



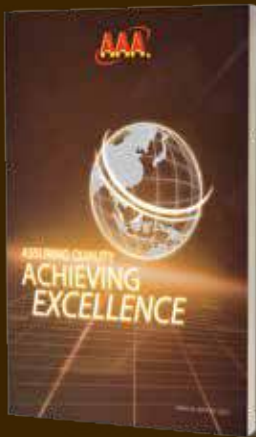
THREE-A RESOURCES BERHAD



ASSURING QUALITY

ACHIEVING
EXCELLENCE

ANNUAL REPORT 2021



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.

20th ANNUAL GENERAL MEETING

OF THREE-A RESOURCES BERHAD



Virtual basis through live streaming and online Remote Participation and Electronic Voting ("RPEV") from the Broadcast Venue at Level 12, Menara Symphony, No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200, Petaling Jaya, Selangor Darul Ehsan, Malaysia.



8 June 2022
Wednesday



10.00 a.m.

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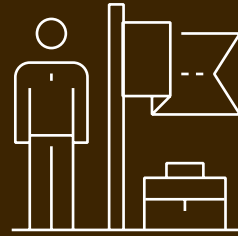
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Proxy Form



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



ABOUT US

CORPORATE
PROFILE

ABOUT US

Three-A Resources Berhad (“3A”) is an investment holding company which was listed since 2002 and has ascended 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 ingredients manufacturing companies in the country, started as a caramel producer in 1977 and expanded its product portfolio that have made strong footprints in many parts of the world. SSSFI (“the Group”) has remained focused in its core strength of manufacturing food and beverage ingredients and 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
- Natural Fermented Vinegar, Distilled Vinegar, Rice Vinegar
- Glucose Syrup, High Maltose Syrup
- Soya Protein Sauce (“HVP”)
- Hydrolysed Vegetable Protein (“HVP”) Powder
- Caramel Powder
- Soya Sauce Powder
- Maltodextrin

SSSFI 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.



SSSFI 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. Customized 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

ABOUT US

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

Lim Yee Mein
Non-Independent Non-Executive Director

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

Wong Wai Foong MAICSA 7001358
(SSM PC No. 202008001472)
Tan Hsiao Yuen MAICSA 7056952
(SSM PC No. 201908002342)

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

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

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

LEADERSHIP

PROFILE OF BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT

DATO' JAGJIT SINGH A/L BANT SINGH

Independent Non- Executive Chairman

Nationality



Age



Gender



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 Meeting held during the financial year ended 31 December 2021. He is currently the Independent Non-Executive Chairman of Asdion Berhad. 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 @ TONG CHU KING

Managing Director/Key Senior Management

Nationality



Age



Gender



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 2021. He is a sibling of the major shareholder, Mr. Fang Chew Ham. He has no conflict of interest with the Company and 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.

LEADERSHIP

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

MR. CHEW ENG CHAI

Independent Non-Executive Director

Nationality



Age



Gender



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 three (3) out of four (4) Board Meetings held during the financial year ended 31 December 2021. 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

Nationality



Age



Gender



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 2021. 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.

LEADERSHIP

PROFILE OF BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT

MR. KHOO WEE BOON*Independent Non-Executive Director***Nationality****Age****Gender**

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 2021. 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.

ENCIK MOHD ZAKI BIN HAMZAH*Independent Non-Executive Director***Nationality****Age****Gender**

Encik 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.

Encik 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.

Encik Mohd Zaki Bin Hamzah was a consultant with Arthur Andersen & Co. prior to joining Bank Bumiputra 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.

Encik Mohd Zaki Bin Hamzah attended all four (4) Board Meetings held during the financial year ended 31 December 2021. 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.

LEADERSHIP

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

MR. LIEW KUO SHIN

Non-Independent Executive Director/Key Senior Management

Nationality



Age



Gender



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 2021. 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

Nationality



Age



Gender



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 Feb 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 2021. 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.

LEADERSHIP

PROFILE OF BOARD OF DIRECTORS AND KEY SENIOR MANAGEMENT

MR. KEE THUAN CHAI*Non-Independent Non-Executive Director***Nationality****Age****Gender**

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 all four (4) Board Meetings held during the financial year ended 31 December 2021. 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.

MS. LIM YEE MEIN*Non-Independent Non-Executive Director***Nationality****Age****Gender**

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 all four (4) Board Meetings held during the financial year ended 31 December 2021. 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.

LEADERSHIP

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

MR. FONG PENG FAI

Group Financial Controller/Key Senior Management

Nationality



Age



Gender



Mr. Fong Peng Fai was appointed to the Company in 2013 and currently serves as the Group Financial Controller. He graduated with a Bachelor of Commerce majoring in Accounting from University of Otago. 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.

PERFORMANCE REVIEW

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS OVERVIEW

The year 2021 was truly another extraordinary year. For one, the COVID-19 pandemic had dramatically changed our way of life. Although multiple Movement Control Order ("MCO") were implemented last year, the Group saw a resurgence of confidence from our customers. This translated to the Group having recorded the best ever annual Revenue and Profits as both grew by double digits in year 2021. The commendable results are possible owing to our strong business philosophy of producing products of exceptional quality at competitive prices. Besides, effective marketing strategies and agility in meeting new buying trends that were made possible by large amount of knowledge and experience accumulated over the years were the other ingredients of our achievements. Moving ahead, the Group embarks on careful and comprehensive investments on production facilities to improve capacity and efficiency to scale greater heights.

However, hopes are high as our country was ramping up the vaccination drive together with booster shots for all adults as well as certain groups of children now. But the emergence of new variants had dashed hope to achieving herd immunity and now it would be unrealistic to expect the end of the pandemic any time soon. At the time of writing, our government had indicated that we shall transition to the endemic phase whereby it is an exit strategy that would allow the people to go back to the near-normal life after nearly two years of battling the pandemic.

2021 IN REVIEW

The Group recorded 18% increase in revenue of RM515.615 million in FY2021 as compared with RM436.166 million in FY2020.

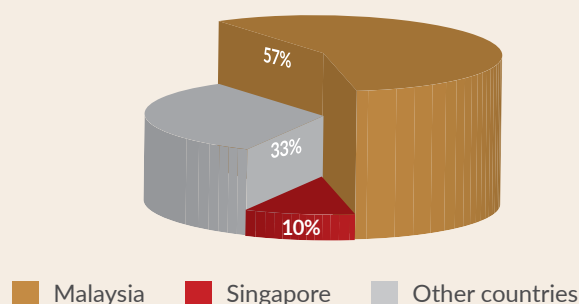
Meanwhile, profit before tax and profit after tax also increased to RM62.5 million and RM46.5 million respectively in FY2021 as compared with RM40.7 million and RM30.2 million respectively in FY2020.

Despite the uncertain economic conditions, the Group recorded a commendable financial performance that was attributed to effective business strategies that were carried out in increasing the quantities of products sold and also achieving higher average selling prices of products sold. Revenue from export of products comprised 43% of the overall revenue of the Group in FY2021.



Revenue by Geographical Locations for FY2021

REVENUE



During the FY2021, the Group successfully recouped an amount of RM0.53 million from impairment losses that were provided in the prior years.

The Group is pleased to report that cash and bank balances of the Group was at RM55.1 million at the end of financial year 2021. Meanwhile, total borrowings remain manageable at RM8.0 million. Therefore, the Group is confident with the availability of sufficient financial resources to continue with the implementation of various business plans.

PERFORMANCE REVIEW

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

“ The Group recorded 18% increase in revenue of RM515.615 million in FY2021 as compared with RM436.166 million in FY2020. ”

Total assets and shareholders' equity of the Group grew to RM463.6 million and RM398.3 million respectively as at 31 December 2021. Besides, the Group's earnings per share for the year was 9.5 sen and net asset per share was at 81.2 sen as at the end of 2021.

OUTLOOK AND PROSPECTS

The COVID-19 pandemic is still a major concern at the time of writing. The implications have been devastating and far reaching from lockdowns and its negative impacts on economic activities in 2021. Hopes are high as countries worldwide race to inoculate their populations including Malaysia which has achieved high vaccinations among adults and also recently approved for children. However,

we should not be complacent and should continue to adhere to Standard Operating Procedures that were introduced by the Health Ministry.

In 2021, the Group continued to carry out automation plans for selected production plants with the primary objective to increase efficiency in production plants and achieve savings in operational and manpower costs. Moreover, certain of these plans are expected to bring major improvements to products' quality to meet the evolving and untapped customers' stringent requirements.

In view of encouraging demands from customers, the Group enjoyed good utilisation rates across all production plants last year. The Group was fortunate to have completed construction and upgrading of certain production plants such as Maltodextrin plant no 2, no 3 and the glucose plant in the prior year in order to meet the pent-up demand from customers in year 2021.

The Group intends to continue investing in research and development projects to increase the range and appeal of our products. The increase of revenue from our export sales to overseas markets demonstrated the wide acceptance of our products in the global landscape. It is important for the Group to continue its leverage on our core competency to continue develop products in order to meet as well as exceed the expectations of the constantly evolving customers' requirements everywhere. Therefore, the Group continues to make adequate allocations to acquire up-to-date and modern laboratory facilities as well as recruit suitably qualified skilled personnel.



REVENUE

RM515.615 million
2020: RM436.166 million



PROFIT BEFORE TAX

RM62.5 million
2020: RM40.7 million



PERFORMANCE REVIEW

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)



Recently, the Russia-Ukraine conflict is contributing to increased volatility in the commodities markets. During these times, the Group is aware of challenges, amongst others, volatility in raw materials prices brought by market uncertainties and fierce competition in our industry. As a part of our business plans to deal with volatility in raw materials prices, expansion plans of warehousing facilities are still underway. In the face of increasing competition in the industry, the Group is leveraging on our core competency to develop new products with excellent quality for customers. In addition, the Group will continue with our targeted marketing strategies to capture new markets and our unique ability to change the sales mix to stay ahead of the market.

During such uncertain time now when the Group is cautious in our business approaches, the Group remain confident in continuing its business plans to commit adequate resources to expand and upgrade production plants. At the same time, the Group is going ahead with numerous projects with the aim to achieve improved operational efficiency in our manufacturing plants through upgrading and modernisation plans. These are long-term multi-pronged plans that should enable us to reduce reliance on foreign labour and to enable our manufacturing facilities to be more efficient to produce more as well as achieve cost savings.

The Group is confident that our business strategies would be able to realise our vision to be a recognised global leader in the food and beverage ingredients industry known with products of exceptional quality.

DIVIDENDS

As the Group achieved better results in FY2021, the Board of Directors had declared an interim dividend per share of 2.2 sen and a special dividend of 0.8 sen per share for FY2021, both totalling RM14.7 million and was paid on 15 December 2021.

The Board of Directors took many factors into consideration before making any decision on payment of dividends to valued shareholders. In this regard, cash flow requirements for operating and investment activities are among most important factors to consider before making decision.

NOTE OF APPRECIATION

The Management and the Board of Directors would like to extend our heartfelt appreciation to all devoted employees of the Group for their invaluable contribution in another year of new records in revenue and profits in spite of challenging market

PERFORMANCE REVIEW MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

conditions. It was indeed a very challenging year with many rounds of lockdowns that resulted in tremendous mental stress. In facing adversity, our people worked tirelessly to overcome all prevailing uncertainties in the business environment while keeping safe and healthy.

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

Lastly, we are thankful to the leadership, guidance and commitment from all Board members that made this another record breaking year for the Group.

Thank you.



