



THREE-A RESOURCES BERHAD

STRIVING
TOWARDS
**SUSTAINABLE
COMPETITIVENESS**

2020
ANNUAL REPORT

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COVER RATIONALE

The geometric triangular shapes and its dynamic arrangements are featured on this year's annual report cover to symbolise the development and expansion of our product range that has remained the core strength of our focus on business advancement beyond Asian horizons into the international market. The images of end-products made from our quality ingredients and the use of our corporate colours in the design are visualised to showcase our strive for operational excellence and sustainable efficiency in achieving competitiveness for business value growth moving forward.



VISION

To excel as one of the Global Market Leaders in the manufacture of Food & Beverage ingredients



MISSION

To excel as one of the Global Quality Brands in the industries

CORPORATE INFORMATION

Board of Directors

Dato' Jagjit Singh a/l Bant Singh *Independent Non-Executive Chairman*

Fong Chu King @ Tong Chu King *Managing Director*

Chew Eng Chai *Independent Non-Executive Director*

Tan Chon Sing @ Tan Kim Tieng *Independent Non-Executive Director*

Khoo Wee Boon *Independent Non-Executive Director*

Mohd Zaki Bin Hamzah *Independent Non-Executive Director*

Liew Kuo Shin *Non-Independent Executive Director*

Fang Siew Ping *Non-Independent Executive Director*

Kee Thuan Chai *Non-Independent Non-Executive Director*
(Appointed on 30 June 2020)

Lim Yee Mein *Non-Independent Non-Executive Director*
(Appointed on 30 June 2020)

Loo Cheau Leong *Non-Independent Non-Executive Director*
(Retired on 29 June 2020)

Gurpreet Singh Vohra *Non-Independent Non-Executive Director*
(Resigned on 30 June 2020)

Share Registrar

Boardroom Share Registrars Sdn Bhd
11th Floor, Menara Symphony
No.5, Jalan Prof Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel no. : +603 7890 4700
Fax no. : +603 7890 4670

Company No.

199901006659 (481559-M)

Website

www.three-a.com.my

Bankers

United Overseas Bank (Malaysia) Bhd
OCBC Bank (Malaysia) Berhad
CIMB Bank Berhad
Hong Leong Bank Berhad

BOARD COMMITTEES

Audit Committee

Chew Eng Chai *Chairman*

Tan Chon Sing @ Tan Kim Tieng

Mohd Zaki Bin Hamzah

Khoo Wee Boon

Dato' Jagjit Singh a/l Bant Singh

Remuneration Committee

Tan Chon Sing @ Tan Kim Tieng *Chairman*

Chew Eng Chai

Khoo Wee Boon

Dato' Jagjit Singh a/l Bant Singh

Nomination Committee

Mohd Zaki Bin Hamzah *Chairman*

Chew Eng Chai

Khoo Wee Boon

Dato' Jagjit Singh a/l Bant Singh

Risk Management Committee

Dato' Jagjit Singh a/l Bant Singh *Chairman*

Fong Chu King @ Tong Chu King

Fang Siew Ping

Company Secretaries

Ng Bee Lian MAICSA 7041392

(SSM PC No 201908003459)

Yap Sit Lee MAICSA 7028098

(SSM PC No 202008001865)

Wong Wai Foong MAICSA 7001358

(SSM PC No 202008001472)

Auditors

BDO PLT

Chartered Accountants

BDO @ Menara CenTARa

Level 8, 360 Jalan Tuanku Abdul Rahman

50100 Kuala Lumpur

Tel no. : +603 2616 2888

Fax no. : +603 2616 3190

Registered Address

AL 308, Lot 590 & Lot 4196

Jalan Industri U19

Kampung Baru Sungai Buloh

40160 Shah Alam

Selangor Darul Ehsan, Malaysia

Tel no. : +603 6156 2655

Fax no. : +603 6156 2657

E-mail : info@three-a.com.my

Stock Exchange

Bursa Malaysia Securities Berhad

Market

Main Market

Sector

Consumer Products & Services

Stock Name

3A

Stock Code

0012

Investor Relation

Mr. Fong Peng Fai, Group Financial Controller

Ms. Jessica Fang, Senior Manager

Tel no. : +603 6156 2655

E-mail : info@three-a.com.my

PROFILE OF BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT

Dato' Jagjit Singh a/l Bant Singh was appointed to the Board on 28 August 2019 and serves as an Independent Non-Executive Chairman of the Company and a Director of its wholly owned subsidiaries, San Soon Seng Food Industries Sdn Bhd ("SSSFI") and Three-A Food Industries (M) Sdn Bhd ("3A Food"). He also serves as Chairman of Risk Management Committee and is a member of Audit Committee, Remuneration Committee, Nomination Committee and various Committees of the 3A Group.

Dato' Jagjit Singh a/l Bant Singh holds a Bachelor of Law (LLB Hons) and Master of Law ("LLM") from the King's College, University of London. He was called to the Malaysian Bar in September 2011 and was awarded Kesatria Mangku Negara ("KMN") in 2008, Setia Mahkota Pahang ("SMP") in 2010 and Darjah Indera Mahkota Pahang ("DIMP") in 2011.

Dato' Jagjit Singh a/l Bant Singh was a former Judge and has served the Malaysian Legal and Judicial Service for 28 years in various positions including that of a Senior Federal Counsel, Deputy Treasury Solicitor, Legal Advisor to the Ministry of Health, Deputy Public Prosecutor and Senior Assistant Parliamentary Draftsman. He was also formerly an Independent Director and member of various Board Committee in Tokio Marine Insurans (Malaysia) Berhad.

Dato' Jagjit Singh a/l Bant Singh currently serves as a member of the Malaysia Competition Commission ("MyCC") under the Ministry of Domestic Trade and Consumer Affairs ("KPDNHEP") and he practises as an Advocate and Solicitor and is a Partner in Jagjit Ariff & Co.

Dato' Jagjit Singh a/l Bant Singh attended all (4) Board Meetings held during the financial year ended 31 December 2020. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five years (other than traffic offences if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Mr. Fong Chu King was re-designated to the Board on 28 August 2019 and serves as Managing Director of the Company and a Director of its wholly owned subsidiaries, SSSFI and 3A Food. He also serves as a member of Risk Management Committee, Sustainability Committee and various Committees of the 3A Group. Previously, he was a Non-Independent Executive Director of the Company from May 2002 to August 2019.

Mr. Fong Chu King holds a Bachelor of Science in Chemical Engineering from the National Taiwan University. He is a qualified Professional Engineer of Lembaga Jurutera Malaysia and also a member of the Institution Engineers Malaysia. In his past 20 years of service with the Lion Group of Companies, he held a number of positions including Manager of Amsteel Mills Sdn Bhd and General Manager of Megasteel Sdn Bhd.

Mr Fong Chu King is equipped with more than 40 years of experience in manufacturing industry combining technical, operational, as well as extensive knowledge in managerial finance and business development. His strategic leadership entails a more sustainable competitive advantage for the Company in the food & beverage industry.

Mr. Fong Chu King attended all four (4) Board Meetings held during the financial year ended 31 December 2020. He is a sibling of the major shareholder, Mr Fang Chew Ham. He has no conflict of interest with the Company and has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

DATO' JAGJIT SINGH A/L BANT SINGH

*Independent Non-Executive
Chairman*

Male | 65 | Malaysian

MR. FONG CHU KING @ TONG CHU KING

*Managing Director/Key Senior
Management*

Male | 76 | Malaysian

PROFILE OF BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT (CONTINUED)

MR. CHEW ENG CHAI

Independent Non-Executive Director

Male | 71 | Malaysian

Mr. Chew Eng Chai was appointed to the Board on 17 June 2002 and serves as an Independent Non-Executive Director of the Company. He also serves as a Chairman of Audit Committee and a member of Nomination Committee and Remuneration Committee of the Company.

Mr. Chew Eng Chai is a fellow of the Institute of Chartered Accountants in England and Wales. He is also a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants.

Mr. Chew Eng Chai was formerly the Director of Yeo Hiap Seng (Malaysia) Berhad, a company he had joined since 1975. He has more than 27 years of experience in the food & beverage industry.

Mr. Chew Eng Chai attended all four (4) Board Meetings held during the financial year ended 31 December 2020. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

MR. TAN CHON SING @ TAN KIM TIENG

Independent Non-Executive Director

Male | 82 | Malaysian

Mr. Tan Chon Sing @ Tan Kim Tieng was appointed to the Board on 17 June 2002 and serves as an Independent Non-Executive Director of the Company. He also serves as a Chairman of Remuneration Committee and member of Audit Committee of the Company.

Mr. Tan Chon Sing graduated in 1963 with a Bachelor of Commerce in Accounting from Nanyang University, Singapore. He was a banker for eleven years before joining the securities industry in 1976 and was admitted as a member of Bursa Malaysia Securities Berhad in 1987.

Mr. Tan Chon Sing was appointed as Executive Director of Seremban Securities Sdn Bhd, now known as Malpac Management Sdn Bhd till November 2001. He is currently a Director of Malpac Holdings Berhad and also serves as Director of several private limited companies.

Mr. Tan Chon Sing attended all four (4) Board Meetings held during the financial year ended 31 December 2020. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Mr. Khoo Wee Boon was appointed to the Board on 27 September 2004 and serves as an Independent Non-Executive Director of the Company. He also serves as a member of Nomination Committee, Audit Committee and Remuneration Committee of the Company.

Mr. Khoo Wee Boon had completed GCE in 1966 from University of Cambridge and completed Advance Bank Management Program from Asia Institute of Management, Eugenio Lopez Foundation - an affiliate of Ateneo De Manila University and La Salle University, Manila in 1989.

Mr. Khoo Wee Boon began his career as an Internal Auditor in Malayan Banking Berhad from 1973 to 1979, and as a Credit Officer in Maybank from 1979 to 1982. From 1984 to 1995, he was a Manager in Affin Bank Berhad and as a Dealer Representative in Omega Securities Berhad from 1995 to 1998. He is currently attached as a Dealer Representative with Hwang-DBS Investment Bank Berhad.

Mr. Khoo Wee Boon attended all four (4) Board Meetings held during the financial year ended 31 December 2020. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

MR. KHOO WEE BOON

Independent Non-Executive Director

Male | 72 | Malaysian

Mr. Mohd Zaki Bin Hamzah was appointed to the Board on 9 January 2007 and serves as an Independent Non-Executive Director of the Company and its wholly-owned subsidiary, SSSFI. He also serves as a Chairman of the Nomination Committee and a member of Audit Committee of the Company.

Mr. Mohd Zaki Bin Hamzah graduated from the State University of New York, Binghamton with a Bachelor of Science in Accounting and has a Master Degree in Business Administration majoring in Management Information System and Finance.

Mr. Mohd Zaki Bin Hamzah was a consultant with Arthur Andersen & Co. prior to joining Bank Bumiputera Malaysia Berhad as an EDP Audit Manager in 1986. He subsequently assumed the role of Chief Internal Auditor of the banking group until his resignation in 1998.

Mr. Mohd Zaki Bin Hamzah attended all four (4) Board Meetings held during the financial year ended 31 December 2020. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

MR. MOHD ZAKI BIN HAMZAH

Independent Non-Executive Director

Male | 63 | Malaysian

PROFILE OF BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT (CONTINUED)

MR. LIEW KUO SHIN

Non-Independent Executive Director/Key Senior Management

Male | 43 | Malaysian

Mr. Liew Kuo Shin was reappointed to the Board on 28 August 2019 and serves as a Non-Independent Executive Director of the Company. He also serves as Chief Sustainability Officer of the Sustainability Committee, a member of Risk Management Working Committee and various Committees of the 3A Group. Previously, he was an Alternate Director to Executive Director, Mr. Fong Chu King from Feb 2012 to August 2019.

Mr. Liew Kuo Shin graduated as a Mechanical Engineer and has joined the Company in 2001. He currently holds the position of General Factory Manager and oversees the daily operations and overall co-ordination of all the manufacturing plants. He is also the Head of Logistic Department and Maintenance Department of SSSFI.

Mr. Liew Kuo Shin attended all four (4) Board Meetings held during the financial year ended 31 December 2020. He is the spouse of Ms Fang Siew Yee, a major shareholder of the Company. He has no conflict of interest with the Company and has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

MS. FANG SIEW PING

Non-Independent Executive Director/Key Senior Management

Female | 39 | Malaysian

Ms. Fang Siew Ping was reappointed to the Board of the Company on 28 August 2019 and serves as a Non-Independent Executive Director of the Company and its wholly-owned subsidiary, SSSFI. She also serves as a member of Risk Management Committee, Sustainability Committee and various Committees of the 3A Group. Previously, she was an Alternate Director to Executive Director, Ms. Fang Siew Yee from February 2012 to August 2019.

Ms. Fang Siew Ping holds a Bachelor Degree in Chemistry from the University of Kentucky, USA. She joined SSSFI in 2004 and currently serves as Senior Manager of Business Development cum R&D. She collaborates with the Sales & Marketing team for new business opportunities and she is also Head of R&D and Quality Assurance Department of SSSFI.

Ms. Fang Siew Ping attended all four (4) Board Meetings held during the financial year ended 31 December 2020. She is the daughter of Mr. Fang Chew Ham and a sibling of Ms Fang Siew Yee, who both are major shareholders of the Company. She has no conflict of interest with the Company and has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

Mr. Kee Thuan Chai was appointed to the Board of the Company on 30 June 2020 and serves as a Non-Independent Non-Executive Director of the Company.

Mr. Kee Thuan Chai graduated with a Bachelor of Business in Accountancy from Royal Melbourne Institute of Technology ("RMIT"), Melbourne, Australia. He is a member of CPA, Australia and Malaysian Institute of Accountants ("MIA").

Mr. Kee Thuan Chai started his career as Trainee Accountant with Perlis Plantation Berhad (now known as PPB Group Berhad) in 1993. He was transferred to the group's oil palm plantation subsidiary, PT. Mentaya Sawit Mas, and based in Central Kalimantan in 2006. In 2009, he was transferred back to Kuala Lumpur, with PPB Oil Palms Berhad ("PPBOP"), now a fully owned subsidiary of Wilmar International Limited. He now heads PPBOP Finance Department as Group Manager ("FAA").

Mr. Kee Thuan Chai attended two (2) Board Meetings held during the financial year ended 31 December 2020 since his appointment as Director on 30 June 2020. He does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

MR. KEE THUAN CHAI

Non-Independent Non-Executive Director

Male | 51 | Malaysian

Ms. Lim Yee Mein was appointed to the Board of the Company on 30 June 2020 and serves as a Non-Independent Non-Executive Director of the Company.

Ms. Lim Yee Mein graduated with a Bachelor of Commerce from National Taiwan University. She joined PGEO Edible Oils Sdn Bhd in 1981 and is presently the General Manager – Admin & Finance of PGEO Group Sdn Bhd.

Ms. Lim Yee Mein attended two (2) Board Meetings held during the financial year ended 31 December 2020 since her appointment as Director on 30 June 2020. She does not have any family relationship with any Director and/or major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

MS. LIM YEE MEIN

Non-Independent Non-Executive Director

Female | 64 | Malaysian

PROFILE OF BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT (CONTINUED)

MR. FONG PENG FAI

Group Financial Controller/Key Senior Management

Male | 44 | Malaysian

Mr. Fong Peng Fai was appointed to the Company as the Group Financial Controller on 16 July 2013. He graduated with a Bachelor of Commerce majoring in Accounting from University of Otago, New Zealand. He is a Chartered Global Management Accountant of the Chartered Institute of Management Accountants ("CIMA"), UK and American Institute of CPAs ("AICPA") and a member of the Malaysian Institute of Accountants ("MIA").

Mr. Fong Peng Fai also holds a Masters of Business Administration from University of Strathclyde, UK. His professional working experience started in external audit firms. Then he moved on to business recovery and consulting assignments in PriceWaterhouseCoopers and later, he joined Digi as Head of Accounting and Financial Reporting.

Mr. Fong Peng Fai is the son of Managing Director, Mr. Fong Chu King @ Tong Chu King. He has no conflict of interest with the Company and has no convictions for any offences within the past five years (other than traffic offences, if any), nor any public sanction or penalty imposed by regulatory bodies during the financial year.

MANAGEMENT DISCUSSION AND ANALYSIS



ABOUT US

Three-A Resources Berhad ("3A") is an investment holding company which was listed since 2002 and transferred to the Main Market of Bursa Malaysia in 2008. Its wholly owned subsidiary San Soon Seng Food Industries Sdn Bhd ("SSSFI") is one of the leading food and beverage ingredient manufacturing company, started as a caramel producer in 1977 and expanded its product portfolio that have made strong footprints in many parts of the world. 3A and SSSFI ("the Group") remained focused in its core strength of manufacturing food and beverage ingredients. The Group firmly believes in producing products of the highest quality and has successfully expanded beyond Asian horizons and making its mark in the international market.



OUR PRODUCT PORTFOLIO

- Liquid Caramel, Caramel Colour
- Vinegar
- Glucose Syrup, High Maltose Syrup
- Soya Protein Sauce ("HVP")
- Hydrolysed Vegetable Protein ("HVP") Powder
- Maltodextrin

The Group serves businesses of all sizes across a broad spectrum of industries and sectors. Our versatile range of ingredients have different functional properties and unique characteristics that can be tailored to customer needs. All ingredients are Halal and Kosher certified.

The Group offers diverse range of packaging options to accommodate customer needs. There are various package sizes ranging from bulk road tanker to small packing such as jerrycan and carton box. Customised packaging can be arranged to accommodate customer requirements.

OUR ACCREDITATION & RECOGNITION

FSSC 22000 Certification by Intertek Certification International Sdn Bhd

HACCP Certification by Ministry of Health Malaysia ("MOH")

HALAL Certification by Islamic Development Department of Malaysia ("JAKIM")

KOSHER Certification by Orthodox Union



Rgn : 402283



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)



THE YEAR 2020

During the year 2020, the COVID-19 pandemic had brought dramatic changes to the lives of the people and businesses all over the world. With the introduction of the Movement Control Order (“MCO”) to fight the pandemic, local consumers were cautious in spending during the year. Although the Group was allowed to operate during the MCO period, we were also impacted as we witnessed lower revenue from local customers in the country. However, our export revenue to overseas markets were able to offset such weaknesses through our mix of marketing strategies and agility in meeting new buying trends.

The Group stays true to our strong business philosophy of producing products of exceptional quality at competitive prices and also continuous

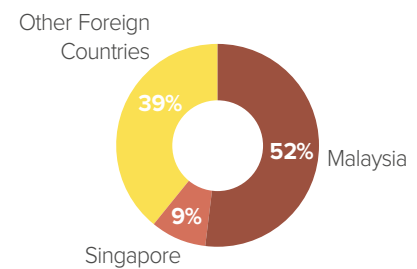
investments on production facilities to improve capacity and efficiency. These business plans were carried out after the Group had carefully conducted comprehensive evaluation and planning involving suitable marketing strategies for our products and also investment decisions.

FINANCIAL REVIEW

The Group recorded slightly better revenue of RM436.16 million in FY2020 as compared to RM436.06 million in FY2019. Meanwhile, profit before tax and profit after tax were slightly better at RM40.7 million and RM30.1 million respectively in FY2020 as compared with RM40.2 million and RM29.4 million respectively in FY2019.

Albeit the uncertain economic conditions, the Group recorded better financial performance that was attributed to relatively stable raw materials costs and effective products sales mix in FY2020. From the positive results of our marketing efforts, export revenue of the Group in FY2020 continued to grow to 48% of our total revenue as compared with 39% in FY2019.

Revenue by Geographical Locations for FY2020



During the FY2020, the Group registered impairment losses on trade receivables amounting to RM0.57 million but the Group successfully made recoveries of RM0.29 million from impairment losses during the year.

The Group continued with its carefully crafted business strategies to research and develop good quality products in order to meet as well as exceed the expectations of our valued customers. Besides, the Group also continued with initiatives to achieve improved operational efficiency in our manufacturing plants from upgrading and modernization plans which were carried out in FY2020. These long-term plans are also meant to enable us to reduce reliance on foreign labor and to improve our manufacturing facilities in order to be more efficient to produce more as well as achieve cost savings.

At the end of financial year 2020, cash and bank balances of the Group was at RM26.6 million whereas total borrowings remain manageable at RM12.7 million. Therefore, the Group expects to have adequate financial resources to continue with the implementation of business plans to make our vision a reality.

As at 31 December 2020, total assets and shareholders' equity of the Group continued to grow to RM431.8 million and RM366.4 million respectively. The Group's net asset per share stood at 74.4 sen as at the end of 2020 and earnings per share for the year was 6.2 sen.

OUTLOOK AND PROSPECTS

The Group is continuing with automation plans for selected production plants with the objective to improve production plant efficiency and achieve savings in operational and manpower costs. Besides, the Group expects that these plans can continue to bring major improvements to products' quality in our quest to meet the evolving and untapped customers' stringent requirements.

On an encouraging note, the Group is pleased to report that the utilisation of maltodextrin production plant no. 3 had improved at the end of year 2020. Moreover, the Group expects the utilisation to continue to increase in 2021 with

encouraging interests from a few major customers. Maltodextrin plant no. 3 was designed to produce certain grades of maltodextrin, thereby the intention is to capture customers with specific applications.

