

5. 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:

(a) Animal feed additives products segment: manufacturing and distribution of animal feed additives products; and

(b) Human food ingredient products segment: distribution of human food ingredient products.

Segment revenue and results

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 and income tax expenses.

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.

5. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

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

2022	Animal feed additives products RM'000	Human food ingredient products RM'000	Total RM'000
Revenue from external customers			
— Distribution	66,416	30,019	96,435
— Manufacturing	37,747	—	37,747
	104,163	30,019	134,182
Gross profit			
— Distribution	14,856	6,747	21,603
— Manufacturing	10,351	—	10,351
	25,207	6,747	31,954
Selling and distribution costs	(2,041)	(588)	(2,629)
Impairment losses (including reversals of impairment losses) on trade receivables	247	—	247
Segment results	23,413	6,159	29,572
Unallocated income and expenses			
Other loss			(2,308)
Administrative and other operating expenses			(10,647)
Finance costs			(24)
Profit before tax			16,593
Income tax expenses			(5,280)
Profit for the financial year			11,313
Other information			
Depreciation *(note i)*	148	—	148
Addition to property, plant and equipment *(note ii)*	10	—	10

5. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

2021	Animal feed additives products RM'000	Human food ingredient products RM'000	Total RM'000
Revenue from external customers			
— Distribution	58,603	24,763	83,366
— Manufacturing	36,772	—	36,772
	95,375	24,763	120,138
Gross profit			
— Distribution	10,196	6,617	16,813
— Manufacturing	11,096	—	11,096
	21,292	6,617	27,909
Selling and distribution costs	(2,000)	(546)	(2,546)
Impairment losses (including reversals of impairment losses) on trade receivables	(112)	—	(112)
Segment results	19,180	6,071	25,251
Unallocated income and expenses			
Other income			2,370
Administrative and other operating expenses			(11,406)
Finance costs			(31)
Profit before tax			16,184
Income tax expenses			(4,346)
Profit for the financial year			11,838
Other information			
Depreciation *(note i)*	154	—	154
Addition to property, plant and equipment *(note ii)*	180	—	180

Note:

(i) Depreciation not included in the measure of segment results during the financial year ended 31 December 2022 amounted to approximately RM1,632,000 *(2021: approximately RM1,433,000)*.

(ii) Additions to property, plant and equipment not included in the measure of segment results during the financial year ended 31 December 2022 amounted to approximately RM1,394,000 *(2021: approximately RM1,259,000)*.

5. 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 financial years ended 31 December 2022 and 2021.

6. REVENUE

	2022 RM'000	2021 RM'000
Revenue from contracts with customers		
— Distribution income	96,435	83,366
— Manufacturing income	37,747	36,772
	134,182	120,138

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

	2022 RM'000	2021 RM'000
Timing of revenue recognition (at a point of time):		
— Distribution income	96,435	83,366
— Manufacturing income	37,747	36,772
	134,182	120,138

7. OTHER (LOSS)/INCOME

	2022 RM'000	2021 RM'000
Bank interest income	402	152
Exchange gain, net	1,381	—
Gain on disposal of property, plant and equipment	89	27
Fair value (loss)/gain on other investments, net	(5,299)	165
Investment income arising from other investments	842	1,413
Sundry income	277	613
	(2,308)	2,370

8. PROFIT BEFORE TAX

This is stated after charging:

	2022 RM'000	2021 RM'000
Finance costs		
Interest expenses on interest-bearing borrowings	—	10
Interest expenses on lease liabilities	24	21
	24	31
Staff costs (including directors' emoluments)		
Salaries, allowances and other benefits in kind	5,174	5,581
Contributions to defined contribution plans	677	571
Total staff costs (charged to "cost of goods sold", "selling and distribution costs" and "administrative and other operating expenses", as appropriate)	5,851	6,152
Other items		
Auditors' remuneration	290	530
Bad debts written off	675	—
Cost of inventories recognised as expense	102,228	92,229
Depreciation (charged to "cost of goods sold" and "administrative and other operating expenses", as appropriate)	1,780	1,587
Exchange loss, net	—	450

The Group does not recognise right-of-use assets and corresponding liabilities under short term lease and lease of low-value assets. For the financial years ended 31 December 2022 and 2021, the total cash outflows for leases were approximately RM756,000 and RM647,000, respectively.