PERFORMANCE REVIEW

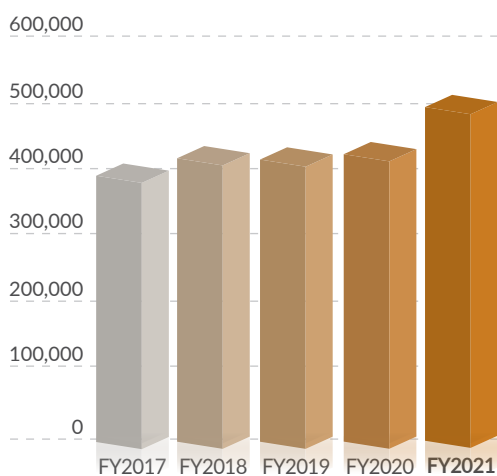
FIVE-YEAR GROUP FINANCIAL HIGHLIGHTS

	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000
Revenue	515,615	436,166	436,066	437,977	411,485
Profit Before Tax	62,506	40,708	40,259	34,204	55,790
Profit After Tax	46,545	30,162	29,419	29,120	41,647
Total Assets	463,570	431,837	406,519	394,502	372,415
Total Liabilities	65,259	65,364	58,345	65,907	63,100
Share Capital	149,087	149,087	149,087	98,400	98,400
Shareholders' Equity	398,311	366,473	348,174	328,595	309,315
Earnings per Share (sen)	9.5	6.2	6.0	5.9	9.2
Net Assets per Share (sen)	81.2	74.4	70.7	66.7	62.9
Net Dividend per Share (sen)	3.0	2.2	2.0	2.0	1.8
Return on Equity (%)	11.7	8.2	8.4	8.9	13.4
Return on Assets (%)	10.0	7.0	7.2	7.4	11.1
Dividend Payout Ratio (%)	31.6	35.7	33.3	33.9	21.3

PERFORMANCE REVIEW
**FIVE-YEAR GROUP
 FINANCIAL HIGHLIGHTS (CONTINUED)**

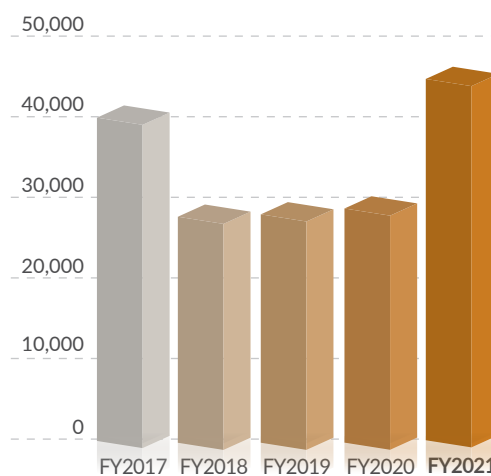
REVENUE (RM'000)

2021: RM515,615 2020: RM436,166



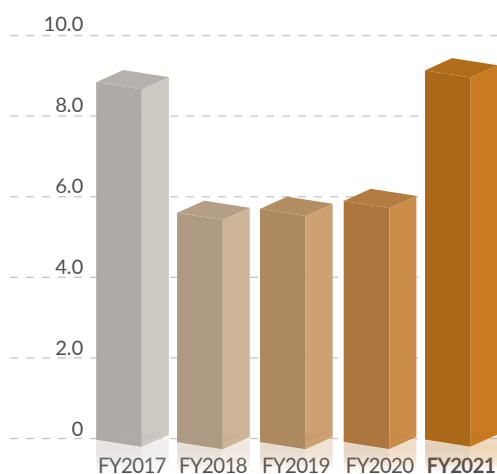
PROFIT AFTER TAX (RM'000)

2021: RM46,545 2020: RM30,162



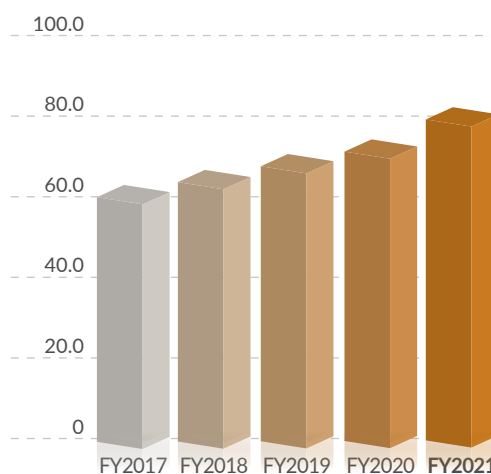
EARNING PER SHARE (sen)

2021: 9.5 2020: 6.2



NET ASSETS PER SHARE (sen)

2021: 81.2 2020: 74.4



SUSTAINABILITY

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 from January to December 2021. 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 MSC 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 2021.







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
- Government/regulators
- Local communities

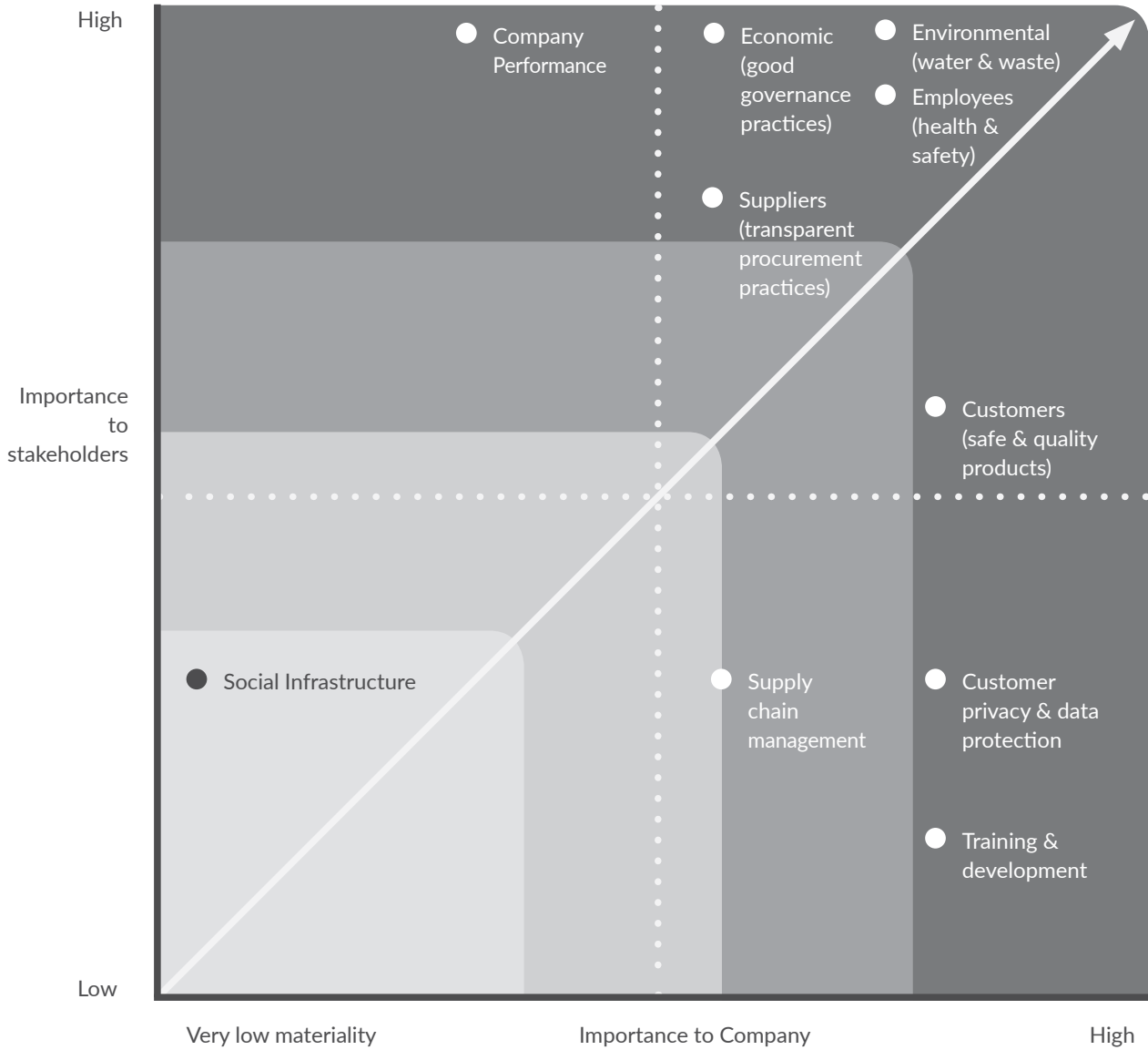
SUSTAINABILITY SUSTAINABILITY STATEMENT (CONTINUED)

Key Stakeholder Groups and Types of Engagement Conducted

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

SUSTAINABILITY STATEMENT (CONTINUED)

MATERIALITY MATRIX



SUSTAINABILITY SUSTAINABILITY STATEMENT (CONTINUED)

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.

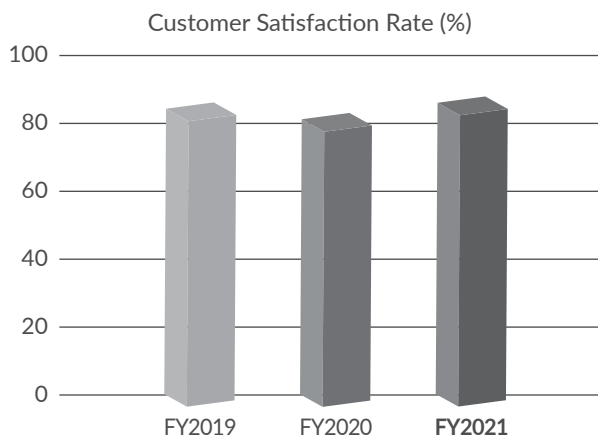
Similarly, we expect our business partners such as suppliers adhere to ethical procurement practices and follows best practices in standard operating and fair trading procedures. Whenever possible, we also encourage them to comply with industry best practices such as attaining the Hazard Analysis and 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 "Anti 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.



Indicator	2019	2020	2021
Customer satisfaction rate (%)	86.20	84.60	87.20
Target (%)	80.00		

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	2019	2020	2021
Percentage of used plastic packaging containers reconditioned and reused by weight yearly (%)	28	29	27
Target (%)	20		

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 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.

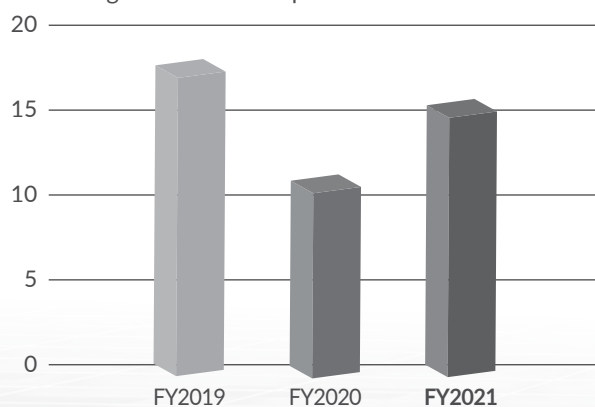
The Group also believes that diversity and equal opportunity in workplace enable us to be more progressive, creative and resilient in meeting challenges. With this in mind, we have policies to protect our employees, such as no discrimination on gender and ethnicity when assessing remuneration and promotion.

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 regular virtual online communication. During the year, the Group implemented Work from Home schedules in our effort to fight COVID-19.

In 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 2021 is as follows:

Training & Talent Development Year 2019 to 2021



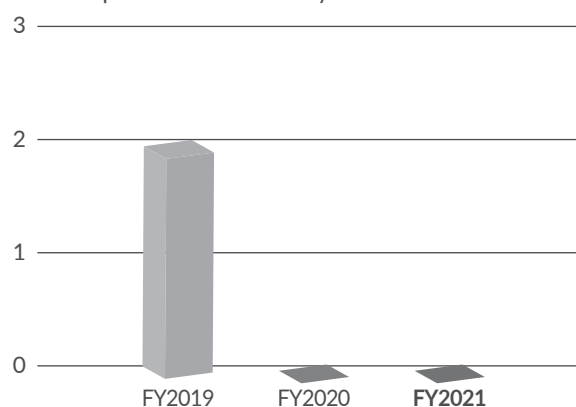
Indicator	2019	2020	2021
Average Training Hours/Employee	18.17	11.75	15.15
Target		10	

One way that we promote safe working environment for our staff is by making sure our employees attend comprehensive online 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 2019 to 2021



Indicator	2019	2020	2021
No of Major Accidents	2	0	0
Target		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.

Conclusion

The Group continues to build sustainable practices in every aspect of the Group's business and we aim to further enhance our corporate image, reputation and brand value.

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 ended 31 December 2021 (“financial year 2021”) and is made available on the corporate website: www.three-a.com.my.

The Board considers that the Company has adopted the CG practices and applied the main principles of the CG Code for the financial year 2021 except:

- Practice 1.4 (The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.)
- Practice 5.9 (The board comprises at least 30% women directors.)
- Practice 13.2 (All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.)

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 (4) Board committees, namely:

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

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

1.0 Board's Leadership on Governance and Objectives (Continued)

Each of the Board committee operates within approved Terms of Reference. These committees have authority to examine particular issues and report to the Board with their findings and recommendations. The ultimate responsibility for the final decision on all matters, however, lies with the entire Board.

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 objectives 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 and defensible.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

A. BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

1.1 Duties and Responsibilities of the Board (Continued)

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.

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 Board 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 Board members 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 AC which are tabled to the Board.

The Board members 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 references 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 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 governs the overall sustainability matters of the Group and takes responsibility for the setting of the Group's sustainability strategies, priorities and targets. The Management Sustainability Committee ("MSC") that comprises of members from Management to provide support to the Board into taking sustainability considerations in the development and implementation of major business strategies and plans.

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

Currently, the Board composes of eight (8) males and two (2) females to ensure a good mix of gender as well.

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 5.9 of the Code. Therefore, the Board has set a target to achieve 30% composition of women on the Board within three (3) years. The Board will consider gender diversity as part of its future selection to identify suitable candidates. If any, 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.

The 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 to prevent conflict of interest, the risk of bribery and corruption within the Group.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

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. More details of the Group's efforts in incorporating sustainability in its business operations can be found in the Sustainability Statement on pages 16 to 20 of the Annual Report.

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 Bursa 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, Remuneration Committee and Board of Directors' meetings and ensure minutes of meetings are well documented; and
- Follow-up on matters arising from the meetings.

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

CORPORATE GOVERNANCE

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 Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("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 5.2 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 NC 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.