The upgrading of Maltodextrin plant 2 to increase its plant efficiency is still on-going. In view of increasing demand for maltodextrin products, the Group had deferred earlier plans to convert our first-generation maltodextrin plant 1 to produce caramel powder products and other powder products to a later stage.

In addition, the expansion and upgrading of the latest glucose production plant was completed in year 2019 and has yet to achieve optimum utilisation as at the end of year 2020. In view thereof, the Group decided to defer initial plans for construction of another glucose production plant to a later stage. Moreover, the production plant capacity expansion plans for HVP and Caramel products together with the relocation of Vinegar production plant that were launched in 2019 had been delayed in light of the COVID-19 pandemic.

Our products continue to gain wide acceptance globally as shown by the increase in our export sales to overseas markets. The Group will continue to leverage on our core competency to continue develop products in order to meet the constantly evolving customers' requirements everywhere. Besides, it is important for the Group to continue investing in research and development initiatives to broaden the range and appeal of our products. Therefore, the Group continues to be committed to allocate adequate resources to acquire up-to-date and modern laboratory facilities as well as recruit suitably qualified skilled personnel.



MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)



REVENUE

RM436.1 million
2019: RM436.0 million

As we enter 2021, COVID-19 risks still linger around us. Although the Group is confident of our future prospects, we are cognisant of challenges, amongst others, volatility in raw materials prices brought by market uncertainties and fierce competition in our industry.

In order to address risks of volatility in raw materials prices, expansion plans of warehousing facilities are still on-going. Besides, the Group is carefully adapting to current market conditions with our core competency to develop new products with excellent quality for customers. In addition the Group will continue to come up with targeted marketing strategies with our unique ability to change the sales mix to face intense market competition.

PROFIT BEFORE TAX

RM40.7 million
2019: RM40.2 million

Although the Group is cautious in our business approaches, the Group is continuing its business plans to commit adequate resources to expand and upgrade production plants. The Group strongly believes that we are on the right track to accomplish our vision to be a recognised global leader in the food and beverage ingredients industry known with products of exceptional quality.

DIVIDENDS

The Board of Directors always take shareholders' interests as well as financial positions of the Group into consideration before making any decisions with regards to the payment of dividend. The Group always consider factors that are critical such as cash flow requirements for operating and investment activities and current market conditions before making decision.

For the financial year ended 31 December 2020, the Board of Directors had declared an interim dividend per share of 2.2 sen for FY2020, amounting to a total dividend payout of RM10.785 million that was paid on 3 December 2020.

NOTE OF APPRECIATION

We would like to express our appreciation to Mr. Gurpreet Singh Vohra and Mr. Loo Cheau Leong who resigned and retired from the Board respectively during the year for their invaluable effort and contribution to the success of the Group. Then we would like to welcome Ms. Lim Yee Mein and Mr. Kee Thuan Chai to the Board. We have full confidence that with their vast experiences, they can contribute immensely in our mission to elevate the Group to greater heights.

On behalf of the Board, we would like to thank all devoted employees of the Group for their invaluable commitment and contribution to again produce a praiseworthy set of results in 2020 in spite of challenging market conditions.

We strongly believe that our people will be able to overcome all prevailing uncertainties in the business environment and continue to deliver good performance for the Group into the future.

We also take this opportunity to thank our loyal shareholders, customers, vendors, bankers and business associates for all the trust and confidence in the Group.

Last but not least, we are thankful to all Board members who have contributed to the success of the Group with their extraordinary leadership, guidance and commitment.

Thank you.

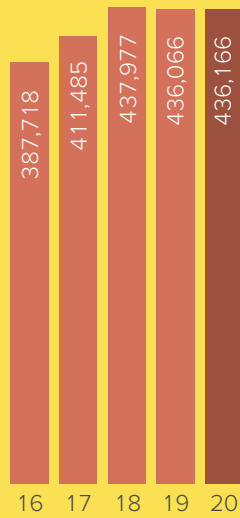


FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000
Revenue	436,166	436,066	437,977	411,485	387,718
Profit Before Tax	40,708	40,259	34,204	55,790	53,448
Profit After Tax	30,162	29,419	29,120	41,647	38,921
Total Assets	431,837	406,519	394,502	372,415	339,577
Total Liabilities	65,364	58,345	65,907	63,100	60,142
Share Capital	149,087	149,087	98,400	98,400	78,720
Shareholders' Equity	366,473	348,174	328,595	309,315	279,435
Earnings per Share (sen)	6.2	6.0	5.9	9.2	8.6
Net Assets per Share (sen)	74.4	70.7	66.7	62.9	71.0
Net Dividend per Share (sen)	2.2	2.0	2.0	1.8	1.8
Return on Equity	8.2	8.4	8.9	13.4	13.9
Return on Assets	7.0	7.2	7.4	11.1	11.5
Dividend Payout Ratio	35.7	33.3	33.9	21.3	18.2

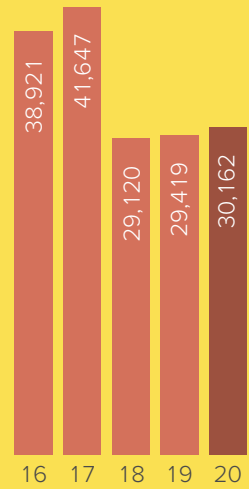
**REVENUE
(RM'000)**

2020:
RM436,166
2019: RM436,066



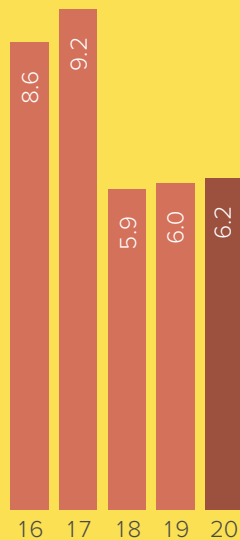
**PROFIT AFTER
TAX (RM'000)**

2020:
RM30,162
2019: RM29,419



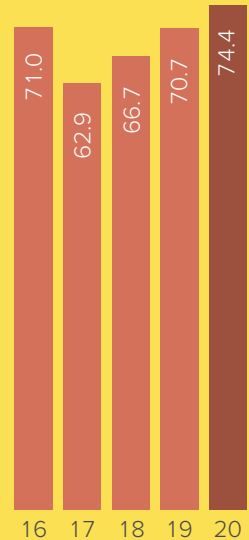
**EARNING PER
SHARE (sen)**

2020:
6.2 sen
2019: 6.0sen



**NET ASSET PER
SHARE (sen)**

2020:
74.4 sen
2019: 70.7sen



SUSTAINABILITY STATEMENT



CORE VALUES AND BUSINESS PRINCIPLES IN SUPPORT OF SUSTAINABILITY

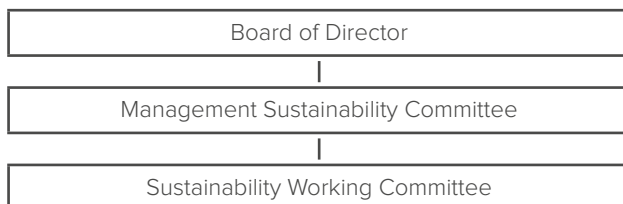
Sustainability is a key aspect in our conduct of business and the following are our core values that are firmly ingrained in us:

- Our Mission is to excel as One of the Global Quality Brands in the Industries with our strong commitment to produce safe and quality products that exceed our customers' expectations;
- We value the environment and we always do our best to protect the environment and conserve resources in our business activities;
- We commit to maintain high standards of integrity and corporate governance practices in order to achieve excellence in our daily operations;
- Our business activities impact our local communities and we include community considerations and values into our decision-making and business practices; and
- For our shareholders, we work to achieve sustainable long term growth.

Scope of Sustainability Report

This report covers the reporting period between January and December 2020. It encompasses the operations of Three-A Resources Berhad (199901006659) (481559-M) (Company) and its subsidiaries (Group).

Governance Structure in Place



The Board of Directors ("the Board") governs and supervise the sustainability matters of the Group. They are supported by the Management Sustainability Committee ("MSC") that comprises of members of the Management who makes recommendations to the Board on significant economic, environmental and social ("EES") sustainability matters. In turn, a Sustainability Working Committee ("SWC") assists the MSC and is responsible for the identification, implementation, assessment, monitoring and reporting of sustainability matters.

Amongst the Roles and Responsibilities of the Management Sustainability Committee include:

- Advise the Board on the strategies in the area of sustainability;
- Recommend to the Board for its approval on material sustainability matters identified, sustainability-related policies and its goals or targets;
- Monitor the implementation of sustainability strategies, policies and initiatives as approved by the Board with assistance from the SWC;
- Oversee the management of sustainability matters, with particular focus on matters material to the organisation;
- Oversee stakeholder engagement to ensure that issues, grievance and suggestions raised are taken into consideration in managing sustainability matters; and
- Oversee the preparation of Sustainability Statement and recommending it for Board's approval.


The Board had considered and incorporated those EES matters relevant to us and is proud to present the Group's Sustainability Report for the year 2020.

Determination of Material Sustainability Matters

We have reviewed and identified the following stakeholders who wield significant impact and particular influence in our business as below:

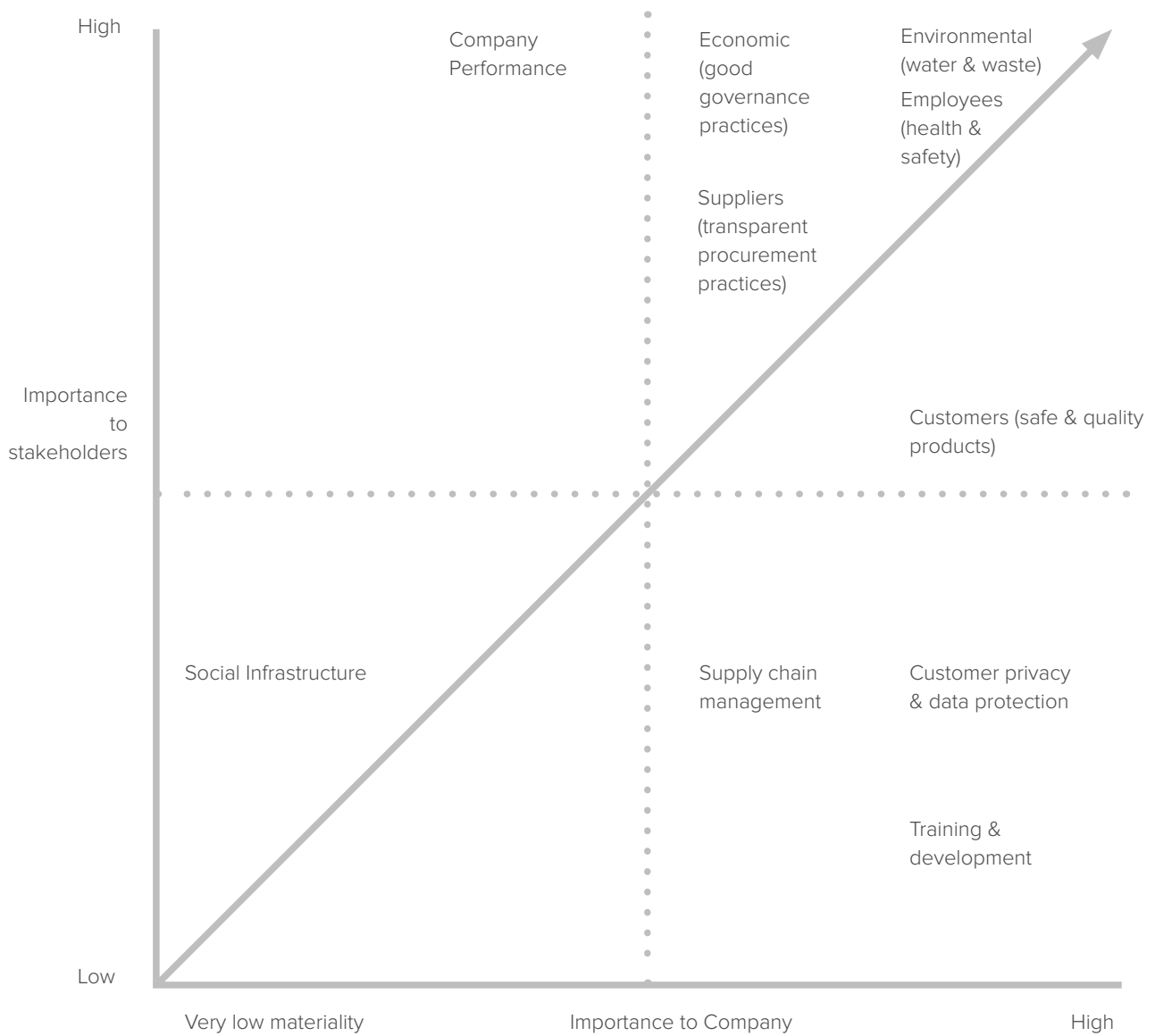
- Shareholders
- Customers
- Suppliers
- Employees
- Local communities
- Government/regulators

Key Stakeholder Groups and Types of Engagement Conducted

STAKEHOLDER GROUP	TYPE OF ENGAGEMENT	SUSTAINABILITY MATTERS DISCUSSED
 <p>Shareholders</p>	<ul style="list-style-type: none"> • Investors/analysts briefings • Investor relationship feedback • Website 	<ul style="list-style-type: none"> • Company performance • Corporate governance
 <p>Customers</p>	<ul style="list-style-type: none"> • Regular virtual meetings • Online communication modes • Online survey feedback 	<ul style="list-style-type: none"> • Safe and Quality products • Compliances to International Quality Standards
 <p>Suppliers</p>	<ul style="list-style-type: none"> • Virtual meetings • Online • Correspondences 	<ul style="list-style-type: none"> • Suppliers chain responsibility • Transparent procurement practices • Ethical practices
 <p>Employees</p>	<ul style="list-style-type: none"> • Virtual Management meetings • Feedback and survey • Implementation of work from home policy 	<ul style="list-style-type: none"> • Welfare and safety • Talent attraction and development • Environment responsibilities
 <p>Regulators</p>	<ul style="list-style-type: none"> • On-site inspection • Regular updates and briefing by regulators 	<ul style="list-style-type: none"> • Regulatory compliance • Environmental concerns – water usage, waste management
 <p>Local Communities</p>	<ul style="list-style-type: none"> • Face masks and face shields were distributed to frontliners in our local communities 	<ul style="list-style-type: none"> • CSR activities • Air or water pollution at manufacturing plant

SUSTAINABILITY STATEMENT (CONTINUED)

MATERIALITY MATRIX



**SIGNIFICANT SUSTAINABILITY MATTERS
(ECONOMIC, ENVIRONMENT AND SOCIAL)**

Economic

The Group believes that adopting good governance practices provide long-term benefits and value creation towards sustainable growth and profitability. We uphold high standards of ethics and behaviours in the conduct of business with strict compliance with the laws and regulations of Malaysia and of those countries within the reach of our products.

The Group’s Code of Ethics and Conduct (“the Code”) describes the values and behaviours expected of our employees at the workplace and key principles by which business should be carried out with our stakeholders. In order to demonstrate our commitment, we make known the Code in our Group’s website as awareness to all our stakeholders.

Similarly, we expect our business partners such as suppliers adhere to ethical procurement practices and follows best practices in standard operating and fair trading procedures. Whenever possible, we also encourage them to comply with industry best practices such as attaining the Hazard Analysis and Critical Control Point (“HACCP”) and FSSC 22000 Food Safety System certifications.

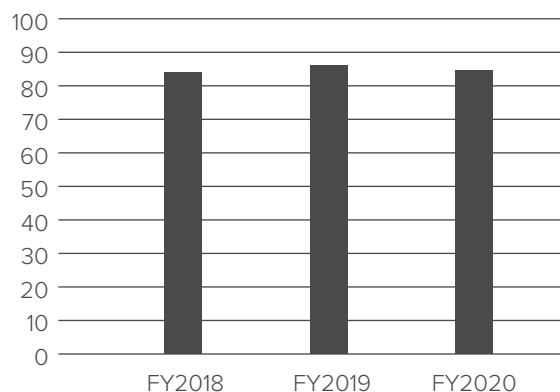
Besides, the Group regularly review our policies and procedures and continuously enhance our corporate governance practices including put into place policies such as “No Bribery and Corruption Policy” in the Supplier Code of Conduct as well as “Whistle-Blowing Policy” to encourage the reporting of improper conduct.

A key element of the Supplier Code of Conduct is to ensure transparent procurement practices when procuring of raw materials and services.

As one of the leading food and beverage ingredients manufacturers in the country, we are committed to provide safe and quality products to our customers. Throughout the years, we have consistently ensure compliances to Food Safety System certifications including HALAL and KOSHER certifications.

As part of our commitment to meet our customers’ expectations, we always gather feedback and suggestions to continuously improve our products and services. We are proud to inform that we have consistently received high customer satisfaction rates throughout the years as a testament of our efforts.

Customer Satisfaction Rate (%)



Indicator	FY18	FY19	FY20
Customer satisfaction rate (%)	83.93	86.20	84.60

Environmental

Organisations are increasingly aware of the need to conduct businesses sustainably. One of the ways we do our part to protect the environment is through efforts to recondition our used plastic packaging containers and repackage them with our products. In this way, we drastically reduce the amount of plastic usage in our business.

Indicator	FY18	FY19	FY20
Percentage of used plastic packaging containers reconditioned and reused by weight yearly (%)	30%	28%	29%

Besides, we advocate practices in conservation of energy including replacing old lighting systems with LED lighting systems in our facilities. We also tailor our work instructions, in particular to our production workers to ensure efficient use of energy, water and raw materials in all our operations. We also set limits to paper printing per user and we encourage our staff to go digital wherever possible.

We regularly conduct awareness sessions for all our staff on environmental protection initiatives together with posters and stickers in our premises.

SUSTAINABILITY STATEMENT (CONTINUED)

SIGNIFICANT SUSTAINABILITY MATTERS (ECONOMIC, ENVIRONMENT AND SOCIAL) (CONTINUED)

Social

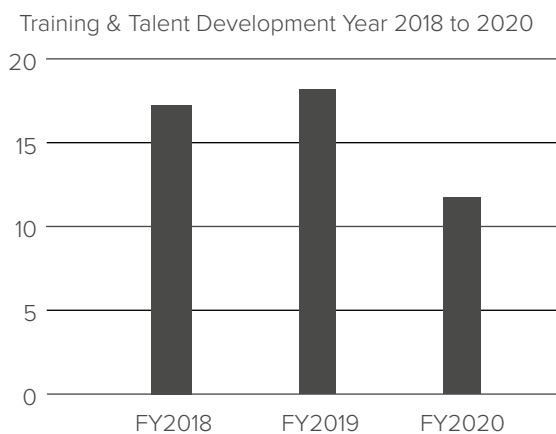
Our employees are most valuable to the Group and they give us strength to continue charging ahead. As a Group, we ensure we comply with the local labour laws and regulations.

The Group also believes that diversity and equal opportunity in workplace enable us to be more progressive, creative and resilient in meeting challenges. With this in mind, we have policies to protect our employees, such as no discrimination on gender and ethnicity when assessing remuneration and promotion.

We look after our employee welfare by providing employee benefits such as insurance and medical. In order to instil a positive work environment, the Group had organised social activities such as annual dinner, sponsored sport activities and get-together events.

At 3A, we believe human capital development is a key factor for us to have sustainable long-term success. Therefore, we place utmost emphasis on talent management and development for our employees. We conduct a variety of training programmes to upscale our employees.

The Group has consistently invested in the training of our staff and officers. Our employees attend trainings that are required to them and the amount of time they spent on trainings for FYE 2020 is as follows:



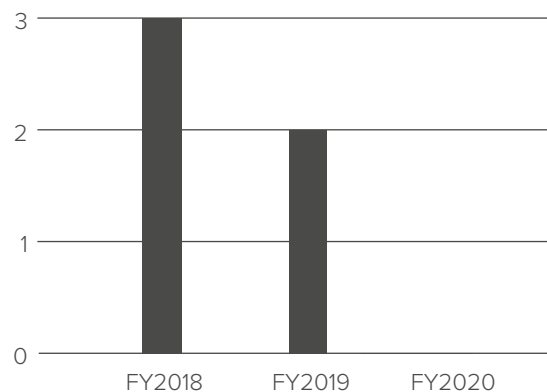
Indicator	FY18	FY19	FY20
Average Training Hours/Employee	17.25	18.17	11.75

We promote safe working environment for our staff by making sure our employees attend comprehensive online safety training and awareness programs.

In addition, we also have an occupational safety and health policy that highlights our commitment in the following:

- prevention of injury to our employees and promote work life balance to keep our staff healthy;
- ensure compliance to laws and regulations in relation to occupational safety and health;
- require contractors to meet our occupational safety and health standards across all our operations; and
- instil a culture where all employees share the commitment to prevent harm to the safety and health of our employees, contractors and general public.

Workplace Health & Safety Year 2018 to 2020



Indicator	FY18	FY19	FY20
No of Accidents	3	2	0

Our Community

As a responsible corporate citizen, we value our relationships with the local community and are concerned with its well-being and welfare. The Group continues to carry out various initiatives and activities such as to provide employment to people from the surrounding communities, contributions to various charitable causes and sponsorships of various social events.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Three-A Resources Berhad (“3A” or “the Company”) are committed to the best practices and principles of good corporate governance as set out in the Malaysian Code on Corporate Governance (“the Code”) as well as the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) for the Main Market.