9. INCOME TAX EXPENSES

	2022 RM'000	2021 RM'000
Current tax		
Income tax	5,342	4,368
Deferred tax		
Change in temporary differences	(62)	(22)
	5,280	4,346

The group entities established in the Cayman Islands and the BVI are exempted from income tax 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 financial years ended 31 December 2022 and 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 financial years ended 31 December 2022 and 2021.

Malaysia income tax is calculated at the rate of 24% (the "**applicable tax rate**") of the Group's estimated assessable profits arising from Malaysia for the financial years ended 31 December 2022 and 2021.

Reconciliation of income tax expenses:

	2022 RM'000	2021 RM'000
Profit before tax	16,593	16,184
Income tax at the applicable tax rate	3,982	3,885
Non-deductible expenses	1,593	778
Tax exempt revenue	(223)	(281)
Others	(72)	(36)
Income tax expenses	5,280	4,346

10. DIRECTORS' REMUNERATION

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

Financial year ended 31 December 2022

	Directors' fees RM'000	Salaries, allowances and benefits in kind RM'000	Discretionary bonus RM'000	Contributions to defined contribution plans RM'000	Total RM'000
Executive Directors					
Dato'Sri Lee Haw Yih	120	690	173	94	1,077
Datin Sri Yaw Sook Kean	96	348	85	48	577
	216	1,038	258	142	1,654
Non-Executive Director					
Mr. Lee Haw Shyang	113	–	–	–	113
Independent Non-executive Directors					
Ms. Ng Siok Hui	60	–	–	–	60
Mr. Lim Chee Hoong	60	–	–	–	60
Mr. Lim Heng Choon	60	–	–	–	60
	180	–	–	–	180
	509	1,038	258	142	1,947

10. DIRECTORS' REMUNERATION (Continued)

Financial Year Ended 31 December 2021

	Directors' fees RM'000	Salaries, allowances and benefits in kind RM'000	Discretionary bonus RM'000	Contributions to defined contribution plans RM'000	Total RM'000
Executive Directors					
Dato'Sri Lee Haw Yih	—	853	—	84	937
Datin Sri Yaw Sook Kean	—	486	—	42	528
	—	1,339	—	126	1,465
Non-Executive Director					
Mr. Lee Haw Shyang	108	—	—	—	108
Independent Non-executive Directors					
Ms. Ng Siok Hui	60	—	—	—	60
Mr. Lim Chee Hoong	60	—	—	—	60
Mr. Lim Heng Choon	60	—	—	—	60
	180	—	—	—	180
	288	1,339	—	126	1,753

(a) Directors' remuneration

During the financial years ended 31 December 2022 and 2021, 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 financial years ended 31 December 2022 and 2021.

(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 financial years ended 31 December 2022 and 2021.

(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 financial year ended 31 December 2022 or at any time during the financial years ended 31 December 2022 and 2021.

11. FIVE HIGHEST PAID INDIVIDUALS

An analysis of the five highest paid individuals during the financial years ended 31 December 2022 and 2021 is as follows:

	Number of individuals 2022	2021
Director	2	2
Non-director	3	3
	5	5

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

	2022 RM'000	2021 RM'000
Salaries, allowances and other benefits in kind	701	685
Discretionary bonus	49	—
Contributions to defined contribution plans	87	81
	837	766

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

	Number of individuals 2022	2021
Nil to HK$1,000,000	3	3

During the financial years ended 31 December 2022 and 2021, no remunerations were 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 financial years ended 31 December 2022 and 2021.

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:

	2022 RM'000	2021 RM'000
Profit for the financial year attributable to the equity holders of the Company, used in basic and diluted earnings per share calculation	11,313	11,838

	Number of shares	
	2022	2021
Weighted average number of ordinary shares for basic and diluted earnings per share calculation	472,000,000	490,845,638

The 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 financial years ended 31 December 2022 and 2021.

13. DIVIDENDS

No dividends have been paid or declared by the Company for the financial year ended 31 December 2022 (2021: Nil). The directors of the Company do not recommend the payment of a final dividend for the financial year ended 31 December 2022 (2021: Nil).