The Board had on 21 April 2022 adopted the Fit and Proper Policy to ensure that the Board quality and integrity for the appointment and re-election of Directors of the Group. The same is available at the Company website for reference.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2.2 Re-Election of Directors

Clause 76(3) of the Company's Constitution provides that at every Annual General Meeting ("AGM"), at least one-third (1/3) of the Directors for the time being, or if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3), shall retire from office at the conclusion of the AGM 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 AGM is subject to the prior assessment by the NC. For the forthcoming AGM, the following Directors will be retiring by rotation, and being eligible, have offered themselves for re-election:

- Fong Chu King @ Tong Chu King ("Mr Fong") (Managing Director); and
- Liew Kuo Shin ("Mr Liew") (Non-Independent Executive Director).

Mr Tan Chon Sing @ Tan Kim Tieng who is also subject to retirement by rotation at the forthcoming AGM had indicated to the Company that he would not be seeking for re-election and will be retiring as Director at the conclusion of the forthcoming AGM.

A brief description on the profile of Mr Fong and Mr Liew and their respective attendance in Board Meetings are presented in this Annual Report. In determining whether to recommend a Director for re-election, the aforesaid Directors' time commitment such as attendance at meetings, participation, contribution to the activities of the Board, character, integrity and experience had been considered by the NC.

The NC had on 21 April 2022 at its NC meeting conducted the assessment and was satisfied that the abovementioned Directors have met the requirements set out above and recommended to the Board for their re-election at the forthcoming AGM.

The Directors of 3A are individuals of high calibre and integrity and their knowledge and expertise in their fields from other businesses, have enhanced 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.

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

CORPORATE GOVERNANCE
OVERVIEW STATEMENT (CONTINUED)

A. BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

2.4 Nomination Committee (“NC”)

The Board has established a NC and its principal objectives are in line with the Terms 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 NC 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 furnished the Board Evaluation Questionnaire relation to Environmental, Social and Governance (“ESG”) or Sustainability to the Board for the review of the ESG or Sustainability performance of the Board and Senior Management in addressing the Company’s material sustainability risks and opportunities as recommended under Practice 4.4 of the Code.

The NC had on 21 April 2022 conducted the annual assessment in respect of financial year 2021 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.

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 2021, 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 2021

Membership Status	Name	Attendance
Chairman Independent Non-Executive Director	Mohd Zaki Bin Hamzah	2/2
Member Independent Non-Executive Director	Chew Eng Chai	1/2
Member Independent Non-Executive Director	Khoo Wee Boon	2/2
Member Independent Non-Executive Director	Dato’ Jagjit Singh a/l Bant Singh	2/2

CORPORATE GOVERNANCE
**CORPORATE GOVERNANCE
OVERVIEW STATEMENT (CONTINUED)**

A. BOARD LEADERSHIP AND EFFECTIVENESS (Continued)

2.4 Nomination Committee (“NC”) (Continued)

The NC had undertaken the following activities in respect of the financial year 2021:

- 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 AGM;
- Reviewed the yearly Self and Peer Assessment Forms of Board Members, Board's mix of skills and performance of Board 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;
- Reviewed the Key Officer's evaluation; and
- Reviewed the Group's succession planning.

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 82%	18 – 30 33%	Malaysian – Bumiputera 33.3%
Female 18%	31-40 38%	Malaysian – Chinese 13.3%
	41-50 23%	Malaysian – Indian 0.2%
	Above 51 6%	Foreigners 53.2%

2.5 Remuneration Committee (“RC”)

The RC 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 RC 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 AGM by the shareholders.

The policy practiced on Directors' remuneration by the RC 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.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2.5 Remuneration Committee ("RC") (Continued)

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

The RC held one (1) meeting which were attended by all members during the financial year 2021 to review and recommend to the Board on the remuneration of the Directors.

Members of Remuneration Committee and Meeting Attendance during the financial year 2021

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

2.6 Remuneration of Directors

The remuneration package for Directors comprises the following elements:

Directors' Fees

The Directors' fees are only payable to Non-Executive Directors. The RC 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 RC to the Board for the approval. 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 2021 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	147,000	-	-	-	-	147,000
Chew Eng Chai	87,000	-	-	-	-	87,000
Tan Chon Sing @ Tan Kim Tieng	62,000	-	-	-	-	62,000

CORPORATE GOVERNANCE
**CORPORATE GOVERNANCE
OVERVIEW STATEMENT (CONTINUED)**

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2.6 Remuneration of Directors (Continued)

Salaries and Bonuses (Continued)

The details of the remuneration Directors for the financial year 2021 are as follows (continued):

	Fees (RM)	Salaries (RM)	Allowance (RM)	Bonus (RM)	Other Emoluments (RM)	Total (RM)
Mohd Zaki Bin Hamzah	62,000	-	-	-	-	62,000
Khoo Wee Boon	62,000	-	-	-	-	62,000
Lim Yee Mein	20,000	-	-	-	-	20,000
Kee Thuan Chai	20,000	-	-	-	-	20,000
	460,000	-	-	-	-	460,000
Received from Subsidiaries						
Dato' Jagjit Singh a/l Bant Singh	64,000	-	-	-	-	64,000
Fong Chu King @ Tong Chu King	-	636,000	280,000	477,000	55,720	1,448,720
Fang Siew Ping	-	432,000	140,000	324,000	107,520	1,003,520
Liew Kuo Shin	-	432,000	140,000	324,000	107,520	1,003,520
Mohd Zaki Bin Hamzah	5,000	-	-	-	-	5,000
	69,000	1,500,000	560,000	1,125,000	270,760	3,524,760

2.7 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 clear defined duties and authority thus ensures balance of power and greater capacity for independent decision-making.

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

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2.7 Independence of the Board (Continued)

The Board through the NC assessed the independence of its Independent Non-Executive Directors based on criteria set out in the Listing Requirements. 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 designation of the said Independent Director as a Non-Independent Director. In the event, the Board intends to retain the Director as an Independent Non-Executive Director, the Company is required to 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 assessment as adopted by the Board.

Following an assessment by the NC, the Independent Non-Executive Director, namely Mr. Chew Eng Chai who has served as Independent Non-Executive Director for a cumulative term of more than nine (9) years as at the end of the financial year under review, has been recommended by the Board to continue to act as an Independent Non-Executive Director, subject to the shareholders' approval through a two-tier voting process at the forthcoming AGM, after considering the following justifications:

- He has fulfilled the criteria under the definition on Independent Director as stated in the Listing Requirements and therefore, is able to bring independent and objective judgement to the Board;
- He has an acute understanding of the Group's business operation, and has 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;
- His long tenure of services on the Board and Board Committees has neither impaired nor compromised his exercise of independent judgement, and he is free from any business or relationships which could interfere with his exercise of independent judgement; and
- He has remained objective and independent in expressing his views and participating in deliberation and decision making of the Board and Board Committees in the best interest of the Group.

Mr Khoo Wee Boon and Encik Mohd Zaki Bin Hamzah, the Independent Directors who have served the Board for more than 12 years, have also indicated that they will be stepping down as Independent Directors after the conclusion of the forthcoming AGM.

Upon the retirement of Mr Tan Chon Sing @ Tan Kim Tieng, and resignation of Mr Khoo Wee Boon and Encik Mohd Zaki Bin Hamzah as Independent Directors at the forthcoming AGM, the Company will not be in compliance with Paragraph 15.09(1) of the Listing Requirements and must fill the vacancies within three (3) months from the date of their retirement and resignation respectively. The Company will source the replacements soonest possible and make the necessary announcements relating thereto to Bursa Malaysia Securities Berhad.

2.8 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 2021. The dates of the Board Meetings are as follows:

- 23 February 2021
- 20 May 2021
- 26 August 2021
- 17 November 2021

CORPORATE GOVERNANCE
**CORPORATE GOVERNANCE
OVERVIEW STATEMENT (CONTINUED)**

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2.8 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 (Chairman)	4	4/4
Fong Chu King @ Tong Chu King	4	4/4
Chew Eng Chai	4	3/4
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
Kee Thuan Chai	4	4/4
Lim Yee Mein	4	4/4

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.

2.9 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 financial year 2021, the conferences, seminars and training programmes attended by each of the Directors were in respect of the following areas:

Director	Seminars/Training Programmes Attended	Date
Dato' Jagjit Singh a/l Bant Singh	<ul style="list-style-type: none"> Audit Committee Conference 2021 Agility, Empathy and Resilience : How the Audit Committee will Thrive in the New Normal 	15 March 2021
	<ul style="list-style-type: none"> Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries, Issued by Securities Commission Analysis of Corporate Governance Monitor 2019 & 2020 Revised Malaysian Code of Governance ("MCCG") 	10 November 2021
Fong Chu King @ Tong Chu King	<ul style="list-style-type: none"> Corporate Liability, Bribery Prevention & Corruption Risk Assessment Training and Workshop 	13 July 2021
	<ul style="list-style-type: none"> Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries, Issued by Securities Commission Analysis of Corporate Governance Monitor 2019 & 2020 Revised MCCG 	10 November 2021

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2.9 Directors' Training (Continued)

For the financial year 2021, the conferences, seminars and training programmes attended by each of the Directors were in respect of the following areas (continued):

Director	Seminars/Training Programmes Attended	Date
Chew Eng Chai	<ul style="list-style-type: none"> Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries, Issued by Securities Commission Analysis of Corporate Governance Monitor 2019 & 2020 Revised MCCG 	10 November 2021
Tan Chon Sing @ Tan Kim Tieng	<ul style="list-style-type: none"> Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries, Issued by Securities Commission Analysis of Corporate Governance Monitor 2019 & 2020 Revised MCCG 	10 November 2021
Khoo Wee Boon	<ul style="list-style-type: none"> Fintech : Drivers & Enabling Technologies 	9 July 2021
	<ul style="list-style-type: none"> Anti-Money Laundering, Anti-Terrorism Financing & Corporate Liability under the MACC Act 	10 July 2021
	<ul style="list-style-type: none"> Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries, Issued by Securities Commission Analysis of Corporate Governance Monitor 2019 & 2020 Revised MCCG 	10 November 2021
Mohd Zaki bin Hamzah	<ul style="list-style-type: none"> Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries, Issued by Securities Commission Analysis of Corporate Governance Monitor 2019 & 2020 Revised MCCG 	10 November 2021
Liew Kuo Shin	<ul style="list-style-type: none"> Decoding the Change to the FSSC Standard 	31 March 2021
	<ul style="list-style-type: none"> Corporate Liability, Bribery Prevention & Corruption Risk Assessment Training and Workshop 	13 July 2021
	<ul style="list-style-type: none"> Webinar Industri Lestari : Penyelesaian kepada Masalah Pencemaran Sumber Air di Selangor 	26 October 2021
	<ul style="list-style-type: none"> Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries, Issued by Securities Commission Analysis of Corporate Governance Monitor 2019 & 2020 Revised MCCG 	10 November 2021
Fang Siew Ping	<ul style="list-style-type: none"> Decoding the Change to the FSSC Standard 	31 March 2021
	<ul style="list-style-type: none"> Corporate Liability, Bribery Prevention & Corruption Risk Assessment Training and Workshop 	13 July 2021
	<ul style="list-style-type: none"> Sustainability Reporting Workshop : Scope & Materiality in Sustainability Reporting 	23 August 2021
	<ul style="list-style-type: none"> Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries, Issued by Securities Commission Analysis of Corporate Governance Monitor 2019 & 2020 Revised MCCG 	10 November 2021
Lim Yee Mein	<ul style="list-style-type: none"> Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries, Issued by Securities Commission Analysis of Corporate Governance Monitor 2019 & 2020 Revised MCCG 	10 November 2021
Kee Thuan Chai	<ul style="list-style-type: none"> Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries, Issued by Securities Commission Analysis of Corporate Governance Monitor 2019 & 2020 Revised MCCG 	10 November 2021

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

A. BOARD LEADERSHIP AND EFFECTIVENESS (CONTINUED)

2.9 Directors' Training (Continued)

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 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 ("AC")

The AC currently comprises five (5) Independent Non-Executive Directors. The AC meets not less than four (4) times a year and is governed by clearly defined Terms of Reference. In the financial year 2021, the Committee met four (4) times. The main responsibilities of the AC 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 AC is not the Chairman of the Board. Details of the composition of the AC, attendance of Members at Meetings held during the financial year 2021 and the activities carried out by the AC during the year are set out under the AC Report on pages 43 to 45 on this Annual Report.

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 AC who assists the Board in overseeing the financial reporting process of the Company 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.

In assessing the independence of External Auditors, the AC 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 Ethics Standards Board for 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 AC to oversee the quality of the financial reporting of the Company and the Group. The AC 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.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

B. EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

1.1 Financial Reporting (Continued)

AC had on 21 April 2022 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 AC 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 forthcoming AGM.

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.

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 AC 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 AC and the Board. The findings/ results of the audits are presented to the AC 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 AC at their quarterly meetings.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONTINUED)

B. EFFECTIVE AUDIT AND RISK MANAGEMENT (CONTINUED)

1.3 Risk Management and Internal Control Framework (Continued)

On 21 April 2022, the AC 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 39 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.

The cost incurred for the internal audit function in respect of the financial year 2021 was RM75,000.