Excellent corporate governance is essential to good business performance and the numerous past corporate governance awards accorded to 3A testify that the Board, Management and staff of 3A remain steadfast and focused in ensuring the highest level of corporate governance so that the interest of investors and all other stakeholders are well taken care of.

This Corporate Governance Overview Statement is to be read in conjunction with the Corporate Governance Report (“CG Report”) which contains detailed application for each practice as set out in the Code for the financial year 2020 and is made available on the corporate website; www.three-a.com.my.

A. BOARD LEADERSHIP AND EFFECTIVENESS

1.0 Board’s Leadership on Governance and Objectives

The Board is responsible for the overall governance of the Group and discharges this responsibility through compliance with relevant rules, laws, regulations, directives and guidelines in addition to adopting the best practices in the Code. Collectively, the Directors combine their diverse experience and qualifications on commercial, regulatory, industry and financial expertise to discharge their duties and responsibilities.

The Board’s main responsibility is to lead and manage the Group in an effective manner including to develop strategic directions and objectives in line with its vision and missions, implement plans and supervise the conduct of the Group’s business as a whole. The Board’s role is to provide leadership of the Group within a framework of prudent and effective controls whilst ensuring risks are consistently assessed and controlled.

The Board conducts ongoing review and evaluation of the Group’s strategic plans to ensure the Group’s focus is in line with the constantly evolving market conditions as well as identifying new businesses and opportunities. The Board also ensures that an adequate system of internal controls is in place and adopts appropriate measures to mitigate any foreseeable and/or unexpected risks.

The Board Members are attentive to applying high ethical standards in their decision-making, taking into account the interests of all stakeholders.

Certain functions of the Board have been delegated to various Board Committees, which reviews and make recommendations to the Board on specific areas. There are currently four Board Committees, namely: -

- Audit Committee (“AC”);
- Nomination Committee (“NC”);
- Remuneration Committee (“RC”); and
- Risk Management Committee (“RMC”).

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

A. BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

1.1 Duties and Responsibilities of the Board

The Company acknowledges the importance of having an effective Board for the overall governance and management of the Group. The core responsibilities of the Board include reviewing and approving the Company's business strategies and plans, significant policies and monitoring the Management's performance in implementing them.

In carrying out their duties and responsibilities, the Board exercises great care to ensure that high ethical standards are upheld, and that the interest of stakeholders are not compromised. The Board Members are consistently mindful that the interests of the Group's stakeholders are always being protected.

The Board's principle functions include the following responsibilities:

- Promotes good corporate governance culture within the Group which reinforces ethical, prudent and professional behaviour;
- Reviews and approves the Group's medium-term and long-term strategic business plans;
- Oversees the conduct of the Group's business operations and financial performance against the approved strategic business plans;
- Ensures that the operating infrastructure, systems of control, systems of risk management as well as financial and operational controls are in place and properly implemented;
- Review the adequacy and the integrity of the internal control system and mitigation measures; and
- Undertakes various functions and responsibilities as specified in guidelines and directives issued by the regulatory authorities from time to time.

The Independent Non-Executive Directors by virtue of their roles and responsibilities, in effect represent the minority shareholders' interest of the 3A Group. The Independent Non-Executive Directors engage proactively with the Management and with both the external and internal auditors. The Independent Non-Executive Directors play a significant role in bringing objectivity and scrutiny to the Board's deliberations and decision-making. They also serve to inspire and challenge the Management in an objective and constructive manner.

In enhancing the function of the Independent Non-Executive Directors, the Board has also defined their roles and responsibilities to include the following:

- Provides relevant check and balance, focusing on shareholders' and other stakeholders' interests and ensuring high standards of corporate governance are applied;
- Scrutinises the performance of Management in meeting agreed goals and monitor the reporting of performance;
- Constructively challenge and contribute to the development of the business strategies; and
- Ensure the financial information presented is accurate and that financial controls as well as system of risk management are robust.

The Independent Directors are at liberty to obtain advice from independent professionals if deemed necessary for the proper discharge of their duties at the expense of the Group. The Independent Directors also have direct access to the advice and services of internal and external auditors and the Company Secretary who is responsible for ensuring that the Board procedures are followed.

A. BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

1.2 Board Meetings and Supply of Information to the Board

Board meetings for the following financial year are scheduled in advance before the end of the current financial year so as to facilitate the Directors to plan ahead and organise the next year's Board meetings into their respective schedules.

The Chairman of the respective committees would inform the Directors at Board meetings, of any salient matters noted by the committee and which require the Board's notice or direction.

The members of the Board are provided with the agenda and board papers including status report, quarterly report, performance and management report at least five (5) business days before each meeting so that the Directors have ample time to review matters to be deliberated at the Board meeting and to facilitate informed decision making by the Directors. The Chairman of all Board meetings ensured that each of the agenda items is adequately reviewed and thoroughly deliberated within a reasonable timeframe.

The board papers provide, amongst others, periodical financial and corporation information, significant operational, financial and corporate issues, by the Group and management proposals that requires Board's approval.

At the Board meetings, the Board reviews the Group's business operations by analysing the financial statements and its accompanying notes and disclosures as contained in the quarterly report of the Group as compared to the same corresponding period. The Board also notes the decisions and salient issues deliberated by the Audit Committee which are tabled to the Board.

The Directors are regularly updated by the Company Secretary on the new statutory as well as regulatory requirements relating to Directors' duties and responsibilities or the discharge of their duties as Director of the Company. The Company Secretary attends all Board meetings and ensures that accurate and adequate records of the proceedings of the Board meetings and decisions made are properly kept.

All Board members have full and timely access to information on the Company's businesses and affairs for the discharge of their duties and responsibilities. Where necessary, senior management staff as well as advisors and professionals appointed to act for the Company on corporate proposal may be invited to attend the Board meeting to furnish the Board with their comments and advice on the relevant proposal tabled.

1.3 Board Charter

The primary objective of the Company's Board Charter ("Board Charter") is to set out the roles and responsibilities of the Board to achieve the vision and mission of the Company. The Board is guided by the Board Charter which provides reference for Directors in relation to the Board's role, powers, duties and functions.

Apart from reflecting the current best practices and the applicable rules and regulations, the Board Charter also outlines processes and procedures for the Board and their committees to be effective and efficient. The Board will regularly review the Board Charter to ensure it remains consistent with the Board's objectives and responsibilities and all the relevant standards of corporate governance. The latest review was conducted in February 2021. The Board Charter is made available on 3A's website, www.three-a.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

A. BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

1.4 Sustainability of Business

The Board is mindful of the importance of business sustainability and its growing impact to the Group, whilst no less emphasis been put into managing the social and environmental impact of its business operations. The Group also embraces sustainability through collaboration and partnership with its suppliers, customers and other stakeholders. The Group is committed to the continuous efforts in maintaining a delicate balance between the sustainability agenda and the shareholders' interests.

1.5 Board Gender Diversity Policies and Targets and the Measures

The Board takes note of the need to establish a policy formalising the approach to boardroom diversity and to set targets and measures for the adoption of the Practice 4.5 of the Code. However, the Board has no immediate plans to implement a diversity policy or target but will continue to identify suitable candidates for appointment to the Board as and when vacancies arise. Such candidates will be strictly assessed based on merit, their competencies, time commitment, experience, gender diversity, age and cultural background competencies required for an effective Board.

A NC will oversee the overall composition of the Board and Board Committees, including succession planning to maintain the appropriate size and skills, the balance between Executive Directors, Non-Executive Directors and Independent Directors as well as the mixture of skills and other core competencies required on the Board.

1.6 Code of Conduct and Ethics

The Board will continue to adhere to the Code of Conduct and Ethics which is applicable to all directors, management and employees of the Group. The Code of Conduct and Ethics as established by the Board which was published in the Company's website, www.three-a.com.my is based on the following principles:

- Uphold of human rights of workers and commitment to a safe and healthy work environment;
- Social responsibility and protection of the environment;
- Duty to act in the best interest of the Group;
- Protect and maintain the assets and confidentiality of sensitive information of the Group;
- Conduct of fair trade in business;
- Honesty and integrity;
- No conflict of interests and no bribery or unethical business practices;
- Anti-bribery and Corruption Policy; and
- Compliance with legal and regulatory requirements and Group policies.

1.7 Whistle-Blowing Policy and Anti-Bribery and Corruption Policy

The Board acknowledges that misconduct such as violation of laws, rules, regulations, production fraud, fraud, health and safety infringements or corruption are usually known first by people who work in or with the Group. An early warning system such as a whistle-blowing policy and procedure can help the Group to detect wrongdoings and alert the Group to take corrective action before a problem becomes a crisis. In order to promote ethical values and conduct throughout the Group, the Board had put in place an Anti-Bribery and Corruption Policy on 3 November 2020 to prevent conflict of interest, the risk of bribery and corruption within the Group.

A. BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

1.7 Whistle-Blowing Policy and Anti-Bribery and Corruption Policy (Continued)

The Board in its effort to enhance corporate governance has put in place a whistle blowing policy to provide an avenue for employees, suppliers and stakeholders to report genuine concerns about malpractices, unethical behaviour or misconduct without fear of reprisal. Any concerns raised will be received by the members of the Whistle-blowing Committee, investigated and outcome of such investigation will be reported to the Board. Appropriate action will be taken to resolve the issue. The whistle-blower's identity will be kept confidential. 3A will assign a senior officer from the Human Resources ("HR") Department as Whistle-blower protector who will keep in touch with the whistle-blower to monitor and assess any signs of victimisation or stress.

The Whistle-Blowing Policy and Anti-Bribery and Corruption Policy are made available on 3A's website, www.three-a.com.my.

1.8 Promoting Sustainability

3A's approach to governance is to drive business revenues and profits and manage risks prudently in order to deliver long-term profitability and provide value to shareholders on a sustainable basis. This includes meeting expectations of stakeholders such as customers, shareholders, regulators, bankers, joint-venture partners and the communities in which 3A operates.

The Board and Management of 3A uphold Sustainability efforts in terms of achieving Economic, Environment and Social sustainable objectives as part of its responsibility to its stakeholders and the communities in which it operates. 3A is committed to the implementation of safe work practices and aims to provide an injury-free workplace for all its employees. Besides, 3A is dedicated to do its part to protect the environment in its business activities and support the local communities.

1.9 Qualified and Competent Company Secretaries

The Company Secretaries are appointed by the Board. The appointments are based on criteria related to the qualifications, experience and competence of the individual concerned to carry out their duties and responsibilities having regard to the 3A's business, size of operations and compliance with the Listing Requirements. The Company Secretaries are MAICSA members and their role and responsibilities includes the following:

- Preparation and submission of forms as required under the Companies Act 2016 to the Companies Commission Malaysia;
- Ensure compliance of regulatory requirements, updates on new Bursa Malaysia Listing Requirements to the Board;
- Submissions of corporate announcements electronically via LINK to Bursa Malaysia Securities Berhad;
- Support the Board of Directors, by ensuring adherence to Board policies and procedures, rules, relevant laws and best practices on Corporate Governance;
- Attendance at Annual General Meeting, Audit Committee, Nomination Committee and Remuneration Committee meetings and ensure minutes of meetings are well documented; and
- Follow-up on matters arising.

The Board is satisfied with the performance and support rendered by the Company Secretaries in assisting them to discharge their duties.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

A. BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

2.0 Board Composition

Good governance principles require fairness, transparency, accountability and responsibility. The Board acknowledges the importance of the Board structure.

The Board consists of ten (10) members; comprising two (2) Non-Independent Non-Executive Directors, three (3) Non-Independent Executive Directors (including the Managing Director) and five (5) Independent Non-Executive Directors. Half of the Board members are Independent Non-Executive Directors.

The Board comprises members with a wide range of business, financial and technical service background. The size of the Board is optimum given the scope, size and complexity of the Group's operations. The composition of the Board complies with the Bursa Malaysia Securities Berhad/Main Board Listing Requirements that requires a minimum of two (2) or one-third (1/3) of the Board to be Independent Directors. With this existing composition, the Board has further fulfilled Practice 4.1 of the Code whereby at least half of the Board Composition comprises of Independent Directors.

There is a clearly accepted division of responsibility between the Chairman and the Managing Director to ensure balance of power and authority. The Executive Directors have primary responsibilities for managing the Group's day-to-day operations and together with the other Directors, to ensure that the strategies are fully discussed and examined and to take into consideration the long term interests of the various stakeholders including shareholders, employees, customers, suppliers and the various communities in which the Group conducts its business.

The Independent Non-Executive Directors do not engage in the day-to-day management of the Group and do not participate in any business dealings and are not involved in any other relationship with the Group. This ensures that the Independent Non-Executive Directors remain free from conflict of interest and facilitate them to carry out their roles and responsibilities as Independent Directors effectively. The Independent Directors are at liberty to seek independent professional advice on matters relating to the discharge of their duties. The cost of securing such professional services will be borne by 3A.

2.1 Appointment to the Board

The proposed appointment of a new Member to the Board will be deliberated on by the full Board based upon the recommendation by the Nomination Committee which will review based on the necessity for and qualification and experience of the proposed Director.

The appointment of any additional Director is made as and when it is deemed necessary by the Board with due consideration given to the mix of expertise, skills, experience, gender diversity, age and cultural background competencies required for an effective Board.

During the financial year ended 31 December 2020, Mr Loo Chau Leong, a Non-Independent Non-Executive Director retired at the Eighteenth Annual General Meeting of the Company held on 29 June 2020 while Mr Gurpreet Singh Vohra resigned on 30 June 2020. They were replaced by two (2) suitably qualified Non-Independent Non-Executive Directors, namely, Mr Kee Thuan Chai and Ms Lim Yee Mein who were appointed on 30 June 2020.

A. BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

2.2 Re-Election of Directors

In accordance with the Company's Constitution, it provides that at every Annual General Meeting, at least one-third (1/3) of the Directors for the time being shall retire from office and be eligible for re-election provided always that all Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election.

The re-election of Directors at the Annual General Meeting is subject to the prior assessment by the Nomination Committee.

The Directors, namely, Mr Chew Eng Chai (Independent Non-Executive Director), Mr Khoo Wee Boon (Independent Non-Executive Director) and Encik Mohd Zaki bin Hamzah (Independent Non-Executive Director) are due to retire pursuant to Clause 76(3) of the Company's Constitution while Mr Kee Thuan Chai (Non-Independent Non-Executive Director) and Ms Lim Yee Mein (Non-Independent Non-Executive Director) are due to retire pursuant to Clause 78 of the Company's Constitution at the forthcoming Nineteenth Annual General Meeting.

In determining whether to recommend a Director for re-election, the aforesaid Director's time commitment such as attendance at meetings, participation, contribution to the activities of the Board, character, integrity and experience will be duly considered by the Nomination Committee.

The Nomination Committee at its meeting held on 23 February 2021 conducted assessment and was satisfied that the abovementioned Directors have met the requirements set out above and recommended to the Board of Directors for their re-election at the forthcoming Annual General Meeting. All the above-mentioned Directors have consented to serve as Directors, if re-elected by the shareholders at the forthcoming Annual General Meeting.

The Directors of 3A are individuals of high calibre and integrity and their knowledge and expertise in their respective fields bring perspectives from other businesses, thereby enhancing the effectiveness of the Board and Board Committees.

The Board is of the view that given the size of the Group and its business complexity, the current number of Directors remains optimum and conducive for effective deliberations at Board meetings and for efficient conduct of Board meetings.

The profile of the above Directors is set out in the section entitled "Profile of Directors" on pages 3 to 8 of 2020 Annual Report.

2.3 The Board Committees

The Board delegates certain authorities to the Board Committees that operate under clearly defined written terms of reference and operating procedures duly approved by the Board.

The functions and terms of reference of the Board Committees as well as authority delegated by the Board to these Committees, have been approved by the Board and are reviewed from time to time to ensure that they are relevant and up-to-date.

The various Committees report the outcome of their meetings to the Board which are then incorporated in the Board's minutes. The Board Committees are as follows:

- Audit Committee;
- Nomination Committee;
- Remuneration Committee; and
- Risk Management Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

A. BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

2.4 Nomination Committee

The Board has established a Nomination Committee ("NC") and its principal objectives are in line with the term of reference of the NC which is available in the Company's website, www.three-a.com.my.

The NC shall meet as and when necessary and at such other time(s) as it deems necessary to fulfil its responsibilities. The quorum for each meeting is two (2) members, of whom shall be an Independent Non-Executive Director. Recommendations of the Committee are submitted to the Board for approval.

To carry out the assessment of those Directors who are eligible to stand for re-election, the NC will base on formal reviews of the performance of the Directors, their contribution to the Board through their skills, experience, strength and qualities, their level of independence and abilities to exercise independent judgment, demonstrate objectivity, clarity of thought during deliberations at meetings and ability to spend sufficient time and commitment to the Group.

An annual evaluation, in the form of self and peer evaluation, are conducted by the NC, on the effectiveness of the Board as a whole, Board Committees, contribution of each individual Director, independence of Independent Directors and assessment on Senior Management. A summary of the evaluations was furnished to the NC for discussion.

The NC had on 23 February 2021 conducted the annual assessment in respect of financial year ended 31 December 2020 and was satisfied with the existing Board composition and was of the view that all the Directors and Board Committee of 3A had discharged their responsibilities in a commendable manner and had performed competently and effectively. The Board's effectiveness is assessed in the areas of composition, administration and process, accountability and responsibility, conduct and communication, decision-making and Boardroom activities, each Director's skills and competencies, as well as Board diversity.

A. BOARD LEADERSHIP AND EFFECTIVENESS (Continued)**2.4 Nomination Committee (Continued)**

For the Board diversity, the evaluation of the candidates' suitability by the Board is solely based on their competence, character, time commitment, integrity and experience in meeting the needs of the Group.

For the financial year ended 31 December 2020, the Committee met two (2) times and the composition of the NC and their attendance at meetings of Committee are as follows:

Members of Nomination Committee and Meeting Attendance during the financial year 2020

Membership Status	Name	Attendance
Chairman Independent Non-Executive Director	Mohd Zaki Bin Hamzah	2/2
Member Independent Non-Executive Director	Chew Eng Chai	2/2
Member Independent Non-Executive Director	Khoo Wee Boon	2/2
Member Independent Non-Executive Director	Dato' Jagjit Singh a/l Bant Singh	2/2

The NC had undertaken the following activities in respect of the financial year ended 31 December 2020:

- Reviewed and recommended the appointment of new directors as described under item 2.1 above;
- Reviewed the Self and Peer Assessment Forms of the Directors retiring pursuant to the Company's Constitution and re-election of Directors and submitted their recommendation for re-election at the Annual General Meeting;
- Reviewed the yearly Self and Peer Assessment Forms of Board Members, Board's mix of skills and performance of committees;
- Reviewed the continuation in office of Independent Non-Executive Directors who have served the Board for more than nine (9) years and submitted their recommendation for retaining them as Independent Non-Executive Directors of the Company;
- Reviewed the independence of Independent Directors; and
- Key officer evaluation.

In 3A Group, all appointments and employments are based on merits and not determined by gender, ethnicity and age bias. The current structure of gender, ethnicity and age of the employees of the Group are as follows:

Gender	Age	Ethnicity
Male	85%	18–30 39% Malaysian – Bumiputera 31.9%
Female	15%	31–40 38% Malaysian – Chinese 10.9%
		41–50 18% Malaysian – Indian 0.2%
		Above 51 5% Foreigners 57.0%

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

A. BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

2.5 Remuneration Committee

The Remuneration Committee has a formal and transparent procedure to review each Director's remuneration package which takes into consideration on corporate and individual performance; experience and level of responsibilities of the Directors concerned. The Remuneration Committee is responsible for recommending the remuneration framework for Directors, the remuneration packages of Executive Directors to the Board as well as to review and deliberate on the quantum of Directors' fee.

None of the Executive Directors participate in any way in determining their individual remuneration.

The Board as a whole determines the level of remuneration of Non-Executive Directors with individual Directors abstaining from decisions in respect of their individual remuneration. Directors' fees and benefits, if any, are approved at the Annual General Meeting by the shareholders.

The policy practiced on Directors' remuneration by the Remuneration Committee is to recommend the remuneration packages necessary to attract, retain and motivate Directors of the quality required to manage the business of the Group and to align the interest of the Directors with those of the shareholders.

Information prepared by independent consultants and survey data on the remuneration practices of comparable companies are taken into consideration in determining the remuneration packages, where necessary.

The components of Directors' remuneration are structured so as to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned.

Meetings are held as and when necessary and at least once a year. The quorum for each meeting shall be two (2) members. Minutes of each meeting shall be kept by the Secretary as evidence that the Committee has discharged its functions.

The Remuneration Committee held one (1) meeting which were attended by all members during the financial year to review and recommend to the Board on the remuneration of the Directors.

Members of Remuneration Committee and Meeting Attendance during the financial year 2020

Membership Status	Name	Attendance
Chairman Independent Non-Executive Director	Tan Chon Sing @ Tan Kim Tieng	1/1
Member Independent Non-Executive Director	Chew Eng Chai	1/1
Member Independent Non-Executive Director	Khoo Wee Boon	1/1
Member Independent Non-Executive Director	Dato' Jagjit Singh a/l Bant Singh	1/1

A. BOARD LEADERSHIP AND EFFECTIVENESS (Continued)**2.6 Remuneration of Directors**

The remuneration package for Directors comprise the following elements:

- Directors' Fees**

The Directors' fees are only payable to Non-Executive Directors. The Remuneration Committee recommends the framework of Directors' fees to the Board. The fees structure is determined after a study of comparable organisations' practices as well as the level of responsibilities involved.