14. PROPERTY, PLANT AND EQUIPMENT

	Right-of-use assets RM'000	Freehold land RM'000	Buildings RM'000	Leasehold improvements RM'000	Furniture, fixtures and office equipment RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Total RM'000
2021								
At 1 January	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)
At 31 December	120	4,066	8,274	524	366	456	770	14,576
2022								
At 1 January	120	4,066	8,274	524	366	456	770	14,576
Additions	697	—	172	—	282	10	243	1,404
Disposals	—	—	—	—	—	—	(10)	(10)
Depreciation	(733)	—	(197)	(138)	(198)	(148)	(366)	(1,780)
At 31 December	84	4,066	8,249	386	450	318	637	14,190
At 31 December 2021								
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)
Carrying amounts	120	4,066	8,274	524	366	456	770	14,576
At 31 December 2022								
Cost	1,396	4,066	10,022	985	3,210	4,563	4,890	29,132
Accumulated depreciation	(1,312)	—	(1,773)	(599)	(2,760)	(4,245)	(4,253)	(14,942)
Carrying amounts	84	4,066	8,249	386	450	318	637	14,190

15. EQUITY INVESTMENT

	2022 RM'000	2021 RM'000
Unlisted equity investment	–	4,299

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

Based on the directors' assessment of Vetcell's financial position as at the end of the financial year, the probability of VetCell continuing its business in the foreseeable future is remote. On 27 January 2023, VetCell has been placed under voluntary winding-up. With reference to the substance of the circumstances of Vetcell, the fair value of the investment is determined as nil as at the end of the financial year, and the cumulative losses are transferred directly to retained profits.

16. SUBSIDIARIES

Details of the subsidiaries as 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 2022	2021	Principal activities and place of operation
Directly held by the Company:					
Ritamix International Limited	The BVI, 21 September 2018	United States Dollar ("**USD**") 1	100.0%	100.0%	Investment holding, The BVI
Indirectly held by the Company:					
Gladron Chemicals Sdn. Bhd.	Malaysia, 20 November 1982	RM9,224,355	100.0%	100.0%	Distribution of animal feed additives products, Malaysia
Kevon Sdn. Bhd.	Malaysia, 21 June 2004	RM100,000	100.0%	100.0%	Distribution of human food ingredient products, Malaysia
Ritamix Sdn. Bhd.	Malaysia, 29 May 2007	RM5,000,000	100.0%	100.0%	Manufacturing of animal feed additives premixes, Malaysia

16. SUBSIDIARIES (Continued)

Name of subsidiaries	Place and date of incorporation	Particulars of paid-up capital/ registered capital	Attributable equity interest held by the Company 2022	2021	Principal activities and place of operation
Indirectly held by the Company:					
Ritamix (HK) Limited	Hong Kong, 11 November 2020	HK$100	100.0%	100.0%	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)	51.0%	51.0%	Not yet commenced business, The PRC
Forever Luck Enterprise International Limited	Hong Kong, 13 April 2022	HK$10,000	100.0%	—	Not yet commenced business, Hong Kong
中申(海南)置業有限公司 (Zhongshen (Hainan) Real Estate Co., Ltd)* ("**Zhongshen**")	The PRC, 24 June 2022	Note (a)	40.8%+	—	Not yet commenced business, The PRC

* *English name is for identification purpose only.*

\+ Zhongshen is 80.0% held directly by Hainan Ritamix.

Note (a):

Hainan Ritamix

Hainan Ritamix was established in the PRC on 21 December 2020 with registered capital of Renminbi ("**RMB**") 50,000,000. As at 31 December 2022 and 2021, no registered capital of Hainan Ritamix has been paid-up. As at 31 December 2022, the Group had contracted but not provided capital commitment of RMB25,500,000 (equivalent to approximately RM16,172,100) in respect of the investment in Hainan Ritamix. Details of the cooperation were disclosed in the Company's announcement dated 7 January 2021.

Zhongshen

Zhongshen was established in the PRC on 24 June 2022 with registered capital of RMB50,000,000. As at 31 December 2022, no registered capital of Zhongshen has been paid-up.

17. INVENTORIES

	2022 RM'000	2021 RM'000
Raw materials	21,032	26,547
Finished goods	18,831	22,859
	39,863	49,406

18. TRADE AND OTHER RECEIVABLES

	2022 RM'000	2021 RM'000
Trade receivables (a)	25,013	26,909
Loss allowance (b)	(1,144)	(1,788)
	23,869	25,121
Other receivables, deposits and prepayments	5,174	3,799
	29,043	28,920

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

As at 31 December 2022 and 2021, 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. Management of the Group considers the fair value of the pledged property is sufficient to cover the respective trade receivable as at 31 December 2022 and 2021.