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. The Group's website is continuously updated to provide timely and accurate information to the users. The notice of general meetings, proxy form, Annual Report, Circulars to shareholders, Questions and Answers from the Minority Shareholders Watchdog Group and Summary of Key Matters Discussed at the AGM are also published on the Company's website.

Investors and 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 Listing Requirements and other corporate information and events related to the Company can channel their queries to the following personnel:

Name:	Fong Peng Fai	Jessica Fang Siew Yee
Designation:	Group Financial Controller	Senior Manager
Email:	fong.pengfai@three-a.com.my	jessica.fang@three-a.com.my
Tel:	+603 6156 2655	+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.

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE
OVERVIEW STATEMENT (CONTINUED)

C. INTEGRITY IN CORPORATE REPORTING & RELATIONSHIP WITH STAKEHOLDERS (CONTINUED)

1.1 Conduct of General Meeting

All shareholders are encouraged to attend the Company's AGM and to participate in the proceedings. Shareholders' suggestions received during AGM 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 Nineteenth AGM ("19th AGM") of the Company held on 21 June 2021 was conducted through a fully virtual basis via Remote Participation and Electronic Voting ("RPEV") facilities with the main venue at Boardroom Share Registrars Sdn Bhd at 12th Floor, Menara Symphony No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya Selangor Darul Ehsan, Malaysia via Online Meeting Platform at <https://web.lumiagm.com>. Shareholders were encouraged to participate (including posting questions to the Board via real time submission of typed texts) and vote remotely at the 19th AGM of the Company by using the RPEV facilities provided by the Company's Share Registrar.

In accordance with the Listing Requirements, the Board put all resolutions to vote by way of poll at the AGM and the results of the polling were made to Bursa Securities on the same day.

At the 19th AGM, eight (8) out of ten (10) Directors of the Company, along with the Group Financial Controller, Company Secretary and the External Auditors were present to respond to the shareholders' queries, where applicable and necessary. Further, in line with good corporate governance practices, the Annual Report 2020 and notice of the last AGM were made available to the shareholders of the Company at least twenty-eight (28) days prior to the AGM. The notice of AGM is also published in a national newspaper. The notice would include explanatory statements for proposed resolutions to facilitate understanding and evaluation of issues involving the shareholders.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

BOARD RESPONSIBILITIES

The Board acknowledges that under the Malaysian Code of Corporate Governance, the Board is responsible for the following:

- ensure there is a sound framework for internal controls and risk management;
- understand the principal risks of the company's business and recognise that business decisions involve the taking of appropriate risks; and
- set the risk appetite within which the Board expects management to operate and ensure an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks.

In accordance with the nature of the Group's business, the Board understands the principal risks of the business and accepts that business decisions require the incurrence and balancing of risk and return to generate reasonable returns to the shareholders.

In overseeing the effectiveness of the systems of risk management and internal control, the Board continues to apply and use the following processes and information during the financial year to derive its comfort:

- Audit Committee reviews on the integrity and accuracy of the interim financial results, annual report and audited financial statements in consultation with management;
- Risk Management Committee ("RMC") oversight on the risk management framework, changes in risk factors and magnitudes and status of management implementation of risk mitigation plan;
- The Audit Committee's evaluation on the adequacy and effectiveness of the internal control systems based on the internal audit findings and timeliness of action taken by management, reported by the Internal Auditors;
- Managing Director, Executive Directors and management briefings on business, financial and operational performances and updates during the board meetings;
- 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 challenges;
- External Audit Memorandum on their annual audit findings and risk as well as internal control issues noted by them during their statutory audit; and
- Provision of management's assurance that the Group's risk management and internal control systems are adequate and effective in all material respects.

CORPORATE GOVERNANCE

STATEMENT ON RISK MANAGEMENT AND
INTERNAL CONTROL (CONTINUED)

RISK MANAGEMENT

This risk management process on risk identification, impact assessment, profiling matrix and the mitigation plans adopted by the Group are based on the general principles of the international risk management framework.

The Board has established RMC to oversee the risk management framework and ensure the management implementation of appropriate systems to manage material risk exposure in the Group. Presently, the RMC has three members comprising one Independent Non-Executive Director and two Executive Directors.

During the financial year, RMC conducted four (4) meetings to deliberate the overall progress, status of mitigation plans and effectiveness of risk management in each department. At the management level, Risk Management Working Committee ("RMWC") continues to identify and manage risks and report the progress of risk management status to RMC.

While the Group had achieved commendable financial results during the financial year, the COVID-19 pandemic continued to impact the Group's operations and financial performance. To manage the volatility and uncertainty in the movements of the raw materials costs caused by the pandemic, the management continues relentlessly to improve operational efficiency to achieve better economies of scale and cost optimisation and increase productivity, product quality, and delivery.

At the workplace, to safeguard the health and safety of our employees, the Group continues to adhere, monitor and update the pandemic preventive SOPs. These SOPs include performing frequent swab tests for all employees, leveraging electronic communication and virtual meeting technology to minimise physical contact among staff, and requiring visitors to show proof of their PCR/RTK test results before entering the premises.

On the other hand, to ensure the adequacy of the bribery and corruption preventive measures, the Group had performed a corruption risk assessment on the business processes and operations during the financial year. In carrying out this assessment, management had evaluated the nature of formal and informal interactions, business and transactions with its stakeholders. These stakeholders include customers, suppliers, vendors, agents, professionals, service providers, contractors and government officers. In assessing the exposures, the materiality of the transactions, the personnel involved, and the place of interaction are considered in determining suitable approaches for creating awareness and communicating the Group's anti-bribery and corruption policy with these stakeholders. The future documentation trail needed for the interaction and transactions were also identified to form the defence against potential corporate liability on corruption and bribery.

KEY ELEMENTS OF INTERNAL CONTROL

The ongoing key control frameworks and procedures that have been put in place in the Group are as follows:

- 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 5.1 consisting of ISO 22000: 2018 and ISO/TS 22002-1:2009 for the products ensuring food safety;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONTINUED)

KEY ELEMENTS OF INTERNAL CONTROL (CONTINUED)

- iv. Management meeting and Credit Control Committee meeting for identifying operational issues; and monitoring and reviewing actions taken to address the issues 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. Guidelines for selection and hiring of staff, formal training programmes as well as annual performance appraisals are in place to ensure that staff are competent and adequately trained in carrying out their responsibilities;
- vii. The Anti-Bribery and Corruption (“ABC”) Policy and Whistleblowing Policy under corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 were established and adopted by the Group. These policies set as a guide for employees and other stakeholders with regards to avoidance of corrupt activities and procedures to whistleblow any improper conduct noted; and
- viii. The Audit Committee reviews the quarterly financial results, annual report, audited financial statements, and internal control issues identified by the External Auditors, Internal Auditors and the management.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Bursa Securities Guidelines, management is responsible for identifying 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, Group Financial Controller and also management that the Group’s risk management and internal control systems are operating adequately and effectively in all material aspects, to the best of their knowledge.

BOARD ASSURANCE AND LIMITATION

This Statement is prepared under paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“MMLR”) and guided by the “Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers” (“the Guidelines”), which was endorsed by the Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Board is satisfied that there is an ongoing process for identifying, evaluating, and managing significant risks the Group faces. The current level of internal control and risk management systems is adequate and effective to enable the Group to achieve its business objectives. There were no material losses resulting from significant control weaknesses that would require additional disclosure in this Annual Report during the current financial year.

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.

CORPORATE GOVERNANCE

STATEMENT ON RISK MANAGEMENT AND
INTERNAL CONTROL (CONTINUED)

REVIEW OF STATEMENT ON INTERNAL CONTROL BY EXTERNAL AUDITORS

The external auditor has reviewed this Statement as required under Paragraph 15.23 of the MMLR. The limited assurance review was performed in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised) *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and Audit and Assurance Practice Guide 3 ("AAPG 3") *Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control Included in the Annual Report*. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

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The External Auditors have reviewed this Statement and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is this Statement factually inaccurate.

This Statement is made in accordance with the approval of the Board.

AUDIT COMMITTEE REPORT

COMPOSITION AND ATTENDANCE

The Audit Committee (“AC”) 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 AC, 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 (“**Listing Requirements**”)/ (“**Bursa Securities**”) is complied.

A total of four (4) meetings were held during the financial year ended 31 December 2021 (“**FYE 2021**”). The record of attendance of each member at the AC Meetings held during the FYE 2021 are as follows:

Name of AC Members	Number of AC Meeting Attended
Chew Eng Chai (Chairman)	3/4
Tan Chon Sing @ Tan Kim Tieng	4/4
Mohd Zaki bin Hamzah	4/4
Khoo Wee Boon	4/4
Dato’ Jagjit Singh a/l Bant Singh	4/4

Upon invitation by the AC, the Directors, Group Financial Controller, Internal Auditors, External Auditors and 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.

TERMS OF REFERENCE (“TOR”)

The latest TOR of the AC is available for reference at the Company’s website, www.three-a.com.my.

CORPORATE GOVERNANCE

AUDIT COMMITTEE REPORT(CONTINUED)

SUMMARY OF ACTIVITIES IN 2021

In line with the TOR of the AC, the following activities were carried out by the AC for the FYE 2021 under review in accordance with its functions and duties:

1. At the meeting held in February 2021, 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 2020 from External Auditors, Messrs BDO PLT (“BDO”). The AC also assessed the independence and suitability of external auditors and being satisfied with the performance of the External Auditors, recommended the re-appointment of BDO to the Board for further recommendation to the shareholders for approval at the Annual General Meeting 2021. At the same meeting, the AC also reviewed the adequacy of the scope, functions, competency and resources of the outsourced Internal Auditors of the Company and was satisfied with their performance and resources.

During the meeting, the AC discussed and recommended to the Board for adoption of the revised TOR and External Auditors Assessment Policy for the Company.

2. At the meeting held in May 2021, the AC had reviewed the Risk Management Committee Report and a Special Tender Committee (“STC”) has been established by the Credit Control Committee (“CCC”). The STC was established to review the rental of property by San Soon Seng Food Industries Sendirian Berhad (“SSSFI”) to be used as dormitory for the foreign workers of SSSFI.
3. At the meeting held in August 2021, the AC also reviewed the proposed fees of the Internal Auditors and BDO and recommend the same to the Board for consideration.
4. At the meeting held in November 2021, the AC reviewed and deliberated the following:
 - Audit Planning Memorandum (“APM”) for the FYE 2021 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 2021. The non-audit services of BDO and its affiliate firm involve the annual review of the Statement on Risk Management and Internal Control (SORMIC) as well as tax compliance services for the Group.
 - Report from the Risk Management Committee.
 - Assessed the solvency of the Company and recommended the payment of interim dividend and special dividend for the FYE 2021 to the Board for consideration.
5. 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 2021, May 2021, August 2021 and November 2021 respectively. The AC also reviewed and discussed the recommendation from the CCC on matters in relation to proposed impairment of trade receivables.
6. The AC reviewed and discussed the Internal Audit Reports of the Group that were prepared and presented by the IA 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.
7. 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.

CORPORATE GOVERNANCE AUDIT COMMITTEE REPORT(CONTINUED)

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 AC and the costs incurred for the Internal Audit function in respect of the FYE 2021 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 AC 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 FYE 2021 under review include the following:

- Ascertained the extent of compliance with established policies, procedures and statutory requirements;
- Undertook special reviews requested by the AC and/or management;
- Assessed the means of safeguarding assets and verified their existence; and
- Approved the Internal Audit Plan annually. 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 2022, a risk-based approach is applied 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 the External Auditor and past audit history in evaluating, selecting, determining and prioritising the proposed areas.

In 2021, a total of seven (7) audit reports were issued and presented to the AC with the recommended corrective actions acted upon.

The AC and the Board 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.

CORPORATE GOVERNANCE

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 2021 are as follows:

	Company (RM'000)	Group (RM'000)
Audit Fees	50	132
Non-Audit Fees	13	25
Total	63	157

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 2021 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.

3. Utilisation of Proceeds

There were no proceeds raised by the Company from any corporate proposal during the financial year ended 31 December 2021.

4. Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

The Company did not seek any mandate from its shareholders pertaining to recurrent related party transactions of revenue or trading nature during the financial year ended 31 December 2021.

5. Employee Share Scheme

The Company did not establish any employee share scheme and does not have any subsisting employee share scheme during the financial year ended 31 December 2021.



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FINANCIAL STATEMENTS

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 2021.

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	46,545	15,027

DIVIDEND

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

	RM'000
In respect of financial year ended 31 December 2021:	
Interim single tier dividend of 2.2 sen per ordinary share, paid on 15 December 2021	10,785
Special single tier dividend of 0.8 sen per ordinary share, paid on 15 December 2021	3,922
	14,707

The Directors do not recommend any payment of final dividend for the financial year ended 31 December 2021.

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.

FINANCIAL STATEMENTS DIRECTORS' REPORT (CONTINUED)

REPURCHASE OF OWN SHARES

At the Annual General Meeting held on 21 June 2021, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase up to 10% of existing issued and paid-up share capital of the Company.