- Salaries and Bonuses**

The basic salaries for the Executive Directors are recommended by the Remuneration Committee to the Board for the approval of the Board. In the evaluation process, consideration is given to the salary scales for similar jobs in the industry.

The details of the remuneration Directors for the financial year ended 31 December 2020 are as follows:

	Fees (RM)	Salaries (RM)	Allowance (RM)	Bonus (RM)	Other Emoluments (RM)	Total (RM)
Received from the Company						
Dato' Jagjit Singh a/l Bant Singh	137,000	-	-	-	-	137,000
Chew Eng Chai	82,000	-	-	-	-	82,000
Tan Chon Sing @ Tan Kim Tieng	57,000	-	-	-	-	57,000
Mohd Zaki Bin Hamzah	57,000	-	-	-	-	57,000
Khoo Wee Boon	57,000	-	-	-	-	57,000
Lim Yee Mein (appointed on 30 June 2020)	20,000	-	-	-	-	20,000
Kee Thuan Chai (appointed on 30 June 2020)	20,000	-	-	-	-	20,000
Loo Cheau Leong (retired on 29 June 2020)	-	-	-	-	-	-
Gurpreet Singh Vohra (resigned on 30 June 2020)	-	-	-	-	-	-
	430,000	-	-	-	-	430,000
Received from Subsidiaries						
Dato' Jagjit Singh a/l Bant Singh	64,000	-	-	-	-	64,000
Fong Chu King @ Tong Chu King	-	636,000	240,000	475,000	54,040	1,405,040
Fang Siew Ping	-	432,000	120,000	289,000	100,920	941,920
Liew Kuo Shin	-	432,000	120,000	289,000	100,920	941,920
Mohd Zaki Bin Hamzah	5,000	-	-	-	-	5,000
	69,000	1,500,00	480,000	1,053,000	255,880	3,357,880

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

A. BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

2.7 Remuneration of Key Senior Management

The remuneration of Key Senior Management Team of the Group for the financial year ended 31 December 2020 is as follows:

Range of Remuneration (RM)	No. of Key Senior Management
RM750,000 - RM800,000	1
RM900,000 - RM950,000	2
RM1,400,000 - RM1,450,000	1
Total	4

2.8 Independence of the Board

The Independent Non-Executive Directors with their extensive knowledge and experience contribute independent views, advice and judgement on interests, not only of the Company but also of shareholders, employees, customers and suppliers in which the Group conducts its business. Independent Non-Executive Directors are essential for protecting the interests of shareholders and stakeholders and can make significant contributions to the Group's decision making by bringing in detached impartiality.

The roles of the Independent Non-Executive Chairman and Managing Director of the Company are distinct and separate with individual responsibilities. Each of them has clearly defined duties and authority thus ensuring balance of power and greater capacity for independent decision-making.

Where a potential conflict of interest may arise, it is mandatory practice for the or the Director concerned to declare his or her interest and abstain from the decision-making process.

During the financial year, the Board through the Nomination Committee assessed the independence of its Independent Non-Executive Directors based on criteria set out in the Listing Requirements of Bursa Malaysia Securities Berhad. The Board Charter provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Director. However, an Independent Director may continue to serve on the Board upon reaching the nine (9) year limit subject to the Independent Director's re-designated as a Non-Independent Director. In the event, the Board intends to retain the Director and seek shareholders' approval at general meeting. In justifying the decision, the Board is required to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence as adopted by the Board.

A. BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

2.8 Independence of the Board (Continued)

Following an assessment by the Nomination Committee, Independent Non-Executive Directors, namely Mr. Chew Eng Chai and Mr. Tan Chon Sing @ Tan Kim Tieng, Mr. Mohd Zaki Bin Hamzah and Mr. Khoo Wee Boon who have served as Independent Non-Executive Directors for a cumulative term of more than nine (9) years as at the end of the financial year under review, have been recommended by the Board to continue to act as Independent Non-Executive Director, subject to shareholders' approval at the forthcoming Nineteenth Annual General Meeting of the Company. The Board recommends retaining their designation as Independent Non-Executive Directors based on the following justifications:

- They have fulfilled the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements of Bursa Securities and therefore, are able to bring independent and objective judgement to the Board;
- They have an acute understanding of the Group's business operation, and have continued to critically and constructively challenge and contribute to the development of effective business strategy and direction of the Group during Board and Board Committees' meetings;
- Their long tenure of services on the Board and Board Committees have neither impaired nor compromised their exercise of independent judgement, and they are free from any business or relationships which could interfere with their exercise of independent judgement;
- They have remained objective and independent in expressing their views and participating in deliberation and decision making of the Board and Board Committees in the best interest of the Group;
- Their vast experience and exposure in the fields of food manufacturing, auditing, accountancy, corporate finance and financial market provide diverse set of expertise which bring valuable contribution to the Board;
- They have ensured effective checks and balances in Board proceedings and have exercised due care during their tenure as Independent Non-Executive Director to carry out their duties in the best interest of the Company and shareholders; and
- They have exhibited high commitment and devoted sufficient time and attention to their responsibilities as Independent Non-Executive Directors of the Company.

And since Mr. Mohd Zaki Bin Hamzah, Mr. Tan Chon Sing @ Tan Kim Tieng, Mr. Chew Eng Chai and Mr. Khoo Wee Boon had served the Company for a cumulative term of more than twelve (12) years respectively, approval from the Company's shareholders to retain them as Independent Director through a two-tier voting process at the forthcoming Nineteenth Annual General Meeting shall be sought.

2.9 Board Meetings

The Board meets every three (3) months in regular Board of Directors' meetings during the year to approve the quarterly results on a pre-scheduled basis. Additional meetings are convened when urgent and important decisions need to be taken between scheduled meetings.

The Board met four (4) times during the financial year ended 31 December 2020. The dates of the Board Meetings are as follows:

- 25 February 2020
- 28 May 2020
- 24 August 2020
- 3 November 2020

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

A. BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

2.9 Board Meetings (Continued)

Details of attendance of each Director at the Board meetings held under the financial year are set out as follows:

Director	Number of Board Meetings Held	Number of Board Meetings Attended
Dato' Jagjit Singh a/l Bant Singh	4	4/4
Fong Chu King @ Tong Chu King	4	4/4
Chew Eng Chai	4	4/4
Tan Chon Sing @ Tan Kim Tieng	4	4/4
Mohd Zaki bin Hamzah	4	4/4
Khoo Wee Boon	4	4/4
Fang Siew Ping	4	4/4
Liew Kuo Shin	4	4/4
Lim Yee Mein (appointed on 30 June 2020)	2	2/2
Kee Thuan Chai (appointed on 30 June 2020)	2	2/2
Gurpreet Singh Vohra (resigned on 30 June 2020)	2	0/2
Loo Cheau Leong (retired on 29 June 2020)	2	2/2

All Directors are expected to notify the Board of their acceptance of any new directorship in other listed issuers.

Directors of the Company do not hold more than five (5) directorships in public listed companies and there is no restriction on number of directorships in non-public listed companies, as stipulated in the Listing Requirements.

The listing of directorships held by Directors is disclosed by the respective Directors to the Board to ensure compliance to the above Listing Requirements.

A. BOARD LEADERSHIP AND EFFECTIVENESS (Continued)**3.0 Directors' Training**

The Directors have continued to participate in relevant training programmes to keep abreast with the latest developments in the security industry, in particularly in areas of corporate governance and regulatory changes so that they would be able to discharge their duties as Directors effectively.

For the year ended 31 December 2020, the conferences, seminars and training programmes attended by each of the Directors were in respect of the following areas:

Director	Seminars/Training Programmes
Dato' Jagjit Singh a/l Bant Singh	<ul style="list-style-type: none"> • Related Party Transactions ("RPT") and Recurrent Related Party Transactions ("RRPT") • Detecting Financial Frauds
Fong Chu King @ Tong Chu King	<ul style="list-style-type: none"> • Related Party Transactions ("RPT") and Recurrent Related Party Transactions ("RRPT") • Detecting Financial Frauds • Code of Conduct Ethical and Business Practices • Training of COVID-19 SOP/Response Team & Responsibility
Chew Eng Chai	<ul style="list-style-type: none"> • Related Party Transactions ("RPT") and Recurrent Related Party Transactions ("RRPT") • Detecting Financial Fraud
Tan Chon Sing @ Tan Kim Tieng	<ul style="list-style-type: none"> • Related Party Transactions ("RPT") and Recurrent Related Party Transactions ("RRPT") • Detecting Financial Frauds
Khoo Wee Boon	<ul style="list-style-type: none"> • Related Party Transactions ("RPT") and Recurrent Related Party Transactions ("RRPT") • Detecting Financial Frauds • KSY887: Industry 4.0 and It's Impact of Malaysian Capital Market
Mohd Zaki bin Hamzah	<ul style="list-style-type: none"> • Related Party Transactions ("RPT") and Recurrent Related Party Transactions ("RRPT") • Detecting Financial Frauds
Liew Kuo Shin	<ul style="list-style-type: none"> • Related Party Transactions ("RPT") and Recurrent Related Party Transactions ("RRPT") • Detecting Financial Frauds • Code of Conduct Ethical and Business Practices • Training of COVID-19 SOP/Response Team & Responsibility • FSSC 22000 (v5) Awareness Remote Online Training • FMM Best Practice Webinar: Effective Management of Electronic, Food and Schedule Waste

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

A. BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

3.0 Directors' Training (Continued)

Director	Seminars/Training Programmes
Fang Siew Ping	<ul style="list-style-type: none"> • Related Party Transactions ("RPT") and Recurrent Related Party Transactions ("RRPT") • Detecting Financial Frauds • MS ISO/IEC 17025:2017 Internal Audit • Code of Conduct Ethical and Business Practices • Training of COVID-19 SOP / Response Team & Responsibility • FSSC 22000 (v5) Awareness Remote Online Training
Lim Yee Mein	<ul style="list-style-type: none"> • Related Party Transactions ("RPT") and Recurrent Related Party Transactions ("RRPT") • Detecting Financial Frauds • Mandatory Accreditation Program
Kee Thuan Chai	<ul style="list-style-type: none"> • Related Party Transactions ("RPT") and Recurrent Related Party Transactions ("RRPT") • Detecting Financial Frauds • Mandatory Accreditation Program

The Company Secretary regularly update the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference and briefs the Board quarterly on these updates, where applicable, at Board meetings. The External Auditors also briefed the Board members on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statement during the financial year under review. The Directors will continue to undergo relevant training programmes to further enhance their skills and knowledge in the discharge of their stewardship role.

B. EFFECTIVE AUDIT AND RISK MANAGEMENT

1.0 Audit Committee

The Audit Committee currently comprises five (5) Independent Non-Executive Directors. The Committee meets not less than four (4) times a year and is governed by clearly defined terms of reference. In the financial year ended 31 December 2020, the Committee met four (4) times. The main responsibilities of the Audit Committee are to ensure integrity of financial reporting, a sound internal control system with effective risk monitoring procedures and adherence to compliance matters. The Chairman of Audit Committee is not the Chairman of the Board. Details of the composition of the Audit Committee, attendance of Members at Meetings held in 2020 and the activities carried out by the Audit Committee during the year are set out under the Audit Committee Report on pages 43 to 45 on this Annual Report.

B. EFFECTIVE AUDIT AND RISK MANAGEMENT (Continued)

1.1 Financial Reporting

In presenting the annual audited financial statements and quarterly announcements of results to shareholders, the Directors take responsibility to provide a balanced, clear and comprehensive assessment of the financial performance and prospects of the Company and the Group in all the disclosures made to the stakeholders and the regulatory authorities. Following discussions with the External Auditors, the Directors consider that the Company and the Group uses appropriate accounting policies that are consistently applied and supported by reasonable as well as prudent judgments and estimates; and that financial statements are prepared in accordance with applicable approved accounting standards in Malaysia and the provisions of the Companies Act 2016. The Directors recognise the responsibility for ensuring that accounting records are properly kept.

The Audit Committee who assist the Board in overseeing the financial reporting process of the Company's and the Group, has adopted a policy for the types of non-audit services permitted to be provided by the External Auditors, including the need for the Audit Committee's approval prior to such services can be provided by the External Auditors. The procedure included in the policy requires the engagement team conducting the non-audit services to be different from the External Audit team.

In assessing the independence of External Auditors, the Audit Committee requires written assurance by the External Auditors, confirming that they are and have been independent throughout the conduct of the audit engagement with the Group in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

Early announcements of the quarterly results and issuance of annual report to Bursa Securities reflect the Board's commitment to provide timely, transparent and up-to-date assessments on the Company's and the Group's performance and prospects.

The Board is assisted by the Audit Committee to oversee the quality of the financial reporting of the Company and the Group. The Audit Committee reviews and monitors the integrity of the Company's and the Group's annual and interim financial statements and reviews the appropriateness of the Company's and the Group's accounting policies and changes to these policies as well as ensures these financial statements comply with accounting and regulatory requirements.

Audit Committee had on 23 February 2021 conducted an assessment on the suitability and independence of the external auditors, Messrs BDO PLT. Having considered their independence, competency, resources and the audit team assigned and the tenure of the change of its audit engagement partner, the Audit Committee had recommended to the Board on their suitability and independence and to re-appoint Messrs BDO PLT as Auditors of the Group for the ensuing year. The Board has recommended Messrs BDO PLT for re-appointment as Auditors of the Group for the shareholders' approval at the Nineteenth Annual General Meeting.

The Board of Directors also have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Company and the Group and for the implementation and continued operation of adequate accounting and internal control systems for the prevention of fraud and other irregularities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

B. EFFECTIVE AUDIT AND RISK MANAGEMENT (Continued)

1.2 Statement on Directors' Responsibility

The Directors are required by the Companies Act 2016 to prepare financial statements for each year which give a true and fair view of the state of affairs of the Company and of the Group at the end of the financial year and of their results and cash flow for the financial year then ended. In preparing these financial statements, the Directors have:

- Adopted suitable accounting policies and applied them consistently;
- Made judgments and estimates that are prudent and reasonable;
- Ensured applicable accounting standards have been followed; and
- Prepared the financial statements on the going concern basis.

The Directors are responsible for ensuring that the Company and the Group keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and of Group which enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors have overall responsibility for taking such steps that are reasonably open to them to safeguard the assets of the Company and the Group to prevent and detect fraud and other irregularities.

1.3 Risk Management and Internal Control Framework

The Board requires the Company and the Group to maintain a rigorous risk management framework for identifying, evaluating, monitoring and managing the risks taken to achieve the Company's and the Group's business objectives. This process is periodically reviewed by the Board.

The Group's Internal Audit function is outsourced to an independent consultant whose credentials and qualifications had been reviewed and found to be competent by the Board and had adequate resources to carry out the scope of activities as outlined in the internal audit plan of the Company. They report directly to the Audit Committee on the effectiveness of the current system of internal controls from the perspectives of governance, risks and controls. The internal audit function is independent of the activities it audits. The internal audit function carries out the internal audit reviews based on internal audit plans approved by the Audit Committees and the Board of Directors. The results of the audits are presented to the Audit Committee at their quarterly meetings.

Follow-up reviews are also carried out to assess the status of implementation of management action plans, which are based on internal audit recommendations. The results of these follow-up reviews are also highlighted to the Audit Committee at their quarterly meetings.

On 23 February 2021, the Audit Committee performed an assessment and review of the adequacy and scope of the Internal Audit Function and the backgrounds of Internal Auditors as part of ongoing effort to ensure an effective and sound internal controls system. The areas covered are the competency and independence of Internal Auditors as well as the scope, functions, resources and authority of the Internal Audit Function that is in place.

For further details on the focus areas for internal audit during the financial year, please refer to the Statement of Risk Management and Internal Control on page 40 to 42.

The Statement of Risk Management and Internal Control furnished in the annual report provide an overview of the state of internal controls within the Group.

C. INTEGRITY IN CORPORATE REPORTING & RELATIONSHIP WITH STAKEHOLDERS

1.0 Communication with Stakeholders

The Company recognises the importance of maintaining accountability and transparency to its shareholders through proper communication with its shareholders and stakeholders. The Company reaches out to its stakeholders through its distribution of the annual reports, public announcements, company website, investor relations through telephone or emails.

The Group also provides corporate information as well as highlighting key financial information in order to facilitate shareholders' easy access to the information.

The Company maintained a website (www.three-a.com.my) to which shareholders can access information related to the Group. Investors and members of the public who wish to assess corporate and financial information that is made public such as the quarterly announcement of the financial results of the Group, announcements and disclosures made pursuant to the disclosure requirement of Bursa Malaysia Main Market Listing Requirements and other corporate information and events related to the Company can channel their queries to the following personnel:

Fong Peng Fai
Group Financial Controller
E-mail : fong.pengfai@three-a.com.my

Jessica Fang Siew Yee
Senior Manager
E-mail : jessica.fang@three-a.com.my

Tel No. : +603 6156 2655
Website : www.three-a.com.my

While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material and price sensitive information.

1.1 Conduct of General Meeting

All shareholders are encouraged to attend the Company's Annual General Meeting ("AGM") and to participate in the proceedings. Shareholders' suggestions received during Annual General Meeting are reviewed and considered for implementation, whenever possible. Every opportunity is given to the shareholders to ask questions and seek clarification on the performance of the Company and the Group.

The Eighteenth AGM ("18th AGM") of the Company held on 29 June 2020 was conducted through live streaming and online remote participation using Remote Participation and Voting ("RPV") Facilities as a fully virtual general meeting. Shareholders were encouraged to participate (including posting questions to the Board via real time submission of typed texts) and vote remotely at the 18th AGM of the Company by using the RPV Facilities provided by the Company's Share Registrar.

At the 18th AGM, eight out of ten Directors of the Company, along with the Group Financial Controller and the External Auditors were present to respond to the shareholders' queries, where applicable and necessary. Further, in line with good corporate governance practices, at least twenty eight days' notice was given to the shareholders prior to the AGM.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“Board”) is pleased to present this statement on Risk Management and Internal Control (“Statement”) for the financial year ended 31 December 2020. This statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) and guided by the “Statement on Risk Management & Internal Control - Guidelines for Directors of Listed Issuers” which was endorsed by Bursa Malaysia Securities Berhad (“Bursa Securities”).

BOARD RESPONSIBILITIES

In accordance with the Malaysian Code of Corporate Governance, the Board being responsible for the Group’s risk management and internal control systems, formulated policies on risk management and internal control and sought assurance that the systems are functioning effectively.

The Board understands the principal risks of the business that the Group involves and accepts that business decisions require the incurrence and balancing of risk and return to generate reasonable returns to the shareholders.

The Board continues to derive its comfort through the following processes in obtaining the relevant and key information on the state of internal control and risk management of the Group:

- Audit Committee’s review and consultation with management on the interim financial results, annual report and audited financial statements in order to assess the integrity of the financial information and performance;
- Board discussions with management during the board meetings on business and operational issues as well as the measures taken by management to mitigate and manage the business and operational issues;
- Annually, upon completion of audit, the External Auditors will report to the Audit Committee on their key audit findings. As part of this review, Audit Committee will obtain feedback from the External Auditors on risk and their control issues noted by them in the course of their statutory audit;
- The Audit Committee assesses the adequacy and effectiveness of internal control based on the internal audit findings presented by the Internal Auditors. These reviews were done quarterly where the Internal Auditors will present their internal audit report to the Audit Committee and audit issues and action taken by management to address control deficiencies will be deliberated. Review reports from the Risk Management Committee and follow up action plans to assess effectiveness of the risk management system; and
- Management assurance that the Group’s risk management and internal control systems are adequate and effective, in all material respects.

RISK MANAGEMENT

The risk management framework adopted by the Group is based on the general principles of the international risk management framework. This risk management framework consists of risk identification, impact assessment, profiling matrix as well as the management action plans.

The Board maintains its Risk Management Committee (“RMC”) to oversee the risk management framework and ensuring the implementation of appropriate systems by the management to manage material risk exposure in the Group.

During the financial year, RMC conducted two (2) meetings to deliberate the overall progress, status of mitigation plans and effectiveness of risk management in each management department.

RISK MANAGEMENT (Continued)

At Management level, Risk Management Working Committee ("RMWC") continues to identify and manage risks and report the progress of risk management status to RMC.

There was no significant risk identified in the Group. The on-going mitigation plans in place to manage the challenges in the operations are:

- Negotiations with customers on matters such as price and size of order as well as continual improvements on product quality and services;
- Effective inventory policy aligns with sales forecast, customer orders and also fluctuations of raw materials price;
- Identification of substitutes for existing raw materials;
- Expansion plans for production plants and warehousing facilities in line with the increase in customers' orders; and
- Automation and enhancement of the efficiency of production lines.

On the other hand, in order to minimise the risks arising from the COVID-19 Pandemic, the Group implemented prevention measures at workplace by regularly monitoring, updating and observing the SOPs issued by the authorities, and leveraging on the use of electronic communication and virtual meeting technology to minimise physical contact among staff.