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

	2022 RM'000	2021 RM'000
Within 30 days	10,605	7,310
31 to 60 days	5,348	8,444
61 to 90 days	3,944	4,253
Over 90 days	5,116	6,902
	25,013	26,909
Loss allowance	(1,144)	(1,788)
	23,869	25,121

18. TRADE AND OTHER RECEIVABLES (Continued)

(b) 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:

	2022 RM'000	2021 RM'000
At 1 January	1,788	1,676
Net remeasurement of loss allowance	(247)	112
Written off	(397)	—
At 31 December	1,144	1,788

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 incorporates forward looking information. The loss allowance is analysed as follows:

2022	ECL rate	Gross carrying amount RM'000	Loss allowances RM'000	Net carrying amount RM'000	Credit-impaired
Trade receivables analysed by credit period					
— Current	0.89%	12,302	109	12,193	No
— Overdue within 30 days	2.33%	6,317	147	6,170	No
— Overdue 31 to 60 days	3.74%	2,522	94	2,428	No
— Overdue 61 to 90 days	9.47%	1,218	115	1,103	No
— Overdue over 90 days	39.82%	1,705	679	1,026	Yes
Secured by the property pledged by a trade debtor	0%	949	—	949	No
		25,013	1,144	23,869	

18. TRADE AND OTHER RECEIVABLES (Continued)

(b) (Continued)

2021	ECL rate	Gross carrying amount RM'000	Loss allowances RM'000	Net carrying amount RM'000	Credit-impaired
Trade receivables analysed by credit period					
— Current	0.98%	11,182	110	11,072	No
— Overdue within 30 days	2.70%	5,373	145	5,228	No
— Overdue 31 to 60 days	3.59%	4,469	160	4,309	No
— Overdue 61 to 90 days	12.10%	1,826	221	1,605	No
— Overdue over 90 days	37.04%	3,110	1,152	1,958	Yes
Secured by the property pledged by a trade debtor	0%	949	—	949	No
		26,909	1,788	25,121	

19. OTHER INVESTMENTS

	2022 RM'000	2021 RM'000
Unit trusts	30,480	43,336

The short term investments which are managed and invested into fixed income and money market instruments by fund management company. The short term investments can be redeemed from time to time. The fair values of the investments are measured with reference to the market value of the instruments reported by the fund management company.

20. RESTRICTED BANK BALANCES

The Group's restricted bank balances are bank deposits denominated in RM which carried interest at prevailing market rates and are 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 2022 and 2021, respectively. The Group had not utilised any banking facilities as at 31 December 2022 and 2021.

21. BANK BALANCES AND CASH

	2022 RM'000	2021 RM'000
Cash at banks and on hand	43,922	11,666

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

22. SHARE CAPITAL

	Number of shares	HK$'000	**Equivalent** RM'000
2022			
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 January/31 December	20,000,000,000	200,000	110,426
Issued and fully paid up:			
At 1 January/31 December	472,000,000	4,720	2,614
2021			
Ordinary shares of HK$0.01 each			
Authorised:			
At 1 January/31 December	20,000,000,000	200,000	110,426
Issued and fully paid up:			
At 1 January	500,000,000	5,000	2,769
Cancellation of shares during the financial year	(28,000,000)	(280)	(155)
At 31 December	472,000,000	4,720	2,614

22. SHARE CAPITAL (Continued)

In the previous financial year, 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 per share HK$	Lowest price paid per share HK$	Aggregate price paid 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 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 financial 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 financial 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 financial year ended 31 December 2021.

23. 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	2022 RM'000	2021 RM'000
NON-CURRENT ASSET			
Investments in subsidiaries	16	5	—*
CURRENT ASSETS			
Other receivables		84	80
Amounts due from subsidiaries	23(a)	7,820	3,860
Other investments		9,690	18,763
Bank balances and cash		294	614
		17,888	23,317
TOTAL ASSETS		17,893	23,317
EQUITY AND LIABILITIES			
EQUITY			
Share capital	22	2,614	2,614
Reserves	23(b)	14,957	17,958
TOTAL EQUITY		17,571	20,572
CURRENT LIABILITIES			
Other payables		322	792
Amount due to a subsidiary	23(a)	—	1,953
		322	2,745
TOTAL EQUITY AND LIABILITIES		17,893	23,317

* *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 27 March 2023 and signed on its behalf by