The Company did not repurchase any of its issued ordinary shares during the financial year.

As at 31 December 2021, a total of 1,768,800 issued and fully paid ordinary shares at a total cost of RM1,078,000 are held as treasury shares by the Company. The number of ordinary shares as at 31 December 2021 net of treasury shares is 490,231,210.

The details of the treasury shares are set out in Note 11 to the financial statements.

DIRECTORS

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

Dato' Jagjit Singh a/l Bant Singh*
Fong Chu King @ Tong Chu King*
Chew Eng Chai
Tan Chon Sing @ Tan Kim Tieng
Khoo Wee Boon
Mohd Zaki Bin Hamzah*
Liew Kuo Shin
Fang Siew Ping*
Kee Thuan Chai
Lim Yee Mein

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

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 2021 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 31.12.2021
	Balance as at 1.1.2021	Bought	Sold	
Direct interests:				
Fong Chu King @ Tong Chu King	13,745,500	-	-	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

FINANCIAL STATEMENTS

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS (CONTINUED)

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 2021 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 (continued):

	Number of ordinary shares			Balance as at 31.12.2021
	Balance as at 1.1.2021	Bought	Sold	
Indirect interests:				
Fong Chu King @ Tong Chu King ^a	1,714,975	-	-	1,714,975
Tan Chon Sing @ Tan Kim Tieng ^b	2,243,625	-	-	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(11)(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(11)(c) of CA2016.

^c Indirect interest via shareholdings of his spouse, Lim Tong Lean pursuant to Section 59(11)(c) of CA2016.

None of the other Directors holding office at the end of the financial year held any interest in the 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 Directors is a member, or with a company in which the Director has a substantial financial interest, other than the following:

- (a) 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
- (b) 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.

FINANCIAL STATEMENTS DIRECTORS' REPORT (CONTINUED)

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	3,456	-
Non-Executive Directors' remuneration:		
- Fees	529	460
Total	3,985	460

INDEMNITY AND INSURANCE FOR OFFICERS, DIRECTORS AND AUDITORS

The Group and the Company effected Directors and officers' liability insurance during the financial year to protect the Directors and the officers of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors and officers. 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.

FINANCIAL STATEMENTS 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 would or may affect the ability of the Group or 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 2021 amounted to RM132,000 and RM50,000 respectively.

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

Fong Chu King @ Tong Chu King
Director

Fang Siew Ping
Director

Kuala Lumpur
21 April 2022

FINANCIAL STATEMENTS

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 2021 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

Fang Siew Ping
Director

Kuala Lumpur
21 April 2022

FINANCIAL STATEMENTS

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)
21 April 2022)

Fong Peng Fai

Before me:

FINANCIAL STATEMENTS

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 2021 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 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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 2021, trade receivables of the Group amounted to RM110,506,000. 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.

FINANCIAL STATEMENTS INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF THREE-A RESOURCES BERHAD (INCORPORATED IN MALAYSIA) (CONTINUED)

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 applied by the Group;
- (b) Recomputed the correlation coefficient between the macroeconomic factors 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 Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

FINANCIAL STATEMENTS 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 International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- (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.

**FINANCIAL STATEMENTS
INDEPENDENT
AUDITORS' REPORT
TO THE MEMBERS OF THREE-A RESOURCES BERHAD
(INCORPORATED IN MALAYSIA) (CONTINUED)**

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

Tan Kiang Peng
03563/03/2023 J
Chartered Accountant

Kuala Lumpur
21 April 2022

FINANCIAL STATEMENTS

STATEMENTS OF
FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	5	162,622	157,082	-	-
Right-of-use assets	6	62,761	60,846	-	-
Investments in subsidiaries	7	-	-	163,382	163,382
		225,383	217,928	163,382	163,382
Current assets					
Inventories	8	57,016	75,110	-	-
Trade and other receivables	9	126,071	112,181	-	2
Cash and bank balances	10	55,100	26,618	2,009	1,690
		238,187	213,909	2,009	1,692
TOTAL ASSETS		463,570	431,837	165,391	165,074
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)	(1,078)	(1,078)
Reserves	12	250,302	218,464	16,876	16,556
TOTAL EQUITY		398,311	366,473	164,885	164,565
LIABILITIES					
Non-current liabilities					
Borrowings	14	2,720	6,429	-	-
Deferred tax liabilities	13	16,068	14,446	-	-
		18,788	20,875	-	-
Current liabilities					
Trade and other payables	15	34,823	35,333	500	496
Borrowings	14	5,294	6,249	-	-
Current tax liabilities		6,354	2,907	6	13
		46,471	44,489	506	509
TOTAL LIABILITIES		65,259	65,364	506	509
TOTAL EQUITY AND LIABILITIES		463,570	431,837	165,391	165,074

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

FINANCIAL STATEMENTS

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	18	515,615	436,166	15,750	13,500
Cost of sales		(418,942)	(359,320)	-	-
Gross profit		96,673	76,846	15,750	13,500
Other income	19	3,714	1,524	17	15
Administrative expenses	20	(29,441)	(28,328)	(737)	(793)
Other operating expenses	20	(8,062)	(8,706)	-	-
Profit from operations		62,884	41,336	15,030	12,722
Finance costs	21	(378)	(628)	-	-
Profit before tax		62,506	40,708	15,030	12,722
Tax expense	22	(15,961)	(10,546)	(3)	*
Profit for the financial year		46,545	30,162	15,027	12,722
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		46,545	30,162	15,027	12,722
Profit attributable to owners of the parent		46,545	30,162	15,027	12,722
Total comprehensive income attributable to owners of the parent		46,545	30,162	15,027	12,722
Earnings per share attributable to equity holders of the parent (sen):					
Basic and diluted	23	9.5	6.2		

* The amount is less than RM1,000.

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

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Group	Note	Share capital RM'000	Treasury shares RM'000	<u>Distributable</u>	Total equity RM'000
				Retained earnings RM'000	
Balance as at 1 January 2020		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					
Purchase of treasury shares	11	-	(1,078)	-	(1,078)
Dividends paid	24	-	-	(10,785)	(10,785)
Balance as at 31 December 2020		149,087	(1,078)	218,464	366,473
Profit for the financial year		-	-	46,545	46,545
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	46,545	46,545
Transaction with owners					
Dividends paid	24	-	-	(14,707)	(14,707)
Balance as at 31 December 2021		149,087	(1,078)	250,302	398,311

FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Company	Note	Share capital RM'000	Treasury shares RM'000	Distributable	Total equity RM'000
				Retained earnings RM'000	
Balance as at 1 January 2020		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
Transactions with owners					
Purchase of treasury shares	11	-	(1,078)	-	(1,078)
Dividends paid	24	-	-	(10,785)	(10,785)
Balance as at 31 December 2020		149,087	(1,078)	16,556	164,565
Profit for the financial year		-	-	15,027	15,027
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	15,027	15,027
Transaction with owners					
Dividends paid	24	-	-	(14,707)	(14,707)
Balance as at 31 December 2021		149,087	(1,078)	16,876	164,885

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

FINANCIAL STATEMENTS

**STATEMENTS OF
CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		62,506	40,708	15,030	12,722
Adjustments for:					
Depreciation of property, plant and equipment	5	9,227	8,712	-	-
Depreciation of right-of-use assets	6	1,478	975	-	-
Dividend income from a subsidiary	18	-	-	(15,750)	(13,500)
Impairment losses on trade receivables	9(e)	-	570	-	-
Interest expense	21	378	628	-	-
Interest income	19	(523)	(790)	(17)	(15)
Loss on disposal of property, plant and equipment	20	-	127	-	-
Property, plant and equipment written off	20	14	-	-	-
Reversal of impairment losses on trade receivables	9(e)	(534)	(291)	-	-
Net unrealised (gain)/loss in foreign exchange	19, 20	(917)	549	-	-
Operating profit/(loss) before changes in working capital		71,629	51,188	(737)	(793)
Changes in working capital:					
Inventories		18,094	(25,286)	-	-
Trade and other receivables		(12,440)	3,604	2	(1)
Trade and other payables		(1,109)	5,725	4	55
Cash generated from/(used in) operations		76,174	35,231	(731)	(739)
Tax refunded		-	2,503	-	13
Tax paid		(10,892)	(11,091)	(10)	(11)
Net cash from/(used in) operating activities		65,282	26,643	(741)	(737)

FINANCIAL STATEMENTS
**STATEMENTS OF
CASH FLOWS**
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions of right-of-use assets	6	(3,393)	(7,733)	-	-
Repayments from subsidiaries		-	-	-	699
Dividend received from a subsidiary	18	-	-	15,750	13,500
Interest received	19	523	790	17	15
Proceeds from disposal of property, plant and equipment		-	2	-	-
Purchase of property, plant and equipment	5(b)	(14,186)	(22,939)	-	-
Net cash (used in)/from investing activities		(17,056)	(29,880)	15,767	14,214
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid	24	(14,707)	(10,785)	(14,707)	(10,785)
Interest paid	21	(378)	(628)	-	-
Repayments of term loans		(4,664)	(1,854)	-	-
Purchase of treasury shares	11	-	(1,078)	-	(1,078)
Net cash used in financing activities		(19,749)	(14,345)	(14,707)	(11,863)
Net increase/(decrease) in cash and cash equivalents		28,477	(17,582)	319	1,614
Effect of exchange rate changes on cash and cash equivalents		5	(7)	-	-
Cash and cash equivalents at beginning of financial year		26,618	44,207	1,690	76
Cash and cash equivalents at end of financial year	10	55,100	26,618	2,009	1,690

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

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 2021 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 21 April 2022.

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 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.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (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 based in Malaysia, Singapore and other foreign countries.

	Group	
	2021 RM'000	2020 RM'000
Revenue:		
Malaysia	292,110	225,886
Singapore	50,736	41,791
Other foreign countries	172,769	168,489
	515,615	436,166

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.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT

Group	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
2021							
Cost							
As at 1 January 2021	71,076	136,906	6,541	7,698	16,394	18,963	257,578
Additions	2,454	1,755	730	935	17	8,890	14,781
Written off	-	-	(3)	-	(58)	-	(61)
As at 31 December 2021	73,530	138,661	7,268	8,633	16,353	27,853	272,298
Accumulated depreciation							
As at 1 January 2021	14,569	70,262	4,767	3,367	7,531	-	100,496
Charges for the financial year	1,463	5,848	326	378	1,212	-	9,227
Written off	-	-	(1)	-	(46)	-	(47)
As at 31 December 2021	16,032	76,110	5,092	3,745	8,697	-	109,676
Carrying amount							
As at 31 December 2021	57,498	62,551	2,176	4,888	7,656	27,853	162,622

FINANCIAL STATEMENTS
**NOTES TO THE
 FINANCIAL STATEMENTS**
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	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
2020							
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

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Furniture and fittings	
	2021 RM'000	2020 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	
	2021 RM'000	2020 RM'000
Purchase of property, plant and equipment	14,781	24,122
Financed by credit purchase (Note 15(c))	(595)	(1,183)
Cash payments on purchase of property, plant and equipment	14,186	22,939

- (c) As at the end of the current financial year, certain factories of the Group with a total carrying amount of RM7,545,000 have been charged to a licensed bank for credit facilities granted to the Group.
- (d) As at the end of the previous financial year, certain factories and office buildings, plant and machinery of the Group with a total carrying amount of RM23,623,000 have been charged to a licensed bank for credit facilities granted to the Group, including those disclosed in Note 14 to the financial statements.

FINANCIAL STATEMENTS
**NOTES TO THE
 FINANCIAL STATEMENTS**
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

6. RIGHT-OF-USE ASSETS

Carrying amount	Balance	Additions	Depreciation	Balance
	as at			as at
	1.1.2021	RM'000	RM'000	31.12.2021
	RM'000		RM'000	RM'000
Long-term leasehold land	57,306	443	(842)	56,907
Short-term leasehold land	3,540	2,950	(636)	5,854
	60,846	3,393	(1,478)	62,761

Carrying amount	Balance	Additions	Depreciation	Balance
	as at			as at
	1.1.2020	RM'000	RM'000	31.12.2020
	RM'000		RM'000	RM'000
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

- (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	44 to 93 years
Short-term leasehold land	7 to 33 years

- (b) As at the end of the reporting period, certain leasehold land with a carrying amount of RM16,815,000 (2020: RM17,886,000) were charged as securities for bank facilities granted to the Group, including those disclosed in Note 14 to the financial statements.

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

	Group	
	2021	2020
	RM'000	RM'000
Depreciation charge of right-of-use assets (included in administrative expenses)	1,478	975
Expense relating to short-term leases (included in administrative expenses)	404	380
	1,882	1,355

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

7. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021 RM'000	2020 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.

(b) Details of the subsidiaries are as follows:

Name of companies	Country of incorporation/ Principal place of business	Effective interest in equity		Principal activities
		2021 %	2020 %	
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.

8. INVENTORIES

	Group	
	2021 RM'000	2020 RM'000
At cost		
Raw materials	29,127	43,966
Work-in-progress	6,150	4,717
Packing materials	2,518	2,662
Finished goods	19,221	23,765
	57,016	75,110

(a) Cost of inventories 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 packing materials: 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 RM386,093,000 (2020: RM336,085,000).