KEY ELEMENTS OF INTERNAL CONTROL

The Group has established and maintained the following internal controls and management systems:

- i. Management organisation structure defining the management responsibilities and hierarchical structure for planning, executing, controlling and monitoring the business operations;
- ii. Limit of authority and approval facilitating delegation of authority;
- iii. The adoption, certification and compliance of Food Safety System 22000 version 4.1 consisting of ISO 22000: 2005 and ISO/ TS 22002-1:2009 for the products ensuring safety of food;
- iv. Management meeting and Credit Control Committee meeting for identifying operational issues; and monitoring and reviewing actions taken to address the issues in order to ensure that the business performance objectives of the Group are met;
- v. Continual implementation and compliance with Halal, Kosher, and HACCP Certifications setting the fundamental of management control in the Group;
- vi. Job descriptions providing understanding to employees of the actions needed in discharging their responsibilities;
- vii. Implementation of Whistle-blowing Policy for encouraging all personnel and business associates to raise genuine concerns and complaints on suspicious circumstances as early as possible in the knowledge that their concerns will be taken seriously and investigated as appropriate and that their confidentiality will be respected;
- viii. Implementation of Anti-Bribery and Corruption ("ABC") Policy which provide guidance to identify and deal with bribery and corruption issue. This policy also set out the roles and responsibilities in observing and upholding the position on bribery and corruption;
- ix. The Audit Committee:
 - a. reviews and discusses with the management on Group's unaudited quarterly financial results and year-end financial statements before presenting these results and statements to the Board for approval;
 - b. reviews internal control issues identified by the External and Internal Auditors and action taken by Management in respect of the findings arising therefrom; and
 - c. reviews internal audit plan prepared on a risk-based approach by Internal Auditors.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Bursa Securities Guidelines, management is responsible to identify risks; implementing and maintaining sound systems of risk management and internal control; and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could significantly affect the Group achievement of its objectives and performance.

The Board has received assurance from the Managing Director and the Group Financial Controller that, to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

BOARD ASSURANCE AND LIMITATION

The Board is satisfied that there is ongoing process for identifying, evaluating and managing significant risks faced by the Group and the existing level of systems of internal control and risk management is effective to enable the Group to achieve its business objectives. During the current financial year, there were no material losses resulted from significant control weaknesses that would require separate disclosure in this Annual Report.

Despite the above, it should be noted that all risk management and internal control systems could only manage rather than eliminate risks of failure to achieve business objectives. Therefore, the systems of risk management and internal control in the Group can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

REVIEW OF STATEMENT ON INTERNAL CONTROL BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the External Auditors have reviewed this Statement on Risk Management and Internal Control in accordance with the Audit and Assurance Practice Guide 3 ("AAPG3"): Guidance for Auditors on Engagements to Report on the Statements on Risk Management in and Internal Control included in the Annual Report.

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in this Annual Report and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board and management in reviewing the adequacy and integrity of the risk management and effectiveness of the systems of risk management and internal control systems of the Group.

AUDIT COMMITTEE REPORT

COMPOSITION AND ATTENDANCE

The Audit Committee of the Company comprises five (5) members who are all Independent Non-Executive Directors:

Chairman

Chew Eng Chai
Independent Non-Executive Director
Member of the Malaysian Institute of Accountants

Members

Tan Chon Sing @ Tan Kim Tieng
Independent Non-Executive Director

Mohd Zaki Bin Hamzah
Independent Non-Executive Director

Khoo Wee Boon
Independent Non-Executive Director

Dato' Jagjit Singh a/l Bant Singh
Independent Non-Executive Director

Mr Chew Eng Chai, the Chairman of the Audit Committee, is a fellow of the Institute of Chartered Accountants in England and Wales as well as a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. Thus, Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad is complied.

A total of four (4) meetings were held during the financial year. The record of attendance of each member at the Audit Committee meetings held during the financial year ended 31 December 2020 are as follows:

Composition of Audit Committee	Numbers of Audit Committee Meetings	
	Held	Attendance
Chew Eng Chai <i>Chairman, Independent Non-Executive Director</i>	4	4
Tan Chon Sing @ Tan Kim Tieng <i>Member, Independent Non-Executive Director</i>	4	4
Mohd Zaki bin Hamzah <i>Member, Independent Non-Executive Director</i>	4	4
Khoo Wee Boon <i>Member, Independent Non-Executive Director</i>	4	4
Dato' Jagjit Singh a/l Bant Singh <i>Member, Independent Non-Executive Director</i>	4	4

Upon invitation by the Audit Committee, the Directors, Group Financial Controller, Internal Auditors, External Auditors and other members of senior management attended all the meetings as and where required. The meetings were appropriately structured through the use of agendas, which were distributed to members with sufficient notification.

AUDIT COMMITTEE REPORT (CONTINUED)

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee is available for reference at the Company's website, www.three-a.com.my.

SUMMARY OF ACTIVITIES IN YEAR 2020

In line with the terms of reference of the Audit Committee, the following activities were carried out by the Audit Committee for the financial year ended 31 December 2020 ("FYE 2020") under review in accordance with its functions and duties.

1. At the meeting held in February 2020, the AC reviewed the Audit Completion Report in respect of the audit of the Company and the Group for the financial year ended 31 December 2019 from External Auditors, Messrs BDO PLT ("BDO"). The AC evaluated and reviewed the performance, independence and competence of external auditors and being satisfied with the performance of the BDO, recommended the re-appointment of BDO to the Board for further recommendation to the Shareholders for approval. At the same meeting, the AC also reviewed and assessed the suitability and resources of the Internal Auditors of the Company, i.e. Messrs. IA Essential Sdn Bhd ("IA") and was satisfied with their performance and resources.
2. At the meeting held in November 2020, the AC:
 - Reviewed the Audit Planning Memorandum ("APM") for the FYE 2020 as prepared by BDO in relation to statutory audit services as well as non-audit services. In the APM, BDO gave assurance that they have complied with the independence requirement and further described BDO's engagement and reporting responsibilities, audit scope and approach on the statutory audit for FYE 2020. The non-audit services of BDO involve the annual review of the Statement on Risk Management and Internal Control.
 - Reviewed and discussed the report from the Risk Management Committee.
 - Reviewed and recommended to the Board on the payment of interim dividend for the FYE 2020.
3. On financial reporting, the AC reviewed every quarterly financial report during the AC meetings and subsequently recommended the reports to the Board for approval. The reviews of quarterly reports were conducted in Feb 2020, May 2020, August 2020 and November 2020 respectively. The AC also reviewed and discussed the recommendation from the Credit Control Committee on matters in relation to proposed impairment of trade receivables.
4. The AC reviewed and discussed the Internal Audit Reports that were prepared and presented by the IA of the Group in every meeting held. The AC reviewed the major findings of Internal Audit Reports and discussed recommendations and updates on follow up of matters with the Internal Auditors.
5. The AC reviewed the recurrent related party transactions of a revenue nature within the Group and provided opinion on whether they are fair and reasonable and not detrimental to the interest of the minority shareholders of the Company in every meeting held.

INTERNAL AUDIT FUNCTION

The Committee acknowledges the need for an effective system of internal control covering all aspects of the Group's activities including the mapping and management of risks which the Group may be exposed to.

The Group's Internal Audit function is outsourced to an independent consultant to assist the Audit Committee and the costs incurred for the Internal Audit function in respect of the financial year ended 31 December 2020 was about RM75,000. The function, which is independent of the activities and operations conducts independent, regular and systematic reviews of the key controls and processes in the operating units and assess compliance with the established policies and procedures. This provides reasonable assurance that such system would continue to operate satisfactorily and effectively in the Company and the Group. The Internal Audit function reports directly to the Audit Committee and assists the Board in monitoring the internal controls to mitigate the risks.

The scope of internal audit plan covers the risk management, control and governing processes, and audit of the Group's operations. The activities of the Internal Audit for the financial year ended 31 December 2020 under review include the following:

- Ascertained the extent of compliance with established policies, procedures and statutory requirements;
- Undertook special reviews requested by the Audit Committee and/or management;
- Assessed the means of safeguarding assets and verified their existence; and
- Approved the Internal Audit Plan each year. Present internal audit findings and makes appropriate recommendations on any areas of concern within the Company and the Group for the Committee's deliberation and to enhance efficiencies to the appropriate level of management capable of achieving satisfactory results and ensured corrective actions were taken.

In determining the audit scope for the year 2021, a risk-based approach in determining and proposing the audit plan. The application of this approach is demonstrated in consideration of very significant and high risk factors identified by management, new compliance requirements, audit emphasis of external Auditor and past audit history in evaluating, selecting, determining and prioritising the proposed areas

In year 2020, a total of five (5) audit reports were issued and presented to the Audit Committee with the recommended corrective actions acted upon.

The Audit Committee and the Board of Directors are satisfied with the performance of the Internal Auditor and have the interest of greater independence and continuity in the Internal Audit function, taken the decision to continue with the outsource of the Internal Audit Function.

ADDITIONAL COMPLIANCE INFORMATION

The information set out below is disclosed in compliance with the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

1. Audit and Non-Audit Fees

The amount of audit fees and non-audit fees paid or payable to the Company's External Auditors and a firm affiliated to the External Auditors' by the Company and Group for the financial year ended 31 December 2020 are as follows:

	Company (RM'000)	Group (RM'000)
Audit Fees	48	126
Non-Audit Fees	8	8
Total	56	134

2. Material Contracts

There were no material contracts entered into by the Company or its subsidiaries which involve Directors' and major shareholders' interest either still subsisting at the end of the financial year ended 31 December 2020 or entered into since the end of the previous financial year that have been entered by the Company or its subsidiary involving the interests of the Directors and major shareholders.



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DIRECTORS' REPORT

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and the details of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the financial year, attributable to owners of the parent	30,162	12,722

DIVIDEND

Dividend paid, declared or proposed since the end of the previous financial year was as follows:

	RM'000
In respect of financial year ended 31 December 2020:	
Interim single tier dividend of 2.2 sen per ordinary share, paid on 3 December 2020	10,785

The Directors do not recommend any payment of final dividend for the financial year ended 31 December 2020.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

REPURCHASE OF OWN SHARES

At the Annual General Meeting held on 29 June 2020, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase its own shares based, amongst others, on the following terms:

- (i) The number of shares to be repurchased and/or held as treasury shares shall not exceed 10% of its existing issued and paid-up share capital of the Company;
- (ii) The amount to be utilised for the repurchase of own shares by the Company shall not exceed the total retained earnings of the Company at the time of purchase; and
- (iii) The Directors may retain the shares so repurchased as treasury shares and may resell the treasury shares and/or distribute them as share dividend and/or cancel them in a manner they deem fit in accordance with the provisions of the Companies Act 2016 in Malaysia and listing requirements and applicable guidelines of Bursa Malaysia Securities Berhad.

The Company has the rights to retain, cancel, resell and/or distribute these shares as dividends. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Of the total 492,000,010 issued and fully paid ordinary shares as at 31 December 2020, 1,768,800 ordinary shares purchased for RM1,078,000 are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 490,231,210.

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Fong Chu King @ Tong Chu King*	
Chew Eng Chai	
Tan Chon Sing @ Tan Kim Tieng	
Khoo Wee Boon	
Mohd Zaki Bin Hamzah*	
Dato' Jagjit Singh a/l Bant Singh*	
Liew Kuo Shin	
Fang Siew Ping*	
Kee Thuan Chai	(Appointed on 30 June 2020)
Lim Yee Mein	(Appointed on 30 June 2020)
Gurpreet Singh Vohra	(Resigned on 30 June 2020)
Loo Cheau Leong	(Retired on 29 June 2020)

* These Directors of the Company are also the Directors of certain subsidiaries of the Company.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares of the Company and of its related corporations during the financial year ended 31 December 2020 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia were as follows:

	Number of ordinary shares			Balance as at 31.12.2020
	Balance as at 1.1.2020	Bought	Sold	
Direct interests:				
Fong Chu King @ Tong Chu King	13,687,500	58,000	-	13,745,500
Chew Eng Chai	200,000	-	-	200,000
Mohd Zaki Bin Hamzah	625,000	-	-	625,000
Liew Kuo Shin	125,000	-	-	125,000
Indirect interests:				
Fong Chu King @ Tong Chu King ^a	1,714,975	-	-	1,714,975
Tan Chon Sing @ Tan Kim Tieng ^b	2,793,625	-	(550,000)	2,243,625
Chew Eng Chai ^c	8,750	-	-	8,750

^a Indirect interest via shareholdings of his son, Fong Peng Fai (137,375 ordinary shares) pursuant to Section 59(1)(c) of Companies Act 2016 ("CA2016") and Seong Chan Sauce & Foodstuff Sdn Bhd (1,577,600 ordinary shares) pursuant to Section 8 of CA2016.

^b Indirect interest via shareholdings of his spouse, Ng Faai @ Ng Yoke Pei pursuant to Section 59(1)(c) of CA2016.

^c Indirect interest via shareholdings of his spouse, Lim Tong Lean pursuant to Section 59(1)(c) of CA2016.

None of the other Directors holding office at the end of the financial year held any interest in ordinary shares of the Company during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than the following:

- certain Directors who may be deemed to derive benefits by virtue of trade transactions entered into with companies in which certain Directors have substantial financial interests; and
- certain Directors who received remuneration from a subsidiary as Directors of the subsidiary.

The details of the above transactions are disclosed in Note 26 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

DIRECTORS' REMUNERATION

The details of the Directors' remuneration for the current financial year of the Group and of the Company are as follows:

	Group RM'000	Company RM'000
Executive Directors' remuneration:		
- Salaries and other emoluments	3,289	-
Non-Executive Directors' remuneration:		
- Fees	499	430
Total	3,788	430

INDEMNITY AND INSURANCE FOR OFFICERS, DIRECTORS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors. The insurance premium paid by the Group during the financial year amounted to RM11,500.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY**(I) AS AT THE END OF THE FINANCIAL YEAR**

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and had satisfied themselves that there are no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
- (i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

DIRECTORS' REPORT (CONTINUED)

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONTINUED)

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT (CONTINUED)

- (d) In the opinion of the Directors:
- (i) there has not arisen any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

Significant event during the financial year and subsequent to the end of the reporting period are disclosed in Note 28 to the financial statements.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2020 amounted to RM125,750 and RM47,250 respectively.

Signed on behalf of the Board in accordance with a resolution of the Directors.

Fong Chu King @ Tong Chu King
Director

Dato' Jagjit Singh a/l Bant Singh
Director

Kuala Lumpur
31 March 2021

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 58 to 93 have been drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

Fong Chu King @ Tong Chu King

Director

Kuala Lumpur
31 March 2021

Dato' Jagjit Singh a/l Bant Singh

Director

STATUTORY DECLARATION

I, Fong Peng Fai (CA 23408), being the officer primarily responsible for the financial management of Three-A Resources Berhad, do solemnly and sincerely declare that the financial statements set out on pages 58 to 93 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at)
Kuala Lumpur, this)
31 March 2021)

Fong Peng Fai

Before me:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THREE-A RESOURCES BERHAD (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Three-A Resources Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 58 to 93.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the 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 and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

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

Recoverability of trade receivables

As at 31 December 2020, trade receivables of the Group amounted to RM100,424,000. The details of trade receivables and their credit risk have been disclosed in Note 9 to the financial statements.

We determine this to be a key audit matter because it requires management to exercise significant judgements in determining the probability of default by trade receivables and appropriate forward looking information incorporating the impact of COVID-19 pandemic.

Key Audit Matters (continued)**Audit response**

Our audit procedures included the following:

- (a) Recomputed the probability of default using historical data and forward-looking information adjustment incorporating the impact of COVID-19 pandemic, applied by the Group;
- (b) Recomputed the correlation coefficient between the macroeconomic indicators used by the Group and historical credit losses to determine the appropriateness of the forward looking information used by the Group; and
- (c) Inquiries of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses.

We have determined that there are no key audit matters to communicate in our report in respect of the audit of the financial statements of the Company.

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRSs, IFRSs, and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THREE-A
RESOURCES BERHAD (Incorporated in Malaysia) (CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) 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 internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

BDO PLT

LLP0018825-LCA & AF 0206
Chartered Accountants

Ho Kok Khiaw

03412/02/2023 J
Chartered Accountant

Kuala Lumpur
31 March 2021

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	157,082	141,801	-	-
Right-of-use assets	6	60,846	54,088	-	-
Investments in subsidiaries	7	-	-	163,382	163,382
		217,928	195,889	163,382	163,382
Current assets					
Inventories	8	75,110	49,824	-	-
Trade and other receivables	9	112,181	116,599	2	700
Cash and bank balances	10	26,618	44,207	1,690	76
		213,909	210,630	1,692	776
TOTAL ASSETS		431,837	406,519	165,074	164,158
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	11	149,087	149,087	149,087	149,087
Treasury shares	11	(1,078)	-	(1,078)	-
Reserves	12	218,464	199,087	16,556	14,619
TOTAL EQUITY		366,473	348,174	164,565	163,706
LIABILITIES					
Non-current liabilities					
Borrowings	14	6,429	12,770	-	-
Deferred tax liabilities	13	14,446	14,003	-	-
		20,875	26,773	-	-
Current liabilities					
Trade and other payables	15	35,333	28,418	496	441
Borrowings	14	6,249	1,762	-	-
Current tax liabilities		2,907	1,392	13	11
		44,489	31,572	509	452
TOTAL LIABILITIES		65,364	58,345	509	452
TOTAL EQUITY AND LIABILITIES		431,837	406,519	165,074	164,158

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	18	436,166	436,066	13,500	9,000
Cost of sales		(359,320)	(360,209)	-	-
Gross profit		76,846	75,857	13,500	9,000
Other income	19	1,524	1,188	15	-
Administrative expenses	20	(28,328)	(24,973)	(793)	(696)
Other operating expenses		(8,706)	(10,899)	-	-
Profit from operations		41,336	41,173	12,722	8,304
Finance costs	21	(628)	(914)	-	-
Profit before tax		40,708	40,259	12,722	8,304
Tax expense	22	(10,546)	(10,840)	*	-
Profit for the financial year		30,162	29,419	12,722	8,304
Total other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		30,162	29,419	12,722	8,304
Profit attributable to owners of the parent		30,162	29,419	12,722	8,304
Total comprehensive income attributable to owners of the parent		30,162	29,419	12,722	8,304
Earnings per share attributable to equity holders of the Company (sen):					
Basic and diluted	23	6.2	6.0		

* The amount is less than RM1,000.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Group	Note	Non-distributable		Distributable		Total RM'000
		Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Retained earnings RM'000	
Balance as at 1 January 2019		98,400	-	50,687	179,508	328,595
Profit for the financial year		-	-	-	29,419	29,419
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	29,419	29,419
Transactions with owners						
Dividend	24	-	-	-	(9,840)	(9,840)
Transfer pursuant to Companies Act 2016*		50,687	-	(50,687)	-	-
Balance as at 31 December 2019		149,087	-	-	199,087	348,174
Profit for the financial year		-	-	-	30,162	30,162
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	30,162	30,162
Transactions with owners						
Repurchase of treasury shares	11	-	(1,078)	-	-	(1,078)
Dividend	24	-	-	-	(10,785)	(10,785)
Balance as at 31 December 2020		149,087	(1,078)	-	218,464	366,473

* Pursuant to the Companies Act 2016, the credit balance in the share premium account was transferred to the share capital account upon the expiry of transitional period of twenty-four (24) months to utilise the amount in the share premium account.

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

Company	Note	Non-distributable		Distributable		Total RM'000
		Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Retained earnings RM'000	
Balance as at 1 January 2019		98,400	-	50,687	16,155	165,242
Profit for the financial year		-	-	-	8,304	8,304
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	8,304	8,304
Transaction with owners						
Dividend	24	-	-	-	(9,840)	(9,840)
Transfer pursuant to Companies Act 2016*		50,687	-	(50,687)	-	-
Balance as at 31 December 2019		149,087	-	-	14,619	163,706
Profit for the financial year		-	-	-	12,722	12,722
Other comprehensive income, net of tax		-	-	-	-	-
Total comprehensive income		-	-	-	12,722	12,722
Transaction with owners						
Repurchase of treasury shares	11	-	(1,078)	-	-	(1,078)
Dividend	24	-	-	-	(10,785)	(10,785)
Balance as at 31 December 2020		149,087	(1,078)	-	16,556	164,565

* Pursuant to the Companies Act 2016, the credit balance in the share premium account was transferred to the share capital account upon the expiry of transitional period of twenty-four (24) months to utilise the amount in the share premium account.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		40,708	40,259	12,722	8,304
Adjustments for:					
Depreciation of property, plant and equipment	5	8,712	8,267	-	-
Depreciation of right-of-use assets	6	975	979	-	-
Dividend income from a subsidiary	18	-	-	(13,500)	(9,000)
Impairment losses on trade receivables	9(f)	570	2,233	-	-
Interest expense	21	628	914	-	-
Interest income	19	(790)	(1,001)	(15)	-
Loss/(Gain) on disposal of property, plant and equipment	19, 20	127	(3)	-	-
Reversal of impairment losses on trade receivables	9(f)	(291)	-	-	-
Unrealised loss in foreign exchange	20	549	455	-	-
Operating profit/(loss) before changes in working capital		51,188	52,103	(793)	(696)
Changes in working capital:					
Inventories		(25,286)	30,240	-	-
Trade and other receivables		3,604	(9,293)	(1)	-
Trade and other payables		5,725	(4,552)	55	118
Cash generated from/(used in) operations		35,231	68,498	(739)	(578)
Tax refunded		2,503	1,091	13	43
Tax paid		(11,091)	(7,141)	(11)	(12)
Net cash from/(used in) operating activities		26,643	62,448	(737)	(547)

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

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions of right-of-use assets	6	(7,733)	-	-	-
Repayments from subsidiaries		-	-	699	127
Dividend received from a subsidiary	18	-	-	13,500	9,000
Interest received	19	790	1,001	15	-
Proceeds from disposal of property, plant and equipment		2	14	-	-
Purchase of property, plant and equipment	5(b)	(22,939)	(12,122)	-	-
Net cash (used in)/from investing activities		(29,880)	(11,107)	14,214	9,127
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividend paid	24	(10,785)	(9,840)	(10,785)	(9,840)
Interest paid	21	(628)	(914)	-	-
Payments of lease liabilities		-	(154)	-	-
Repayments of bankers' acceptance		-	(3,045)	-	-
Repayments of term loans		(1,854)	(2,283)	-	-
Repurchase of treasury shares	11	(1,078)	-	(1,078)	-
Net cash used in financing activities		(14,345)	(16,236)	(11,863)	(9,840)
Net (decrease)/increase in cash and cash equivalents		(17,582)	35,105	1,614	(1,260)
Effect of exchange rate changes on cash and cash equivalents		(7)	44	-	-
Cash and cash equivalents at beginning of financial year		44,207	9,058	76	1,336
Cash and cash equivalents at end of financial year	10	26,618	44,207	1,690	76

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONTINUED)

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Term loans (Note 14) RM'000	Group Lease liabilities (Note 6) RM'000	Bankers' acceptance RM'000
2020			
At 1 January 2020	14,532	-	-
Cash flows	(1,854)	-	-
At 31 December 2020	12,678	-	-
2019			
At 1 January 2019	16,815	154	3,045
Cash flows	(2,283)	(154)	(3,045)
At 31 December 2019	14,532	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

1. CORPORATE INFORMATION

Three-A Resources Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad.