Dato'Sri Lee Haw Yih
Director

Datin Sri Yaw Sook Kean
Director

23. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

23(a). Amounts due from/(to) subsidiaries

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

23(b). Movement of the reserves

	Share premium RM'000	Capital redemption reserve RM'000	Exchange reserve RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2022	**35,339**	**155**	**(2,122)**	**(15,414)**	**17,958**
Loss for the financial year	**—**	**—**	**—**	**(4,103)**	**(4,103)**
Other comprehensive income for the financial year	**—**	**—**	**1,102**	**—**	**1,102**
Total comprehensive loss for the financial year	**—**	**—**	**1,102**	**(4,103)**	**(3,001)**
At 31 December 2022	**35,339**	**155**	**(1,020)**	**(19,517)**	**14,957**

	Share premium RM'000	Capital redemption reserve RM'000	Exchange reserve RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2021	48,981	—	(3,723)	(13,785)	31,473
Loss for the financial year	—	—	—	(1,629)	(1,629)
Other comprehensive income for the financial year	—	—	1,601	—	1,601
Total comprehensive loss for the financial year	—	—	1,601	(1,629)	(28)
Purchase of own shares during the financial year					
— premium paid	(13,487)	—	—	—	(13,487)
— transfer between reserves	(155)	155	—	—	—
	(13,642)	155	—	—	(13,487)
At 31 December 2021	35,339	155	(2,122)	(15,414)	17,958

24. RESERVES

(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.

(b) Capital redemption reserve

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

(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.

(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.

(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 as at the end of reporting period.

25. LEASE LIABILITIES

	2022 RM'000	2021 RM'000
Current	87	94
Non-current	–	28
	87	122
Lease liabilities		
At 1 January	122	61
Cash flows:		
Repayment of lease liabilities	(756)	(647)
Non-cash:		
Interest expense	24	21
Additions	697	687
	721	708
At 31 December	87	122

26. DEFERRED TAX LIABILITY

The movement in the Group's deferred tax liability arising from depreciation allowance for the financial years ended 31 December 2022 and 2021 is as follows:

	2022 RM'000	2021 RM'000
At 1 January	614	636
Charged to profit or loss	(62)	(22)
At 31 December	552	614

27. TRADE AND OTHER PAYABLES

	2022 RM'000	2021 RM'000
Trade payables (a)	7,388	9,985
Accruals and other payables	1,560	1,987
Contract liabilities (b)	112	181
	9,060	12,153

(a) As at the end of the reporting period, the ageing analysis of trade payables based on the invoice date is as follows:

	2022 RM'000	2021 RM'000
Within 30 days	4,039	3,297
31 to 60 days	2,498	5,090
61 to 90 days	850	1,597
Over 90 days	1	1
	7,388	9,985

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

(b) The movements (excluding those arising from increases and decreases both occurred within the same reporting period) of contract liabilities from contracts with customers are as follows:

	2022 RM'000	2021 RM'000
At 1 January	181	—
Receipt of advanced payments	—	181
Revenue recognised	(69)	—
At 31 December	112	181

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.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's financial instruments include of lease liabilities, equity investment, 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 higher or lower while all other variables held constant as at the end of reporting period.

	2022		2021	
	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	10% (10%)	3,048 (3,048)	5% (5%)	2,167 (2,167)

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

	2022		2021	
	Higher/ (Lower) in fair value	Effect on comprehensive income RM'000	Higher/ (Lower) in fair value	Effect on comprehensive income RM'000
Equity investment at FVTOCI	– –	– –	5% (5%)	215 (215)

The sensitivity analysis has been determined assuming that the reasonably possible changes in the fair value of the unlisted investments has occurred as at the end of the reporting period and has 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 as at the end of each reporting period does not reflect the exposure during the financial years ended 31 December 2022 and 2021.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk

The Group's transactions are mainly denominated in RM, USD, RMB, HK$ and British Pound Sterling ("**GBP**").

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
HK$	208	4,467	—	794
USD	37,391	27,417	98	6,103
RMB	2,416	755	2,588	131
GBP	—	—	1,322	—

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

	2022		2021	
	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%)	20 (20)	10% (10%)	367 (367)
USD	10% (10%)	3,729 (3,729)	10% (10%)	2,131 (2,131)
RMB	10% (10%)	(17) 17	10% (10%)	62 (62)
GBP	10% (10%)	(132) 132	10% (10%)	— —

The sensitivity analysis has been determined assuming that the changes in foreign exchange rates has occurred as at the end of each reporting period and has 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 as at the end of each reporting period does not reflect the exposure during the financial years ended 31 December 2022 and 2021.