FINANCIAL STATEMENTS
**NOTES TO THE
 FINANCIAL STATEMENTS**
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

9. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade receivables				
Third parties	113,252	103,735	-	-
Related party	188	157	-	-
	113,440	103,892	-	-
Less: Impairment losses				
- third parties	(2,934)	(3,468)	-	-
	110,506	100,424	-	-
Other receivables				
Other receivables	1	3	-	2
Deposits	464	932	-	-
	465	935	-	2
Total receivables	110,971	101,359	-	2
Prepayments	15,100	10,822	-	-
	126,071	112,181	-	2

- (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 (2020: 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 (2020: 60 to 90 days).
- (d) Impairment for trade receivables that do not contain a significant financing component are recognised based on the simplified approach by applying the provisional matrix using the flow-rate approach to calculate the lifetime expected credit losses ("ECL").

The Group considers historical credit loss experience and observable data such as current changes and future forecasts in economic conditions to estimate the amount of expected impairment loss. The methodology and assumptions including any forecasts of future economic conditions are reviewed regularly.

During this process, the probabilities of non-payments by the trade receivables are adjusted by forward looking information based on macroeconomic factors such as unemployment rate, gross domestic product ("GDP") and inflation rate and multiplied by the amounts of the expected loss arising from defaults to determine the lifetime expected credit losses 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 the statement 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.

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

(d) (continued)

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

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

	Group Lifetime ECL	
	2021 RM'000	2020 RM'000
At the beginning of the year	3,468	3,189
Charged for the financial year	-	570
Reversal of impairment losses	(534)	(291)
At the end of the year	2,934	3,468

(f) Lifetime expected credit 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 2021			
Not past due	110,107	-	110,107
Past due:			
- 1 to 30 days	253	-	253
- 31 to 60 days	109	-	109
- 61 to 90 days	37	-	37
- more than 120 days	2,934	(2,934)	-
	3,333	(2,934)	399
	113,440	(2,934)	110,506
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

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9. TRADE AND OTHER RECEIVABLES (CONTINUED)

- (g) 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.

The Group defined significant increase in credit risk based on operating performance of the receivables, changes to contractual terms, payment trends and past due information.

The Group considers a receivable as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The probability of non-payment by other receivables is adjusted by forward looking information based on macroeconomic factors 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 twelve-month or lifetime expected credit losses for other receivables.

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

- (h) 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 class of financial assets recognised in the statements of financial position.

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:

	2021		2020	
	RM'000	% of total	RM'000	% of total
By country:				
Malaysia	80,620	73%	61,515	61%
Singapore	10,955	10%	8,250	8%
Other foreign countries	18,931	17%	30,659	31%
	110,506	100%	100,424	100%

At the end of each reporting period, approximately 58% (2020: 60%) of the trade receivables of the Group were due from 10 (2020: 10) major customers.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	82,381	63,071	-	2
Singapore Dollar	2,696	2,414	-	-
United States Dollar	25,894	35,874	-	-
	110,971	101,359	-	2

- (j) 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Effects of 3% changes to RM against foreign currencies				
Profit after tax				
- Singapore Dollar	61	55	-	-
- United States Dollar	590	818	-	-

10. CASH AND BANK BALANCES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	39,100	9,693	2,009	1,690
Fixed deposits with licensed banks	16,000	-	-	-
Placement in funds	-	16,925	-	-
	55,100	26,618	2,009	1,690

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

	Group		Company	
	2021	2020	2021	2020
Weighted average effective interest rate (%)				
Fixed deposits with licensed banks				
- Fixed rates	1.74%	-	-	-
Placement in funds				
- Floating rates	-	2.71%	-	-

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10. CASH AND BANK BALANCES (CONTINUED)

- (b) The following table demonstrates the sensitivity analysis of the Group if interest rates for fixed deposits with licensed banks and placement in funds at the end of each reporting period changed by one hundred (100) basis points with all other variables held constant:

	Group	
	2021 RM'000	2020 RM'000
Profit after tax		
Fixed deposits with licensed banks		
- increase by 1% (2020: 1%)	122	-
- decrease by 1% (2020: 1%)	(122)	-
Placement in funds		
- increase by 1% (2020: 1%)	-	129
- decrease by 1% (2020: 1%)	-	(129)

- (c) The currency exposure profiles of cash and bank balances, fixed deposits with licensed banks and placement in funds are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	53,876	25,709	2,009	1,690
United States Dollar	1,202	907	-	-
Other foreign currencies	22	2	-	-
	55,100	26,618	2,009	1,690

- (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	
	2021 RM'000	2020 RM'000
Effects of 3% changes to RM against foreign currency		
Profit after tax		
- United States Dollar	27	21

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

- (e) Placement in funds in the previous financial year was aimed to invest in highly liquid instruments, which were investing its assets in Ringgit Malaysia deposits with financial institutions in Malaysia and were redeemable with one (1) day notice. These funds were subject to an insignificant risk of changes in value and form part of net cash and cash equivalents. Funds distribution income from these funds were tax-exempted, calculated daily and distributed at every month end.

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10. CASH AND BANK BALANCES (CONTINUED)

- (f) No expected credit losses were recognised arising from bank balances, fixed deposits with licensed banks and placement in funds because the probability of default by these financial institutions were negligible.
- (g) For the purposes of the statements of cash flows, cash and cash equivalents comprise cash and bank balances, fixed deposits with licensed banks and placement in funds.

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11. SHARE CAPITAL AND TREASURY SHARES

	Group and Company			
	2021		2020	
	Number of shares (‘000)	RM’000	Number of shares (‘000)	RM’000
Issued and fully paid				
At beginning/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) Treasury shares

At the Annual General Meeting held on 21 June 2021, the shareholders of the Company by an ordinary resolution renewed the mandate given to the Company to repurchase up to 10% of existing issued and paid-up share capital of the Company.

During the previous financial year, the Company repurchased 1,768,800 of its issued ordinary shares at a total cost of RM1,078,000, which were held as treasury shares. The Company did not repurchase any of its issued ordinary shares during the financial year.

As at 31 December 2021, a total of 1,768,800 issued and fully paid ordinary shares at a total cost of RM1,078,000 are held as treasury shares by the Company. The number of ordinary shares as at 31 December 2021 net of treasury shares is 490,231,210.

The treasury shares have no rights to voting, dividends or participation in other distribution. None of the treasury shares held were resold, distributed or cancelled during the financial year.

12. RESERVES

	Group		Company	
	2021 RM’000	2020 RM’000	2021 RM’000	2020 RM’000
Distributable				
Retained earnings	250,302	218,464	16,876	16,556

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13. DEFERRED TAX LIABILITIES

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

	Group	
	2021 RM'000	2020 RM'000
Balance as at 1 January	14,446	14,003
Recognised in profit or loss (Note 22)	1,622	443
Balance as at 31 December	16,068	14,446

(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 2020	(2,269)	2,269	-
Recognised in profit or loss	(76)	76	-
Balance as at 31 December 2020	(2,345)	2,345	-
Recognised in profit or loss	275	(275)	-
Balance as at 31 December 2021	(2,070)	2,070	-

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Offsetting RM'000	Total RM'000
Balance as at 1 January 2020	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
Recognised in profit or loss	1,347	275	1,622
Balance as at 31 December 2021	18,138	(2,070)	16,068

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

14. BORROWINGS

	Group	
	2021	2020
	RM'000	RM'000
Non-current liabilities		
Secured:		
Term loans	2,720	6,429
Current liabilities		
Secured:		
Term loans	5,294	6,249
Total borrowings		
Secured:		
Term loans	8,014	12,678

- (a) Borrowings are classified as financial liabilities measured at amortised cost.
- (b) As at the end of the current financial year, the bank borrowings of the Group are secured by the following:
- (i) fixed charges over the long-term leasehold land and factories of a subsidiary as disclosed in Note 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) As at the end of the previous financial year, the borrowings of the Group were 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(d) 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.
- (d) All borrowings are denominated in RM.
- (e) The carrying amount of the Group's borrowings approximate its fair value due to they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

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14. BORROWINGS (CONTINUED)

- (f) 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	Total RM'000
As at 31 December 2021			
Term loans	5,525	2,977	8,502
Total undiscounted financial liability	5,525	2,977	8,502
As at 31 December 2020			
Term loans	6,594	6,778	13,372
Total undiscounted financial liability	6,594	6,778	13,372

- (g) The following table demonstrates the sensitivity analysis of the Group if interest rates at the end of each reporting period changed by one hundred (100) basis points with all other variables held constant:

	Group	
	2021 RM'000	2020 RM'000
Profit after tax		
Floating rate instrument		
- increase by 1% (2020: 1%)	(61)	(96)
- decrease by 1% (2020: 1%)	61	96

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

14. BORROWINGS (CONTINUED)

- (h) 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 of 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	Total RM'000
As at 31 December 2021							
<u>Floating rates</u>							
Term loans	4.55	5,294	730	767	807	416	8,014
As at 31 December 2020							
<u>Floating rates</u>							
Term loans	4.32	6,249	4,950	369	394	716	12,678

- (i) Reconciliation of liabilities arising from financing activities

The table below details changes in borrowings of the Group arising from financing activities, including both cash and non-cash changes. Borrowings arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the statements of cash flows of the Group as cash flows from financing activities.

	Group Term loans RM'000
2021	
At 1 January 2021	12,678
Cash flows	(4,664)
At 31 December 2021	8,014
2020	
At 1 January 2020	14,532
Cash flows	(1,854)
At 31 December 2020	12,678

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15. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade payables				
Third parties	16,353	18,718	-	-
Other payables				
Other payables	5,160	4,562	-	-
Deposit received	1,456	1,293	-	-
Accruals	11,854	10,760	500	496
	18,470	16,615	500	496
	34,823	35,333	500	496

- (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 (2020: 30 to 60 days).
- (c) Included in other payables of the Group are credit purchase of property, plant and equipment amounting to RM595,000 (2020: RM1,183,000) as disclosed in Note 5(b) to the financial statements.
- (d) The currency exposure profiles of trade and other payables are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	25,986	21,987	500	496
United States Dollar	7,738	12,283	-	-
Other foreign currencies	1,099	1,063	-	-
	34,823	35,333	500	496

- (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	
	2021 RM'000	2020 RM'000
Effects of 3% changes to RM against foreign currencies		
Profit after tax		
- United States Dollar	(176)	(280)

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

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

15. TRADE AND OTHER PAYABLES (CONTINUED)

- (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. CAPITAL COMMITMENTS

	Group	
	2021 RM'000	2020 RM'000
Capital expenditure in respect of purchase of property, plant and equipment:		
Contracted but not provided for	5,147	8,498

17. CONTINGENT LIABILITIES

	Company	
	2021 RM'000	2020 RM'000
Corporate guarantees given to banks for credit facilities granted to a subsidiary	8,014	12,678

The Company designates corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Company 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 equipment and right-of-use assets 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.

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18. REVENUE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contracts with customers:				
Sale of goods	515,615	436,166	-	-
Other revenue:				
Dividend income from a subsidiary	-	-	15,750	13,500
	515,615	436,166	15,750	13,500

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.

	Group	
	2021 RM'000	2020 RM'000
Timing of revenue recognition		
Transferred at a point in time	515,615	436,166

(i) Sale of goods

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

There is no right of return and warranty provided to the customers on the sale of goods.

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

(ii) Dividend income

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

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19. OTHER INCOME

Included in other operating income are:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest income	523	790	17	15
Realised gain in foreign exchange	1,217	-	-	-
Unrealised gain in foreign exchange	917	-	-	-
Reversal of provision for impairment losses on trade receivables	534	291	-	-
Insurance claims	436	276	-	-
Other income	87	167	-	-
	3,714	1,524	17	15

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

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Impairment losses on trade receivables	-	570	-	-
Loss on disposal of property, plant and equipment	-	127	-	-
Property, plant and equipment written off	14	-	-	-
Rental of machineries	91	100	-	-
Rental of hostel	241	180	-	-
Rental of premises	72	100	-	-
Realised loss in foreign exchange	-	1,716	-	-
Unrealised loss in foreign exchange	-	549	-	-

The Group and the Company do not present the net impairment losses/reversal of impairment losses on financial instruments determined in accordance with MFRS 9 separately in the statements of profit or loss and other comprehensive income as the amounts are not material.

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21. FINANCE COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expense on:				
- term loans	368	628	-	-
- bankers' acceptances	4	-	-	-
- others	6	-	-	-
	378	628	-	-

22. TAX EXPENSE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current tax				
Current tax expense based on profit for the financial year	15,405	10,041	-	-
(Over)/Under-provision in prior years	(1,066)	62	3	*
	14,339	10,103	3	*
Deferred tax (Note 13):				
Relating to origination and reversal of temporary differences	637	952	-	-
Under/(Over)-provision in prior years	985	(509)	-	-
	1,622	443	-	-
	15,961	10,546	3	*

* The amount is less than RM1,000.