The registered office and principal place of business of the Company is located at AL 308, Lot 590 & Lot 4196, Jalan Industri, U19, Kampung Baru Sungai Buloh, 40160 Shah Alam, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2020 comprise the Company and its subsidiaries. These financial statements are presented in Ringgit Malaysia (“RM”), which is also the functional currency of the Company. All financial information presented in RM has been rounded to the nearest thousand, unless otherwise stated.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 31 March 2021.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and the details of the subsidiaries are disclosed in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRSs”), International Financial Reporting Standards (“IFRSs”) and the provisions of the Companies Act 2016 in Malaysia.

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRSs during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 29.1 to the financial statements.

The Group has also early adopted Amendment to MFRS 16 *COVID-19-Related Rent Concessions* in the current financial year and elected to apply the practical expedient to all rent concessions relating to leases with similar characteristics and similar circumstances.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (CONTINUED)

4. OPERATING SEGMENTS

Segmental information

Segment analysis has not been prepared as the business of the Group is focused only in manufacturing and trading of food and beverage ingredients.

The Group does not have any non-current assets that are located in countries other than Malaysia.

The Chief Operating Decision Maker reviews the business performance of the Group as a whole and management monitors the operating results of its business for the purpose of making decisions on resources allocation and performance assessment.

Geographical information

For the purpose of disclosing geographical information, revenue is based on the geographical location of customers from which the sales transactions originated. The customers are predominantly based in Malaysia, Singapore and other foreign countries.

	Group	
	2020 RM'000	2019 RM'000
Revenue:		
Malaysia	225,886	264,565
Singapore	41,791	41,294
Other foreign countries	168,489	130,207
	436,166	436,066

Major customers

There are no major customers with revenue equal or more than ten percent (10%) of the Group's revenue. As such, information on major customers is not presented.

5. PROPERTY, PLANT AND EQUIPMENT

Group 2020	Factory and office buildings RM'000	Plant and machinery, tools and implements RM'000	Furniture and fittings and equipment RM'000	Renovations and electrical installations RM'000	Motor vehicles RM'000	Construction- in-progress RM'000	Total RM'000
Cost							
As at 1 January 2020	67,251	127,133	6,024	5,191	15,640	12,676	233,915
Additions	212	7,589	517	2,507	1,213	12,084	24,122
Disposal	-	-	-	-	(459)	-	(459)
Transfers	3,613	2,184	-	-	-	(5,797)	-
As at 31 December 2020	71,076	136,906	6,541	7,698	16,394	18,963	257,578
Accumulated depreciation							
As at 1 January 2020	13,155	64,502	4,443	2,955	7,059	-	92,114
Charges for the financial year	1,414	5,760	324	412	802	-	8,712
Disposal	-	-	-	-	(330)	-	(330)
As at 31 December 2020	14,569	70,262	4,767	3,367	7,531	-	100,496
Carrying amount							
As at 31 December 2020	56,507	66,644	1,774	4,331	8,863	18,963	157,082

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group 2019	Factory and office buildings RM'000	Plant and machinery, tools and implements RM'000	Furniture and fittings and equipment RM'000	Renovations and electrical installations RM'000	Motor vehicles RM'000	Construction- in-progress RM'000	Total RM'000
Cost							
As at 1 January 2019	66,957	119,973	5,818	4,852	13,744	5,143	216,487
Additions	294	3,414	206	339	1,951	7,533	13,737
Disposal	-	-	-	-	(55)	-	(55)
Transfer from right-of-use assets	-	3,746	-	-	-	-	3,746
As at 31 December 2019	67,251	127,133	6,024	5,191	15,640	12,676	233,915
Accumulated depreciation							
As at 1 January 2019	11,813	57,376	4,116	2,606	6,277	-	82,188
Charges for the financial year	1,342	5,423	327	349	826	-	8,267
Disposal	-	-	-	-	(44)	-	(44)
Transfer from right-of-use assets	-	1,703	-	-	-	-	1,703
As at 31 December 2019	13,155	64,502	4,443	2,955	7,059	-	92,114
Carrying amount							
As at 31 December 2019	54,096	62,631	1,581	2,236	8,581	12,676	141,801

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Furniture and fittings	
	2020 RM'000	2019 RM'000
Cost		
At 1 January/31 December	5	5
Accumulated depreciation		
At 1 January/31 December	5	5
Carrying amount		
At 31 December	-	-

- (a) All items of property, plant and equipment are initially measured at cost. After initial recognition, property, plant and equipment are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The estimated useful lives represent common life expectancies applied in the manufacturing industry within which the Group operates.

Factory and office buildings	50 years
Plant and machinery, tools and implements	10 to 20 years
Furniture and fittings and equipment	10 years
Renovations and electrical installations	10 years
Motor vehicles	7 to 15 years

Construction-in-progress represents factory and plant and machinery under construction and is stated at cost. Construction-in-progress is not depreciated until such time when the asset is available for use.

- (b) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

	Group	
	2020 RM'000	2019 RM'000
Purchase of property, plant and equipment	24,122	13,737
Financed by credit purchase (Note 15(c))	(1,183)	(1,615)
Cash payments on purchase of property, plant and equipment	22,939	12,122

- (c) As at the end of the reporting period, certain factory and office buildings, plant and machinery of the Group with a total carrying amount of RM23,623,000 (2019: RM32,288,000) have been charged to a licensed bank for credit facilities granted to the Group as disclosed in Note 14(b)(i) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (CONTINUED)

6. LEASES

The Group as lessee

Right-of-use assets

	Balance as at 1.1.2020 RM'000	Additions RM'000	Depreciation RM'000	Balance as at 31.12.2020 RM'000
Carrying amount				
Long-term leasehold land	52,753	5,330	(777)	57,306
Short-term leasehold land	1,335	2,403	(198)	3,540
	54,088	7,733	(975)	60,846

	Balance as at 1.1.2019 RM'000	Depreciation RM'000	Transfer to property, plant and equipment RM'000	Balance as at 31.12.2019 RM'000
Carrying amount				
Long-term leasehold land	53,488	(735)	-	52,753
Short-term leasehold land	1,391	(56)	-	1,335
Plant and machineries	2,231	(188)	(2,043)	-
	57,110	(979)	(2,043)	54,088

Lease liabilities

Group	Plant and machineries RM'000	Total RM'000
2019		
Carrying amount		
As at 1 January 2019	154	154
Lease payments	(154)	(154)
As at 31 December 2019	-	-

6. LEASES (continued)

- (a) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

Long-term leasehold land	56 to 99 years
Short-term leasehold land	36 to 45 years
Plant and machineries	10 to 20 years

- (b) As at the end of the reporting period, certain leasehold land with a carrying amount of RM17,886,000 (2019: RM26,102,000) were charged as securities for bank facilities granted to the Group as disclosed in Note 14(b)(i) to the financial statements.

- (c) The following are the amounts recognised in profit or loss:

	Group	
	2020 RM'000	2019 RM'000
Depreciation charge of right-of-use assets (included in administrative expenses)	975	979
Expense relating to short-term leases (included in administrative expenses)	380	291
	1,355	1,270

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020 RM'000	2019 RM'000
Unquoted shares - at cost	189,923	189,923
Less: Impairment losses	(26,541)	(26,541)
	163,382	163,382

- (a) Investments in subsidiaries are stated in the separate financial statements of the Company at cost less impairment losses.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (CONTINUED)

7. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Details of the subsidiaries are as follows:

Name of company	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2020 %	2019 %	
San Soon Seng Food Industries Sdn Bhd	Malaysia	100	100	Manufacturing and sale of food and beverage ingredients
Three-A Food Industries (M) Sdn Bhd	Malaysia	100	100	Investment holding

All subsidiaries of the Company are audited by BDO PLT.

(c) In the previous financial year, the Company subscribed an additional 17,000,000 ordinary shares in San Soon Seng Food Industries Sdn Bhd by way of capitalisation of RM12,023,000 of the amount owing by San Soon Seng Food Industries Sdn Bhd.

8. INVENTORIES

	Group	
	2020 RM'000	2019 RM'000
At cost		
Raw materials	43,966	27,481
Work-in-progress	4,717	4,377
Packing materials	2,662	1,868
Finished goods	23,765	16,098
	75,110	49,824

(a) Cost is determined using the first-in first-out basis and stated at the lower of cost and net realisable value. Cost incurred in bringing the inventories to their present location and condition are accounted for as follows:

- (i) raw materials and goods-in-transit: all purchase costs.
- (ii) finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

(b) During the financial year, inventories of the Group recognised as cost of sales amounted to RM336,085,000 (2019: RM343,141,000).

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade receivables				
Third parties	103,735	103,598	-	-
Related party	157	129	-	-
	103,892	103,727	-	-
Less: Impairment losses				
- third parties	(3,468)	(3,189)	-	-
	100,424	100,538	-	-
Other receivables				
Amounts owing by subsidiaries	-	-	-	699
Other receivables	3	2	2	1
Deposits	932	959	-	-
	935	961	2	700
Total receivables	101,359	101,499	2	700
Prepayments	10,822	15,100	-	-
	112,181	116,599	2	700

- (a) Trade receivables are classified as financial assets measured at amortised cost.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 150 days (2019: 30 to 150 days). They are recognised at their original invoice amounts, which represent their fair values on initial recognition.
- (c) Amount owing by a related party is due from Seong Chan Sauce & Foodstuff Sdn Bhd, a company in which certain Directors have financial interests. Amount owing by a related party is non-interest bearing and credit terms range from 60 to 90 days (2019: 60 to 90 days).
- (d) In the previous financial year, the amounts due from subsidiaries were unsecured, interest-free and payable within the next twelve (12) months in cash and cash equivalents.
- (e) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses ("ECL").

The Group uses an allowance matrix to measure the expected credit loss of trade receivables from individual customers. Expected loss rates are calculated using the roll rate method separately for exposures in different segments based on the following common credit risk characteristic - age of customer relationship.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (CONTINUED)

9. TRADE AND OTHER RECEIVABLES (continued)

(e) (continued)

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information such as unemployment rate, gross domestic product ("GDP") and inflation rate and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within impairment allowance on receivables in the statements of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment. The Group considers a trade receivable in default, when contractual payments are 90 days past due. However, in certain cases the Group may also consider a trade receivable to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full.

It requires management to exercise significant judgement in determining the probability of default by receivables and appropriate forward looking information incorporating the impact of the COVID-19 pandemic.

(f) Movements in the impairment allowance for trade receivables are as follows:

	Group Lifetime ECL	
	2020 RM'000	2019 RM'000
At the beginning of the year	3,189	956
Charged for the financial year	570	2,233
Reversal of impairment losses	(291)	-
At the end of the year	3,468	3,189

(g) Lifetime expected loss provision for trade receivables are as follows:

Group	Gross carrying amount RM'000	Lifetime ECL RM'000	Net balance RM'000
As at 31 December 2020			
Not past due	99,352	-	99,352
Past due:			
- 1 to 30 days	1,063	-	1,063
- 31 to 60 days	9	-	9
- 91 to 120 days	10	(10)	-
- more than 120 days	3,458	(3,458)	-
	4,540	(3,468)	1,072
	103,892	(3,468)	100,424

9. TRADE AND OTHER RECEIVABLES (continued)

(g) Lifetime expected loss provision for trade receivables are as follows: (continued)

Group	Gross carrying amount RM'000	Lifetime ECL RM'000	Net balance RM'000
As at 31 December 2019			
Not past due	100,070	-	100,070
Past due:			
- 1 to 30 days	430	(8)	422
- 31 to 60 days	557	(525)	32
- 61 to 90 days	871	(868)	3
- 91 to 120 days	804	(803)	1
- more than 120 days	995	(985)	10
	3,657	(3,189)	468
	103,727	(3,189)	100,538

(h) Impairment for other receivables are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve-month expected credit losses along with gross interest income are recognised. At the end of the reporting period, the Company assesses whether there has been a significant increase in credit risk for financial assets by comparing the risk of default occurring over the expected life with the risk of default since initial recognition. For those in which credit risk had increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised. Credit impaired refers to individually determined debtors who are in significant financial difficulties as at the end of the reporting period.

The probability of non-payment by other receivables is adjusted by forward looking information such as unemployment rate, gross domestic product ("GDP") and inflation rate as the key macroeconomic factors and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit losses for other receivables. The Group and the Company defined significant increase in credit risk when there is changes in contractual terms and delay in payment from its other receivables.

No expected credit loss is recognised arising from other receivables as it is negligible.

(i) Credit risk concentration profile

At the end of each reporting period, the maximum exposure to credit risk of the Group is represented by the carrying amount of each close of financial assets recognised in the statements of financial position.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (CONTINUED)

9. TRADE AND OTHER RECEIVABLES (continued)

(i) Credit risk concentration profile (continued)

The Group determines concentrations of credit risk by monitoring the country of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group at the reporting date are as follows:

	2020		2019	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	61,515	61%	73,064	73%
Singapore	8,250	8%	8,472	8%
Other foreign countries	30,659	31%	19,002	19%
	100,424	100%	100,538	100%

At the end of each reporting period, approximately 60% (2019: 58%) of the trade receivables of the Group were due from 10 (2019: 10) major customers.

In the previous financial year, the Company did not have any significant concentration of credit risk other than the amount owing by a subsidiary, which constituted 96% of total receivables of the Company as at the end of the reporting period.

(j) The currency exposure profiles of trade and other receivables (excluding prepayments) are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	63,071	74,855	2	700
Singapore Dollar	2,414	2,315	-	-
United States Dollar	35,874	24,329	-	-
	101,359	101,499	2	700

(k) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Effects of 3% changes to RM against foreign currencies				
Profit after tax				
- Singapore Dollar	55	53	-	-
- United States Dollar	818	555	-	-

10. CASH AND BANK BALANCES AND PLACEMENT IN FUNDS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash and bank balances	9,693	8,358	1,690	76
Placement in funds	16,925	35,849	-	-
	26,618	44,207	1,690	76

- (a) The weighted average effective interest rates of the Group and of the Company at the reporting date were as follows:

	Group		Company	
	2020	2019	2020	2019
Weighted average effective interest rate (%)				
Placement in funds				
- Floating rates	2.71%	3.94%	-	-

- (b) The following table demonstrates the sensitivity analysis of the Group and of the Company if interest rates for placement in funds at the end of each reporting period changed by three hundred (300) basis points with all other variables held constant:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit after tax				
- increase by 3% (2019: 3%)	386	817	-	-
- decrease by 3% (2019: 3%)	(386)	(817)	-	-

- (c) The currency exposure profiles of cash and bank balances and placement in funds are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	25,709	44,061	1,690	76
United States Dollar	907	140	-	-
Other foreign currencies	2	6	-	-
	26,618	44,207	1,690	76

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (CONTINUED)

10. CASH AND BANK BALANCES AND PLACEMENT IN FUNDS (continued)

- (d) Sensitivity analysis of RM against foreign currency at the end of the reporting period, assuming that all other variables remain constant, is as follows:

	Group	
	2020 RM'000	2019 RM'000
Effects of 3% changes to RM against foreign currency		
Profit after tax		
- United States Dollar	21	3

Sensitivity of other foreign currencies are not disclosed as they are not significant to the Group.

- (e) Placement in funds aim to invest in highly liquid instruments which are investing its assets in Ringgit Malaysia deposits with financial institutions in Malaysia and are redeemable with one (1) day notice. These funds are subject to an insignificant risk of changes in value and form part of net cash and cash equivalents. Funds distribution income from these funds is tax-exempted, is calculated daily and distributed at every month end.
- (f) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

11. SHARE CAPITAL

	Group and Company			
	2020		2019	
	Number of shares (‘000)	RM'000	Number of shares (‘000)	RM'000
Issued and fully paid				
At beginning of financial year	492,000	149,087	492,000	98,400
Transfer pursuant to Companies Act 2016	-	-	-	50,687
At end of financial year	492,000	149,087	492,000	149,087

- (a) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.
- (b) Of the total 492,000,010 issued and fully paid ordinary shares as at 31 December 2020, 1,768,800 ordinary shares purchased for RM1,078,000 are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 490,231,210.

12. RESERVES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-distributable				
Share premium				
Balance as at 1 January	-	50,687	-	50,687
Transfer pursuant to Companies Act 2016	-	(50,687)	-	(50,687)
Balance as at 31 December	-	-	-	-
Distributable				
Retained earnings	218,464	199,087	16,556	14,619
	218,464	199,087	16,556	14,619

13. DEFERRED TAX LIABILITIES

- (a) The deferred tax liabilities are made up of the following:

	Group	
	2020 RM'000	2019 RM'000
Balance as at 1 January	14,003	14,556
Recognised in profit or loss (Note 22)	443	(553)
Balance as at 31 December	14,446	14,003

- (b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group

	Provisions RM'000	Offsetting RM'000	Total RM'000
Balance as at 1 January 2019	(1,655)	1,655	-
Recognised in profit or loss	(614)	614	-
Balance as at 31 December 2019	(2,269)	2,269	-
Recognised in profit or loss	(76)	76	-
Balance as at 31 December 2020	(2,345)	2,345	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (CONTINUED)

13. DEFERRED TAX LIABILITIES (continued)

- (b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows: (continued)

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Others RM'000	Offsetting RM'000	Total RM'000
Balance as at 1 January 2019	16,103	108	(1,655)	14,556
Recognised in profit or loss	169	(108)	(614)	(553)
Balance as at 31 December 2019	16,272	-	(2,269)	14,003
Recognised in profit or loss	519	-	(76)	443
Balance as at 31 December 2020	16,791	-	(2,345)	14,446

14. BORROWINGS

	Group	
	2020 RM'000	2019 RM'000
Non-current liabilities		
Secured: Term loans	6,429	12,770
Current liabilities		
Secured: Term loans	6,249	1,762
Total borrowings		
Secured: Term loans	12,678	14,532

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) The bank borrowings of the Group are secured by the following:
- (i) fixed charges over the long-term leasehold land, short-term leasehold land, factory and office buildings, plant and machinery of a subsidiary as disclosed in Notes 5(c) and 6(b) to the financial statements respectively;
 - (ii) negative pledge on two adjoining pieces of leasehold land of a subsidiary; and
 - (iii) corporate guarantees by the Company.
- (c) All borrowings are denominated in RM.

14. BORROWINGS (continued)

- (d) The carrying amount of the Group borrowings approximate fair value due to they are floating rate instrument that are re-priced to market interest rates on or near the end of the reporting period.
- (e) The table below summarises the maturity profile of the borrowings of the Group at the end of each reporting period based on contractual undiscounted repayment obligations:

Group	On demand or within one year RM'000	Two to five years RM'000	Over five years RM'000	Total RM'000
As at 31 December 2020				
Term loans	6,594	6,778	-	13,372
Total undiscounted financial liabilities	6,594	6,778	-	13,372
As at 31 December 2019				
Term loans	2,492	12,834	853	16,179
Total undiscounted financial liabilities	2,492	12,834	853	16,179

- (f) The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by three hundred (300) basis points with all other variables held constant:

	Group	
	2020 RM'000	2019 RM'000
Profit after tax		
Floating rate instrument		
- increase by 3% (2019: 3%)	(289)	(331)
- decrease by 3% (2019: 3%)	289	331

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (CONTINUED)

14. BORROWINGS (continued)

- (g) The following table sets out the carrying amounts, the weighted average effective interest rates ("WAEIR") as at the end of each reporting period and the remaining maturities the financial instruments of the Group that are exposed to interest rate risk:

	WAEIR %	Within 1 year RM'000	1 - 2 years RM'000	2 - 3 years RM'000	3 - 4 years RM'000	4 - 5 years RM'000	More than 5 years RM'000	Total RM'000
As at 31 December 2020								
<u>Floating rates</u>								
Term loans	4.32	6,249	4,950	369	394	716	-	12,678
As at 31 December 2019								
<u>Floating rates</u>								
Term loans	5.63	1,762	6,181	5,040	346	374	829	14,532

15. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade payables				
Third parties	18,718	12,711	-	-
Other payables				
Other payables	4,562	6,200	-	-
Deposit received	1,293	1,194	-	-
Accruals	10,760	8,313	496	441
	16,615	15,707	496	441
	35,333	28,418	496	441

- (a) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (b) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 days (2019: 30 to 60 days).
- (c) Included in other payables of the Group are credit purchase of property, plant and equipment amounting to RM1,183,000 (2019: RM1,615,000) as disclosed in Note 5(b) to the financial statements.