28. 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:

	2022 RM'000	2021 RM'000
Trade and other receivables	24,637	25,440
Restricted bank balances	1,646	1,677
Bank balances and cash	43,922	11,666
	70,205	38,783

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, as at the end of each reporting period to ensure adequate allowance is made for irrecoverable amount.

At 31 December 2022 and 2021, the Group has a concentration of credit risk as approximately 9.4% and 8.3% of the total trade receivables is due from the Group's largest trade receivables, respectively, and approximately 29.3% and 27.2% of the total trade receivables is due from the Group's five largest trade receviables, respectively.

28. 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 as 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
2022				
Trade and other payables	8,948	8,948	8,948	–
Lease liabilities	87	90	90	–
	9,035	9,038	9,038	–
2021				
Trade and other payables	11,972	11,972	11,972	–
Lease liabilities	122	126	97	29
	12,094	12,098	12,069	29

29. FAIR VALUE MEASUREMENT

The following presents the assets measured at fair value or required to disclose their fair value 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.

29. FAIR VALUE MEASUREMENT (Continued)

(a) Assets measured at fair value

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2022				
Assets measured at fair value				
Equity investment at FVTOCI	–	–	–	–
Financial assets at FVTPL	–	30,480	–	30,480
2021				
Assets measured at fair value				
Equity investment at FVTOCI	–	–	4,299	4,299
Financial assets at FVTPL	–	43,336	–	43,336

During the financial years ended 31 December 2022 and 2021, 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 trusts which are categorised into Level 2 of the fair value hierarchy. Reports with estimation of the fair values are prepared by the banks on a monthly basis.

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

All other financial assets and financial liabilities are carried at amounts not materially different from their fair values at 31 December 2022 and 2021.

30. 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 financial years ended 31 December 2022 and 2021.

31. 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 financial years ended 31 December 2022 and 2021.

(a) Transactions between the group entities have been eliminated on consolidation and are not disclosed. During the financial years ended 31 December 2022 and 2021, the Group had the following significant transactions with a related company.

	2022 RM'000	2021 RM'000
Lease payments (i)	660	564

(i) During the financial years ended 31 December 2022 and 2021, the amount represented lease payments paid on premises charged by Lee & Seetho Holding Sdn. Bhd., a company controlled by Dato'Sri Lee Haw Yih and Datin Sri Yaw Sook Kean, who are part of the Ultimate Controlling Parties.

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

	2022 RM'000	2021 RM'000
Fees	509	288
Salaries, allowances and other benefits in kind	1,739	2,024
Discretionary bonus	307	—
Contributions to defined contribution plans	229	207
	2,784	2,519

32. ADDITIONAL INFORMATION ON CASH FLOWS

The movements in the Group's liabilities arising from financing activities are as follows:

	2022 RM'000	2021 RM'000
Short term borrowings		
At 1 January	–	–
Cash flows:		
Inception of interest-bearing borrowings	–	2,401
Interest paid	–	(10)
Repayment of interest-bearing borrowings	–	(2,401)
	–	–
Non-cash:		
Interest expense	–	10
At 31 December	–	–

33. SUBSEQUENT EVENT

Save as disclosed in note 15, the Group is not aware of any significant event requiring disclosure that has taken place subsequent to 31 December 2022 and up to the date of this report.

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.

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
Revenue	128,600	126,053	115,882	120,138	134,182
Cost of sales	(92,174)	(96,791)	(89,759)	(92,229)	(102,228)
Gross profit	36,426	29,262	26,123	27,909	31,954
Other income/(loss)	1,575	1,542	2,756	2,370	(2,308)
Selling and distribution cost	(2,257)	(2,125)	(2,283)	(2,546)	(2,629)
Administrative and other operating expenses	(8,146)	(7,433)	(9,808)	(11,406)	(10,647)
Finance cost	(15)	(146)	(50)	(31)	(24)
Impairment losses (including impairment losses) on trade receivables	1,388	(287)	133	(112)	247
Listing expenses	(6,806)	(1,928)	(4,291)	—	—
Profit before tax	22,165	18,885	12,580	16,184	16,593
Income tax expenses	(6,259)	(5,167)	(4,129)	(4,346)	(5,280)
Profit for the year attributable to equity owners of the Company	15,906	13,718	8,451	11,838	11,313
Total Assets	87,583	95,784	149,019	153,880	159,144
Total Liabilities	17,066	11,549	8,306	13,196	10,541
Total Equity	70,517	84,235	140,713	140,684	148,603