- (a) Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated taxable profits for the fiscal year.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

22. TAX EXPENSE (CONTINUED)

- (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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax	62,506	40,708	15,030	12,722
Tax at Malaysian statutory tax rate of 24% (2020: 24%)	15,001	9,770	3,607	3,053
Tax effects in respect of:				
Non-allowable expenses	1,166	1,382	177	191
Non-taxable income	(125)	(159)	(3,784)	(3,244)
	16,042	10,993	-	-
(Over)/Under-provision of current tax expense in prior years	(1,066)	62	3	-
Under/(Over)-provision of deferred tax in prior years	985	(509)	-	-
	15,961	10,546	3	-

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	
	2021 RM'000	2020 RM'000
Profit attributable to owners of the parent	46,545	30,162
Weighted average number of ordinary shares in issue ('000)	490,231	489,296
Basic earnings per ordinary share (sen)	9.5	6.2

- (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.

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24. DIVIDEND

	Group and Company			
	2021		2020	
	Dividend per share Sen	Amount of dividend RM'000	Dividend per share Sen	Amount of dividend RM'000
In respect of financial year ended 31 December 2020:				
Interim single tier dividend	-	-	2.2	10,785
In respect of financial year ended 31 December 2021:				
Interim single tier dividend	2.2	10,785	-	-
Special single tier dividend	0.8	3,922	-	-
	3.0	14,707	2.2	10,785

The Directors do not recommend the payment of any final dividend in respect of the financial year ended 31 December 2021.

25. EMPLOYEE BENEFITS

	Group	
	2021 RM'000	2020 RM'000
Salaries, wages, allowances and bonuses	30,602	29,270
Contributions to defined contribution plan	2,069	1,619
Social security contributions	252	256
Other employee benefits	41	22
	32,964	31,167

Included in the employee benefits of the Group are Executive Directors' remuneration amounting to RM3,456,000 (2020: RM3,289,000).

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.

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26. RELATED PARTIES DISCLOSURES (CONTINUED)

(a) Identities of related parties (continued)

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 and Fang Chew Ham Holdings Sdn. Bhd., a significant corporate shareholder of the Company, have significant financial interests.
Excellent Chemicals Sdn. Bhd.	A company of which Fong Chu King @ Tong Chu King and Fang Siew Ping, who are Directors of the Company, have significant financial interests.
Holistic Food Sdn. Bhd	A company of which Liew Kuo Shin, who is the Director of the Company, have significant financial interests.

(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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Sale of goods				
- Seong Chan Sauce & Foodstuff Sdn. Bhd.	931	1,028	-	-
- Holistic Food Sdn. Bhd.	5	-	-	-
Rental expenses				
- Excellent Chemicals Industrial Sdn. Bhd.	45	-	-	-
Dividend income from a subsidiary				
- San Soon Seng Food Industries Sdn. Bhd.	-	-	15,750	13,500

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 2021 is disclosed in Note 9 to the financial statements.

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26. RELATED PARTIES DISCLOSURES (CONTINUED)

(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.

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

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short-term employee benefits	3,955	3,727	-	-
Contributions to defined contribution plan	363	339	-	-
Directors' fees	529	499	460	430
	4,847	4,565	460	430

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 2021 and 31 December 2020.

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, fixed deposits with licensed banks and placement in funds. Capital represents equity attributable to the owners of the parent.

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27. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

(i) Capital management (continued)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Borrowings	8,014	12,678	-	-
Trade and other payables	34,823	35,333	500	496
Total liabilities	42,837	48,011	500	496
<u>Less:</u>				
Cash and bank balances	(39,100)	(9,693)	(2,009)	(1,690)
Fixed deposits with licensed banks	(16,000)	-	-	-
Placement in funds	-	(16,925)	-	-
Net (cash)/debt	(12,263)	21,393	(1,509)	(1,194)
Total equity	398,311	366,473	164,885	164,565
Net (cash)/debt	(12,263)	21,393	(1,509)	(1,194)
	386,048	387,866	163,376	163,371
Ratio (%)	- [^]	6%	- [^]	- [^]

[^] Gearing ratio is not presented as the Group and the Company are in net cash's position.

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 (excluding treasury shares) 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 2021.

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

(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.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (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)

(a) Credit risk (continued)

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.

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.

(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.

FINANCIAL STATEMENTS NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

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

During the financial year, the Government of Malaysia imposed various phases of the Movement Control Order ("MCO") in response to the resurgence of the 2019 Novel Coronavirus infection ("COVID-19") pandemic, followed by the announcement of the National Recovery Plan ("NRP") in June 2021, which details a roadmap to control the COVID-19 pandemic while progressively reopening society and the economic sectors towards the new normal under four progressive phases. On 3 March 2022, the Government of Malaysia announced that the country will begin its transition to endemic phase of COVID-19 from 1 April 2022 with the opening of its international borders and abolishment of certain COVID-19 restrictions.

Based on the assessment of the Group and the Company, the judgements and assumptions used in the preparation of the financial statements for the financial year ended 31 December 2021 have not been impacted significantly by the COVID-19 pandemic. The Group and the Company will continue to assess the impact of the COVID-19 pandemic on the financial statements of the Group and the Company for the financial year ending 31 December 2022.

As at the date of authorisation of the financial statements, there is no significant impact arising from the COVID-19 pandemic to the Group and the Company at this juncture. The Group and the Company will continue to actively monitor and manage its funds and operations to minimise any impact arising from the COVID-19 pandemic.

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 Amendments of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

Title	Effective Date
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 <i>Interest Rate Benchmark Reform - Phase 2</i>	1 January 2021
Amendment to MFRS 16 <i>Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021 (early adopted)

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

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 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

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 2022

Title	Effective Date
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>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</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 and the Company are in the process of assessing the impact of implementing these Amendments and Standards, since the effects would only be observable for the future financial periods.

ADDITIONAL INFORMATION

PARTICULARS OF PROPERTIES HELD BY THE GROUP

Location	Title No. PM 472 Lot 4196 Jalan Industri 1, 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)	48 years (30 May 2070)	80 years (03 Jul 2102)	80 years (03 Jul 2102)
Age of Property	26 years	45 years	17 years
Land Area (Sq. Feet)	110,976	34,950	93,032
Cost (RM'000)	15,502	4,435	8,886
Net Book Value as at 31 Dec 2021 (RM'000)	10,363	2,744	6,418
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 Industri 1, 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)	20 years (22 Jun 2042)	24 years (26 Jun 2046)	19 years (24 May 2041)
Age of Property	23 years	23 years	14 years
Land Area (Sq. Feet)	8,168	6,806	46,005
Cost (RM'000)	577	874	5,501
Net Book Value as at 31 Dec 2021 (RM'000)	314	476	3,840
Date of Acquisition	19 Dec 1997	25 Nov 1998	25 May 2005
Year of Last Revaluation	2003	2003	2010

ADDITIONAL INFORMATION

PARTICULARS OF PROPERTIES HELD BY THE GROUP (CONTINUED)

Location	Title No. H.S.(M) 11086 Lot 66 Jalan Industri 1, 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)	48 years (30 May 2070)	48 years (25 Jul 2070)	32 years (19 Jul 2054)
Age of Property	12 years	11 years	12 years
Land Area (Sq. Feet)	87,123	43,560	7,631
Cost (RM'000)	7,293	6,260	681
Net Book Value as at 31 Dec 2021 (RM'000)	5,631	4,816	509
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)	71 years (22 Sep 2093)	43 years (17 July 2065)	71 years (22 Sep 2093)
Age of Property	-	12 years	18 years (Lot 9108) 11 years (Lot 9107)
Land Area (Sq. Feet)	42,281	7,535	103,570
Cost (RM'000)	999	1,030	19,470
Net Book Value as at 31 Dec 2021 (RM'000)	872	806	15,882
Date of Acquisition	14 Apr 2010	28 Apr 2010	22 Jun 2010 (Lot 9108) 10 Mar 2010 (Lot 9107)
Year of Last Revaluation	-	-	2010

ADDITIONAL INFORMATION

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	Title No. H.S.(D) 312040 PT 582 Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
Existing Use	Warehouse	Hostel	Warehouse
Types of Land	Industrial Land	Residential Land	Industrial Land
Tenure	Leasehold 99 years	Leasehold 99 years	Leasehold 99 years
Remaining Lease Period (Expiry Date)	90 years (15 Jan 2112)	86 years (21 Dec 2108)	92 years (05 Oct 2114)
Age of Property	6 years (PT 847) 4 years (PT 848)	10 years	5 years
Land Area (Sq. Feet)	161,674	7,623	46,005
Cost (RM'000)	23,216	1,025	7,891
Net Book Value as at 31 Dec 2021 (RM'000)	20,070	856	7,403
Date of Acquisition	23 Aug 2010 (PT 847) 26 Apr 2013 (PT 848)	5 Sep 2011	2 Nov 2016
Year of Last Revaluation	2010 (PT 847) 2013 (PT 848)	-	2015

Location	Title No. H.S.(M) 9109 PT 27685 Jalan Industri 1, 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	Title No. H.S.(M) 12526 PT 64 Jalan Industri 1, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
Existing Use	Under Construction	Production Factory	Under Construction
Types of Land	Industrial Land	Industrial Land	Industrial Land
Tenure	Leasehold 99 years	Leasehold 99 years	Leasehold 99 years
Remaining Lease Period (Expiry Date)	71 years (22 Sep 2093)	90 years (30 Dec 2112)	48 years (30 May 2070)
Age of Property	-	2 years	-
Land Area (Sq. Feet)	48,265	47,641	87,123
Cost (RM'000)	5,684	11,173	19,126
Net Book Value as at 31 Dec 2021 (RM'000)	5,425	10,687	18,298
Date of Acquisition	19 Oct 2016	7 Aug 2017	15 Jun 2017
Year of Last Revaluation	2015	2017	2017

ADDITIONAL INFORMATION

PARTICULARS OF PROPERTIES HELD BY THE GROUP (CONTINUED)

Location	Title No. H.S.(M) 9110 PT 27684 Jalan Industri 1, 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	Title No. H.S.(M) 2168 PT 63 Jalan Industri 1, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
Existing Use	Under Construction	Vacant Land	Vacant Land
Types of Land	Industrial Land	-	Agriculture Land
Tenure	Leasehold 99 years	Leasehold 60 years	Leasehold 99 years
Remaining Lease Period (Expiry Date)	71 years (22 Sep 2093)	8 years (20 Jan 2030)	50 years (23 Feb 2072)
Age of Property	-	2 years	-
Land Area (Sq. Feet)	43,637	49,826	84,066
Cost (RM'000)	6,452	2,404	4,570
Net Book Value as at 31 Dec 2021 (RM'000)	6,255	2,014	4,445
Date of Acquisition	06 Jun 2018	23 Jun 2020	17 Aug 2020
Year of Last Revaluation	2018	2020	2019

Location	Title No. H.S.(D) 314676 PT 2313 Jalan Middle, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor	Title No. H.S.(M) 9025 PT 591 Jalan Industri, U19 Kg. Baru Sungai Buloh 40160 Shah Alam, Selangor
Existing Use	Under Construction	Warehouse
Types of Land	Residential Land	Industrial Land
Tenure	Leasehold 60 years	Leasehold 60 years
Remaining Lease Period (Expiry Date)	54 years (12 Dec 2075)	7 years (1 Mar 2029)
Age of Property	-	1 year
Land Area (Sq. Feet)	7,351	34,574
Cost (RM'000)	830	5,100
Net Book Value as at 31 Dec 2021 (RM'000)	809	4,732
Date of Acquisition	11 Aug 2020	25 Feb 2021
Year of Last Revaluation	2019	2020

ADDITIONAL INFORMATION

ANALYSIS OF SHAREHOLDINGS

AS AT 21 APRIL 2022

Total Number of Issued Shares : 492,000,010 (including 1,768,800 treasury shares)
 Class of Shares : Ordinary Share
 Voting Rights : One (1) Voting Right per Ordinary Share

DISTRIBUTION OF SHAREHOLDINGS

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Size of Shareholdings	No. of Shareholders	Shareholders (%)	No. of Shares	Shareholdings (%)
Less than 100	304	6.78	12,923	0.00
100 to 1,000	522	11.64	234,446	0.05
1,001 to 10,000	2,014	44.91	10,222,591	2.09
10,001 to 100,000	1,367	30.49	43,549,276	8.88
100,001 to 24,511,559(*)	274	6.11	238,756,974	48.70
24,511,560 and above(**)	3	0.07	197,455,000	40.28
Total	4,484	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 Thirty (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	34,205,000	6.98
4.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO SIEW LAI	23,448,300	4.78
5.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTS SMALL-CAP FUND	17,149,075	3.50
6.	FOONG CHIEW FATT	15,718,825	3.21
7.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FANG CHEW HAM HOLDINGS SDN BHD (MY3185)	14,500,000	2.96
8.	FONG CHU KING @ TONG CHU KING	13,687,500	2.79

ADDITIONAL INFORMATION

ANALYSIS OF SHAREHOLDINGS (CONTINUED)