15. TRADE AND OTHER PAYABLES (continued)

(d) The currency exposure profiles of trade and other payables are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Ringgit Malaysia	21,987	20,812	496	441
United States Dollar	12,283	7,328	-	-
Other foreign currencies	1,063	278	-	-
	35,333	28,418	496	441

(e) Sensitivity analysis of RM against foreign currencies at the end of the reporting period, assuming that all other variables remain constant, are as follows:

	Group	
	2020 RM'000	2019 RM'000
Effects of 3% changes to RM against foreign currencies		
Profit after tax		
- United States Dollar	(280)	(167)

Sensitivity analysis of other foreign currencies are not disclosed as they are not material to the Group.

(f) The maturity profile of trade and other payables of the Group and of the Company at the reporting date based on contractual undiscounted repayment obligations is repayable on demand or within one (1) year.

16. COMMITMENTS

	Group	
	2020 RM'000	2019 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	8,498	12,731

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (CONTINUED)

17. CONTINGENT LIABILITIES

	Group	
	2020 RM'000	2019 RM'000
Corporate guarantees given to banks for credit facilities granted to a subsidiary - secured	12,678	14,532

The Group designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Directors have assessed the financial guarantee contracts and concluded that the guarantees are unlikely to be called upon by the financial institutions as the loans are collateralised by fixed charges over certain properties, plant and machinery of the Group as disclosed in Notes 5, 6 and 14 to the financial statements. Accordingly, the fair value of the above corporate guarantees is negligible.

18. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers:				
Sale of goods	436,166	436,066	-	-
Other revenue:				
Dividend income from a subsidiary	-	-	13,500	9,000
	436,166	436,066	13,500	9,000

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers is disaggregated by geographical market as disclosed in Note 4 to the financial statements.

Revenue from contracts with customers is disaggregated in the table below by timing of revenue recognition.

	2020 RM'000	2019 RM'000
Timing of revenue recognition		
Transferred at a point in time	436,166	436,066

18. REVENUE (continued)

(i) Sale of goods

Revenue from sale of products is recognised at a point in time when the products has been transferred or the services has been rendered to the customer and coincides with the delivery of products and services and acceptance by customers.

There is no right of return and warranty provide to the customers on the sale of products and services rendered.

There is no significant financing component in the revenue arising from the sale of products as the sales made are on the normal credit terms not exceeding twelve months.

(ii) Dividend income

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

19. OTHER INCOME

Included in other operating income are:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest income	790	1,001	15	-
Gain on disposal of property, plant and equipment	-	3	-	-
Realised foreign exchange gain	-	28	-	-
Reversal of provision for impairment losses on trade receivables	291	-	-	-
Insurance claims	276	-	-	-
Other income	167	156	-	-
	1,524	1,188	15	-

Interest income is recognised as it accrues, using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (CONTINUED)

20. ADMINISTRATIVE AND OTHER OPERATING EXPENSES

Other than those disclosed elsewhere in the financial statements, included in administrative and other operating expenses are:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Impairment losses on trade receivables	570	2,233	-	-
Loss on disposal of property, plant and equipment	127	-	-	-
Rental of machineries	100	95	-	-
Rental of hostel	180	30	-	-
Rental of premises	100	166	-	-
Realised loss in foreign exchange	1,716	-	-	-
Unrealised loss in foreign exchange	549	455	-	-

21. FINANCE COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expense on:				
- term loans	628	875	-	-
- bankers' acceptances	-	33	-	-
- others	-	6	-	-
	628	914	-	-

22. TAX EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Current tax				
Current tax expense based on profit for the financial year	10,041	10,162	-	-
Underprovision in prior years	62	1,231	*	-
	10,103	11,393	*	-
Deferred tax (Note 13):				
Relating to origination and reversal of temporary differences	952	(109)	-	-
Overprovision in prior years	(509)	(444)	-	-
	443	(553)	-	-
	10,546	10,840	*	-

* The amount is less than RM1,000.

22. TAX EXPENSE (continued)

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated taxable profits for the fiscal year.
- (b) The numerical reconciliations between the average effective tax rates and the applicable tax rates of the Group and of the Company are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax	40,708	40,259	12,722	8,304
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	9,770	9,662	3,053	1,993
Tax effects in respect of:				
Non-allowable expenses	1,382	598	191	167
Non-taxable income	(159)	(207)	(3,244)	(2,160)
	10,993	10,053	-	-
Underprovision of current tax expense in prior years	62	1,231	-	-
Overprovision of deferred tax in prior years	(509)	(444)	-	-
	10,546	10,840	-	-

23. EARNINGS PER SHARE

- (a) Basic earnings per ordinary share

Basic earnings per ordinary share for the financial year is calculated by dividing the profit for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year after deducting treasury shares.

	Group	
	2020 RM'000	2019 RM'000
Profit attributable to owners of the parent	30,162	29,419
Weighted average number of ordinary shares in issue ('000)	489,296	492,000
Basic earnings per ordinary share (sen)	6.2	6.0

- (b) The diluted earnings per ordinary share for the financial year is the same as the basic earnings per ordinary share for the financial year as there were no dilutive potential ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (CONTINUED)

24. DIVIDEND

	Group and Company			
	2020		2019	
	Dividend per share Sen	Amount of dividend RM'000	Dividend per share Sen	Amount of dividend RM'000
Interim single tier dividend	2.2	10,785	2.0	9,840

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2020.

25. EMPLOYEE BENEFITS

	Group	
	2020 RM'000	2019 RM'000
Salaries, wages, allowances and bonuses	29,270	26,711
Contributions to defined contribution plan	1,619	1,634
Social security contributions	256	151
Other employee benefits	22	37
	31,167	28,533

Included in the employee benefits of the Group are Executive Directors' remuneration amounting to RM3,289,000 (2019: RM4,061,000).

26. RELATED PARTIES DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Group and the Company have controlling related party relationships with its subsidiaries, companies related to the Directors and the significant corporate shareholder of the Company as follows:

Seong Chan Sauce & Foodstuff Sdn Bhd

A company of which Fong Chu King @ Tong Chu King and Fang Siew Ping, who are Directors of the Company, have financial interests and Fang Chew Ham Holdings Sdn Bhd, a significant corporate shareholder of the Company.

Qinhuangdao Gold Delicious Food Industries Co., Ltd

A subsidiary of a significant corporate shareholder of the Company.

26. RELATED PARTIES DISCLOSURES (continued)

(b) Significant related party transactions

In addition to the transactions and balances detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Sale of products				
- Seong Chan Sauce & Foodstuff Sdn Bhd	1,028	1,158	-	-
Dividend income from a subsidiary				
- San Soon Seng Food Industries Sdn Bhd	-	-	13,500	9,000
Purchase of products from				
- Qinhuangdao Gold Delicious Food Industries Co., Ltd	-	1,194	-	-

The related party transactions described above were carried out on negotiated terms and conditions in the ordinary course of business between the related parties and the Company.

Information regarding outstanding balances arising from related party transactions as at 31 December 2020 is disclosed in Note 9 to the financial statements.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director of the Group and of the Company.

(c) Compensation of key management personnel (continued)

The remunerations of Directors and other key management personnel during the financial year were as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short-term employee benefits	3,727	5,937	-	-
Contributions to defined contribution plan	339	476	-	-
Directors' fees	499	422	430	374
	4,565	6,835	430	374

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (CONTINUED)

27. CAPITAL AND FINANCIAL RISK MANAGEMENT

(i) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2020 and 31 December 2019.

The Group monitors capital using a net debt-to-equity ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances and placement in funds. Capital represents equity attributable to the owners of the parent.

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Borrowings	12,678	14,532	-	-
Trade and other payables	35,333	28,418	496	441
Total liabilities	48,011	42,950	496	441
<u>Less:</u>				
Cash and bank balances	(9,693)	(8,358)	(1,690)	(76)
Placement in funds	(16,925)	(35,849)	-	-
Net debt/(cash)	21,393	(1,257)	(1,194)	365
Total equity	366,473	348,174	164,565	163,706
Net debt/(cash)	21,393	(1,257)	(1,194)	365
	387,866	346,917	163,371	164,071
Ratio (%)	6%	^	^	^

^ Gearing ratio is not presented as the Group and the Company are in net cash's position or less than 1%.

Pursuant to the requirements of Practice Note No. 17/2005 of the Bursa Malaysia Securities, the Group is required to maintain a consolidated shareholders' equity of more than twenty-five percent (25%) of the issued and paid-up capital and such shareholders' equity is not less than RM40,000,000. The Group has complied with this requirement during the financial year ended 31 December 2020.

The Group is not subject to any other external imposed capital requirements.

27. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(ii) Financial risk management

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in interest rates and the unpredictability of the financial markets.

The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below:

(a) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The exposure to credit risk of the Group arises principally from its receivables from customers. The exposure to credit risk of the Group arises principally from trade and other receivables.

The credit risk concentration profiles have been disclosed in Note 9 to the financial statements.

(b) Liquidity and cash flow risk

Liquidity risk is the risk that the Group and the Company would encounter difficulty in meeting financial obligations due to shortage of funds. The exposure to liquidity and cash flow risk of the Group and of the Company arises primarily from mismatches of the maturities of financial assets and liabilities. The objective of the Group and of the Company is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities at a reasonable level to its overall debt position.

In order to mitigate potential risk exposure due to the COVID-19 pandemic, the Group has taken and will continue to take necessary steps to safeguard and preserve its financial condition, emphasising on liquidity management to meet its continuing financial commitments and liquidity needs of business operations.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 14 and 15 to the financial statements.

(c) Interest rate risk

The variable rate borrowings of the Group are exposed to a risk of change in cash flows due to changes in interest rates. The short term receivables and payables are not significantly exposed to interest rate risk.

The income and operating cash flows of the Group are substantially independent of changes in market interest rate. Interest rate exposure arises from the borrowings and deposits of the Group and is managed through the use of fixed and floating rate borrowings and deposits. The Group does not use derivative financial instruments to hedge its interest rate risk.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 10 and 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020 (CONTINUED)

27. CAPITAL AND FINANCIAL RISK MANAGEMENT (continued)

(ii) Financial risk management (continued)

The Group is exposed mainly to credit risk, liquidity and cash flow risk, interest rate risk and foreign currency risk. Information on the management of the related exposures is detailed below: (continued)

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates. The Group is exposed to foreign currency risk as a result of the foreign currency denominated transactions entered into by the Group during the course of business. The foreign currencies primarily involved are the United States Dollar and Singapore Dollar. In addition, the Group does not use foreign exchange derivative instruments to hedge its transaction risk. The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes.

The foreign currency exposure profile and sensitivity analysis of foreign currency risk have been disclosed in Notes 9, 10 and 15 to the financial statements.

28. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR AND SUBSEQUENT TO THE END OF THE REPORTING PERIOD

The World Health Organisation declared the 2019 Novel Coronavirus infection ('COVID-19') a pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ('MCO') on 18 March 2020 and has subsequently entered into various phases of the MCO and Conditional Movement Control Order ('CMCO') until 31 March 2021.

The Group does not anticipate significant disruption to its operations and will continue to actively monitor and manage its funds and operations to minimise any impact arising from the COVID-19 pandemic. Based on the assessment of the Group, the judgements and assumptions used in the preparation of the financial statements for the financial year ended 31 December 2020 have not been impacted significantly by the COVID-19 pandemic. The Group will continue to assess the impact of the COVID-19 pandemic on the financial statements of the Group for the financial year ending 31 December 2021.

29. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

29.1 New MFRSs adopted during the financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>Amendment to MFRS 16 COVID-19-Related Rent Concessions</i>	1 June 2020 (early adopt)
<i>Amendments to MFRS 4 Insurance Contract - Extension of the Temporary Exemption from Applying MFRS 9</i>	17 August 2020

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company.

29. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (continued)

29.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2021

Title	Effective Date
<i>Interest Rate Benchmark Reform - Phase 2</i> (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)	1 January 2021
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
MFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS 17 <i>Insurance Contracts</i>	1 January 2023
<i>Disclosure of Accounting Policies (Amendments to MFRS 101 Presentation of Financial Statements)</i>	1 January 2023
<i>Definition of Accounting Estimates (Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors)</i>	1 January 2023
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The Group does not expect the adoption of the above Standards to have a significant impact on the financial statements.

29.3 IFRIC Agenda Decision - An assessment of the lease term (IFRS 16)

The IFRS Interpretations Committee ('IFRIC') issued a final agenda decision on 26 November 2019 regarding 'Lease term and useful life of leasehold improvements (IFRS 16 and IAS 16)'.

The submission to the IFRIC raised a question pertaining the determination of the lease term of a cancellable lease or a renewable lease based on the requirements of IFRS 16.B34.

Based on the final agenda decision, the IFRIC concluded that the determination of the enforceable period of a lease and the lease term itself shall include broad economic circumstances beyond purely commercial terms.

The Group has implemented the requirements of this final agenda decision during the financial year ended 31 December 2020. There is no material impact on the financial statements of the Group as at the end of reporting period.

PARTICULARS OF PROPERTIES HELD BY THE GROUP

Location	Title No. PM 472 Lot 4196 Jalan Union, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. PN 21710 Lot 47720 (Lot 590) Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. PN 57895 Lot 53150 (PT 585 & PT 586) Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
Existing Use	Office Building Production Factory Warehouse	Office Building Production Factory Warehouse	Production Factory Warehouse
Types of Land	Industrial Land	Industrial Land	Industrial Land
Tenure	Leasehold 99 years	Leasehold 99 years	Leasehold 99 years
Remaining Lease Period (Expiry Date)	49 years (30 May 2070)	81 years (03 Jul 2102)	81 years (03 Jul 2102)
Age of Property	25 years	44 years	16 years
Land Area (Sq. Feet)	110,976	34,950	93,032
Cost (RM'000)	15,435	4,465	8,828
Net Book Value as at 31 Dec 2020 (RM'000)	10,604	2,843	6,507
Date of Acquisition	31 Jan 1996	24 Jan 1997	13 Jan 1998
Year of Last Revaluation	2003	2003	2003

Location	Title No. H.S.(M) 4098 PT 2317 Jalan Middle, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(M) 4651 PT 5938 Jalan Union, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(M) 3999 PT Lot 584 Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
Existing Use	Warehouse	Warehouse	Production Factory
Types of Land	Residential Land	Residential Land	Industrial Land
Tenure	Leasehold 60 years	Leasehold 60 years	Leasehold 60 years
Remaining Lease Period (Expiry Date)	21 years (22 Jun 2042)	25 years (26 Jun 2046)	20 years (24 May 2041)
Age of Property	22 years	22 years	13 years
Land Area (Sq. Feet)	8,168	6,806	46,005
Cost (RM'000)	577	874	5,476
Net Book Value as at 31 Dec 2020 (RM'000)	326	494	3936
Date of Acquisition	19 Dec 1997	25 Nov 1998	25 May 2005
Year of Last Revaluation	2003	2003	2010

Location	Title No. H.S.(M) 11086 Lot 66 Jalan Union, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(D) 264602 PT 12294 (PT 589) Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(M) 9078 PT 669 Jalan Middle, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
Existing Use	Warehouse	Production Factory Warehouse	Hostel
Types of Land	Industrial Land	Industrial Land	Residential Land
Tenure	Leasehold 99 years	Leasehold 60 years	Leasehold 60 years
Remaining Lease Period (Expiry Date)	49 years (30 May 2070)	49 years (25 Jul 2070)	33 years (19 Jul 2054)
Age of Property	11 years	10 years	11 years
Land Area (Sq. Feet)	87,123	43,560	7,631
Cost (RM'000)	7,293	6,162	681
Net Book Value as at 31 Dec 2020 (RM'000)	5,765	4,830	523
Date of Acquisition	12 Sep 2006	18 Dec 2008	30 Sep 2009
Year of Last Revaluation	2009	2008	2009

Location	Title No. H.S.(M) 9111 PT 27687 Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. PN 67417 Lot 2306 Jalan Welfare, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(M) 14513 PT 12493 (Lot 9107 & Lot 9108) Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
Existing Use	Vacant	Hostel	Production Factory Warehouse
Types of Land	Industrial Land	Residential Land	Industrial Land
Tenure	Leasehold 99 years	Leasehold 60 years	Leasehold 99 years
Remaining Lease Period (Expiry Date)	72 years (22 Sep 2093)	44 years (17 July 2065)	72 years (22 Sep 2093)
Age of Property	-	11 years	17 years (Lot 9108) 10 years (Lot 9107)
Land Area (Sq. Feet)	42,281	7,535	103,570
Cost (RM'000)	999	1,030	19,453
Net Book Value as at 31 Dec 2020 (RM'000)	882	825	16,219
Date of Acquisition	14 Apr 2010	28 Apr 2010	22 Jun 2010 (Lot 9108) 10 Mar 2010 (Lot 9107)
Year of Last Revaluation	-	-	2010

PARTICULARS OF PROPERTIES HELD BY THE GROUP (CONTINUED)

Location	Title No. H.S.(D) 321305 PT 13116 (PT 847 & PT 848) Jln Khalifah Zakaria 2, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(D) 261056 PT 12202 Jalan Middle, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	
Existing Use	Warehouse	Hostel	
Types of Land	Industrial Land	Residential Land	
Tenure	Leasehold 99 years	Leasehold 99 years	
Remaining Lease Period (Expiry Date)	91 years (15 Jan 2112)	87 years (21 Dec 2108)	
Age of Property	5 years (PT 847) 3 years (PT 848)	9 years	
Land Area (Sq. Feet)	161,674	7,623	
Cost (RM'000)	23,216	1,025	
Net Book Value as at 31 Dec 2020 (RM'000)	20,410	873	
Date of Acquisition	23 Aug 2010 (PT 847) 26 Apr 2013 (PT 848)	5 Sep 2011	
Year of Last Revaluation	2010 (PT 847) 2013 (PT 848)	-	

Location	Title No. H.S.(D) 312040 PT 582 Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(M) 9109 PT 27685 Jalan Union, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(D) 295891 PT 583 Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
Existing Use	Warehouse	Under Construction	Production Factory
Types of Land	Industrial Land	Industrial Land	Industrial Land
Tenure	Leasehold 99 years	Leasehold 99 years	Leasehold 99 years
Remaining Lease Period (Expiry Date)	93 years (05 Oct 2114)	72 years (22 Sep 2093)	91 years (30 Dec 2112)
Age of Property	4 years	-	1 year
Land Area (Sq. Feet)	46,005	48,265	47,641
Cost (RM'000)	7,891	5,561	11,113
Net Book Value as at 31 Dec 2020 (RM'000)	7,507	5,352	10,779
Date of Acquisition	2 Nov 2016	19 Oct 2016	7 Aug 2017
Year of Last Revaluation	2015	2015	2017

Location	Title No. H.S.(M) 12526 PT 64 Jalan Union, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(M) 9110 PT 27684 Jalan Union, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	
Existing Use	Under Construction	Under Construction	
Types of Land	Industrial Land	Industrial Land	
Tenure	Leasehold 99 years	Leasehold 99 years	
Remaining Lease Period (Expiry Date)	49 years (30 May 2070)	72 years (22 Sep 2093)	
Age of Property	-	-	
Land Area (Sq. Feet)	87,123	43,637	
Cost (RM'000)	16,089	6,055	
Net Book Value as at 31 Dec 2020 (RM'000)	15,442	5,917	
Date of Acquisition	15 Jun 2017	06 Jun 2018	
Year of Last Revaluation	2017	2018	

Location	Title No. H.S.(M) 2168 PT 63 Jalan Union, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(D) 314676 PT 2313 Jalan Middle, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(M) 4626 PT 587 Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
Existing Use	Vacant Land	Under Construction	Vacant Land
Types of Land	Agriculture Land	Residential Land	-
Tenure	Leasehold 99 years	Leasehold 60 years	Leasehold 60 years
Remaining Lease Period (Expiry Date)	51 years (23 Feb 2072)	55 years (12 Dec 2075)	9 years (20 Jan 2030)
Age of Property	-	-	1 year
Land Area (Sq. Feet)	84,066	7,351	49,826
Cost (RM'000)	4,500	830	2,404
Net Book Value as at 31 Dec 2020 (RM'000)	4,464	824	2,263
Date of Acquisition	17 Aug 2020	11 Aug 2020	23 Jun 2020
Year of Last Revaluation	2019	2019	2020

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2021

Total Number of Issued Shares: 492,000,010 Ordinary Shares (including 1,768,800 treasury shares)