AS AT 21 APRIL 2022

No.	Name of Shareholders	No. of Shares	(%)
9.	TEO KWEE HOCK	12,759,450	2.60
10.	FONG CHIEW HEAN	8,000,000	1.63
11.	AMANAHRAYA TRUSTEES BERHAD PMB SHARIAH GROWTH FUND	6,288,600	1.28
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 SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YOONG KAH YIN	3,210,000	0.65
16.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR DATO' SRI TAN HOW YAP	3,200,000	0.65
17.	MAYBANK NOMINEES (TEMPATAN) SDN BHD ETIQA LIFE INSURANCE BERHAD (LIFE PAR)	2,747,100	0.56
18.	CHONG CHEONG LEONG	2,419,000	0.49
19.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG FAAI @ NG YOKE PEI (SRB/PMS)	2,243,625	0.46
20.	T.B.R SHOPPING CENTRE (M) SDN. BHD.	2,200,000	0.45
21.	FONG CHIEW HEAN	2,166,100	0.44
22.	CHAN CHAI BEE	2,000,050	0.41
23.	CHAN CHU WEI	1,978,750	0.40
24.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN AH CHAI (E-SRB)	1,875,100	0.38
25.	CHAN SEONG KUN	1,828,900	0.37
26.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN BOON SEONG (E-SRB)	1,764,850	0.36
27.	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KAWAN FOOD MANUFACTURING SDN BHD (PB)	1,762,300	0.36
28.	CHIN SWEE CHEW	1,761,000	0.36
29.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH CHOOI TENG (JLNKUNINGDUA -CL)	1,738,400	0.35
30.	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN BOON THIAM (E-SRB)	1,710,300	0.35

ADDITIONAL INFORMATION

ANALYSIS OF SHAREHOLDINGS (CONTINUED)

AS AT 21 APRIL 2022

SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct Interest		Indirect Interest	
	No. of Shares	Percentage of Issued Shares (%)	No. of Shares	Percentage of Issued Shares (%)
Fang Chew Ham Holdings Sdn Bhd	100,750,000	20.55	1,577,600 ⁽¹⁾	0.32
Wilmar International Limited	77,000,000	15.71	-	-
Fang Chew Ham	100,000	0.02	102,327,600 ⁽²⁾	20.87
Fang Siew Yee	-	-	102,327,600 ⁽²⁾	20.87
Teo Kwee Hock	46,948,950	9.58	554,375 ⁽³⁾	0.11

DIRECTORS' SHAREHOLDINGS

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

Note:

- 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 (11) (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 (11) (c) of the Act.

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Twentieth Annual General Meeting (“20th AGM”) of the Company will be conducted on a virtual basis through live streaming and online Remote Participation and Electronic voting (“RPEV”) from the Broadcast Venue at Level 12, Menara Symphony, No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200, Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 8 June 2022 at 10.00 a.m. to transact the following business:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 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 RM529,000.00 for the financial year ended 31 December 2021. **(Resolution 1)**

(Please refer to Explanatory Note 2 on Ordinary Business)

3. To approve the payment of Directors’ remuneration of RM273,000.00 for the financial year ending 31 December 2022 to the following Independent Non-Executive Directors of the Company who will be stepping down as Independent Non-Executive Directors after the conclusion of the 20th AGM: **(Resolution 2)**

(Please refer to Explanatory Note 2 on Ordinary Business)
 - (i) Mr Tan Chon Sing @ Tan Kim Tieng;
 - (ii) Encik Mohd Zaki Bin Hamzah; and
 - (iii) Mr Khoo Wee Boon.

4. 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) Mr Fong Chu King @ Tong Chu King; **(Resolution 3)**
 - (ii) Mr Liew Kuo Shin; and **(Resolution 4)**
 - (iii) Mr Tan Chon Sing @ Tan Kim Tieng. *(Please refer to Explanatory Note 3 on Ordinary Business)*

5. To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

(Please refer to Explanatory Note 4 on Ordinary Business)

SPECIAL BUSINESS

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

6. **ORDINARY RESOLUTION** **(Resolution 6)**
AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

ADDITIONAL INFORMATION

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING
(CONTINUED)

“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.”

(Please refer to Explanatory Note 1 on Special Business)

7. ORDINARY RESOLUTION

PROPOSED RENEWAL OF AUTHORITY FOR SHARE BUY-BACK

(Resolution 7)

“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:

(Please refer to Explanatory Note 2 on Special Business)

- (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.

ADDITIONAL INFORMATION

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING (CONTINUED)

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 charged with the responsibility for companies 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, variations and/or amendments (if any) as may be imposed by the relevant authorities."

8. **ORDINARY RESOLUTION
CONTINUATION IN OFFICE AS INDEPENDENT DIRECTOR**

(Resolution 8)

*(Please refer to Explanatory
Note 3 on Special Business)*

"THAT 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."

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)]
TAN HSIAO YUEN [SSM PC NO. 201908002342 (MAICSA 7056952)]**
Company Secretaries

Kuala Lumpur
29 April 2022

ADDITIONAL INFORMATION

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING
(CONTINUED)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 main 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 RPEV facilities provided by Boardroom Share Registrars Sdn. Bhd. (“Boardroom”) via <https://meeting.boardroomlimited.my>.

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 1 June 2022. 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 Darul Ehsan, Malaysia. 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 Portal at <https://investor.boardroomlimited.com>. 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 Darul Ehsan, Malaysia 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 **Monday, 6 June 2022 at 10:00 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 TWENTIETH ANNUAL GENERAL MEETING (CONTINUED)

EXPLANATORY NOTES ON ORDINARY BUSINESS

1. AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

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 AND REMUNERATION

Pursuant to Section 230(1) of the Companies Act 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting. The proposed Ordinary Resolution 1 is to facilitate the payment of Directors' fees for the financial year ended 31 December 2021.

The proposed Ordinary Resolution 2 for the payment of Directors' remuneration (*consist of Directors' fees of RM21,000.00 per Director and retirement benefits of RM70,000 per Director*), if approved, shall be paid to the following Directors, namely Mr Tan Chon Sing @ Tan Kim Tieng, Mr Khoo Wee Boon and Encik Mohd Zaki Bin Hamzah, for their services rendered from 1 January 2022 to the date of their cessation as Independent Non-Executive Directors of the Company. The Directors' remuneration have taken into account the tenure of the services of the aforementioned Directors for the financial year ending 31 December 2022 and a token of appreciation of their long service tenure with the Company.

3. RE-ELECTION OF DIRECTORS

Mr Fong Chu King @ Tong Chu King and Mr Liew Kuo Shin are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at this AGM of the Company.

The profiles of both Directors are set out in the Board of Directors' profile of the Annual Report 2021. For the purpose of determining the eligibility of both Directors to stand for re-election at this AGM, the Board had through its Nomination Committee, considered, assessed and deliberated on the suitability of the said Directors to be re-elected as Directors of the Company based on the results of the evaluation of the performance of the aforementioned Directors for the financial year ended 31 December 2021. The justifications to support the Board's recommendation to re-elect the aforementioned Directors are as follows:

- (i) Mr Fong Chu King @ Tong Chu King, a Managing Director of the Company, assures the Board that the management team are carried out their duties in line with the long-term strategies and targets set by the Board and ensures the Board's decisions are executed effectively. He updates the Board on the important operational matters of the Group regularly to enable the Board to oversee the strategic direction and plans in an effective manner.
- (ii) Mr Liew Kuo Shin, an Executive Director and a Chief Sustainability Officer of the Company, leads the management and staff to address and execute the sustainability related issues that have impacted and might impact the risk profile, potential liabilities, reputation and overall value of the Group. He updates the Board on the important sustainability related issues of the Group regularly to enable the Board to ensure the strategic plans of the Group support long-term value creation and the strategies on economic, environmental and social considerations underpinning sustainability.

Based on the above, the Board collectively agreed that both Directors had met 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 and recommended the said Directors be re-elected as Directors of the Company.

Mr Tan Chon Sing @ Tan Kim Tieng who is subject to retirement by rotation pursuant to Clause 76(3) of the Constitution of the Company had indicated to the Company that he would not be seeking for re-election and shall be retiring as Director at the conclusion of this AGM.

ADDITIONAL INFORMATION

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING
(CONTINUED)**4. RE-APPOINTMENT OF AUDITORS**

The Audit Committee had at its meeting held on 21 April 2022 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 2022. The Board had reviewed the recommendation of the Audit Committee and recommended to table the same to the shareholders for approval at this AGM of the Company under Ordinary Resolution 5.

106 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 Ordinary Resolution 6 is the renewal of the mandate obtained from the members at the last AGM. As at the date of this Notice, the Company did not allot any shares pursuant to the mandate granted to the Directors at the 19th AGM held on 21 June 2021 as there were no requirements for such fund raising activities.

The proposed Ordinary Resolution 6, 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), at 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 AGM of the Company or at the expiry of the period within which the next AGM is required to be held after the approval was given, whichever is earlier.

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

The proposed Ordinary Resolution 7, 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 29 April 2022 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 (9) years.

Mr Chew Eng Chai was appointed to the Board on 17 June 2002 and has therefore served as an Independent Director of the Company for a cumulative term of more than nine (9) years as at the end of the financial year under review.

The Board has through the Nomination Committee assessed the independence of Mr Chew Eng Chai and recommended him to continue to act as Independent Director of the Company, based on the following justifications, subject to the shareholders' approval through a two-tier voting process at this AGM:

- (i) He has fulfilled the criteria under the definition on Independent Director as stated in the Listing Requirements of Bursa Securities and therefore, is able to bring independent and objective judgement to the Board;
- (ii) He has an acute understanding of the Group's business operation, and has 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;

ADDITIONAL INFORMATION

NOTICE OF TWENTIETH ANNUAL GENERAL MEETING (CONTINUED)

- (iii) His long tenure of services on the Board and Board Committees has neither impaired nor compromised his exercise of independent judgement, and he is free from any business or relationships which could interfere with his exercise of independent judgement; and
- (iv) He has remained objective and independent in expressing his views and participating in deliberation and decision making of the Board and Board Committees in the best interest of the Group.

The proposed Ordinary Resolution 8, if passed, will enable Mr Chew Eng Chai to continue serving as Independent Director of the Company.

Mr Khoo Wee Boon and Encik Mohd Zaki Bin Hamzah, the Independent Directors who have served the Board for more than 12 years, have indicated to the Company that they will be stepping down as the Independent Directors after the conclusion of this AGM.

Upon the above retirement of Mr Tan Chon Sing @ Tan Kim Tieng and resignations of Mr Khoo Wee Boon and Encik Mohd Zaki Bin Hamzah, the Company will not be in compliance with Paragraph 15.09(1) of the Listing Requirements of Bursa Securities and must fill the vacancies within three (3) months from the date of their retirement and resignation respectively. The Company will source the replacements soonest possible and make the necessary announcements relating thereto to Bursa Securities.

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PROXY FORM

THREE-A RESOURCES BERHAD
199901006659 (481559-M)
(Incorporated in Malaysia)

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(ies) to vote for ^me/us and on ^my/our behalf, at the Twentieth Annual General Meeting ("20th AGM") of the Company to be conducted on a virtual basis through live streaming and online Remote Participation and Electronic voting ("RPEV") from the Broadcast Venue at Level 12, Menara Symphony, No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200, Petaling Jaya, Selangor Darul Ehsan, Malaysia on Wednesday, 8 June 2022 at 10.00 a.m. and at any adjournment thereof:-

^my/our proxy(ies) shall vote as indicated follows:

ITEM	AGENDA	RESOLUTION	FOR	AGAINST
ORDINARY BUSINESS				
1.	To approve the payment of Directors' Fees for the financial year ended 31 December 2021.	ORDINARY RESOLUTION 1		
2.	To approve the payment of Directors' Remuneration for the financial year ending 31 December 2022.	ORDINARY RESOLUTION 2		
3.	To re-elect Mr Fong Chu King @ Tong Chu King as Director.	ORDINARY RESOLUTION 3		
4.	To re-elect Mr Liew Kuo Shin as Director.	ORDINARY RESOLUTION 4		
5.	To re-appoint Messrs BDO PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.	ORDINARY RESOLUTION 5		
SPECIAL BUSINESS				
6.	To grant authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016.	ORDINARY RESOLUTION 6		
7.	To approve the Proposed Renewal of Authority for Share Buy-Back	ORDINARY RESOLUTION 7		
8.	To approve Mr Chew Eng Chai to continue to act as an Independent Director.	ORDINARY RESOLUTION 8		

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 _____ 2022

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.

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- (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.
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- (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 Darul Ehsan, Malaysia 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 Monday, 6 June 2022 at 10.00 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.

Please fold here

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 Darul Ehsan

Please fold here

www.three-a.com.my

THREE-A RESOURCES BERHAD 199901006659 (481559-M)

AI 308, Lot 590 & Lot 4196,
Jalan Industri U19,
Kampung Baru Sungai Buloh,
40160 Shah Alam,
Selangor Darul Ehsan,
Malaysia
T: +603-6156 2655
F: +603-6156 2657