Class of Shares : Ordinary Share

Voting Rights : One (1) Voting Right per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	Shareholders (%)	No. of Shares	Percentage of Issued Shares (%)
less than 100	282	6.76	12,058	0.00
100 to 1,000	426	10.20	158,315	0.03
1,001 to 10,000	1,855	44.43	9,562,428	1.95
10,001 to 100,000	1,331	31.88	42,870,602	8.75
100,001 to 24,511,559 (*)	278	6.66	241,639,207	49.29
24,511,560 and above (**)	3	0.07	195,988,600	39.98
TOTAL	4,175	100.00	490,231,210	100.00

Note: * Less than 5% of total issued shares

Note: ** 5% and above of total issued shares

Note: Exclude treasury shares

LIST OF TOP 30 SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	FANG CHEW HAM HOLDINGS SDN BHD	86,250,000	17.59
2	WILMAR INTERNATIONAL LIMITED	77,000,000	15.71
3	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO KWEE HOCK	32,738,600	6.68
4	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI	24,198,200	4.94
5	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS SMALL-CAP FUND	16,915,875	3.45
6	FOONG CHIEW FATT	15,768,825	3.22
7	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FANG CHEW HAM HOLDINGS SDN BHD (MY3185)	14,500,000	2.96
8	TEO KWEE HOCK	13,733,850	2.80
9	FONG CHU KING @ TONG CHU KING	13,687,500	2.79
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	8,839,650	1.80
11	FONG CHIEW HEAN	8,000,000	1.63

No.	Name of Shareholders	No. of Shares	%
12	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ESPG IV SC E)	4,563,175	0.93
13	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG PENG MAN (MY3238)	4,053,000	0.83
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' SRI TAN HOW YAP (7004055)	4,000,000	0.82
15	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YOONG FUI KIEN	3,230,000	0.66
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (LIFE PAR)	3,229,600	0.66
17	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG FAAI @ NG YOKE PEI (SRB/PMS)	2,243,625	0.46
18	CHAN CHAI BEE	2,181,850	0.45
19	FONG CHIEW HEAN	2,166,100	0.44
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD MAYBANK TRUSTEES BERHAD FOR APEX DANA AL-SOFI (ADAS-I) (410325)	2,025,700	0.41
21	T.B.R SHOPPING CENTRE (M) SDN BHD	2,000,000	0.41
22	CHONG CHEONG LEONG	1,986,600	0.41
23	CHAN CHU WEI	1,978,750	0.40
24	CHAN SEONG KUN	1,828,900	0.37
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN AH CHAI (E-SRB)	1,700,100	0.35
26	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN BOON SEONG (E-SRB)	1,694,850	0.35
27	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN BOON THIAM (E-SRB)	1,660,300	0.34
28	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN AH HOCK (E-SRB)	1,612,300	0.33
29	CHIN SWEE CHEW	1,598,000	0.33
30	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN TUAN PHIN (JALAN DEDAP-CL)	1,587,300	0.32

ANALYSIS OF SHAREHOLDINGS

AS AT 31 MARCH 2021 (CONTINUED)

SUBSTANTIAL SHAREHOLDERS

Name	Direct Interest		Indirect Interest	
	No. of shares	Percentage of Issued Shares (%)	No. of shares	Percentage of Issued Shares (%)
1. Fang Chew Ham Holdings Sdn Bhd	100,750,000	20.55	1,577,600 ⁽¹⁾	0.32
2. Wilmar International Limited	77,000,000	15.71	-	-
3. Fang Chew Ham	100,000	0.02	102,327,600 ⁽²⁾	20.87
4. Fang Siew Yee	-	-	102,327,600 ⁽²⁾	20.87
5. Teo Kwee Hock	46,778,050	9.542	554,375 ⁽³⁾	0.11

DIRECTORS' SHAREHOLDING

Name	Direct Interest		Indirect Interest	
	No. of shares	Percentage of Issued Shares (%)	No. of shares	Percentage of Issued Shares (%)
1. Dato' Jagjit Singh a/l Bant Singh	-	-	-	-
2. Fong Chu King @ Tong Chu King	13,745,500	2.80	1,714,975 ⁽⁴⁾	0.35
3. Chew Eng Chai	200,000	0.04	8,750 ⁽⁵⁾	negligible
4. Tan Chon Sing @ Tan Kim Tieng	-	-	2,243,625 ⁽⁵⁾	0.46
5. Khoo Wee Boon	-	-	-	-
6. Mohd Zaki Bin Hamzah	625,000	0.13	-	-
7. Liew Kuo Shin	125,000	0.03	-	-
8. Fang Siew Ping	-	-	-	-
9. Kee Thuan Chai	-	-	-	-
10. Lim Yee Mein	-	-	-	-

Notes:

- 1 Deemed interest through Seong Chan Sauce & Foodstuff Sdn Bhd pursuant to Section 8 of the Companies Act 2016 ("the Act").
- 2 Indirect interest via shareholdings of Fang Chew Ham Holdings Sdn Bhd (100,750,000 ordinary shares) and Seong Chan Sauce & Foodstuff Sdn Bhd (1,577,600 ordinary shares) pursuant to Section 8 of the Act.
- 3 Deemed interest via shareholdings held by his family pursuant to Section 8 of the Act.
- 4 Indirect interest via shareholdings of his son (137,375 ordinary shares) pursuant to Section 59 (1) (c) of the Act, and Seong Chan Sauce & Foodstuff Sdn Bhd (1,577,600 ordinary shares) pursuant to Section 8 of the Act.
- 5 Indirect interest via shareholdings of his spouse pursuant to Section 59 (1) (c) of the Act.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Nineteenth Annual General Meeting of the Company will be conducted on a fully virtual basis through live streaming from the broadcast venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia ("**Broadcast Venue**") on Monday, 21 June 2021 at 10 a.m. to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1 on Ordinary Business)**
2. To approve the payment of Directors' fees of RM499,000 for the financial year ended 31 December 2020. **(Resolution 1)**
(Please refer to Explanatory Note 2 on Ordinary Business)
3. To re-elect the following Directors who retire by rotation pursuant to Clause 76(3) of the Company's Constitution:
(Please refer to Explanatory Note 3 on Ordinary Business)
 - (i) Encik Mohd Zaki Bin Hamzah; **(Resolution 2)**
 - (ii) Mr Chew Eng Chai; and **(Resolution 3)**
 - (iii) Mr Khoo Wee Boon. **(Resolution 4)**
4. To re-elect the following Directors who retire pursuant to Clause 78 of the Company's Constitution:
(Please refer to Explanatory Note 3 on Ordinary Business)
 - (i) Mr Kee Thuan Chai; and **(Resolution 5)**
 - (ii) Ms Lim Yee Mein. **(Resolution 6)**
5. To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 7)**
(Please refer to Explanatory Note 4 on Ordinary Business)

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (CONTINUED)

SPECIAL BUSINESS

To consider and if thought fit, to pass, with or without modifications, the following resolutions:

6. **ORDINARY RESOLUTION** **(Resolution 8)**
AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016 **(Please refer to Explanatory Note 1 on Special Business)**

“THAT subject always to the Companies Act, 2016 (“**the Act**”), the Constitution of the Company, Bursa Malaysia Securities Berhad (“**Bursa Securities**”) Main Market Listing Requirements (“**Listing Requirements**”) and the approvals of the relevant governmental/regulatory authorities (if any), the Directors be and are hereby authorised, pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company from time to time at such price, upon such terms and conditions, and for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being and THAT the Directors be and are hereby also authorised to obtain the approval from Bursa Securities for the listing of and quotation for the additional shares so issued on the Bursa Securities AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company after the approval was given or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier, unless such approval is revoked or varied by the Company at a general meeting.”

7. **ORDINARY RESOLUTION** **(Resolution 9)**
PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK **(Please refer to Explanatory Note 2 on Special Business)**

“THAT subject always to the Companies Act 2016 (“**the Act**”), the Constitution of the Company, Bursa Malaysia Securities Berhad (“**Bursa Securities**”) Main Market Listing Requirements (“**Listing Requirements**”) and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:

- (i) The aggregate number of issued shares in the Company (“**Shares**”) purchased (“**Purchased Shares**”) and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and
- (ii) The maximum fund to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase.

("Proposed Share Buy-Back").

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this Ordinary Resolution and will continue to be in force until:

- (a) The conclusion of the next Annual General Meeting of the Company following at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;
- (b) The expiration of the period within which the next Annual General Meeting of the Company is required by law to be held; or
- (c) Revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:

- (i) To cancel all or part of the Purchased Shares;
- (ii) To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;
- (iii) To distribute all or part of the treasury shares as dividends to the shareholders of the Company;
- (iv) To resell all or part of the treasury shares;
- (v) To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;
- (vi) To transfer all or part of the treasury shares as purchase consideration;
- (vii) To sell, transfer or otherwise use the shares for such other purposes as the Minister may by order prescribe; and/or
- (viii) To deal with the treasury shares in the manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are authorised to take all such steps as are necessary or expedient [including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties] to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities."

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (CONTINUED)

8. ORDINARY RESOLUTIONS

CONTINUATION IN OFFICE AS INDEPENDENT DIRECTORS

(Please refer to Explanatory Note 3 on Special Business)

- (i) "THAT subject to the passing of the Resolution 2 above approval be and is hereby given to Encik Mohd Zaki bin Hamzah who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Director of the Company to hold office until the conclusion of next Annual General Meeting of the Company." **(Resolution 10)**
- (ii) "THAT approval be and is hereby given to Mr Tan Chon Sing @ Tan Kim Tieng who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Director of the Company to hold office until the conclusion of next Annual General Meeting of the Company." **(Resolution 11)**
- (iii) "THAT subject to the passing of the Resolution 3 above approval be and is hereby given to Mr Chew Eng Chai who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Director of the Company to hold office until the conclusion of next Annual General Meeting of the Company." **(Resolution 12)**
- (iv) "THAT subject to the passing of the Resolution 4 above approval be and is hereby given to Mr Khoo Wee Boon who has served as an Independent Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Director of the Company to hold office until the conclusion of next Annual General Meeting of the Company." **(Resolution 13)**

9. To consider any other business of which due notice shall have been given.

By Order of the Board,

WONG WAI FOONG [SSM PC NO. 202008001472 (MAICSA 7001358)]

NG BEE LIAN [SSM PC NO. 201908003459 (MAICSA 7041392)]

YAP SIT LEE [SSM PC NO. 202008001865 (MAICSA 7028098)]

Company Secretaries

Kuala Lumpur

30 April 2021

NOTES:

IMPORTANT NOTES

The broadcast venue is **strictly for the purpose of complying with section 327(2) of the Companies Act 2016** which requires the Chairman of the meeting to be present at the main venue of the meeting.

Shareholders **will not be allowed** to attend this Annual General Meeting ("AGM") in person at the broadcast venue on the day of the meeting. Therefore, shareholders are strongly advised to participate and vote remotely at this AGM through live streaming and online remote voting using the Remote Participation and Electronic Voting ("RPEV") facilities provided by Boardroom Share Registrars Sdn Bhd ("Boardroom") via <https://web.lumiagm.com>.

Please read these notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via the RPEV

APPOINTMENT OF PROXY

- (a) For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 14 June 2021. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM.
- (b) A member who is entitled to participate in this AGM is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
- (c) A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the General Meeting.
- (d) Where a member of the Company is an authorised nominee as defined in the Securities Industries (Central Depositories) Act 1991 ("Central Depository Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
- (e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- (f) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (g) The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor. In the case of the appointment of a proxy made in electronic form, the proxy form must be deposited through the Share Registrar's website, Boardroom Smart Investor Online Portal at <https://boardroomlimited.my>. Please refer to the procedures as set out in the Administrative Guide for the electronic lodgement of proxy form. All proxy form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.
- (h) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (i) Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
- (j) Last date and time for lodging this proxy form is Saturday, 19 June 2021 at 10 a.m.
- (k) For a corporate member who has appointed an authorised representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company's registered office earlier.

NOTICE OF NINETEENTH ANNUAL GENERAL MEETING (CONTINUED)

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

The Audited Financial Statements is meant for discussion only as an approval from Shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this item on the Agenda is not put forward for voting by shareholders of the Company.

2. PAYMENT OF DIRECTORS' FEES

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors shall be approved at a general meeting.

The proposed Resolution 1 is to facilitate the payment of Directors' fees of the Company.

3. RE-ELECTION OF DIRECTORS

Encik Mohd Zaki Bin Hamzah, Mr Chew Eng Chai, Mr Khoo Wee Boon, Mr Kee Thuan Chai and Ms Lim Yee Mein are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the Nineteenth Annual General Meeting of the Company.

The Board has through the Nomination Committee, considered the assessed of the said Directors and agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Listing Requirement of Bursa Securities on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors.

The Board has also through the Nomination Committee assessed the independence of Encik Mohd Zaki Bin Hamzah, Mr Chew Eng Chai, Mr Khoo Wee Boon and satisfied that they have complied with the criteria on independence as prescribed by the Listing Requirements of Bursa Securities.

4. RE-APPOINTMENT OF AUDITORS

The Audit Committee had at its meeting held on 23 February 2021 assessed the suitability and independence of the External Auditors and recommended the re-appointment of Messrs BDO PLT as External Auditors of the Company for the financial year ending 31 December 2021. The Board has in turn reviewed the recommendation of the Audit Committee and recommended the same be tabled to the shareholders for approval at the forthcoming Nineteenth Annual General Meeting of the Company under Resolution 7.

EXPLANATORY NOTES ON SPECIAL BUSINESS

1. AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

The proposed Resolution 8 is the renewal of the mandate obtained from the members at the last Annual General Meeting. As at the date of this Notice, the Company did not allot any shares pursuant to the mandate granted to the Directors at the Eighteenth Annual General Meeting held on 29 June 2020 as there were no requirements for such fund raising activities.

The proposed Resolution 8, if passed, would provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the purpose of funding the Company's future investment project(s), working capital and/or acquisition(s), any time as the Directors may deem fit provided that the aggregate number of shares issued pursuant to the mandate does not exceed ten per centum (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company or at the expiry of the period within which the next Annual General Meeting is required to be held after the approval was given, whichever is earlier.

2. PROPOSED RENEWAL OF AUTHORITY FOR SHARE-BUY-BACK

The proposed Resolution 9, if passed, will allow the Company to purchase its own shares through Bursa Securities up to ten per centum (10%) of the total number of issued shares of the Company. Please refer to the Statement to Shareholders dated 30 April 2021 in relation to the Proposed Renewal of Authority to Purchase its own Shares by the Company for further details.

3. CONTINUATION IN OFFICE AS AN INDEPENDENT DIRECTOR

Pursuant to the Malaysian Code on Corporate Governance, it is recommended that approval of shareholders be sought in the event the Company intends to retain an Independent Director who has served in that capacity for more than nine years.

Mr Chew Eng Chai and Mr Tan Chon Sing @ Tan Kim Tieng were appointed to the Board on 17 June 2002 while Mr Khoo Wee Boon and Encik Zaki Bin Hamzah were appointed to the Board on 27 September 2004 and 9 January 2007 respectively and have therefore served as the Independent Directors of the Company for a cumulative term of more than nine (9) years.

The Board has through the Nomination Committee assessed the independence of Mr Tan Chon Sing @ Tan Kim Tieng, Mr Chew Eng Chai, Mr Khoo Wee Boon and Encik Mohd Zaki Bin Hamzah and recommended them to continue to act as Independent Directors of the Company based on the following justifications:

- (i) They have fulfilled the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements of Bursa Securities and therefore, are able to bring independent and objective judgement to the Board;
- (ii) They have an acute understanding of the Group's business operation, and have continued to critically and constructively challenge and contribute to the development of effective business strategy and direction of the Group during Board and Board Committees' meetings;
- (iii) Their long tenure of services on the Board and Board Committees have neither impaired nor compromised their exercise of independent judgement, and they are free from any business or relationships which could interfere with their exercise of independent judgement;
- (iv) They have remained objective and independent in expressing their views and participating in deliberation and decision making of the Board and Board Committees in the best interest of the Group;
- (v) Their vast experience and exposure in the fields of food manufacturing, auditing, accountancy, corporate finance and financial market provide diverse set of expertise which bring valuable contribution to the Board;
- (vi) They have ensured effective checks and balances in Board proceedings and have exercised due care during their tenure as Independent Non-Executive Director to carry out their duties in the best interest of the Company and shareholders; and
- (vii) They have exhibited high commitment and devoted sufficient time and attention to their responsibilities as Independent Non-Executive Directors of the Company.

The proposed Resolutions 10, 11, 12 and 13, if passed, will enable Encik Mohd Zaki Bin Hamzah, Mr Tan Chon Sing @ Tan Kim Tieng, Mr Chew Eng Chai and Mr Khoo Wee Boon to continue serving as Independent Directors of the Company.

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PROXY FORM

CDS Account No.	No. of Shares Held

I/We, _____ Tel.: _____
(Full name in block, NRIC/Passport/Company No.)

of _____
(Address)

being a member of **Three-A Resources Berhad**, hereby appoint:

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address	Email Address		

and/or[^]

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address	Email Address		

or failing him/her, the Chairperson of the Meeting as ^my/our proxy to vote for ^me/us and on ^my/our behalf, at the Nineteenth Annual General Meeting of the Company will be conducted on a fully virtual basis through live streaming from the broadcast venue at 12th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia ("Broadcast Venue") on Monday, 21 June 2021 at 10 a.m. and at any adjournment thereof and to vote as indicated below:

ITEM	AGENDA	RESOLUTION	FOR	AGAINST
ORDINARY BUSINESS				
1.	To approve the payment of Directors' Fees for the financial year ended 31 December 2020.	Ordinary		
2.	To re-elect Encik Mohd Zaki bin Hamzah as Director.	Ordinary		
3.	To re-elect Mr Chew Eng Chai as Director.	Ordinary		
4.	To re-elect Mr Khoo Wee Boon as Director.	Ordinary		
5.	To re-elect Mr Kee Thuan Chai as Director.	Ordinary		
6.	To re-elect Ms Lim Yee Mein as Director.	Ordinary		
7.	To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	Ordinary		
SPECIAL BUSINESS				
8.	To grant authority to issue and allot shares.	Ordinary		
9.	To approve the Proposed Renewal of Authority for Share Buy-Back.	Ordinary		
10.	To approve Encik Mohd Zaki bin Hamzah to continue to act as an Independent Director.	Ordinary		
11.	To approve Mr. Tan Chon Sing @ Tan Kim Tieng to continue to act as an Independent Director.	Ordinary		
12.	To approve Mr. Chew Eng Chai to continue to act as an Independent Director.	Ordinary		
13.	To approve Mr. Khoo Wee Boon to continue to act as Independent Director.	Ordinary		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this _____ day of _____, 2021

Signature*
Member

^Delete whichever is inapplicable

**Manner of execution:*

- a) *If you are an individual member, please sign where indicated.*
- b) *If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.*
- c) *If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:*
 - (i) at least two (2) authorised officers, of whom one shall be a director; or*
 - (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.*

NOTES:

IMPORTANT NOTES

The broadcast venue is **strictly for the purpose of complying with section 327(2) of the Companies Act 2016** which requires the Chairman of the meeting to be present at the main venue of the meeting.

Shareholders **will not be allowed** to attend this Annual General Meeting (“**AGM**”) in person at the broadcast venue on the day of the meeting. Therefore, shareholders are strongly advised to participate and vote remotely at this AGM through live streaming and online remote voting using the Remote Participation and Electronic Voting (“**RPEV**”) facilities provided by Boardroom Share Registrars Sdn Bhd (“Boardroom”) via <https://web.lumiagm.com>.

Please read these notes carefully and follow the procedures in the Administrative Guide for the AGM in order to participate remotely via RPEV.

APPOINTMENT OF PROXY

- (a) For the purpose of determining who shall be entitled to participate in this AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 14 June 2021. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM.
- (b) A member who is entitled to participate in this AGM via is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
- (c) A member of the Company who is entitled to attend and vote at a General Meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the General Meeting.
- (d) Where a member of the Company is an authorised nominee as defined in the Securities Industries (Central Depositories) Act 1991 (“Central Depository Act”), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

- (e) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account (“omnibus account”), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.
- (f) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.
- (g) The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor. In the case of the appointment of a proxy made in electronic form, the proxy form must be deposited through the Share Registrar’s website, Boardroom Smart Investor Online Portal at <https://boardroomlimited.my>. Please refer to the procedures as set out in the Administrative Guide for the electronic lodgement of proxy form. All proxy form submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote.
- (h) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited at the Share Registrar of the Company at Ground Floor or 11th Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor not less than forty-eight (48) hours before the time appointed for holding the General Meeting or adjourned General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
- (i) Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.
- (j) Last date and time for lodging this proxy form is Saturday, 19 June 2021 at 10 a.m.
- (k) For a corporate member who has appointed an authorised representative instead of a proxy to attend this meeting, please deposit the **ORIGINAL** certificate of appointment executed in the manner as stated in this proxy form if this has not been lodged at the Company’s registered office earlier.

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STAMP/SETEM

THREE-A RESOURCES BERHAD

C/O BOARDROOM SHARE REGISTRARS SDN BHD

11th Floor, Menara Symphony

No. 5, Jalan Prof Khoo Kay Kim, Seksyen 13

46200 Petaling Jaya, Selangor

Please fold here



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THREE-A RESOURCES BERHAD

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